

TAFELMUSIK
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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Independent Auditor's Report

To the Members of Tafelmusik

Qualified Opinion

We have audited the financial statements of Tafelmusik (the "Organization"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many similar organizations, Tafelmusik derives revenues from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Tafelmusik. Therefore, we were not able to determine whether, for the years ended June 30, 2020 and June 30, 2019, any adjustments might be necessary to revenues and excess (deficiency) of revenues over expenses recorded in the statements of operations and assets and net assets recorded in the statements of financial position and changes in net assets. This same matter also caused us to qualify our audit opinion on the financial statements as at and for the year ended June 30, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Organization to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Organization.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Organization to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
November 30, 2020

Chartered Professional Accountants
Licensed Public Accountants

TAFELMUSIK

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 1,387,235	\$ 872,928
Short-term investments (<i>notes 3a and 12b</i>)	1,215,894	1,389,926
Sundry receivables	150,802	160,989
Inventory and prepaid expenses	77,062	85,319
	2,830,993	2,509,162
Continuo fund investments (<i>note 3b</i>)	168,117	167,567
Capital assets (<i>note 4</i>)	1,719,023	1,942,557
	4,718,133	4,619,286
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (<i>note 5</i>)	96,702	158,251
Deferred revenue - subscriptions for concerts	659,691	974,352
- grants, sponsorships and other	711,437	175,000
Current portion of obligations under capital leases (<i>note 6</i>)	8,790	7,963
	1,476,620	1,315,566
Obligations under capital leases (<i>note 6</i>)	14,926	23,716
Loan payable (<i>note 8</i>)	40,000	-
Deferred capital contributions (<i>notes 7 and 12b</i>)	1,865,997	2,108,980
	3,397,543	3,448,262
NET ASSETS		
Operating fund - general	242,397	111,893
Operating fund - invested in capital assets	56,732	38,220
Artistic fund	376,244	376,244
Creative Trust Working Capital for the Arts fund	402,100	402,100
Future fund	75,000	75,000
Continuo fund	168,117	167,567
	1,320,590	1,171,024
Endowment funds administered by the Ontario Arts Foundation (<i>note 9</i>)	-	-
	1,320,590	1,171,024
	\$ 4,718,133	\$ 4,619,286

The accompanying notes are an integral part of these financial statements

Approved on behalf of



, Director



, Director

TAFELMUSIK

STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2020

	2020				2019			
	Operating Fund	Artistic Fund	Continuo Fund	Total	Operating Fund	Artistic Fund	Continuo Fund	Total
Revenues								
Concerts - Toronto	\$ 1,124,696	\$ -	\$ -	\$ 1,124,696	\$ 1,799,515	\$ -	\$ -	\$ 1,799,515
Operating and project grants (note 10a)	1,093,492	-	-	1,093,492	1,020,854	-	-	1,020,854
Touring (note 10b)	311,667	-	-	311,667	854,855	-	-	854,855
Fund-raising	1,413,011	-	550	1,413,561	1,321,421	-	1,500	1,322,921
Recording and broadcasting	55,338	-	-	55,338	57,897	-	-	57,897
Investment income (note 11)	318,964	-	-	318,964	285,910	-	-	285,910
Amortization of deferred capital contributions	234,083	-	-	234,083	234,083	-	-	234,083
Government subsidies (note 10c)	189,711	-	-	189,711	-	-	-	100,249
Other income	24,253	-	-	24,253	-	-	-	-
	4,765,215	-	550	4,765,765	5,574,535	-	1,500	5,676,284
Expenses (note 14)								
Artistic fees - Toronto	1,084,839	-	-	1,084,839	1,238,936	-	-	1,238,936
Concert productions	309,298	-	-	309,298	329,650	-	-	329,650
Hall expenses	652,572	-	-	652,572	745,928	-	-	745,928
Ticket sales	868,856	-	-	868,856	789,869	-	-	789,869
Administrative expenses	904,758	-	-	904,758	892,416	-	-	892,416
Touring	489,240	-	-	489,240	988,043	-	-	988,043
Fund-raising	157,898	-	-	157,898	299,203	-	-	299,203
Education and outreach activities	83,075	-	-	83,075	270,751	-	-	270,751
Recording expenses	65,663	-	-	65,663	87,501	61,000	-	148,501
	4,616,199	-	-	4,616,199	5,642,297	61,000	-	5,703,297
Excess (deficiency) of revenues over expenses before the undernoted								
	149,016	-	550	149,566	(67,762)	(61,000)	1,500	(27,013)
Contribution to the Ontario Arts Foundation (note 9)								
	-	-	-	-	(8,766)	-	(1,500)	(10,266)
Excess (deficiency) of revenues over expenses for the year								
	\$ 149,016	\$ -	\$ 550	\$ 149,566	\$ (76,528)	\$ (61,000)	\$ -	\$ (37,279)

The accompanying notes are an integral part of these financial statements

TAFELMUSIK

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020

	Operating Fund - General	Operating Fund - Invested in Capital Assets	Artistic Fund	Creative Trust Working Capital For the Arts Fund	Future Fund	Continuo Fund	Total
2020							
Balance - at beginning of year	\$ 111,893	\$ 38,220	\$ 376,244	\$ 402,100	\$ 75,000	\$ 167,567	\$ 1,171,024
Excess of revenue over expenses for the year	149,016	-	-	-	-	550	149,566
Inter-fund transfers representing							
Depreciation and amortization	253,359	(253,359)	-	-	-	-	-
Amortization of deferred capital contributions	(234,083)	234,083	-	-	-	-	-
Capital assets acquisitions	(29,825)	29,825	-	-	-	-	-
Payment of capital lease obligation	(7,963)	7,963	-	-	-	-	-
Balance - at end of year	242,397	56,732	376,244	402,100	75,000	168,117	1,320,590
2019							
Balance - at beginning of year	77,860	39,766	437,244	402,100	75,000	176,333	1,208,303
Excess (deficiency) of revenues over expenses for the year	23,721	-	(61,000)	-	-	-	(37,279)
Inter-fund transfers representing							
Depreciation and amortization	239,934	(239,934)	-	-	-	-	-
Amortization of deferred capital contributions	(234,083)	234,083	-	-	-	-	-
Capital assets acquisitions	(286,774)	286,774	-	-	-	-	-
Purchase of capital assets funded	279,700	(279,700)	-	-	-	-	-
Payment of capital lease obligation	(7,215)	7,215	-	-	-	-	-
Adjustments to leased equipment replaced	9,984	(9,984)	-	-	-	-	-
Contribution to the Ontario Arts Foundation	8,766	-	-	-	-	(8,766)	-
Balance - at end of year	\$ 111,893	\$ 38,220	\$ 376,244	\$ 402,100	\$ 75,000	\$ 167,567	\$ 1,171,024

The accompanying notes are an integral part of these financial statements

TAFELMUSIK

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	2020	2019
Cash flows from operating activities		
Cash received from concerts and tours	\$ 1,079,702	\$ 2,380,714
Cash received from government grants	1,671,929	1,296,854
Cash received from fund-raising and other	1,584,442	1,536,637
Investment income	318,964	285,910
Cash paid to employees, musicians and suppliers	(4,395,336)	(5,510,300)
Contribution to the Ontario Arts Foundation	-	(10,266)
Government subsidy related to COVID-19	87,812	-
	<u>347,513</u>	<u>(20,451)</u>
Cash flows from financing activity		
Capital contributions received (repaid)	(8,900)	32,000
Repayment of capital lease obligations	(7,963)	(7,215)
COVID-19 Relief loan received	40,000	-
	<u>23,137</u>	<u>24,785</u>
Cash flows from investing activities		
Proceeds from redemption/disposal of investments	1,443,230	2,085,398
Purchases of investments	(1,269,744)	(1,608,851)
Purchase of capital assets	(29,825)	(286,775)
	<u>143,661</u>	<u>189,772</u>
Change in cash during the year	514,311	194,106
Cash - at beginning of year	872,929	678,823
Cash - at end of year	<u>\$ 1,387,240</u>	<u>\$ 872,929</u>

The accompanying notes are an integral part of these financial statements

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NATURE OF OPERATIONS

Tafelmusik (the "Organization"), Canada's award-winning period instrument orchestra, was founded in 1979 and has long been renowned in North America and internationally for its distinct, exhilarating and soulful performances. The Tafelmusik Chamber Choir, specializing in baroque performance practice and vocal technique, was formed in 1981 to complement the orchestra. Tafelmusik performs 80 concerts each year at Trinity-St. Paul's Centre, Koerner Hall, and Massey Hall, performs community outreach concerts, tours extensively in Canada and throughout the world, and has a discography of CDs that have garnered many national and international awards. Tafelmusik has been associated with major recording companies, including Analekta, Sony BMG and CBC Records, and in 2012, established its own independent recording label, Tafelmusik Media. Its passion for supporting and training the next generation of musicians is manifest in the annual Tafelmusik Baroque Summer and Winter Institute and other music education programmes.

Tafelmusik's vision is to be an international centre of excellence in period performance for generations to come. To sustain this vision, Tafelmusik is now creating artists and audiences for the future through artist training and audience development activities.

Tafelmusik's mission is to engage audiences locally, provincially, nationally and internationally with historically informed live and recorded musical experiences on period instruments. Through its extensive national and international tours, its critically-acclaimed recordings and TV broadcasts, its new media initiatives and growing web of community and artistic partnerships, it is one of the most prolific orchestras in the world.

Tafelmusik is the income beneficiary of four endowments administered by the Ontario Arts Foundation, the capital of which is not reflected in these financial statements. Details of the endowment funds are set out in note 7.

Incorporated without share capital under the laws of Ontario, the Organization is a registered charity as defined in the Income Tax Act and, as such, is generally exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Presentation

The financial statements disclose separately the activities of the operating, artistic, continuo funds and other funds maintained by the Organization.

Operating Fund

The operating fund reflects the day-to-day activities of the Organization. The fund balance consists of two components being (1) invested in capital assets for those activities related to the purchases, disposals, amortization and financing of capital assets, and (2) general for those day-to-day activities other than invested in capital assets.

Artistic Fund

The Artistic fund is a Board restricted fund and represents amounts that have been set aside for specific artistic projects. The projects may include touring, recording, education and programming initiatives and require approval by the Board of Directors. Such projects are accounted for in the Artistic fund.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Creative Trust Working Capital for the Arts Fund

Creative Trust Working Capital for the Arts fund is a Board restricted fund providing ongoing working capital as well as funding for future artistic and strategic initiatives. Expenditure of these funds requires approval by the Board of Directors.

Future Fund

The Future fund is a Board restricted fund providing funds for contingencies that will not be covered by the other funds. Its use requires approval by the Board of Directors.

Continuo Fund

The Continuo fund is a Board restricted fund and reflects donated funds from which only the investment income is to be used for operating requirements at the discretion of the Board of Directors.

Endowment Fund Administered by Ontario Arts Foundation

Tafelmusik is a beneficiary of four endowment funds administered by Ontario Arts Foundation.

Capital appreciation/depreciation for those funds and any investment income earned thereon are recorded in the endowment funds.

Distributions from the endowment funds are recognized as investment income in the year received.

Revenue Recognition

All revenues relating to specific concerts and touring are recognized in the period in which the concert is performed or the event occurs. Amounts received in the current year, applicable to a subsequent year are recorded as deferred revenue on the Statement of Financial Position and will be recognized as revenue in the year to which they pertain.

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable. Externally restricted contributions are initially deferred and subsequently recognized as revenue in the year in which the related expenses are incurred, or the specified criteria is met, if any.

Pledges to donate funds are not recorded in the accounts until the funds have been received.

Investment income includes interest income from investments held by the Organization, which is recognized as revenue when earned, and income distribution from the investment income earned by the endowment funds administered by Ontario Arts Foundation, which is recognized as revenue when received.

All other sources of revenues are recorded in the accounts when services are performed or goods have been delivered.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets and liabilities measured at amortized cost include cash, short-term investments, sundry receivables, Continuo fund investments, accounts payable and accrued liabilities, obligations under capital lease and loan payable.

Impairment

At the end of each year, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the Statement of Financial Position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

Investments

Investments consist of investments in fixed-income securities with maturities within a year and savings account held at a bank. Investments are classified as short term other than those designated to the Continuo fund, which is classified as non-current asset.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis and includes the direct cost of the product.

Capital Assets

Equipment and leasehold improvements are recorded at cost and are depreciated over their estimated useful lives using the following annual rates and methods:

Office furniture and equipment	-	20% straight line
Computer equipment	-	33.3% straight line

Leasehold improvements are amortized on a straight line basis over the lesser of their useful life or the lease term being the initial lease term and extensions.

Equipment under capital lease is amortized on a straight line basis over the lesser of estimated useful life or the lease term.

Permanent instrument is recorded at cost and not amortized.

The above rates are reviewed annually to assess on-going appropriateness. Any changes are adjusted on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2020.

Deferred Capital Contributions

Externally restricted contributions for the purchase of capital assets that will be depreciated are deferred and amortized over the life of the related capital assets. Externally restricted contributions for the purchase of capital assets that will not be depreciated are recognized as direct increase to net assets. Externally restricted capital contributions that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the date of the Statement of Financial Position. Revenues and expenses are translated from foreign currencies at the rate of exchange prevailing on the transaction date. Any resulting realized and unrealized gains or losses are included in income for the year. The Organization does not use derivative instruments to mitigate foreign exchange risk.

Allocation of Expenses

Expenses are allocated directly to programs wherever possible, including direct human resources costs. Administration salaries and benefits are allocated to the various programs based on time spent by staff members on activities related to those programs (see note 14 for more details).

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, include useful lives for depreciation and amortization of property and equipment and valuation of other assets and liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

2. FINANCIAL INSTRUMENT RISK MANAGEMENT

Tafelmusik is exposed to various risks through its financial instruments. The following analysis provides a measure of Tafelmusik's risk exposure at the Statement of Financial Position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Tafelmusik's main credit risk relates to cash, investments and sundry receivable. Credit risk with respect to cash held in banks and investments is minimized by maintaining cash and investments in reputable financial institutions with high quality of credit ratings, and set the limits for individual investments within the insured amounts of the financial institutions, from which management believes the risk of loss to be remote. The Organization is not exposed to significant credit risk on its sundry receivable as majority of the sundry receivable were collected subsequent to the year end.

Liquidity Risk

Liquidity risk is the risk that Tafelmusik will encounter difficulty in meeting obligations associated with financial liabilities. Tafelmusik is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and lease obligations. Tafelmusik expects to meet these obligations as they come due by generating sufficient cash flows from operations, grants from governments and fundraising.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Tafelmusik is not exposed to other price risk.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings. Tafelmusik is exposed to currency risk in respect of its financial assets denominated in foreign currencies. As at June 30, 2020, Tafelmusik has a bank account denominated in United States dollars totaling \$29,000 (\$149,000 - 2019). Tafelmusik is not exposed to significant currency risk.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and decrease if interest rates rise. The Organization is exposed to interest rate risk directly on its fixed rate marketable securities and indirectly on its investments in savings account. Details are disclosed in notes 3.

Changes in Risk

There have been no significant changes in the risk profile of the financial instruments of the Organization from that of the prior year.

3. INVESTMENTS

a) Short-term investments

Details of short-term investments are as follows:

	<i>Face Value</i>	<i>Amortized Cost</i>
2020		
CIBC GIC, 1.60%, due September 14, 2020	\$ 29,034	\$ 29,034
B2B Bank GIC, 2.10%, due August 17, 2020	100,000	101,835
ICICI Bank Canada GIC, 2.15%, due August 17, 2020	100,000	101,879
Laurentian Bank GIC, 2.10%, due August 17, 2020	100,000	101,836
LBC Trust GIC, 2.10%, due August 17, 2020	100,000	101,836
Versabank GIC, 2.06%, due August 17, 2020	100,000	101,800
SBI Canada Bank GIC, 2.17%, due November 5, 2020	100,000	101,415
Equitable Bank GIC, 1.62%, due May 11, 2021	100,000	100,222
General Bank of CDA GIC, 1.53%, due May 11, 2021	100,000	100,210
HSBC Bank Canada GIC, 1.60%, due May 11, 2021	100,000	100,219
Home Trust Company GIC, 1.65%, due May 11, 2021	100,000	100,226
RBC Investment Savings Account	175,382	175,382
		\$ 1,215,894
2019		
CIBC GIC, 0.60%, due September 13, 2019	\$ 29,034	\$ 29,173
Effort Trust GIC, 2.25%, due August 16, 2019	100,000	101,948
Manulife Trust Co. GIC, 2.15%, due August 16, 2019	100,000	101,861
Montreal Trust CDA GIC, 2.15%, due August 16, 2019	100,000	101,861
Natcan Trust Company GIC, 2.15%, due August 16, 2019	100,000	101,861
Nat'l Bank of Canada GIC, 2.15%, due August 16, 2019	100,000	101,861
RBC Short Term GIC, 1.80%, due November 5, 2019	100,000	100,247
Vancity Credit Union GIC, 2.75%, due December 16, 2019	100,000	101,477
Equitable Bank GIC, 2.43%, due May 11, 2020	100,000	100,333
General Bank of CDA GIC, 2.43%, due May 11, 2020	100,000	100,333
Home Trust Company GIC, 2.48%, due May 11, 2020	100,000	100,340
Peoples Trust GIC, 2.42%, due May 11, 2020	100,000	100,332
RBC Investment Savings Account	248,299	248,299
		\$ 1,389,926

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

3. INVESTMENTS (continued)

b) Continuo fund investments

The Continuo fund is an internally restricted fund set up to provide long term financial stability for the Organization and the governance of which is the sole responsibility of the Board of Directors.

Details of the investments under the Continuo fund are as follows:

	2020	2019
Cash (due to operating fund)	(16,424)	(14,660)
Manulife Bank CDA GIC, 2.15%, due August 16, 2019	-	101,861
RBC Investment Savings account	184,541	80,366
	168,117	167,567

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Organization's activities and operations. Investments held by the Organization are primarily exposed to interest rate and credit risks. The Organization has formal policies and procedures for investment transactions and has retained an external investment advisor to manage the portfolio.

4. CAPITAL ASSETS

Details of capital assets are as follows:

	Cost	Accumulated Depreciation	Net Book Value
2020			
Equipment			
Office furniture and equipment	\$ 133,636	\$ 110,444	\$ 23,192
Computers	198,388	169,722	28,666
Instrument - permanent	28,590	-	28,590
Subtotal	360,614	280,166	80,448
Leasehold improvements			
Administrative offices	476,808	476,808	-
Tafelmusik/Trinity - St. Paul's Sanctuary	2,859,694	1,221,119	1,638,575
Subtotal	3,336,502	1,697,927	1,638,575
Total	\$ 3,697,116	\$ 1,978,093	\$ 1,719,023

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

4. CAPITAL ASSETS (continued)

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
2019			
Equipment			
Office furniture and equipment	\$ 130,811	\$ 101,805	\$ 29,006
Computers	171,388	159,085	12,303
Instrument - permanent	28,590	-	28,590
Subtotal	330,789	260,890	69,899
Leasehold improvements			
Administrative offices	476,808	476,808	-
Tafelmusik/Trinity - St. Paul's Sanctuary	2,859,694	987,036	1,872,658
Subtotal	3,336,502	1,463,844	1,872,658
Total	\$ 3,667,291	\$ 1,724,734	\$ 1,942,557

Administrative expenses in the statement of operations include depreciation on equipment and amortization of leasehold improvements of \$253,359 (\$239,934 - 2019).

Tafelmusik is in the process of renovating its leased premises. Details of the Trinity - St. Paul's Centre Venue Revitalization Project are disclosed in note 12b.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totalling \$NIL at June 30, 2020 (\$7,000 - 2019).

6. OBLIGATIONS UNDER CAPITAL LEASES

Annual lease payments under capital leases are as follows:

	<i>2020</i>	<i>2019</i>
Year ending June 30, 2020	\$ -	\$ 10,839
2021	10,839	10,839
2022	10,839	10,839
2023	5,419	5,419
	-	-
	27,097	37,936
Less amount representing future interest at 10%	(3,381)	(6,257)
Balance of obligation	23,716	31,679
Current portion	(8,790)	(7,963)
Long term portion	\$ 14,926	\$ 23,716

Included in administrative expenses in the statement of operations is interest expense of \$2,875 (\$3,624 - 2019) with respect to these obligations.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received and contributions received that have not been expended for the purchase of property and equipment. The changes in deferred capital contributions are as follows:

	2020	2019
Balance - at beginning of year	\$ 2,108,980	\$ 2,374,463
Capital contributions received in the year		
Grant	-	32,000
Capital contribution repaid	(8,900)	-
Capital contributions re-designated	-	(63,400)
	2,100,080	2,343,063
Less: amortization for the year	234,083	234,083
Balance - at end of year	\$ 1,865,997	\$ 2,108,980

Balance of deferred capital contribution consists of unamortized capital contribution of \$1,638,575 (\$1,872,658 - 2019) and unspent funds of \$227,422 (\$236,322 - 2019).

8. LOAN PAYABLE

During the year, Tafelmusik received a COVID-19 relief loan under the Canadian Emergency Benefit Account program, totalling \$40,000 for the payment of non-deferrable expenses. If Tafelmusik repays 75% of the loan by December 31, 2022, the remainder of the loan will be eligible to be forgiven.

9. ENDOWMENT FUNDS

Tafelmusik is the income beneficiary of four endowment funds administered by Ontario Arts Foundation. Details of these endowment funds are as follows:

- (i) The Tafelmusik Baroque Orchestra Arts Endowment Fund has been established at the Ontario Arts Foundation as a program of the Government of Ontario through the Ministry of Citizenship, Culture and Sport administered by the Ontario Arts Foundation. Under the terms of the program, funds raised and contributed by Tafelmusik were matched from Ontario's Arts Endowment Fund.
- (ii) The Canada Cultural Investment Fund is a program of the Government of Canada through the Department of Canadian Heritage. Under the terms of the program, a conditional grant is provided to the Ontario Arts Foundation for endowment purposes on the basis of funds raised and contributed by Tafelmusik to the Ontario Arts Foundation.
- (iii) The Tafelmusik Baroque Orchestra Horst Dantz and Don Quick Endowed Fund is a trust fund established by Tafelmusik at the Ontario Arts Foundation to support and name a cello chair to be known as Horst Dantz and Don Quick Chair in perpetuity. The capital amount contributed to the Ontario Arts Foundation shall be held in perpetuity and shall not be disbursed. The net income of the Trust Fund shall be disbursed in accordance with the purpose set out above. In the event that the Ontario Arts Foundation ceases to exist for any reason, the Trust Fund shall be transferred to Tafelmusik.

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

9. ENDOWMENT FUNDS (continued)

- (iv) The Tafelmusik Baroque Orchestra Jeanne Lamont Young Artist Fund has been established by Tafelmusik at the Ontario Arts Foundation to support Tafelmusik's Artist Training initiatives in perpetuity. Each year Tafelmusik receives investment income from the Jeanne Lamont Young Artist Fund to be disbursed in accordance with the purpose set out above.

Details of the endowment funds administered by the Ontario Arts Foundation are as follows:

	<i>Tafelmusik Baroque Orchestra Arts Endowment Fund</i>	<i>Canada Cultural Investment Fund</i>	<i>Horst Dantz and Don Quick Endowed Fund</i>	<i>Jeanne Lamont Young Artist Fund</i>	<i>Total</i>
2020					
Balance of funds - beginning of year	\$ 1,871,945	\$ 1,926,433	\$ 1,686,243	\$ 173,837	\$ 5,658,458
Contribution from Tafelmusik	-	-	-	-	-
Grant from the Department of Canadian Heritage	-	-	-	-	-
Change in market value	(46,460)	(46,114)	(40,043)	(4,127)	(136,744)
Investment income distributed	(123,917)	(84,727)	(74,459)	(7,565)	(290,668)
Balance of funds - end of year	1,701,568	1,795,592	1,571,741	162,145	5,231,046
2019					
Balance of funds - beginning of year	1,860,249	1,911,566	1,679,420	166,089	5,617,324
Contribution from Tafelmusik	4,076	-	-	6,190	10,266
Grant from the Department of Canadian Heritage	-	6,201	-	-	6,201
Change in market value	90,992	93,372	82,114	8,598	275,076
Investment income distributed	(83,372)	(84,706)	(75,291)	(7,040)	(250,409)
Balance of funds - end of year	\$ 1,871,945	\$ 1,926,433	\$ 1,686,243	\$ 173,837	\$ 5,658,458

10. GOVERNMENT GRANTS

- (a) Details of operating and project grants are as follows:

	2020	2019
Government of Canada - Canada Council		
Operating and Project grants	\$ 468,000	\$ 459,884
Government of Ontario - Ontario Arts Council	350,492	380,970
City of Toronto - Toronto Arts Council	180,000	180,000
Canada Council for the Arts	95,000	-
	1,093,492	1,020,854

- (b) Details of touring grants included in touring revenue are as follows:

Government of Canada - Canada Council - Canada and International tours	-	148,000
Government of Ontario - Ontario Arts Council - Ontario and International tours	42,000	-
	\$ 42,000	\$ 148,000

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

10. GOVERNMENT GRANTS (continued)

(c) Details of COVID-19 related government subsidies are as follows:

	2020	2019
Canada Emergency Wage Subsidy	\$ 168,915	\$ -
Temporary Wage Subsidy for Employers	20,796	-
	\$ 189,711	

These subsidies are not subject to any specific future terms or conditions; however, the Canada Revenue Agency may require additional reporting in the future period to verify Tafelmusik's eligibility and compliance with terms and conditions.

11. INVESTMENT INCOME

Investment income consists of income earned on Tafelmusik's own funds of \$28,296 (\$35,501 - 2019) and distributions from the endowment funds administered by the Ontario Arts Foundation of \$290,668 (\$250,409 - 2019). Details of the Endowment funds are disclosed in note 9.

12. COMMITMENTS

(a) *Operating Leases*

The Organization is committed to pay rent based on usage of premises for performance and rehearsal space under a lease of fifteen years with the initial term of five years ended on June 30, 2017 and two optional terms for extension of five years each. The Organization has exercised the first renewal option which commenced on July 1, 2017 and will expire on June 30, 2022. The second renewal option, if exercised, will commence on July 1, 2022 and will expire on June 30, 2027. Operating costs paid for performance, rehearsal usage and box office space for the year ended June 30, 2020 amounted to \$90,477 (\$91,302 - 2019).

The Organization is committed to pay annual rent of \$51,988 for administrative, box office and production space under a lease of fifteen years with the initial term of five years ended on June 30, 2017 and two optional terms for extension of five years each. The Organization has exercised the first renewal option which commenced on July 1, 2017 and will expire on June 30, 2022. The second renewal option, if exercised, will commence on July 1, 2022 and will expire on June 30, 2027. Mutual agreement is required if the annual rents increase above the greater of the consumer price index for Toronto, 5% or such other amount determined by an arbitrator.

In addition, the Organization is committed to pay its proportionate share of utilities costs, which in the year 2020 totalled \$9,634 (\$10,854 - 2019).

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

12. COMMITMENTS (continued)

(b) Trinity - St. Paul's Centre Venue Revitalization Project

Tafelmusik has embarked on a major campaign to renew its leased performance premises at Trinity - St. Paul's Centre in three phases at a total cost of approximately \$3.0 million. Phase One included renovations to acoustics, seating and stage, and was completed in December 2013 at a cost of \$1.3 million. Phase Two included renovations to the lobby, box office, other public spaces, and upgraded stage lighting and safety equipment in the Sanctuary, the majority of which was completed in December 2014 at a cost of \$1.1 million. Phase Three involved further renovations to Trinity - St. Paul's Centre, at a cost of \$0.5 million.

The project costs have been funded from the contributions from Federal government, City of Toronto, private-sector fundraising, and, as needed, from Tafelmusik's own resources.

At June 30, 2020, Tafelmusik has received \$0.8 million from Federal government under the Canada Culture Space Fund, \$0.1 million from City of Toronto and \$2.4 million from individuals, corporations and foundations, and has incurred renovation costs of \$2.9 million. The unspent funds are held in short-term investments and recorded in the deferred capital contributions. Details of short-term investments and deferred capital contributions are disclosed in notes 3a and 7.

13. LINE OF CREDIT

The Organization has an operating line of credit to a maximum of \$100,000. Any advances on this line of credit bear interest at bank prime rate plus two percent. This credit facility is secured by a registered charge on accounts receivable, inventory and equipment. There were no advances against this line of credit during the year or at June 30, 2020 (\$NIL - 2019).

14. ALLOCATION OF EXPENSES

Administrative salaries allocated to programs are as follows:

	2020	2019
Concert productions	\$ 176,655	\$ 137,295
Ticket sales	325,614	259,786
Touring	36,643	38,404
Fund-raising	127,547	245,271
Recording	-	13,890
Education and outreach	30,332	35,554
	\$ 696,791	\$ 730,200

TAFELMUSIK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

15. IMPACT OF GLOBAL PANDEMIC OF COVID -19

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. The Organization has either cancelled, slowed down or changed the normal course of operations for certain activities, such as canceling concerts and tours, refund of tickets sold, etc. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to reliably estimate the financial effect on the Organization at this time.

During the year, the Organization applied financial assistance from the government including a COVID-19 relief loan and wage subsidies. Details are disclosed in notes 8 and 10c respectively.

16. COMPARATIVE FIGURES

Certain of the comparative figures in the statements of financial position and changes in net assets have been reclassified to conform with the financial statement presentation adopted for the current year.

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