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Financial Statements

The Toronto Symphony

June 30, 2012

ERNST & YOUNG

INDEPENDENT AUDITORS' REPORT

To the Members of
The Toronto Symphony

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **The Toronto Symphony**, which comprise the statement of financial position as at June 30, 2012 and the statements of operations, changes in net deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Toronto Symphony** as at June 30, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes the matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about **The Toronto Symphony's** ability to continue as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Corporations Act (Ontario), we report that, in our opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Toronto, Canada,
October 9, 2012.

Chartered Accountants
Licensed Public Accountants

The Toronto Symphony
Incorporated without share capital under the laws of Ontario

STATEMENT OF FINANCIAL POSITION

[See note 1 – Description of Organization and Basis of Presentation]

As at June 30

	2012 $	2011 $
ASSETS *[note 6]*		
Current		
Accounts receivable *[notes 3 and 10[a]]*	**1,003,558**	1,338,583
Other *[note 4]*	**1,023,434**	1,049,573
Total current assets	**2,026,992**	2,388,156
Capital assets, net *[note 5]*	**539,196**	469,508
	2,566,188	2,857,664
LIABILITIES AND NET DEFICIENCY		
Current		
Bank indebtedness *[note 6]*	**5,164,280**	3,589,086
Accounts payable and accrued charges	**2,311,298**	1,470,890
Advance ticket sales	**4,720,734**	5,736,446
Deferred operating grants	**476,515**	1,139,036
Other deferred revenue	**58,067**	63,491
Total current liabilities	**12,730,894**	11,998,949
Deferred capital contributions *[note 7]*	**50,000**	60,000
Deferred lease inducement	**115,450**	142,551
Total liabilities	**12,896,344**	12,201,500
Commitments *[note 11]*		
Net deficiency	**(10,330,156)**	(9,343,836)
	2,566,188	2,857,664

See accompanying notes

On behalf of the Board:

Director

Director

The Toronto Symphony

STATEMENT OF OPERATIONS

Year ended June 30

	2012 $	2011 $
REVENUE		
Subscriptions and other tickets *[note 8]*	**9,831,598**	9,128,471
Government operating grants *[note 9]*	**5,865,825**	5,808,171
Annual fundraising [excluding funds raised for The Toronto Symphony Foundation] *[notes 7 and 10[b]]*	**4,862,803**	5,010,002
The Toronto Symphony Foundation *[note 10[a]]*	**1,755,000**	2,000,000
Fundraising special events	**768,948**	274,926
Education	**563,465**	445,459
Other	**543,430**	350,413
Touring	**239,517**	1,176,593
Toronto Symphony Volunteer Committee	**120,000**	193,000
	24,550,586	24,387,035
EXPENSES		
Production	**16,633,146**	15,511,763
Marketing	**4,131,516**	3,788,425
Administration	**2,266,079**	2,047,760
Fundraising *[note 10[b]]*	**1,825,613**	1,695,557
Fundraising special events	**336,829**	154,333
Touring	**235,591**	1,089,358
Interest *[note 6]*	**108,132**	83,326
	25,536,906	24,370,522
(Deficiency) excess of revenue over expenses for the year	**(986,320)**	16,513

See accompanying notes

The Toronto Symphony

STATEMENT OF CHANGES IN NET DEFICIENCY

Year ended June 30

	2012 $	2011 $
Net deficiency, beginning of year	**(9,343,836)**	(9,360,349)
(Deficiency) excess of revenue over expenses for the year	**(986,320)**	16,513
Net deficiency, end of year	**(10,330,156)**	(9,343,836)

See accompanying notes

The Toronto Symphony

STATEMENT OF CASH FLOWS

Year ended June 30

	2012 $	2011 $
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year	**(986,320)**	16,513
Add (deduct) items not involving cash		
Amortization of capital assets	**119,223**	107,670
Amortization of deferred capital contributions	**(10,000)**	(10,000)
Change in deferred lease inducement	**(27,101)**	(27,100)
	(904,198)	87,083
Changes in non-cash working capital balances related to operations		
Accounts receivable	**335,025**	(612,057)
Other assets	**26,139**	(3,127)
Accounts payable and accrued charges	**840,408**	146,842
Advance ticket sales	**(1,015,712)**	(66,423)
Deferred operating grants	**(662,521)**	675,786
Other deferred revenue	**(5,424)**	(70,623)
Cash (used in) provided by operating activities	**(1,386,283)**	157,481
INVESTING ACTIVITIES		
Purchase of capital assets	**(188,910)**	(17,160)
Cash used in investing activities	**(188,910)**	(17,160)
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	**1,575,194**	(140,321)
Cash provided by (used in) financing activities	**1,575,194**	(140,321)
Net change in cash during the year	—	—
Cash, beginning of year	—	—
Cash, end of year	—	—

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

The Toronto Symphony [the "Symphony"] is a not-for-profit performing arts organization incorporated under the Corporations Act (Ontario). The Symphony provides performances of orchestral repertoire and serves a spectrum of musical needs within the Toronto community. The Symphony is registered under the Income Tax Act (Canada) as a charitable organization and, as such, is exempt from income taxes.

The financial statements of the Symphony do not include the net assets and income of The Toronto Symphony Foundation [the "Foundation"] *[note 10]* or the Toronto Symphony Volunteer Committee as both organizations are independent legal entities. Both organizations, at their discretion, provide funds to the Symphony each year.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes that the Symphony will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The Symphony incurred a loss in fiscal 2012 of $986,320 and has an accumulated net deficiency of $10,330,156. The Symphony's continuation as a going concern is dependent upon the Symphony being able to implement its plans to obtain increased financial support from donors and an increase in its line of credit. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Symphony be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below:

Revenue recognition

The Symphony follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Revenue from ticket sales and sponsorships is recognized in the accounts at the date of the performance.

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