



Chartered Accountants

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Financial Statements of

**CANADIAN CONFERENCE OF THE
ARTS**

March 31, 2010



Chartered Accountants

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May 5, 2010

AUDITORS' REPORT

To the Members of
Canadian Conference of the Arts:

We have examined the statement of financial position of Canadian Conference of the Arts (CCA) as at March 31, 2010 and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of CCA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, CCA derives donation revenue from numerous individuals and corporations, 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 accounts of CCA and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves regarding the completeness of revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of CCA as at March 31, 2010 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Hendry Warren" followed by "LLP" in a smaller, less legible script.

HENDRY WARREN LLP
Chartered Accountants
Licensed Public Accountants
Ottawa, Ontario

CANADIAN CONFERENCE OF THE ARTS

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets		
Accounts receivable	\$ 44,149	\$ 50,154
Prepaid expenses	15,587	15,587
	59,736	65,741
Capital assets (Note 5)	11,266	17,441
Endowment funds (Note 6)	155,578	155,578
	\$ 226,580	\$ 238,760
Liabilities and Deficit		
Current liabilities		
Bank indebtedness (Note 7)	\$ 51,895	\$ 110,620
Accounts payable and accrued charges	11,818	4,036
Current portion of capital lease obligations	5,831	4,917
	69,544	119,573
Capital lease obligations (Note 8)	3,300	9,131
Endowment funds held in trust	155,578	155,578
	228,422	284,282
Commitments (Note 9)		
Deficit		
Invested in capital assets	11,266	17,441
Unrestricted	(13,108)	(62,963)
	(1,842)	(45,522)
	\$ 226,580	\$ 238,760

Approved on behalf of the Board of Governors:

Governor

Governor

CANADIAN CONFERENCE OF THE ARTS

Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	2010		2010		2009	
	Budget (unaudited)		Actual		Actual	
Revenue						
Earned revenue (Schedule A)	\$	109,700	\$	99,058	\$	124,467
Contributions (Schedule B)		538,900		495,002		459,941
		648,600		594,060		584,408
Expenses						
Administration (Schedule C)		192,759		135,118		140,021
Ongoing activities (Schedule C)		55,000		47,281		52,712
Personnel (Schedule C)		343,380		357,963		397,084
Special programs (Schedule C)		5,000		10,018		47,980
		596,139		550,380		637,797
Excess (deficiency) of revenue over expenses	\$	52,461	\$	43,680	\$	(53,389)

Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Invested in Capital assets		Unrestricted		2010 Total		2009 Total	
Balance, beginning of year	\$	17,441	\$	(62,963)	\$	(45,522)	\$	7,867
Excess (deficiency) of revenue over expenses		-		43,680		43,680		(53,389)
Additions to capital assets		961		(961)		-		-
Amortization		(7,136)		7,136		-		-
Balance, end of year	\$	11,266	\$	(13,108)	\$	(1,842)	\$	(45,522)

CANADIAN CONFERENCE OF THE ARTS

Cash Flow Statement

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Operating activities		
Net income (loss)	\$ 43,680	\$ (53,389)
Item not affecting cash		
Amortization	7,136	3,488
Changes in working capital balances (Note 10)	13,787	(19,429)
Cash provided by (used in) operating activities	64,603	(69,330)
Investing activities		
Purchase of property, plant and equipment	(961)	(20,929)
Cash used in investing activities	(961)	(20,929)
Financing activities		
(Decrease) increase in capital lease obligation	(4,917)	14,048
Cash (used in) provided by financing activities	(4,917)	14,048
Increase (decrease) in cash	58,725	(76,211)
Bank indebtedness, beginning of year	(110,620)	(34,409)
Bank indebtedness, end of year	\$ (51,895)	\$ (110,620)
Bank indebtedness consist of:		
Cash	\$ (13,895)	\$ (19,620)
Line of credit	(38,000)	(91,000)
	\$ (51,895)	\$ (110,620)

CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2010, with comparative figures for 2009

1. Purpose of the organization

The Canadian Conference of the Arts (CCA) is a not-for-profit national arts service organization incorporated under federal law (charitable registration number 11883 0371 RR 0001). The major role of CCA is to encourage the federal, provincial and municipal governments, as well as the corporate and private sector, to develop policies which will ensure the continued growth of the arts and cultural industries in Canada.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Adoption of new accounting standard

On April 1, 2009, the CCA adopted the Canadian Institute of Chartered Accountants Handbook Section 1535, Capital Disclosures, which specifies disclosure to be provided about (i) an entity's objectives, policies, procedures and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements and (iv) the consequences of non-compliance if any. Adoption of this recommendation had no effect on the financial statements for the year ended March 31, 2010, except for additional note disclosure in Note 3.

Revenue recognition

The CCA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Cash donations are recorded upon receipt. Donations of goods and services are recorded at fair market value when received to the extent that they would have been purchased if not donated.

Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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 amounts of revenues and expenses during the period. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results of the periods presented. Actual results could differ from these reported estimates.

CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2010, with comparative figures for 2009

Financial instruments

CCA's financial instruments consist of accounts receivable, bank indebtedness, accounts payable and accrued charges, capital lease obligations, and endowment funds.

Endowment funds are classified as available-for-sale and are measured at the fair market value at the end of each fiscal period.

The carrying value of other financial instruments approximates fair value due to the short maturities or the terms of the conditions attached to these instruments. It is management's opinion that CCA is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following annual rates and methods:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Equipment under capital lease	Straight-line	3 years
Office furniture and fixtures	Straight-line	5 years

One-half of the annual amount is claimed in the year of acquisition.

3. Capital disclosures

The Canadian Conference of the Arts considers capital as the sum of its net assets. The Organization manages capital through a formal and approved budgetary process and obtains capital mainly by way of seeking to obtain government and municipal grants, as well as donations and sponsorships from various contributors.

The Organization's main capital management objectives are to safeguard the Organization's ability to continue as a going concern, comply with its stated objectives and to meet its financial obligations.

The Organization evaluates its capital management strategy and objectives annually. The Organization is not subject to any externally imposed capital requirements.

4. Economic dependence

The Organization receives a substantial portion of its operating funds from the Government of Canada and is economically dependent on its continuing support of the organization's mission.

CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2010, with comparative figures for 2009

5. Capital assets

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 54,170	\$ 52,848	\$ 1,322	\$ 868
Equipment under capital lease	19,887	9,943	9,944	16,573
Office furniture and fixtures	7,615	7,615	-	-
	\$ 81,672	\$ 70,406	\$ 11,266	\$ 17,441

6. Endowment funds

- a) The Canadian Conference of the Arts established the Canadian Conference of the Arts - Arts Endowment Fund (the Fund) at the Ontario Arts Foundation (the Foundation) under the terms of the Arts Endowment Fund (AEF) Program. AEF was a program of the Government of Ontario through the Ministry of Culture and is administered by the Ontario Arts Foundation.

The Fund is held in perpetuity for the Canadian Conference of the Arts and investment income is received for use in operations. The market value of the Fund as at March 31, 2010 was \$164,751.

- b) The Canadian Conference of the Arts holds an endowment fund with a market value of \$155,578 at March 31, 2010. The interest paid annually is for use in operations.

7. Bank indebtedness

At March 31, 2010, available short-term bank credit facilities consisted of an operating line of credit with Royal Bank of Canada (RBC) in the amount of \$50,000, bearing interest at RBC bank prime plus 1.55%. Bank indebtedness is secured by a general security agreement representing a first charge on all of the organization's assets.

	2010	2009
Draws against line of credit	\$ (38,000)	\$ (91,000)
Bank balances and cash on hand, net of outstanding items	(13,895)	(19,620)
	\$ (51,895)	\$ (110,620)

CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2010, with comparative figures for 2009

8. Capital lease obligations

	2010	2009
National Leasing capital lease, at an implicit interest rate of 17.2%, secured by a charge on specific equipment, repayable in monthly instalments of \$580, due September 2011	\$ 9,131	\$ 14,048
Less amounts due within one year	5,831	4,917
	\$ 3,300	\$ 9,131

Principal repayments required in the next two years are as follows:

2011	\$ 5,831
2012	3,300
	\$ 9,131

CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2010, with comparative figures for 2009

9. Commitments

CCA has lease obligations for the rental of office equipment and office premises, with payments as follows for the next five years:

	Equipment	Premises	Total
2011	\$ 6,683	\$ 52,489	\$ 59,172
2012	5,664	53,458	59,122
2013	1,888	55,118	57,006
2014	-	55,809	55,809
2015	-	23,254	23,254
	\$ 14,235	\$ 240,128	\$ 254,363

10. Changes in working capital balances

Changes in working capital balances have provided (used) cash as follows:

	2010	2009
Accounts receivable	\$ 6,005	\$ (1,438)
Prepaid expenses	-	(8,378)
Accounts payable and accrued charges	7,782	(3,154)
Deferred revenue	-	(6,459)
	\$ 13,787	\$ (19,429)

CANADIAN CONFERENCE OF THE ARTS
Schedule of Earned Revenue

Schedule A

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Earned revenue		
Administration fees	\$ 10,375	\$ 13,625
Membership fees	88,395	101,910
Publication sales	288	1,604
Registration fees	-	7,328
	\$ 99,058	\$ 124,467

CANADIAN CONFERENCE OF THE ARTS

Schedule B

Schedule of Contributions

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Federal Government		
Department of Canadian Heritage	\$ 390,000	\$ 390,000
Provincial and Municipal Governments		
British Columbia	2,300	9,700
Ontario Arts Council	15,000	15,000
Ontario Trillium Foundation	61,400	-
Organizations and Other		
Donations	4,428	5,156
Other	21,874	40,085
	<u>\$ 495,002</u>	<u>\$ 459,941</u>

CANADIAN CONFERENCE OF THE ARTS

Schedule C

Schedule of Personnel, Administration, Ongoing Activities, and Special Programs Expenses

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Personnel		
Salaries	\$ 321,503	\$ 364,220
Benefits	36,460	32,864
	\$ 357,963	\$ 397,084
Administration		
Amortization	\$ 7,136	\$ 3,488
Furniture and equipment	35,675	25,573
Library	583	284
Other	15,871	12,420
Professional fees	14,135	11,497
Stationery and supplies	3,944	4,676
Tenancy	55,736	80,714
Interest on equipment under capital lease	2,038	1,369
	\$ 135,118	\$ 140,021
Ongoing activities		
Awards	\$ -	\$ 934
Board meetings	11,098	37,666
Committee meetings	2,125	3,191
Communications	2,134	3,974
Membership	23,912	1,575
Travel and hospitality	2,587	177
Symposium	5,304	4,470
Newsletter and annual report	121	725
	\$ 47,281	\$ 52,712
Special programs	\$ 10,018	\$ 47,980