

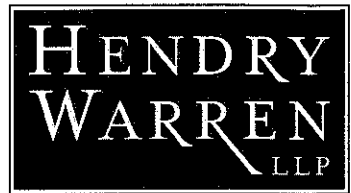


Chartered Accountants

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Financial Statements of  
**CANADIAN CONFERENCE OF THE  
ARTS**

March 31, 2012



Chartered Accountants

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June 18, 2012

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Canadian Conference of the Arts:

We have audited the accompanying financial statements of Canadian Conference of the Arts, which comprises the statement of financial position as at March 31, 2012 and the statements of operations and changes in net assets and cash flow 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 purposes 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 is sufficient and appropriate to provide a basis for our audit report.



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### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, the CCA derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue from donations, excess of revenues over expenses, assets or net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Conference of the Arts as at March 31, 2012 and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### **Emphasis of Matter**

We draw your attention to Note 2 of the financial statements which describes the uncertainty related to the appropriateness of using the going concern assumption. Our opinion is not qualified in respect of this matter.

A handwritten signature in cursive script that reads "Hendry Warren" followed by "LLP" in a smaller font.

HENDRY WARREN LLP  
Chartered Accountants  
Licensed Public Accountants  
Ottawa, Ontario

# CANADIAN CONFERENCE OF THE ARTS

## Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets		
Cash	\$ 7,152	\$ 18,106
Short-term investments	70,000	50,000
Accounts receivable	45,308	56,091
Prepaid expenses	15,587	15,587
	138,047	139,784
Capital assets (Note 4)	473	4,491
Endowment funds (Note 5)	155,578	155,578
	\$ 294,098	\$ 299,853

## Liabilities and Net assets

Current liabilities		
Accounts payable and accrued charges	\$ 11,815	\$ 9,397
Deferred contributions	-	15,000
Current portion of capital lease obligations	-	3,300
	11,815	27,697
Endowment funds held in trust	155,578	155,578
	167,393	183,275
Commitments (Note 6)		
Net assets		
Invested in capital assets	1,100	4,491
Unrestricted	65,605	52,087
Internally restricted working capital reserve	60,000	60,000
	126,705	116,578
	\$ 294,098	\$ 299,853

Approved on behalf of the Board of Governors:



Governor



Governor

# CANADIAN CONFERENCE OF THE ARTS

## Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	2012		2012		2011	
	Budget (unaudited)		Actual		Actual	
<b>Revenue</b>						
Earned revenue (Schedule A)	\$	124,500	\$	76,478	\$	104,763
Contributions (Schedule B)		438,500		458,891		573,919
		563,000		535,369		678,682
<b>Expenses</b>						
Administration (Schedule C)		118,700		117,778		117,414
Ongoing activities (Schedule C)		63,000		42,084		17,110
Personnel (Schedule C)		367,600		340,331		368,949
Special programs/National Policy Conference		12,000		25,049		56,789
		561,300		525,242		560,262
<b>Excess of revenue over expenses</b>	<b>\$</b>	<b>1,700</b>	<b>\$</b>	<b>10,127</b>	<b>\$</b>	<b>118,420</b>

## Statement of Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Invested in Capital assets		Unrestricted	Working Capital	2012 Total	2011 Total				
Balance, beginning of year	\$	4,491	\$	52,087	\$	60,000	\$	116,578	\$	(1,842)
Excess of revenue over expenses		-		10,127		-		10,127		118,420
Additions to capital assets		626		(626)		-		-		-
Amortization		(4,017)		4,017		-		-		-
<b>Balance, end of year</b>	<b>\$</b>	<b>1,100</b>	<b>\$</b>	<b>65,605</b>	<b>\$</b>	<b>60,000</b>	<b>\$</b>	<b>126,705</b>	<b>\$</b>	<b>116,578</b>

# CANADIAN CONFERENCE OF THE ARTS

## Cash Flow Statement

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Operating activities		
Net income	\$ 10,127	\$ 118,420
Non cash item:		
Amortization expense	4,017	7,401
Changes in working capital balances (Note 8)	(1,798)	637
Cash provided by operating activities	12,346	126,458
Investing activities		
Acquisition of capital assets	-	(626)
Acquisition of short-term investments	(20,000)	(50,000)
Cash used in investing activities	(20,000)	(50,626)
Financing activities		
Decrease in capital lease obligation	(3,300)	(5,831)
Cash used in financing activities	(3,300)	(5,831)
(Decrease) increase in cash	(10,954)	70,001
Cash (bank indebtedness), beginning of year	18,106	(51,895)
Cash, end of year	\$ 7,152	\$ 18,106

# CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2012, with comparative figures for 2011

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## 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:

### Going concern

As of the release of the 2012 Federal Budget, Canadian Conference of the Arts has lost funding from its largest contributor, Canadian Heritage, under the Government of Canada (the Government). The Government has committed to paying an amount of \$195,000 to fund CCA's operations for its fiscal year ended March 31, 2013, after which point all funding from this source will cease.

CCA has traditionally received a substantial portion of its operating funds from the Government of Canada and has been economically dependent on its continuing support of the Organization's mission.

These financial statements are prepared on the assumption that the entity is a going concern. If the CCA is unable to secure additional credit facilities or find additional sources of funding to finance operations, the CCA may not be able to realize assets and discharge liabilities in the normal course of operations.

### 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.

Other revenues are recorded when there is persuasive evidence that an arrangement exists, services have been performed, the price is fixed or determinable, and collection is reasonably assured.

# CANADIAN CONFERENCE OF THE ARTS

## Notes to the Financial Statements

March 31, 2012, with comparative figures for 2011

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### 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.

### Financial instruments

CCA's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued charges, 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.

### Short-term investments

Short-term investments in guaranteed investment certificates are stated at cost, which approximates market value.

### Capital assets

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

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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

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

### New accounting framework

In 2010, the Canadian Institute of Chartered Accountants (CICA) issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations may adopt either International Financial Reporting Standards (IFRSs) or Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. The CCA has adopted GAAP for not-for-profit organizations effective April 1, 2012.



# CANADIAN CONFERENCE OF THE ARTS

## Notes to the Financial Statements

March 31, 2012, with comparative figures for 2011

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### 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. Capital assets

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			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 54,796	\$ 54,323	\$ 473	\$ 1,176
Equipment under capital lease	19,887	19,887	-	3,315
Office furniture and fixtures	7,615	7,615	-	-
	\$ 82,298	\$ 81,825	\$ 473	\$ 4,491

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### 5. 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, 2012 was \$171,729.

During the year, the Canadian Conference of the Arts received \$5,034 in investment income as determined by the board of directors of the CCA. This income has been designated to fund the Chalmer's conference.

b) The Canadian Conference of the Arts holds an endowment fund with a market value of \$157,362 at March 31, 2012. The interest paid annually is for use in operations.

# CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2012, with comparative figures for 2011

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## 6. Commitments

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

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	Equipment	Premises	Total
2013	\$ 18,004	\$ 55,118	\$ 73,122
2014	16,116	55,809	71,925
2015	1,343	23,254	24,597
	\$ 35,463	\$ 134,181	\$ 169,644

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## 7. Credit facility

At March 31, 2012, 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 2.0%. Bank indebtedness is secured by a general security agreement representing a first charge on all of the Organization's assets. As at March 31, 2012, there was \$Nil (2011:\$Nil) outstanding under this line of credit.

## 8. Changes in working capital balances

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

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	2012	2011
Accounts receivable	\$ 10,783	\$ (11,942)
Accounts payable and accrued charges	2,419	(2,421)
Deferred contributions	(15,000)	15,000
	\$ (1,798)	\$ 637

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## 9. Financial instruments

### Risk management policy

The CCA is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the balance sheet date, March 31, 2012.

# CANADIAN CONFERENCE OF THE ARTS

Notes to the Financial Statements

March 31, 2012, with comparative figures for 2011

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## Interest rate risk

The CCA is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the CCA to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

## Fair value

The fair value of cash, short-term investments, accounts receivable, and accounts payable and accrued charges is approximately equal to their carrying value given their short-term maturity date.

**CANADIAN CONFERENCE OF THE ARTS**  
Schedule of Earned Revenue

Schedule A

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Earned revenue</b>		
Administration fees	\$ 12,000	\$ 10,000
Membership fees	64,446	64,336
Publication sales	32	(16)
Registration fees	-	30,443
	<b>\$ 76,478</b>	<b>\$ 104,763</b>

**CANADIAN CONFERENCE OF THE ARTS**

Schedule B

## Schedule of Contributions

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Federal Government		
Department of Canadian Heritage	\$ 390,000	\$ 405,000
Provincial and Municipal Governments		
British Columbia	3,100	3,100
Ontario Arts Council	14,250	14,250
Ontario Trillium Foundation	-	55,000
Organizations and Other		
Donations	3,002	2,500
Internship program	22,500	15,856
Other	26,039	78,213
	<b>\$ 458,891</b>	<b>\$ 573,919</b>

**CANADIAN CONFERENCE OF THE ARTS**

Schedule C

Schedule of Administration, Ongoing Activities, and Personnel

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Administration</b>		
Amortization	\$ 4,017	\$ 7,401
Furniture and equipment	32,221	28,241
Library	709	284
Other	17,900	11,601
Professional fees	6,295	10,042
Stationery and supplies	3,274	4,328
Tenancy	53,195	54,394
Interest on equipment under capital lease	167	1,123
	<b>\$ 117,778</b>	<b>\$ 117,414</b>
<b>Ongoing activities</b>		
Awards	\$ -	\$ 545
Board meetings	23,742	7,042
Committee meetings	5,249	419
Communications	1,515	2,131
Membership	9,748	1,694
Travel and hospitality	1,175	4,797
Symposium	655	332
Newsletter and annual report	-	150
	<b>\$ 42,084</b>	<b>\$ 17,110</b>
<b>Personnel</b>		
Salaries	\$ 305,874	\$ 329,441
Benefits	34,457	39,508
	<b>\$ 340,331</b>	<b>\$ 368,949</b>