

ASSOCIATED DESIGNERS OF CANADA

**FINANCIAL STATEMENTS
DECEMBER 31, 2004**

INDEX

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

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AUDITORS' REPORT

To the Board of Directors of
Associated Designers of Canada

We have audited the statement of financial position of Associated Designers of Canada as at December 31, 2004 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 not-for-profit organizations, the Organization derives revenues from donations and other voluntarily reported fees, 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 the Organization. We were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenditures, assets and net assets.

In our opinion, except for the adjustment, if any, which we might have determined necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Prior year financial statements were audited by another accountant.


CHARTERED ACCOUNTANTS

Toronto, Ontario
June 19, 2006

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004

	2004	2003
ASSETS		
Current		
Cash - operating fund	\$ 10,940	\$ -
Restricted funds, note 4	54,820	69,176
Appropriated funds, note 5	50,697	48,335
Accounts receivable, trade and other	23,761	38,949
Prepaid insurance	<u>3,755</u>	<u>3,745</u>
	<u>143,973</u>	<u>160,205</u>
Property and equipment		
Computer equipment	-	6,558
Less: accumulated amortization	<u>-</u>	<u>(6,558)</u>
	<u>-</u>	<u>-</u>
	<u>\$ 143,973</u>	<u>\$ 160,205</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 15,622	\$ 4,927
Trust funds, note 6	72,989	86,401
Overdraft - operating fund	<u>-</u>	<u>1,655</u>
	<u>88,611</u>	<u>92,983</u>
NET ASSETS		
Insurance fund, note 7	47,457	44,879
Operating fund	<u>7,905</u>	<u>22,343</u>
	<u>55,362</u>	<u>67,222</u>
	<u>\$ 143,973</u>	<u>\$ 160,205</u>

Approved on behalf of the board:

_____ Director

_____ Director

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Net assets, beginning of year	\$ 67,222	\$ 1,704
Excess (deficiency) for the year	(11,860)	25,562
Adjustment to prior year's net assets, note 8	<u>-</u>	<u>39,956</u>
Net assets, end of year	<u>\$ 55,362</u>	<u>\$ 67,222</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Revenue		
Filing fees	\$ 35,409	\$ 47,676
Membership dues and related fees	26,200	26,094
Insurance premium fees	24,100	26,057
Miscellaneous income	2,195	5,896
Project grant	<u>-</u>	<u>23,000</u>
	<u>87,904</u>	<u>128,723</u>
Expenses		
Management fees	36,840	36,840
Bad debts	21,572	3,883
Meeting expenses	10,653	4,971
Insurance	8,246	13,154
Professional fees	5,367	2,439
Meeting - travel	5,327	3,313
Postage and delivery	3,184	1,635
Office and general	3,116	5,048
Telephone	2,107	2,305
Online website and database	1,200	963
Promotion	1,036	-
Rent	600	600
Newsletter expenses	318	1,022
Membership	147	134
Bank charges	51	217
Project expenses	-	23,000
Contract development and negotiation expenses	-	1,999
Amortization	<u>-</u>	<u>1,638</u>
	<u>99,764</u>	<u>103,161</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ (11,860)</u>	<u>\$ 25,562</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (11,860)	\$ 25,562
Adjustment for:		
Amortization	<u> -</u>	<u> 1,638</u>
	(11,860)	27,200
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable, trade and other	15,188	(1,810)
Increase in prepaid insurance	(10)	(3,745)
Increase (decrease) in accounts payable and accrued liabilities	10,694	(759)
Increase (decrease) in trust funds	<u>(13,411)</u>	<u> 52,134</u>
Net increase in cash and cash equivalents	601	73,020
Cash and cash equivalents, beginning of year	<u> 115,856</u>	<u> 42,836</u>
Cash and cash equivalents, end of year	<u> \$ 116,457</u>	<u> \$ 115,856</u>
Represented by:		
Cash (overdraft) - operating fund	\$ 10,940	\$ (1,655)
Appropriated funds	54,820	69,176
Restricted funds	<u> 50,697</u>	<u> 48,335</u>
	<u> \$ 116,457</u>	<u> \$ 115,856</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2004

1. PURPOSE OF THE ORGANIZATION

The Organization was incorporated under the Canada Corporation Act as a not-for-profit corporation on May 13, 1965. It is a national not-for-profit arts service organization and professional association dedicated to promoting and protecting the interests of set, costume, lighting and sound designers working within the performing arts in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared by management in accordance with accounting principles considered appropriate for organizations of this type. The more significant of these accounting policies are as follows:

Revenue Recognition

Membership dues and other revenues are recognized on an accrual basis.

Filing fees and insurance premium are recognized as revenue at the signing date of the contracts.

Marketable Securities

Marketable securities are valued at the lower of cost and quoted market value. The balance of the securities at year end represents the market value at year end.

Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

3. INCOME TAXES

The Organization is exempt from income taxes under Section 149(1)(1) of the Income Tax Act.

ASSOCIATED DESIGNERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

4. RESTRICTED FUNDS

The restricted funds are comprised as follows:

	2004	2003
Members' RRSP, in trust	\$ 39,483	\$ 57,071
Security bonds from theatres	<u>15,337</u>	<u>12,105</u>
	<u>\$ 54,820</u>	<u>\$ 69,176</u>

The Organization collects and remits RRSP contributions on behalf of the members.

The security bonds are collected from theatres to protect the interests of the contracted designers.

5. APPROPRIATED FUNDS

The appropriated funds are comprised as follows:

	2004	2003
Jack King Award - cash	\$ 3,998	\$ 3,058
Jack King Award - marketable securities, at cost	14,171	14,167
Insurance fund - cash	29,046	15,423
Insurance fund - loan to operating fund	<u>3,482</u>	<u>15,687</u>
	<u>\$ 50,697</u>	<u>\$ 48,335</u>

The market value of the securities at year end is \$14,869 (2003 - \$18,313).

6. TRUST FUNDS

	2004	2003
Members' RRSP contributions, in trust	\$ 39,483	\$ 57,071
Security bonds from theatres	15,337	12,105
Jack King Award	<u>18,169</u>	<u>17,225</u>
	<u>\$ 72,989</u>	<u>\$ 86,401</u>

ASSOCIATED DESIGNERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

7. NET ASSETS IN INSURANCE FUND

	2004	2003
Balance - beginning of year	<u>\$ 44,879</u>	<u>\$ 39,956</u>
Revenue - insurance premiums from theatres	24,100	26,050
Insurance premium paid	(8,246)	(13,154)
Provision for bad debts	(6,100)	(180)
Interest income	9	7
Administration fees charged by operating fund	<u>(7,185)</u>	<u>(7,800)</u>
	<u>2,578</u>	<u>4,923</u>
Balance - end of year	<u>\$ 47,457</u>	<u>\$ 44,879</u>

8. ADJUSTMENT TO PRIOR YEAR'S NET ASSETS

The adjustment is a correction to the net assets for amounts not previously included.

9. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, marketable securities and accounts payable. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

10. COMPARATIVE AMOUNTS

Certain of the prior year figures have been reclassified to conform with the current year's presentation.