

ASSOCIATED DESIGNERS OF CANADA

**FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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

SEGAL LLP
2005 Sheppard Ave E, No. 500
Toronto, Ontario M2J 5B4

Phone. 416 391 4499
Fax. 416 391 3280
Toll Free. 1 800 206 7307
info@segalllp.com

A MEMBER OF DFK INTERNATIONAL

AUDITORS' REPORT

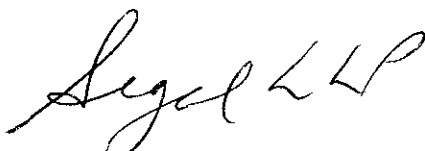
To the Board of Directors of Associated Designers of Canada

We have audited the statement of financial position of Associated Designers of Canada as at December 31, 2005 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, special project grant 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

Toronto, Ontario
June 19, 2006

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005

	2005	2004
ASSETS		
Current		
Cash - operating fund	\$ 5,863	\$ 10,940
Restricted funds, note 4	41,658	54,820
Appropriated funds, note 5	50,952	50,697
Accounts receivable, trade and other	31,021	23,761
Prepaid insurance	<u>3,466</u>	<u>3,755</u>
	<u>\$ 132,960</u>	<u>\$ 143,973</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 17,875	\$ 15,622
Trust funds, note 6	<u>58,674</u>	<u>72,989</u>
	<u>76,549</u>	<u>88,611</u>
NET ASSETS		
Insurance fund, note 7	46,313	47,457
Operating fund	<u>10,098</u>	<u>7,905</u>
	<u>56,411</u>	<u>55,362</u>
	<u>\$ 132,960</u>	<u>\$ 143,973</u>

Approved on behalf of the board:

_____ Director

_____ Director

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Net assets, beginning of year	\$ 55,362	\$ 67,222
Excess (deficiency) for the year	<u>1,049</u>	<u>(11,860)</u>
Net assets, end of year	<u>\$ 56,411</u>	<u>\$ 55,362</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Revenue		
Project grant	\$ 38,800	\$ -
Filing fees	35,260	35,409
Membership dues and related fees	25,006	26,200
Insurance premium fees	18,300	24,100
Miscellaneous income	<u>1,179</u>	<u>2,195</u>
	<u>118,545</u>	<u>87,904</u>
Expenses		
Project expenses	38,884	-
Management fees	36,840	36,840
Bad debts	11,788	21,572
Insurance	7,910	8,246
Professional fees	4,284	5,367
Office and general	3,607	3,116
Meeting - travel	3,271	5,327
Promotion	2,074	1,036
Telephone	1,787	2,107
Contract development and negotiation expenses	1,540	-
Meeting expenses	1,463	10,653
Postage and delivery	1,425	3,184
Online website and database	1,196	1,200
Newsletter expenses	645	318
Rent	600	600
Bank charges	182	51
Membership	<u>-</u>	<u>147</u>
	<u>117,496</u>	<u>99,764</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 1,049</u>	<u>\$ (11,860)</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 1,049	\$ (11,860)
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable, trade and other	(7,260)	15,188
Decrease (increase) in prepaid insurance	289	(10)
Increase in accounts payable and accrued liabilities	2,254	10,694
Decrease in trust funds	<u>(14,316)</u>	<u>(13,411)</u>
Net increase (decrease) in cash and cash equivalents	(17,984)	601
Cash and cash equivalents, beginning of year	<u>116,457</u>	<u>115,856</u>
Cash and cash equivalents, end of year	<u>\$ 98,473</u>	<u>\$ 116,457</u>
Represented by:		
Cash - operating fund	\$ 5,863	\$ 10,940
Appropriated funds	41,658	54,820
Restricted funds	<u>50,952</u>	<u>50,697</u>
	<u>\$ 98,473</u>	<u>\$ 116,457</u>

See accompanying notes to the financial statements

ASSOCIATED DESIGNERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

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.

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, 2005

4. RESTRICTED FUNDS

The restricted funds are comprised as follows:

	2005	2004
Members' RRSP, in trust	\$ 26,367	\$ 39,483
Security bonds from theatres	21,614	15,337
Loan from operating fund to security bonds	<u>(6,323)</u>	<u>-</u>
	<u>\$ 41,658</u>	<u>\$ 54,820</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:

	2005	2004
Jack King Award - cash	\$ 10,516	\$ 3,998
Jack King Award - marketable securities, at cost	6,500	14,171
Insurance fund - cash	40,805	29,046
Insurance fund - loan to (from) operating fund	<u>(6,869)</u>	<u>3,482</u>
	<u>\$ 50,952</u>	<u>\$ 50,697</u>

The market value of the securities at year end is \$6,500 (2004 - \$14,869).

6. TRUST FUNDS

	2005	2004
Members' RRSP contributions, in trust	\$ 26,367	\$ 39,483
Security bonds from theatres	15,291	15,337
Jack King Award	<u>17,016</u>	<u>18,169</u>
	<u>\$ 58,674</u>	<u>\$ 72,989</u>

ASSOCIATED DESIGNERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

7. NET ASSETS IN INSURANCE FUND

	2005	2004
Balance - beginning of year	<u>\$ 47,457</u>	<u>\$ 44,879</u>
Revenue - insurance premiums from theatres	18,300	24,100
Insurance premium paid	(7,910)	(8,246)
Provision for bad debts	(6,075)	(6,100)
Interest income	16	9
Administration fees charged by operating fund	<u>(5,475)</u>	<u>(7,185)</u>
	<u>(1,144)</u>	<u>2,578</u>
Balance - end of year	<u>\$ 46,313</u>	<u>\$ 47,457</u>

8. 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.