

**ASSOCIATED DESIGNERS OF CANADA**

**Financial Statements**

**December 31, 2007**

**Marinucci & Company**  
Chartered Accountants

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## **AUDITORS' REPORT**

To the Directors of  
**Associated Designers of Canada**

We have audited the balance sheet of **Associated Designers of Canada** as at December 31, 2007 and the statements of operations and changes in net assets 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.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2007 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

***DRAFT***

**Toronto, Ontario**  
**April 20, 2008**

**Chartered Accountants**  
*Licensed Public Accountants*

**ASSOCIATED DESIGNERS OF CANADA**  
(A not-for-profit organization)

**Balance Sheet**

**December 31, 2007**

	2007	2006
<b>ASSETS</b>		
Current:		
Cash and cash equivalents (Note 3)	\$ 117,428	\$ 84,756
Accounts receivable	26,402	29,778
Prepaid expenses	<u>3,864</u>	<u>3,466</u>
	147,694	118,000
Investments held in trust – Jack King Award (Note 4)	<u>18,327</u>	<u>17,559</u>
	<u>\$ 166,021</u>	<u>\$ 135,559</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued liabilities	\$ 34,182	\$ 25,981
Amounts collected on behalf of members	<u>23,007</u>	<u>22,771</u>
	57,189	48,752
Amounts held in trust – Jack King Award (Note 4)	<u>18,327</u>	<u>17,559</u>
	<u>75,516</u>	<u>66,311</u>
<b>NET ASSETS</b>		
Internally restricted (Note 5)	58,220	50,962
Unrestricted	<u>32,285</u>	<u>18,286</u>
	90,505	69,248
	<u>\$ 166,021</u>	<u>\$ 135,559</u>
<b>On behalf of the Board:</b> _____	<b>Director</b>	
_____	<b>Director</b>	

See accompanying Notes to Financial Statements

**ASSOCIATED DESIGNERS OF CANADA**  
(A not-for-profit organization)

**Statement of Changes in Net Assets**

**Year ended December 31, 2007**

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	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>Total 2007</b>	<b>Total 2006</b>
<b>Net assets, beginning of year</b>	\$ 50,962	\$ 18,286	<b>\$ 69,248</b>	\$ 56,411
Excess of revenues over expenses	<u>7,258</u>	<u>13,999</u>	<u><b>21,257</b></u>	<u>12,387</u>
<b>Net assets, end of year</b>	<u>\$ 58,220</u>	<u>\$ 32,285</u>	<u><b>\$ 90,505</b></u>	<u>\$ 69,248</u>

See accompanying Notes to Financial Statements

**ASSOCIATED DESIGNERS OF CANADA**  
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**Statement of Operations**

**Year ended December 31, 2007**

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	2007	2006
<b>REVENUES</b>		
Filing fees	\$ 38,455	\$ 34,109
Membership dues	25,609	24,840
Insurance premium fees (Note 5)	17,100	17,040
Other	1,755	1,469
Interest	<u>574</u>	<u>216</u>
	<u>83,493</u>	<u>77,674</u>
<b>EXPENSES</b>		
Management and administration fees	15,200	29,437
Director of advocacy fees and expenses	13,162	-
Professional fees	9,685	15,211
Members insurance plan premiums (Note 5)	7,277	7,621
Newsletter	3,849	19
Board and AGM expenses	3,668	3,075
Telecommunications	1,769	3,372
Travel	1,470	-
Office and general	<u>6,156</u>	<u>6,102</u>
	<u>62,236</u>	<u>64,837</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 21,257</u>	<u>\$ 12,837</u>

See accompanying Notes to Financial Statements

**ASSOCIATED DESIGNERS OF CANADA**  
(A not-for-profit organization)

**Notes to Financial Statements**

**December 31, 2007**

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**1. NATURE AND PURPOSE OF THE ORGANIZATION**

The Associated Designers of Canada – Television, Film, Theatre (“Association”) was incorporated without share capital as a not-for-profit organization by Letters Patent on May 1965, and operates as Associated Designers of Canada. The Association is a national 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.

As a not-for-profit organization, the Association is exempt from income taxes under the Income Tax Act (Canada).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, using the deferral method of accounting for contributions.

**Revenue recognition**

Membership dues are recognized as revenues when billed to members.

Revenues from insurance premium and filing fees are recognized as revenues upon signing of contracts with theatres.

A provision for estimated uncollectible fees is made annually.

**Amounts collected on behalf of members**

The Association collects RRSP contributions on behalf of its members from theatre organizations and remits the contributions to the plan administrators.

**Measurement uncertainty**

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

**Comparative figures**

Comparative figures as at and for the year ended December 31, 2006 were reported on by another firm of auditors. Certain 2006 comparative figures have been reclassified to conform with 2007 financial statement presentation.

**Cash flow statement**

A statement of cash flows has not been presented as it would not provide additional useful information.

**ASSOCIATED DESIGNERS OF CANADA**  
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**Notes to Financial Statements**

**December 31, 2007**

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**3. FINANCIAL INSTRUMENTS**

On January 1, 2007, the Association adopted the *CICA Handbook* standards on financial instruments, which provide recommendations on recognition, measurement, presentation and disclosures of such instruments. With the adoption of these new standards, the organization classified its cash and cash equivalents, investments and amounts held in trust as financial assets and liabilities held for trading; accounts receivable are classified as loans and receivables; and, accounts payable and accrued liabilities are classified as other liabilities. Financial instruments classified as held for trading are reported at fair value at the balance sheet date, and any change in fair value is recognized in the statement of operations in the period in which the change occurs. Financial instruments classified as loans and receivables and other liabilities are carried at amortized cost using the effective interest method. The adoption of these new standards had no impact on the financial position, results of operations or cash flows for 2007.

Cash and cash equivalents comprise cash and short-term investments. Cash consists of cash on hand and bank deposits residing in accounts at a major Canadian financial institution. Short-term investments at December 31, 2007 consist of a guaranteed investment certificate in the amount of \$13,036 issued by a major Canadian financial institution, bearing interest at the rate of 3.2% and with a maturity date of June 2008.

The fair values of the Association's accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the relatively short term to maturity of those instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

**4. JACK KING AWARD**

The Association holds assets in trust for the Jack King Award, which was established in 1988 to reward and recognize Canadian theatre designers. Assets at December 31 consist of:

	<b>2007</b>	<b>2006</b>
Cash	\$ 11,658	\$ 11,059
Preferred shares	<u>6,669</u>	<u>6,500</u>
	<u>\$ 18,327</u>	<u>\$ 17,559</u>

Investment income earned on these assets is added to the capital balance. No awards were granted in 2007 and 2006.

**5. INTERNALLY RESTRICTED NET ASSETS**

The Association has internally restricted net assets as a contingency to protect its members' insurance plan coverage. Amounts internally restricted consist of the following:

	<b>2007</b>	<b>2006</b>
Balance, beginning of year	\$ 50,962	\$ 46,313
Insurance premium fees collected from theatres	17,100	17,040
Members insurance plan premiums paid	(7,277)	(7,621)
Allocation to unrestricted net assets for administration	<u>(2,565)</u>	<u>(4,770)</u>
Balance, end of year	<u>\$ 58,220</u>	<u>\$ 50,962</u>