

**ASSOCIATED DESIGNERS OF CANADA**

**Financial Statements**

**December 31, 2008**

**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, 2008 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, 2008 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.

***Marinucci & Company***

Chartered Accountants

**Toronto, Ontario**

**May 9, 2009**

*Licensed Public Accountants*

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

**Balance Sheet**

**December 31, 2008**

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	2008	2007
<b>ASSETS</b>		
Current:		
Cash and cash equivalents (Note 3)	\$ 140,820	\$ 117,428
Accounts receivable	15,970	26,402
Prepaid expenses	<u>3,636</u>	<u>3,864</u>
	160,426	147,694
Investments held in trust – Jack King Award (Note 4)	<u>17,406</u>	<u>18,327</u>
	<u>\$ 177,832</u>	<u>\$ 166,021</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued liabilities	\$ 15,585	\$ 9,696
Amounts collected on behalf of members	35,310	23,007
Security bonds from theatres (Note 3)	<u>14,492</u>	<u>24,486</u>
	65,387	57,189
Amounts held in trust – Jack King Award (Note 4)	<u>17,406</u>	<u>18,327</u>
	<u>82,793</u>	<u>75,516</u>
<b>NET ASSETS</b>		
Internally restricted (Note 5)	63,735	58,220
Unrestricted	<u>31,304</u>	<u>32,285</u>
	95,039	90,505
	<u>\$ 177,832</u>	<u>\$ 166,021</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, 2008**

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	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>Total 2008</b>	<b>Total 2007</b>
<b>Net assets, beginning of year</b>	\$ 58,220	\$ 32,285	<b>\$ 90,505</b>	\$ 69,248
Excess of revenues over expenses	<u>5,515</u>	<u>(981)</u>	<u><b>4,534</b></u>	<u>21,257</u>
<b>Net assets, end of year</b>	<u>\$ 63,735</u>	<u>\$ 31,304</u>	<u><b>\$ 95,039</b></u>	<u>\$ 90,505</u>

See accompanying Notes to Financial Statements

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

**Year ended December 31, 2008**

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	<b>2008</b>	<b>2007</b>
<b>REVENUES</b>		
Filing fees	\$ 35,131	\$ 38,455
Membership dues	25,792	25,609
Insurance premium fees (Note 5)	15,250	17,100
Interest	439	574
Other	<u>15</u>	<u>1,755</u>
	<u><b>76,627</b></u>	<u><b>83,493</b></u>
<b>EXPENSES</b>		
Director of advocacy fees and expenses	19,537	13,162
Management and administration fees	16,800	15,200
Board and AGM expenses	9,511	3,668
Members insurance plan premiums (Note 5)	7,447	7,277
Bad debts (Note 3)	7,200	-
Professional fees	4,753	9,685
Telecommunications and website	2,059	1,769
Office and general	3,498	6,156
Newsletter	1,288	3,849
Travel	<u>-</u>	<u>1,470</u>
	<u><b>72,093</b></u>	<u><b>62,236</b></u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><b>\$ 4,534</b></u>	<u><b>\$ 21,257</b></u>

See accompanying Notes to Financial Statements

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

**Notes to Financial Statements**

**December 31, 2008**

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

The Associated Designers of Canada – Television, Film, Theatre (“ADC”) was incorporated without share capital as a not-for-profit organization by Letters Patent on May 1965, and operates as Associated Designers of Canada. ADC 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, ADC is exempt from income taxes under the Income Tax Act (Canada).

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles.

**Revenue recognition**

Membership dues are recognized as revenues when billed to members.

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

A provision for estimated uncollectible fees is made annually.

**Financial instruments**

ADC classifies 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.

**Amounts collected on behalf of members**

ADC 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**

Certain 2008 comparative figures have been reclassified to conform with 2008 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, 2008**

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**3. FINANCIAL INSTRUMENTS**

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 bank. Short-term investments at December 31, 2008 consist of a guaranteed investment certificate in the amount of \$13,698 issued by a major Canadian bank, bearing interest at the rate of 3.2% and with a maturity date of June 2009.

Cash and cash equivalents at December 31, 2008 includes \$14,635 in a separate bank account to support security bond amounts collected from theatres to protect the interests of contracted designers.

The fair value of ADC's accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the relatively short term to maturity of those instruments.

During the year, ADC conducted a thorough review of all contracts with theatres for collection of outstanding filing fees, dues and members' RRSP contributions. As a result of this review, a bad debt provision of \$7,315 was charged to operations for uncollectible amounts.

**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>2008</b>	<b>2007</b>
Cash	\$ 12,070	\$ 11,658
Preferred shares, at market value (cost - \$6,500)	<u>5,336</u>	<u>6,669</u>
	<u>\$ 17,406</u>	<u>\$ 18,327</u>

Investment income and changes in fair value are recorded as adjustments to the capital balance of the assets held in trust.

No awards were granted in 2008 and 2007.

**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>2008</b>	<b>2007</b>
Balance, beginning of year	\$ 58,220	\$ 50,962
Insurance premium fees collected from theatres	15,250	17,100
Members insurance plan premiums paid	(7,447)	(7,277)
Allocation to unrestricted net assets for administration	<u>(2,288)</u>	<u>(2,565)</u>
Balance, end of year	<u>\$ 63,735</u>	<u>\$ 58,220</u>