

**SAW VIDEO ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

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PARKER PRINS LEBANO  
Chartered Accountants  
Professional Corporation

## AUDITORS' REPORT

To the Members,

### SAW VIDEO ASSOCIATION

We have audited the Statement Of Financial Position of SAW Video Association (the "Association") as at December 31, 2009 and the Statements Of Operations And Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Association'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 charitable organizations, the Association derives revenue (equipment rental, membership fees, self-generating and other revenue) from non-grant sources the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this non-grant revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to non-grant revenue, excess of revenue over expenditure, and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the non-grant revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Parker Prins Lebano'.

Parker Prins Lebano Chartered Accountants Professional Corporation  
Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario

Ottawa, Ontario  
April 15, 2010

**SAW VIDEO ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 125,141	\$ 71,789
Accounts receivable	4,428	13,490
Prepaid expenses	1,659	2,228
Guaranteed investment certificates (note 3)	<u>32,500</u>	<u>32,500</u>
	163,728	120,007
LONG TERM RECEIVABLES	3,110	1,907
ENDOWMENT FUND (note 4)	1	1
CAPITAL ASSETS (note 5)	<u>20,453</u>	<u>17,233</u>
	<u>\$ 187,292</u>	<u>\$ 139,148</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 10,334	\$ 10,119
Deferred revenue (note 6)	<u>177,401</u>	<u>129,029</u>
	187,735	139,148
(DEFICIT) NET ASSETS	<u>(443)</u>	<u>-</u>
	<u>\$ 187,292</u>	<u>\$ 139,148</u>

On behalf of the Board:

Kerry Campbell Director

 Director

**SAW VIDEO ASSOCIATION**  
**STATEMENT OF OPERATIONS AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>		
Grants (note 7)	\$ 307,198	\$ 285,346
Self-generating and other revenue	47,327	45,420
Equipment rental	35,520	43,725
Equipment and workshop grants to artists (note 8)	42,571	34,006
Membership fees	13,538	14,813
Workshop fees	15,505	11,555
Tape sales	<u>3,018</u>	<u>3,987</u>
	<u>464,677</u>	<u>438,852</u>
<b>EXPENDITURE</b>		
Program costs (note 9)	310,330	263,826
Salaries and benefits	73,483	68,850
Office expenses	28,772	33,017
Amortization	16,318	18,106
Rent	17,084	18,470
Strategic planning and professional development	966	2,391
Professional fees	6,463	6,979
Interest and bank charges	2,694	2,438
Telephone	2,129	2,189
Bad debts	1,023	5,288
Other	<u>5,858</u>	<u>1,827</u>
	<u>465,120</u>	<u>423,381</u>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURE</b>	(443)	15,471
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>(15,471)</u>
<b>(DEFICIT) NET ASSETS, END OF YEAR</b>	<u>\$ (443)</u>	<u>\$ -</u>

**SAW VIDEO ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES</b>		
Deficiency (excess) of revenue over expenditure	\$ (443)	\$ 15,471
Items not requiring an outlay of cash:		
Amortization	16,318	18,106
Net change to non-cash items related to operations:		
Accounts receivable	7,859	17,921
Prepaid expenses	569	251
Accounts payable	215	(693)
Deferred revenue	<u>48,372</u>	<u>2,488</u>
	72,890	53,544
<b>CASH FLOWS USED FOR INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(19,538)</u>	<u>(16,524)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	53,352	37,020
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>104,289</u>	<u>67,269</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 157,641</u>	<u>\$ 104,289</u>
 <b>CASH AND EQUIVALENTS:</b>		
Cash	\$ 125,141	\$ 71,789
Guaranteed investment certificates	<u>32,500</u>	<u>32,500</u>
	<u>\$ 157,641</u>	<u>\$ 104,289</u>

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**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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**1. NATURE OF THE ASSOCIATION**

SAW Video Association (the "Association") was incorporated under the Canada Corporation Act on April 26, 2000 and commenced operations on January 1, 2001. The Association is a not-for-profit charitable organization and is not subject to income tax under the Income Tax Act.

The objectives of the Association are:

- to educate the general public in the study and practice of the arts, and video arts in particular;
- to engage in and educate the public in the study of various art and media art productions through experimental and conceptual art work;
- to display works of art created by the general public; and,
- to do all such other things as are ancillary and incidental to the attainment of the above objectives.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with the accrual method of accounting under Canadian generally accepted accounting principles.

**REVENUE RECOGNITION**

The Association 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.

Event fees are recognized as revenue when the event is held.

Other revenue is recognized as earned.

Endowment contributions are recognized as direct increases in net assets.

**DONATED SERVICES AND SUPPLIES**

Donated services and supplies are not recognized in the financial statements unless the fair value is determinable, the contributed materials or services are used in the normal course of operations and would have otherwise been purchased, and the value is significant.

The Association requires volunteers to help carry out its activities. Because it is difficult to determine the fair value of those services, they are not recorded in these financial statements.

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**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2009**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GRANTS**

The Association receives grants from external funding agencies for specific projects and operational purposes. From time to time, the funding agencies review the results of specific projects and may request partial or full refunds of grants based upon their review. These refund amounts are accrued in the financial statements for the earlier of the year the refund is requested by the funding agency, and the year the Association identifies the amount as refundable.

**FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of accounts receivable, guaranteed investment certificates, and accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**CAPITAL ASSETS**

Capital assets consisting of equipment, furniture and computers are stated at cost. Contributed capital assets are recorded at fair value when determinable. Amortization is provided on a straight-line basis over the assets' estimated useful lives of three years.

**FOREIGN CURRENCY TRANSACTIONS**

Assets and liabilities arising from foreign currency transactions are translated at the rate of exchange in effect at the Statement of Financial Position date. Revenue and expense items are translated at the rate of exchange in effect on the day they occur. Any gains or losses on exchange are charged to revenue. The Association's management does not believe foreign currency gains or losses are material.

**USE OF 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2009**

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**3. GUARANTEED INVESTMENT CERTIFICATES**

The Association holds two guaranteed investment certificates. The first of which is in the principal amount of \$15,000, bears interest at an annual rate of 0.50%, and matured on March 12, 2010. This guaranteed investment certificate has been renewed through March 14, 2011 bearing interest at an annual rate of 0.15%. The second guaranteed investment certificate is in the principal amount of \$17,500, bears interest at an annual rate of 0.40%, and matures on April 13, 2010. Accrued interest receivable as at December 31 is included in accounts receivable on the Statement Of Financial Position.

These investments bear no credit risk as they are covered by deposit insurance through the financial institution.

These investments are held as collateral security for the Association's operating line of credit, which has a borrowing limit of \$32,500 and bears interest at the bank's prime lending rate plus 1% per annum.

**4. ENDOWMENT FUND**

SAW Video Association's Endowment Fund is established at the Ontario Arts Council Foundation (OACF). The Association's contribution to establish the Fund is \$1. The amount held by the OACF represents matching dollars raised by the Association. The Association has opted to retain funds it raises for operating purposes as permitted by the OACF.

**5. CAPITAL ASSETS**

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment, furniture, and computers	<u>\$ 348,199</u>	<u>\$ 327,746</u>	<u>\$ 20,453</u>	<u>\$ 17,233</u>

**6. DEFERRED REVENUE**

Deferred revenue consists of amounts received prior to December 31 for which the related expenses will be incurred in a future fiscal period.

	<u>2009</u>	<u>2008</u>
Operating grants	<u>\$ 73,500</u>	<u>\$ 73,500</u>
Project grants	<u>103,901</u>	<u>55,529</u>
	<u>\$ 177,401</u>	<u>\$ 129,029</u>

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# SAW VIDEO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

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## 7. GRANTS

	<u>2009</u>	<u>2008</u>
Canada Council (operating and project)	\$ 150,664	\$ 124,065
Heritage Canada	2,000	-
Ontario Arts Council (operating and project)	57,451	50,850
Trillium Foundation (project)	-	26,500
City of Ottawa (operating and project)	83,693	78,456
Other (projects)	<u>13,390</u>	<u>5,475</u>
	<u>\$ 307,198</u>	<u>\$ 285,346</u>

## 8. EQUIPMENT AND WORKSHOP GRANTS TO ARTISTS

The Association has waived certain equipment rental revenues and workshop revenues to artists during the year. The revenues and the offsetting expenses are included in the Statement of Operations.

## 9. PROGRAM COSTS

	<u>2009</u>	<u>2008</u>
Technical salaries	\$ 68,019	\$ 72,718
Artist, technical and coordinator fees	45,542	26,557
Program salaries	57,989	53,360
Equipment and workshop grants to artists (note 8)	42,624	34,006
Production costs	39,139	22,827
Program equipment and rental	3,382	3,844
Insurance	11,965	11,741
Equipment parts and maintenance	11,192	8,133
Publicity	9,092	7,210
Cost of tapes	3,316	3,501
Other	<u>18,070</u>	<u>19,929</u>
	<u>\$ 310,330</u>	<u>\$ 263,826</u>

## 10. LEASE COMMITMENTS

The Association has one year lease agreements for rental of spaces to December 31, 2010 at an annual cost of approximately \$21,000 including GST. The Association also has a lease agreement with a supplier until mid-2011 at an annual cost of approximately \$3,700 including GST.

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# **SAW VIDEO ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2009**

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## **11. DONATED PROGRAM COSTS AND SERVICES**

During the fiscal year ended December 31, 2009, the Association received donations of \$14,560 consisting of program costs and services (2008 - \$17,404). The Association acknowledges the time and effort contributed by volunteers, both in programs and fundraising, but as noted in the Association's significant accounting policies, does not record the value of volunteers' time in these financial statements.

## **12. COMPARATIVE FIGURES**

Certain of the prior year figures presented for comparative purposes have been reclassified to conform to the current year's presentation.