

**SAW Video Association**  
**Financial Statements**  
December 31, 2019

## Independent Auditor's Report

To the Members of  
SAW Video Association

### Qualified Opinion

I have audited the financial statements of SAW Video Association, which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with ASNPO.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

## Independent Auditor's Report, continued

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ottawa, ON  
May 25, 2020

*Numeris CPA*  
**Numeris CPA Professional Corporation**  
Chartered Professional Accountant  
Licensed Public Accountant

**SAW Video Association  
Statement of Financial Position  
As at December 31, 2019**

|                                  | 2019              | 2018              |
|----------------------------------|-------------------|-------------------|
| <b>Assets</b>                    |                   |                   |
| <b>Current</b>                   |                   |                   |
| Cash                             |                   |                   |
| Operations                       | \$ 127,989        | \$ 95,214         |
| Reserve fund                     | -                 | 23,763            |
| Short term investment (note 3)   | 42,500            | 42,500            |
| Accounts receivable              |                   |                   |
| Operational accounts receivable  | 16,626            | 3,777             |
| Ontario Arts Foundation interest | -                 | 5,456             |
| Prepaid expenses                 | 5,633             | 6,046             |
|                                  | 192,748           | 176,756           |
| <b>Endowment fund (note 5)</b>   | 1                 | 1                 |
| <b>Capital assets (note 6)</b>   | 167,641           | 256,507           |
|                                  | <b>\$ 360,390</b> | <b>\$ 433,264</b> |

| <b>Liabilities</b>                       |                   |                   |
|--|-------------------|-------------------|
| <b>Current</b>                           |                   |                   |
| Accounts payable and accrued liabilities | \$ 10,834         | \$ 15,386         |
| Deferred revenue (note 7)                | 116,331           | 180,954           |
| Funds held for other NFPs                | 6,298             | -                 |
|  | 133,463           | 196,340           |
| <b>Deferred revenue</b>                  | 97,805            | 134,680           |
|  | 231,268           | 331,020           |
| <b>Balance</b>                           | 129,122           | 102,244           |
|  | <b>\$ 360,390</b> | <b>\$ 433,264</b> |

On behalf of the Board



Member

H. Manuel Sousa

Member

**SAW Video Association  
Statement of Changes in Net Assets  
Year ended December 31, 2019**

|                                      | <u>Unrestricted<br/>Fund</u> | <u>Capital Assets</u> | <u>Reserve Fund</u> | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|--------------------------------------|------------------------------|-----------------------|---------------------|-----------------------|-----------------------|
| <b>Partnership interest</b>          | (117.0)                      | 199.0                 | 18.0                | 100.0                 | 100.0                 |
| <b>Balance, beginning of year</b>    | \$ (178,026)                 | \$ 256,507            | \$ 23,763           | \$ 102,244            | \$ 81,413             |
| Excess of revenues over expenditures | <u>26,878</u>                | <u>-</u>              | <u>-</u>            | <u>26,878</u>         | <u>20,831</u>         |
| <b>Balance, end of year</b>          | <u>\$ (151,148)</u>          | <u>\$ 256,507</u>     | <u>\$ 23,763</u>    | <u>\$ 129,122</u>     | <u>\$ 102,244</u>     |

**SAW Video Association  
Statement of Operations  
Year ended December 31, 2019**

|   | 2019             | 2018             |
|---|------------------|------------------|
| <b>Revenues</b>                             |                  |                  |
| Grants                                      | \$ 572,610       | \$ 562,019       |
| Equipment and workshop grants to artists    | 49,874           | 39,427           |
| Equipment rental                            | 32,221           | 28,705           |
| Workshop fees                               | 22,957           | 12,530           |
| Membership fees                             | 11,700           | 17,065           |
| Self-generating and other revenue           | 9,818            | 26,851           |
| Rental                                      | 1,508            | 1,305            |
| Interest income                             | 6,219            | 5,470            |
| Tape sales                                  | -                | 42               |
|   | 706,907          | 693,414          |
| Less member grants                          | 48,106           | 44,149           |
|   | 658,801          | 649,265          |
| <b>Expenditures</b>                         |                  |                  |
| Program costs                               | 307,442          | 311,804          |
| Salaries and related benefits               | 156,665          | 120,070          |
| Amortization                                | 88,866           | 95,698           |
| Office and administration                   | 50,055           | 61,270           |
| Rent  | 14,381           | 16,992           |
| Professional fees                           | 5,197            | 5,197            |
| Interest and bank charges                   | 3,691            | 2,499            |
| Telephone                                   | 3,156            | 4,471            |
| Miscellaneous                               | 1,759            | 3,525            |
| Bad debts (recovered)                       | 373              | (394)            |
| Strategic planning                          | 251              | 6,566            |
| Outreach expenses                           | 87               | 736              |
|   | 631,923          | 628,434          |
| <b>Excess of revenues over expenditures</b> | <b>\$ 26,878</b> | <b>\$ 20,831</b> |

**SAW Video Association  
Statement of Cash Flows  
Year ended December 31, 2019**

|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| <b>Operating activities</b>              |                   |                   |
| Excess of revenues over expenditures     | \$ 26,878         | \$ 20,831         |
| Adjustment for                           |                   |                   |
| Amortization                             | <u>88,866</u>     | <u>95,698</u>     |
|  | 115,744           | 116,529           |
| Change in non-cash working capital items |                   |                   |
| Short term investment                    | -                 | (10,000)          |
| Accounts receivable                      | (7,393)           | 51,112            |
| Prepaid expenses                         | 413               | (1,475)           |
| Accounts payable and accrued liabilities | (4,552)           | (10,428)          |
| Deferred revenue                         | (64,623)          | (145,343)         |
| Funds held for other NFPs                | <u>6,298</u>      | <u>-</u>          |
|  | 45,887            | 395               |
| <b>Investing activity</b>                |                   |                   |
| Purchase of capital assets               | -                 | (234,468)         |
| <b>Financing activity</b>                |                   |                   |
| Long-term deferred revenue               | <u>(36,875)</u>   | <u>79,655</u>     |
| <b>Net increase (decrease) in cash</b>   | 9,012             | (154,418)         |
| <b>Cash, beginning of year</b>           | <u>118,977</u>    | <u>273,395</u>    |
| <b>Cash, end of year</b>                 | <u>\$ 127,989</u> | <u>\$ 118,977</u> |

**1. Nature of operations**

SAW Video Association (the "Association") was incorporated under the Canada Corporations 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 arts and video arts in particular, engage in and educate the public in the study of various art and media art productions through experimental and conceptual art work, 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.

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**2. Significant accounting policies**

The organization applies the Canadian accounting standards for not-for-profit organizations.

**(a) Revenue recognition**

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

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.

**(b) Capital assets**

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

|                                |         |
|--------------------------------|---------|
| Furniture and fixtures         | 5 years |
| Mobile equipment and computers | 3 years |

Amortization of leasehold improvements is recorded over 10 years straightline.

Capital asset purchases under \$5,000 are expensed.

**(c) Donated material and services**

Donated materials and services are not recognized in the financial statements unless the fair value is determinable, the contributed materials and 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 fair value of these services they are not recorded in these financial statements.



**2. Significant accounting policies, continued**

**(d) 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.

**(e) Financial instruments**

The organization's financial instruments consist of cash, term deposits, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

**(f) Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**3. Short term investment**

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 is charged interest at the bank's prime lending rate plus 1% per annum.

|                           | 2019      | 2018      |
|---------------------------|-----------|-----------|
| due March 31, 2020, 1.35% | \$ 42,500 | \$ -      |
| due March 18, 2019, 0.65% | -         | 32,500    |
| due August 8, 2019, 1.8%  | -         | 10,000    |
|                           | \$ 42,500 | \$ 42,500 |

**4. Donated program costs and services**

During the fiscal year ended December 31, 2019 the Association received donations of NIL - (NIL - 2018) consisting of program costs and services. 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 volunteer's time in these financial statements.

**SAW Video Association**  
**Notes to the Financial Statements**  
**December 31, 2019**

**5. Endowment fund**

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

|                | 2019        |             | 2018        |                   |
|----------------|-------------|-------------|-------------|-------------------|
|                | Cost        | Market      | Cost        | Market            |
| Endowment Fund | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 121,244</u> |

**6. Capital assets**

|                                   | 2019              |                             | 2018              |                   |
|-----------------------------------|-------------------|-----------------------------|-------------------|-------------------|
|                                   | Cost              | Accumulated<br>amortization | Net               | Net               |
| Furniture and fixtures            | \$ 50,349         | \$ 20,140                   | \$ 30,209         | \$ 40,279         |
| Leasehold improvements            | 149,735           | 58,062                      | 91,673            | 119,788           |
| Mobile equipment and<br>computers | <u>282,054</u>    | <u>236,295</u>              | <u>45,759</u>     | <u>96,440</u>     |
|                                   | <u>\$ 482,138</u> | <u>\$ 314,497</u>           | <u>\$ 167,641</u> | <u>\$ 256,507</u> |

**7. 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.

|                            | 2019             | 2018              |
|----------------------------|------------------|-------------------|
| Operating grants           | \$ 56,961        | \$ 61,914         |
| Project grants             | 700              | 700               |
| Capital grants             | 134,680          | 252,502           |
| Deposits                   | -                | 518               |
| Long-term deferred revenue | <u>(97,805)</u>  | <u>(134,680)</u>  |
|                            | <u>\$ 94,536</u> | <u>\$ 180,954</u> |

**SAW Video Association**  
**Notes to the Financial Statements**  
**December 31, 2019**

**8. Grants**

|  | 2019       | 2018       |
|--|------------|------------|
| Canada Council - operating               | \$ 150,000 | \$ 150,000 |
| Canada Council - project                 | 37,351     | 17,641     |
| Canada Council equipment - from deferred | 18,395     | -          |
| Federal grants - other                   | 41,897     | 72,679     |
| OAC - operating                          | 61,914     | 58,081     |
| Ontario Trillium                         | 105,376    | 106,293    |
| City of Ottawa - operating               | 147,175    | 145,000    |
| City of Ottawa - project                 | 8,000      | 12,325     |
| City of Ottawa - cultural facilities     | 2,502      | -          |
|  | \$ 572,610 | \$ 562,019 |

**9. Program costs**







|  | 2019       | 2018       |
|--|------------|------------|
| Production costs                       | \$ 518,741 | \$ 512,317 |
| Other                                  | (4,125)    | (352)      |
| Cost of tapes                          | (342)      | -          |
| Publicity                              | (6,724)    | (7,923)    |
| Program salaries                       | (48,106)   | (44,149)   |
| Artist, technical and coordinator fees | (59,377)   | (85,168)   |
| Technical salaries                     | (40,194)   | (26,322)   |
| Equipment parts and maintenance        | (7,055)    | (10,676)   |
| Insurance                              | (12,745)   | (11,186)   |
| Program equipment and rental           | (32,631)   | (14,737)   |
|  | \$ 307,442 | \$ 311,804 |

**10. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

|                                |  |
|--------------------------------|--|
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