



ACADEMY OF CANADIAN CINEMA & TELEVISION
ACADÉMIE CANADIENNE DU CINÉMA ET DE LA TÉLÉVISION

CONSOLIDATED FINANCIAL STATEMENTS WITH AUDITORS' REPORT

APRIL 30, 2010

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AUDITORS' REPORT



To the Members of
Academy of Canadian Cinema & Television
Académie canadienne du cinéma et de la télévision

We have audited the consolidated statement of financial position of **Academy of Canadian Cinema & Television - Académie canadienne du cinéma et de la télévision (the "Academy")** as at April 30, 2010, and the consolidated statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Academy'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 consolidated financial statements present fairly, in all material respects, the financial position of the Academy as at April 30, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Daurio & Franklin LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
June 29, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2010

	2010 \$	2009 \$
ASSETS		
Current		
Cash and cash equivalents, including \$20,000 restricted (2009 - \$10,000)	336,589	106,225
Government grants and accounts receivable	354,987	631,327
Deposits and prepaid expenses	94,287	77,310
	<hr/> 785,863	<hr/> 814,862
Equipment - (Note 5)	113,443	118,330
	<hr/> 899,306	<hr/> 933,192
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	374,048	288,750
Due to Academy of Canadian Cinema & Television Foundation - (Note 6)	157,259	122,696
Current portion of severance benefits payable	-	47,531
Bank loans - (Note 14)	-	59,421
Deferred revenue	385,239	552,530
	<hr/> 916,546	<hr/> 1,070,928
Net Assets		
Equipment - (Note 7)	133,443	128,330
Unrestricted net assets	(150,683)	(266,066)
	<hr/> (17,240)	<hr/> (137,736)
	<hr/> 899,306	<hr/> 933,192

Approved on behalf of the Board:


Chair


Treasurer

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended April 30, 2010

	Equipment	Unrestricted Net Assets	Total 2010	Total 2009
Balance, Beginning of the Year	\$ 128,330	\$ (266,066)	\$ (137,736)	\$ (147,737)
Excess (Deficiency) of Revenues over Expenses	(26,889)	147,385	120,496	10,001
Interfund Transfer - (Note 8)	10,000	(10,000)	-	-
Purchase of Equipment	22,002	(22,002)	-	-
Balance, End of the Year	\$ 133,443	\$ (150,683)	\$ (17,240)	\$ (137,736)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended April 30, 2010

	2010 \$	2009 \$
Revenues		
Government grants - (Note 13)	1,475,965	1,333,165
Corporate sponsorships and donations	1,129,443	1,134,092
Entry fees	594,612	613,967
Membership fees	414,668	425,113
Other revenue - (Note 11)	405,043	279,232
Award ticket sales	387,319	493,006
License fees	262,636	236,181
Advertising	70,970	100,165
Interest	1,574	1,123
	4,742,230	4,616,044
Expenses		
Awards operations	3,149,122	3,626,746
Other projects and activities	555,753	232,940
Awards broadcasts	500,140	314,120
Membership administration and services	355,267	378,312
Donation to Academy of Canadian Cinema & Television Foundation - (Note 6)	34,563	34,500
Amortization of equipment	26,889	19,425
	4,621,734	4,606,043
Excess Revenues over Expenses	120,496	10,001

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

1. ORGANIZATION

The Academy of Canadian Cinema & Television - Académie canadienne du cinéma et de la télévision (the "Academy") was incorporated by letters patent on June 27, 1988 under the Canada Corporations Act as a not-for-profit charitable corporation.

The objectives of the Academy are to stimulate exceptional creative work and to encourage higher standards of film making and television production in Canada through the presentation of annual awards, to foster educational activities, to promote the preservation of, and enhanced access to, Canada's audio-visual heritage, to organize and sponsor special events and to encourage public awareness of the film and television industries in Canada.

Pursuant to the Income Tax Act (Canada) the Academy is a tax-exempt registered charity.

2. SIGNIFICANT ACCOUNTING POLICIES

The Academy follows Canadian generally accepted accounting policies applicable to not-for-profit organizations. Significant policies include the following:

a) Consolidation

These consolidated financial statements include the accounts of the Academy's wholly-owned subsidiary ACCTV Productions Inc.

The Academy controls the Academy of Canadian Cinema & Television Foundation - Fondation de l'académie canadienne du cinéma et de la télévision (the "Foundation"). The Foundation has not been consolidated in the Academy's financial statements. (Note 6)

b) Fund Accounting

The Academy follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year when they are received or become receivable, are measurable and if collection is reasonably assured.

Restricted contributions are deferred until the restrictions are fulfilled.

Revenue and expenses related to the operational activities are reported in the unrestricted net assets fund. The equipment fund reports the cost, additions, and amortization related to the equipment of the Academy.

c) Financial Instruments

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in the Statement of Operations. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost. The Academy has designated its financial assets and liabilities as follows: cash and cash equivalents is classified as "held-for-trading", government grants and accounts receivable are classified as "loans and receivables" which are accounted for at amortized cost, and accounts payable are classified as "other financial liabilities", which are measured at amortized cost.

The Academy has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following sections of the CICA Handbook: Section 3862 Financial Instruments - Disclosure, and CICA section 3863 Financial Instruments - Presentation. The Academy applies the requirements of CICA Section 3861, Financial Instruments - Disclosure and Presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES - continued

d) **Revenue Recognition**

Corporate sponsorships, government grants, entry fees, license fees, award ticket sales and advertising revenues are recognized as revenue in the year the related expenses are incurred for the production and broadcast of the awards presentation.

Other revenue includes revenue from event ticket sales, the sale of awards statues, and other miscellaneous receipts. The revenue from these is recognized when the amount can be reasonably estimated and collection reasonably assured, and the event to which the revenue relates has occurred.

Revenues received and expenses paid which pertain to future production and broadcast of the awards presentation are recorded as deferred revenue, and deposits and prepaid expenses, respectively.

Membership fees are recognized as revenue when collected.

e) **Cash and Cash Equivalents**

Cash and cash equivalents consist of bank balances and term deposits redeemable without penalties at principal plus accrued interest.

f) **Amortization of Equipment**

Office furniture and equipment and leasehold improvements are recorded at cost. Amortization is provided annually on a straight-line basis at a rate of 20%.

g) **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 those estimates.

h) **Contributed Materials and Services**

Contributions of material and services are recognized as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. The Academy is dependent on the voluntary services of many of its members. Because of the difficulty involved in determining the fair value of the contributed services, they are not recognized in the consolidated financial statements.

i) **Interfund Transfers**

Interfund transfers that are not included in the annual budget, or which are in excess of budgeted amounts, are not recorded in the unrestricted net assets fund, rather they are included in the consolidated statement of changes in net assets as additions or deductions, as applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES - continued

j) Allocation of Expenses

The Academy administers the selection process and presentation of three annual awards (Genie Awards, Gemini Awards and Prix Gémeaux), organizes special events, and provides membership services (the "programs") that encourage public awareness of the film and television industry. The costs of the programs include personnel, marketing, meetings and travel, printing, public relations, and other expenses that are directly related to providing the programs. The Academy also incurs a number of general support expenses that are common to the administration of the organization and its programs. The Academy consistently allocates its general support expenses as follows:

- i) Personnel costs - proportionately on the basis of time incurred in undertaking the program;
- ii) Occupancy and maintenance - proportionately on the basis of estimated usage attributable to the program;
- iii) Administration expenses including office supplies, telephone, photocopying, accounting, and legal expenses - proportionately on the basis of estimated usage attributable to the program.

3. CHANGES IN ACCOUNTING POLICIES

On May 1, 2009, the Academy adopted the following Sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook.

- CICA section 1540 Cash Flow Statements
- CICA section 4400 Financial Statement Presentation by Not-for-Profit Organizations
- CICA section 4430 Capital Assets held by Not-for-Profit Organizations
- CICA section 4460 Disclosure of Related Party Transactions by Not-for-Profit Organizations
- CICA section 4470 Disclosure of Allocated Expenses by Not-for-Profit Organizations

The adoption of these standards did not have a material effect on its financial statements. The additional disclosure required under CICA section 4470 is provided in Note 15 - Allocated Expenses.

4. RECENT PRONOUNCEMENTS

The Accounting Standards Board ("AcSB") plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period. In February 2008, the AcSB announced that the changeover date for publicly-listed companies to use IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Academy, as a not-for-profit enterprise, is not required to adopt IFRS and it does not intend to adopt IFRS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

5. EQUIPMENT

Equipment is made up of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2010</u>	<u>Net 2009</u>
Office furniture and equipment	\$ 155,966	\$ 109,983	\$ 45,983	\$ 50,121
Leasehold improvements	<u>80,171</u>	<u>12,711</u>	<u>67,460</u>	<u>68,209</u>
	<u>\$ 236,137</u>	<u>\$ 122,694</u>	<u>\$ 113,443</u>	<u>\$ 118,330</u>

During the year, fully amortized assets of \$14,706 (2009 - \$ - nil) were written off.

6. DUE TO ACADEMY OF CANADIAN CINEMA & TELEVISION FOUNDATION

The Academy controls the Foundation. The Foundation was incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The Foundation maintains a fund to support the National Apprenticeship Training Program of the Academy. The Academy has a financial obligation to fund the Academy of Canadian Cinema & Television Foundation (the "Foundation") in a minimum amount of \$10,000 per annum, in order to support the Foundation's activities. During the year \$34,563 (2009 - \$34,500) has been committed. The amount due to the Foundation is unsecured and non-interest bearing with no fixed terms of repayment.

Financial summary information for this unconsolidated entity as at April 30, 2010 and 2009 and for the years then ended are as follows:

Financial Position

	<u>2010</u>	<u>2009</u>
Total Assets	<u>\$ 166,357</u>	<u>\$ 130,950</u>
Total Liabilities	\$ 421	\$ 473
Total Net Assets	<u>165,936</u>	<u>130,477</u>
	<u>\$ 166,357</u>	<u>\$ 130,950</u>

Results of Operations

	<u>2010</u>	<u>2009</u>
Total Revenues	\$ 36,044	\$ 34,593
Total Expenses	<u>585</u>	<u>528</u>
Excess of Revenue over Expenses	<u>\$ 35,459</u>	<u>\$ 34,065</u>

7. EQUIPMENT FUND

Included in the equipment fund is equipment of \$113,443 (2009 - \$118,330) and cash of \$20,000 (2009 - \$10,000) which is restricted for use in the relocation of the Montreal office upon the completion of the rental of their current premises

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

8. INTERFUND TRANSFER

During the year, the Audit Committee approved a transfer of \$10,000 (2009 - \$10,000) from Unrestricted Net Assets to the Equipment Fund, to reflect funds restricted in use for future leasehold improvement expenditures anticipated by the Montreal office upon the expiration of their current lease term.

9. COMMITMENTS

The Academy leases office space under operating leases. The future commitment in the next five years and thereafter is as follows:

2011	\$104,000
2012	\$ 97,000
2013	\$ 65,000
2014	\$ 66,000
2015	\$ 75,000
Thereafter	\$220,000

10. RISK ASSESSMENT

a) Fair Values

The Academy has determined that the fair value of its cash, receivables and accounts payable approximates their respective carrying amounts at year end, due to their short-term nature.

b) Credit Risk

The Academy's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Academy mitigates its credit risk by placing its cash and cash equivalents with high quality credit institutions. At times, such investments may be in excess of the CDIC insurance limit.

c) Interest Rate Risk and Currency Risk

Unless otherwise indicated it is management's opinion that the Academy is not exposed to significant interest or currency risk from its financial instruments.

11. AV PRESERVATION TRUST

During the year, the Academy was gifted the assets of the AV Preservation Trust of Canada ("AVPT"), a not-for-profit organization dedicated to promoting the preservation of Canada's audio-visual heritage and facilitating access to and usage of regional and national collections through partnerships with members of the audio-visual community.

Included in Other Revenue is \$54,390 representing the assets received in the year upon the wind-up of the AVPT. The Academy is not liable for any of the debts or obligations of the AVPT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

12. CAPITAL RISK MANAGEMENT

The Academy defines its capital as the sum of all fund balances, being its net assets. The Academy's objective in managing its capital is to generate sufficient revenues to deliver its program objectives, and to comply with all requirements of any funding received. The Academy believes it is in compliance with all established requirements. The Academy's Board of Directors approved a plan this year to eliminate the accumulated deficit by April 30, 2015.

13. GOVERNMENT GRANTS

	<u>2010</u>	<u>2009</u>
Grants received in current year:		
Telefilm Canada	\$ 776,437	\$ 732,576
Tourism Calgary	505,000	-
La Société de Développement des Entreprises Culturelles, Québec	120,000	120,000
National Capital Commission	-	150,000
Canadian Heritage	18,778	-
Ontario Media Development Corporation	18,000	7,000
Finances Quebec	15,000	-
Ontario Tourism	-	150,000
Travel Alberta	5,000	-
City of Toronto	5,000	-
Citizenship & Immigration Canada	-	108,360
Ottawa Tourism	-	50,000
Manitoba Film and Sound Development Corporation	4,000	4,000
Film Nova Scotia	-	4,000
Alberta Film	2,000	4,000
Human Resources Development Corporation	-	2,729
British Columbia Film Commission	1,250	500
British Columbia Film	4,000	-
Newfoundland & Labrador Film	1,500	-
	<u>\$1,475,965</u>	<u>\$1,333,165</u>

14. CREDIT FACILITIES

The Academy has available an operating line of credit of \$175,000, of which \$nil was drawn at April 30, 2010 (2009 - \$25,000). The line of credit bears interest at the bank's prime rate plus 2%.

In the previous years, the Academy established a non-revolving term facility of \$85,000, of which \$nil was drawn at April 30, 2010 (2009 - \$34,421). This facility bears interest at the bank's prime rate plus 2.5%.

The operating line and the non-revolving term facility are secured by a general security agreement over all the Academy's assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2010

15. ALLOCATED EXPENSES

Personnel, occupancy and administrative expenses have been allocated in the Consolidated Statement of Operations as follows:

	<u>2010</u>	<u>2009</u>
Personnel costs:		
Awards operations	\$1,283,215	\$1,263,960
Other projects and activities	53,371	34,939
Awards broadcasts	90,000	80,000
Membership administration and services	<u>132,639</u>	<u>153,296</u>
	<u>\$1,559,225</u>	<u>\$1,532,195</u>
Occupancy and maintenance:		
Awards operations	\$ 173,370	\$ 190,330
Other projects and activities	4,727	6,485
Awards broadcasts	-	-
Membership administration and services	<u>46,132</u>	<u>28,426</u>
	<u>\$ 224,229</u>	<u>\$ 225,241</u>
Administration:		
Awards operations	\$ 143,725	\$ 197,152
Other projects and activities	15,930	3,597
Awards broadcasts	6,640	4,864
Membership administration and services	<u>53,397</u>	<u>72,736</u>
	<u>\$ 219,692</u>	<u>\$ 278,349</u>

15. COMPARATIVE FIGURES

Certain reclassifications of the prior year's amounts have been made to facilitate comparison with the current year.

16. FINANCIAL STATEMENT PRESENTATION

A consolidated statement of cash flows has not been presented as the cash flow information does not differ significantly from the information presented in the Statement of Operations.



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