



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

Consolidated Financial Statements with Auditors' Report

April 30, 2009

AUDITORS' REPORT

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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, 2009, 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, 2009 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Daurio & Franklin LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
June 22, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2009

	2009 \$	2008 \$
ASSETS		
Current		
Cash and cash equivalents, including \$10,000 restricted (2008 - \$nil)	106,225	122,119
Government grants and accounts receivable	631,327	562,267
Deposits and prepaid expenses	77,310	82,633
	814,862	767,019
Equipment - (Note 5)	118,330	44,923
	933,192	811,942
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	288,750	158,868
Due to Academy of Canadian Cinema & Television Foundation - (Note 6)	122,696	88,196
Current portion of severance benefits payable - (Note 7)	47,531	163,957
Bank loans - (Note 14)	59,421	-
Deferred revenue	552,530	500,899
	1,070,928	911,920
Severance Benefits Payable - (Note 7)	-	47,759
	1,070,928	959,679
Net Assets		
Equipment - (Note 8)	128,330	44,923
Unrestricted net assets	(266,066)	(192,660)
	(137,736)	(147,737)
	933,192	811,942

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, 2009

	Equipment	Unrestricted Net Assets	Total 2009	Total 2008
Balance, Beginning of the Year	\$ 44,923	\$ (192,660)	\$ (147,737)	\$ (139,827)
Excess (Deficiency) of Revenues over Expenses	(19,425)	29,426	10,001	(7,910)
Interfund Transfer - (Note 8)	10,000	(10,000)	-	-
Purchase of Equipment	92,832	(92,832)	-	-
Balance, End of the Year	\$ 128,330	\$ (266,066)	\$ (137,736)	\$ (147,737)

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

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended April 30, 2009

	2009 \$	2008 \$
Revenues		
Government grants - (Note 13)	1,333,165	1,467,054
Corporate sponsorships and donations	1,134,092	1,340,963
Entry fees	613,967	566,887
Award ticket sales	493,006	462,547
Membership fees	425,113	404,747
License fees	236,181	316,700
Other revenue	279,232	249,381
Advertising	100,165	100,578
Interest	1,123	3,097
	4,616,044	4,911,954
Expenses		
Awards operations	3,626,746	3,661,256
Membership administration and services	378,312	479,825
Other projects and activities	232,940	403,880
Awards broadcasts	314,120	350,421
Donation to Academy of Canadian Cinema & Television Foundation - (Note 6)	34,500	10,000
Amortization of equipment	19,425	14,482
	4,606,043	4,919,864
Excess (Deficiency) of Revenues over Expenses	10,001	(7,910)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2009

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 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 organization 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2009

2. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Revenue Recognition

Membership fees and award ticket sales are recognized as revenue when collected.

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

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.

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, 2009

3. CHANGES IN ACCOUNTING POLICIES

Capital Disclosures

Effective May 1, 2008, the Academy adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures. This standard requires disclosure of: an entity's objectives, policies and processes for managing capital, qualitative data about what the entity regards as capital, and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Academy has provided these disclosures in Note 12 – Capital Risk Management.

4. RECENT PRONOUNCEMENTS

The Canadian Institute of Chartered Accountants ("CICA") has recently issued the following accounting pronouncements, which the Academy has not yet applied:

- CICA section 3862 Financial Instruments - Disclosure
- CICA section 3863 Financial Instruments - Presentation
- 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

Sections 3862 and 3863 were to come into effect in the current year but have been deferred by the CICA pending deliberations on setting standards for this sector. The Academy expects that the adoption of these standards will not have a material effect on its financial statements.

Sections 1540, 4400, 4430, 4460, and 4470 will become effective for the next fiscal year and the Academy expects that the adoption of these standards will not have a material effect on its financial statements.

5. EQUIPMENT

Equipment is made up of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2009</u>	<u>Net 2008</u>
Office furniture and equipment	\$ 156,442	\$ 106,321	\$ 50,121	\$ 43,195
Leasehold improvements	<u>72,399</u>	<u>4,190</u>	<u>68,209</u>	<u>1,728</u>
	<u>\$ 228,841</u>	<u>\$ 110,511</u>	<u>\$ 118,330</u>	<u>\$ 44,923</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2009

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 \$34,500 (2008 - \$10,000) 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, 2009 and 2008 and for the years then ended are as follows:

Financial Position

	<u>2009</u>	<u>2008</u>
Total Assets	<u>\$ 130,950</u>	<u>\$ 96,885</u>
Total Liabilities	<u>\$ 473</u>	<u>\$ 473</u>
Total Net Assets	<u>130,477</u>	<u>96,412</u>
	<u>\$ 130,950</u>	<u>\$ 96,885</u>

Results of Operations

	<u>2009</u>	<u>2008</u>
Total Revenues	<u>\$ 34,593</u>	<u>\$ 18,106</u>
Total Expenses	<u>528</u>	<u>8,359</u>
Excess of Revenue over Expenses	<u>\$ 34,065</u>	<u>\$ 9,747</u>

7. SEVERANCE BENEFITS PAYABLE

The severance benefits payable are to be paid to a former employee in equal payments over 27.5 months, ending August 15, 2009.

8. INTERFUND TRANSFER

During the year, the Audit Committee approved a transfer of \$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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2009

9. COMMITMENTS

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

2010	\$80,000
2011	\$104,000
2012	\$97,000
2013	\$65,000
2014	\$66,000
Thereafter	\$295,000

10. REMUNERATION OF EXECUTIVE AND ADMINISTRATIVE STAFF

The aggregate remuneration and benefits paid to the executive officer and the Academy's administrative staff was \$1,452,195 (2008 - \$1,456,438).

11. 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2009

13. GOVERNMENT GRANTS

	<u>2009</u>	<u>2008</u>
Grants received in current year:		
Telefilm Canada	\$ 732,576	\$ 865,000
National Capital Commission	150,000	-
Ontario Tourism	150,000	-
Société de Développement des Entreprises Culturelles, Québec	120,000	86,000
Citizenship & Immigration Canada	108,360	250,437
Ottawa Tourism	50,000	-
Ontario Media Development Corporation	7,000	2,500
Manitoba Film and Sound Development Corporation	4,000	3,000
Film Nova Scotia	4,000	2,500
Alberta Film	4,000	-
Human Resources Development Corporation	2,729	3,367
British Columbia Film Commission	500	500
Province of Saskatchewan	-	150,000
Sask Film	-	50,000
City of Regina	-	50,000
New Brunswick Film	-	2,500
British Columbia Film	-	750
Newfoundland & Labrador Film	-	500
	<u>\$1,333,165</u>	<u>\$1,467,054</u>

14. CREDIT FACILITIES

The Academy has available an operating line of credit of \$175,000, of which \$25,000 was drawn at April 30, 2009 (2008 - \$nil). The line of credit bears interest at the bank's prime rate plus 2%.

During the year, the Academy established a non-revolving term facility of \$85,000, of which \$34,421 was drawn at April 30, 2009. This facility bears interest at the bank's prime rate plus 2.5%. Repayments of \$12,143 are to be made monthly.

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

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 it is not considered to provide additional meaningful information.

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