

**SAW VIDEO ASSOCIATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

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PARKER PRINS LEBANO  
**Chartered Accountants**  
Professional Corporation

## INDEPENDENT AUDITORS' REPORT

To the Members,  
**SAW VIDEO ASSOCIATION**

### Report on the Financial Statements

We have audited the accompanying financial statements of SAW Video Association which comprise the Statement of Financial Position as at December 31, 2010, and the Statements Of Operations And Net Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SAW Video Association as at December 31, 2010, and its financial performance and its cash flows 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', written over a horizontal line.

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

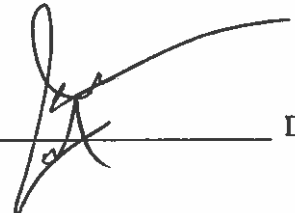
Ottawa, Ontario  
May 9, 2011

**SAW VIDEO ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 65,722	\$ 125,141
Accounts receivable	11,313	4,428
Prepaid expenses	2,317	1,659
Guaranteed investment certificates (note 3)	<u>42,500</u>	<u>32,500</u>
	121,852	163,728
<b>LONG TERM RECEIVABLES</b>	1,705	3,110
<b>ENDOWMENT FUND (note 4)</b>	1	1
<b>CAPITAL ASSETS (note 5)</b>	<u>41,791</u>	<u>20,453</u>
	<u>\$ 165,349</u>	<u>\$ 187,292</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 3,578	\$ 10,334
Deferred revenue (note 6)	<u>153,617</u>	<u>177,401</u>
	157,195	187,735
<b>NET ASSETS</b>	<u>8,154</u>	<u>(443)</u>
	<u>\$ 165,349</u>	<u>\$ 187,292</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, 2010**

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Grants (note 7)	\$ 328,902	\$ 307,198
Self-generating and other revenue	64,666	46,865
Equipment rental	36,990	35,982
Equipment and workshop grants to artists (note 8)	28,080	42,571
Membership fees	14,713	13,538
Workshop fees	12,150	15,505
Tape sales	<u>2,359</u>	<u>3,018</u>
	<u>487,860</u>	<u>464,677</u>
<b>EXPENDITURE</b>		
Program costs (note 9)	306,888	315,571
Salaries and benefits	71,771	68,242
Office expenses	40,924	28,772
Amortization	21,924	16,318
Rent	18,878	17,084
Strategic planning and professional development	1,198	966
Professional fees	9,115	6,463
Interest and bank charges	2,627	2,694
Telephone	2,364	2,129
Bad debts	1,119	1,023
Other	<u>2,455</u>	<u>5,858</u>
	<u>479,263</u>	<u>465,120</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>	<b>8,597</b>	<b>(443)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(443)</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 8,154</u>	<u>\$ (443)</u>

**SAW VIDEO ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditure	\$ 8,597	\$ (443)
Items not requiring an outlay of cash:		
Amortization	21,924	16,318
Net change to non-cash items related to operations:		
Accounts receivable	(5,480)	7,859
Prepaid expenses	(658)	569
Accounts payable	(6,756)	215
Deferred revenue	<u>(23,784)</u>	<u>48,372</u>
	(6,157)	72,890
<b>CASH FLOWS USED FOR INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(43,262)</u>	<u>(19,538)</u>
<b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	(49,419)	53,352
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>157,641</u>	<u>104,289</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 108,222</u>	<u>\$ 157,641</u>
 <b>CASH AND EQUIVALENTS:</b>		
Cash	\$ 65,722	\$ 125,141
Guaranteed investment certificates	<u>42,500</u>	<u>32,500</u>
	<u>\$ 108,222</u>	<u>\$ 157,641</u>

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**SAW VIDEO ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

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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, 2010**

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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.

**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2010**

**3. GUARANTEED INVESTMENT CERTIFICATES**

The Association holds three guaranteed investment certificates, the first of which is in the principal amount of \$15,000, bears interest at an annual rate of 0.15%, and matured on March 14, 2011. This guaranteed investment certificate has been renewed through March 14, 2013 bearing interest at an annual rate of 2.00%. The second guaranteed investment certificate is in the principal amount of \$17,500, bears interest at an annual rate of 0.55%, and matured on April 13, 2011. This guaranteed investment certificate has been renewed through April 15, 2013 bearing interest at an annual rate of 2.60%. The third guaranteed investment certificate is in the principal amount of \$10,000, bears interest at an annual rate of 0.15%, and matured on April 15, 2011. This guaranteed investment certificate has been renewed through April 16, 2012 bearing interest at an annual rate of 0.90%. 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 \$42,500 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>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment, furniture, and computers	\$ 391,460	\$ 349,669	\$ 41,791	\$ 20,453

**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>2010</u>	<u>2009</u>
Operating grants	\$ 73,500	\$ 73,500
Project grants	<u>80,117</u>	<u>103,901</u>
	<u>\$ 153,617</u>	<u>\$ 177,401</u>



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**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2010**

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**7. GRANTS**

	<u>2010</u>	<u>2009</u>
Canada Council (operating and project)	\$ 163,553	\$ 150,664
Heritage Canada	7,520	2,000
Ontario Arts Council (operating and project)	60,449	57,451
City of Ottawa (operating and project)	94,979	83,693
Other (projects)	<u>2,401</u>	<u>13,390</u>
	<u>\$ 328,902</u>	<u>\$ 307,198</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>2010</u>	<u>2009</u>
Technical salaries	\$ 66,574	\$ 68,019
Artist, technical and coordinator fees	61,687	50,783
Program salaries	71,681	57,989
Equipment and workshop grants to artists (note 8)	27,945	42,624
Production costs	29,508	39,139
Program equipment and rental	4,510	3,382
Insurance	11,043	11,965
Equipment parts and maintenance	11,411	11,192
Publicity	8,401	9,092
Cost of tapes	2,350	3,316
Other	<u>11,778</u>	<u>18,070</u>
	<u>\$ 306,888</u>	<u>\$ 315,571</u>

**10. LEASE COMMITMENTS**

The Association has one year lease agreements for rental of spaces to December 31, 2011 at an annual cost of approximately \$21,000 including HST. The Association also has a lease agreement with a supplier until early 2015 at an annual cost of approximately \$4,300 including HST.

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**SAW VIDEO ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2010**

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**11. DONATED PROGRAM COSTS AND SERVICES**

During the fiscal year ended December 31, 2010, the Association received donations of \$9,991 consisting of program costs and services (2009 - \$14,560). 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.