EDWARD E. HRELJAC
CHARTERED ACCOUNTANTS

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ONTARIO COUNCIL OF FOLK FESTIVALS
FINANCIAL STATEMENTS
For the year ended June 30, 2002

Contents

Auditor's Report

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Cash Flow	3
Notes to Financial Statements	4

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AUDITOR'S REPORT

To the Members of
Ontario Council of Folk Festivals

We have audited the Statement of Financial Position of Ontario Council of Folk Festivals as at June 30, 2002 and the Statements of Operations and Cash Flow for the year then ended. These financial statements are the responsibility of the council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

Ontario Council of Folk Festivals derives part of it's revenue from membership fees and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the organization for these activities and we were unable to determine whether any adjustments might be necessary to donations, membership fees and excess of expenses over revenues.

In our opinion, except for the effect of any adjustments if any, which we may have determined to be necessary, had we been able to satisfy ourselves concerning the completeness of donations and membership fees referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the council as at June 30, 2002 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

Sudbury, Ontario
September 24, 2002

Chartered Accountants

ONTARIO COUNCIL OF FOLK FESTIVALS

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2002

	2002	2001 (unaudited)
Assets		
Current		
Cash and bank	28,861	11,130
Accounts receivable, net	250	469
Inventory	-	70
Prepaid expenses	1,173	1,087
	30,284	12,756
Capital Assets, at cost less accumulated depreciation (note 3)	2,638	Nil
	$ 32,922	12,756
Liabilities		
Current		
Accounts payable and accrued expenses	1,800	1,155
Prepaid memberships and conferences	18,583	5,817
Deferred grants	16,550	-
	36,933	6,972
Net Assets		
Balance At Beginning Of The Year	5,784	7,519
Excess Of Revenues Over Expenses (Expenses over revenues) - Schedule "2"	(9,795)	(1,735)
Balance at Ending Of The Year	(4,011)	5,784
	$ 32,922	12,756

On behalf of the board:

Director _____

Director _____

ONTARIO COUNCIL OF FOLK FESTIVALS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2002

	2002	2001 (unaudited)
Revenue		
Grants	16,565	-
Conference revenue	43,879	29,871
Memberships and brochures	13,528	12,145
Songwriter competition	2,775	1,485
Folkprints advertising	488	152
	77,235	43,653
Expenses - Administrative		
Advertising and promotion	2,169	490
Bad debt	-	530
Board of directors' expenses	72	237
Depreciation	455	-
Fees and dues	135	146
Office	1,754	550
Office wages	14,666	4,237
Postage and shipping	580	423
Professional fees	2,086	1,214
Rent	1,841	750
Telephone	3,275	1,141
Travel	8,349	783
Web site expense	1,832	614
	37,214	11,115
Expenses - Programs		
Conference expenses	37,008	21,350
Brochure	5,140	6,768
Songwriter competition expenses	500	900
Folkprints	7,168	5,383
	49,816	34,401
Operational Surplus (Deficiency) Before Other Income	(9,795)	(1,863)
Other Income		
Interest earned	-	128
Excess Of Revenues Over Expenses (Expenses Over Revenues) For The Year	$ (9,795)	(1,735)

ONTARIO OF COUNCIL OF FOLK FESTIVALS

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2002

	2002	2001 (unaudited)
Operating Activities:		
Excess of revenues over expenses (Expenses over revenues) Schedule "2"	(9,795)	(1,735)
Items not requiring an outlay of funds		
Depreciation	455	-
	(9,340)	(1,735)
Net change in non-cash working capital balances related to operations		
Accounts receivable	219	61
Inventory	70	160
Prepaid expenses	(86)	(133)
Accounts payable and accrued expenses	645	579
Prepaid memberships and conferences	12,766	1,817
Deferred grants	16,550	-
	20,824	749
Investing Activities		
(Addition) Disposal of capital assets	(3,093)	224
Increase In Cash Position For The Year	23,917	973
Cash Position At Beginning Of The Year	11,130	10,157
Cash Position At End Of The Year	$ 35,047	11,130

ONTARIO COUNCIL OF FOLK FESTIVALS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

The corporation was incorporated under the laws of the Province of Ontario without share capital on November 16, 1987.

Note 1. Purpose Of The Organization

Since 1987, the not-for-profit organization has been committed to the preservation and continuance of traditional and contemporary folk music in Ontario. In addition to representing folk festivals across the province, the organization serves as an advocate on behalf of Ontario folk music in national and international forums.

Note 2. Significant Accounting Policies

(a) Revenues and expenditures are recorded on the accrual basis, whereby amounts are reflected in the accounts in the period in which they have been earned and incurred.

(b) Depreciation on the capital assets is provided for on the declining balance basis at the following rates:

- Equipment - 10%
- Computer equipment - 15%

(c) Donated services and contras were received in the form of services volunteer time by members, businesses and others. The organization has recorded those services at market values which were reasonably estimated based on their perceived values.

(d) Donations are recorded at fair market value.

(e) Operating grants are amortized over the period covered in the applicable grants.

Note 3. Capital Assets

Equipment	183
Computer equipment	2,910
	3,093
Less: Accumulated depreciation	
- equipment	437
- computer equipment	18
	455
	$ 2,638