

The balance sheet of this copy of the financial statements should be signed by the director(s) whose name(s) have been printed on the other copies and this copy should then be returned to Welch LLP for their records.

FINANCIAL STATEMENTS
For
ONTARIO COUNCIL OF FOLK FESTIVALS
For year ended
JUNE 30, 2009

**ONTARIO COUNCIL OF FOLK FESTIVALS
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008**

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AUDITORS' REPORT

To the directors of

ONTARIO COUNCIL OF FOLK FESTIVALS

We have audited the statement of financial position of Ontario Council of Folk Festivals as at June 30, 2009 and the statements of changes in net assets, operations and cash flows 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.

Except as explained in the following paragraph, 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 common with similar organizations, the council derives revenue from memberships and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the council and we were not able to determine whether any adjustments might be necessary to memberships and donations, net revenue (expense), assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues from memberships and donations 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, 2009, the changes in its net assets, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



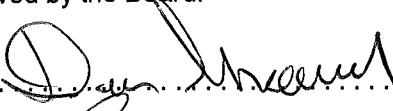
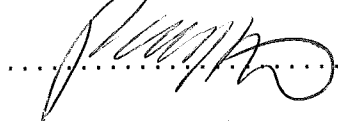
Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
September 30, 2009.

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 32,367	\$ 17,954
Investments (note 5)	41,400	35,000
Accounts receivable	5,519	14,426
Prepaid expenses	<u>5,993</u>	<u>1,082</u>
	<u>85,279</u>	<u>68,462</u>
CAPITAL ASSETS (note 6)	<u>10,525</u>	<u>10,928</u>
	<u>\$ 95,804</u>	<u>\$ 79,390</u>
<u>LIABILITIES AND NET ASSETS (LIABILITIES)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,770	\$ 13,816
Prepaid memberships and conferences	45,926	44,024
Deferred contributions (note 7)	<u>28,503</u>	<u>12,504</u>
	<u>106,199</u>	<u>70,344</u>
NET ASSETS (LIABILITIES)		
Invested in capital assets	10,525	10,928
Unrestricted	<u>(20,920)</u>	<u>(1,882)</u>
	<u>(10,395)</u>	<u>9,046</u>
	<u>\$ 95,804</u>	<u>\$ 79,390</u>

Approved by the Board:

 Director
 Director

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
Net assets (liabilities), beginning of year	\$ 10,928	\$ (1,882)	\$ 9,046	\$ (10,271)
Net revenue (expense)	(3,235)	(16,206)	(19,441)	19,317
Investment in capital assets	<u>2,832</u>	<u>(2,832)</u>	<u>-</u>	<u>-</u>
Net assets (liabilities), end of year	<u>\$ 10,525</u>	<u>\$ (20,920)</u>	<u>\$ (10,395)</u>	<u>\$ 9,046</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
Revenues		
Foundation grants	\$ 22,081	\$ 29,250
Government grants (note 8)	157,126	164,496
Conference revenues	125,092	157,945
Memberships and brochures	23,842	18,255
Sponsorships	32,000	35,500
Folk Prints advertising	<u>10,244</u>	<u>11,008</u>
	<u>370,385</u>	<u>416,454</u>
Expenses - Administration		
Advertising and promotion	16,036	26,808
Board of Director's	12,656	5,432
Amortization	3,235	2,770
Fees and dues	2,163	1,475
Office	20,686	10,557
Office wages and contracts	150,183	132,590
Postage and shipping	3,040	2,115
Professional fees	9,853	8,150
Rent	25,200	19,600
Telephone	<u>6,017</u>	<u>5,974</u>
	<u>249,069</u>	<u>215,471</u>
Expenses - Programs		
Conference expenses	114,003	147,102
Brochure	8,636	10,214
Folk Prints	5,516	12,256
Foundation programming	<u>12,602</u>	<u>12,094</u>
	<u>140,757</u>	<u>181,666</u>
Total expenses	<u>389,826</u>	<u>397,137</u>
Net revenue (expense)	<u>\$ (19,441)</u>	<u>\$ 19,317</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue (expense)	\$ (19,441)	\$ 19,317
Adjustments for:		
Amortization	<u>3,235</u>	<u>2,770</u>
	(16,206)	22,087
Changes in non-cash working capital components:		
Accounts receivable	8,907	(9,976)
Prepaid expenses	(4,911)	(882)
Accounts payable and accrued liabilities	17,954	4,223
Prepaid memberships and conferences	1,902	2,984
Deferred contributions	<u>15,999</u>	<u>8,754</u>
Cash flows from operating activities	<u>23,645</u>	<u>27,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(2,832)	(5,888)
Purchase of investments	<u>(6,400)</u>	<u>(24,750)</u>
Cash flows from investing activities	<u>(9,232)</u>	<u>(30,638)</u>
INCREASE (DECREASE) IN CASH	14,413	(3,448)
CASH, BEGINNING OF YEAR	<u>17,954</u>	<u>21,402</u>
CASH, END OF YEAR	<u>\$ 32,367</u>	<u>\$ 17,954</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. ORGANIZATION AND PURPOSE

The Ontario Council of Folk Festivals (OCFF) was incorporated November 16, 1987 under the laws of the Province of Ontario as a corporation without share capital. The OCFF serves festivals, organizations and individuals working in the traditional, contemporary and multicultural folk music industry in Ontario. The OCFF's head office is located in Ottawa, Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

OCFF 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.

Donations are recorded at fair value as received.

Operating grants are amortized in accordance with the dates and terms of the respective grant agreement.

Investments

OCFF classifies its investments as available for sale and records them at fair value. Guaranteed Investment Certificates (GIC's) are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition and disposal of investments are expensed as incurred.

Capital assets

Capital assets are stated at acquisition cost. Amortization is provided on the declining balance basis at the following annual rates:

Equipment	- 20%
Computer hardware	- 30%
Computer software	- 15%

Contributed services

Contributed services are in the form of volunteer time by members, businesses and others. OCFF records these services at market values which are reasonably estimated based on perceived values.

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.

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2009

3. FUTURE ACCOUNTING STANDARDS

In December 2008 the Canadian Institute of Chartered Accountants decided to defer the requirement for not-for-profit organizations to adopt Handbook Sections 3862 (Financial Instruments - Disclosures) and 3863 (Financial Instruments - Presentation) and to permit these organizations to continue to apply Section 3861 (Financial Instruments - Disclosure and Presentation) instead. Since new financial instruments standards for not-for-profit organizations may be forthcoming, OCFE has decided to continue to apply Section 3861 and has not adopted Sections 3862 and 3863.

4. FINANCIAL INSTRUMENTS

OCFF's financial assets and liabilities consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the council's financial assets and liabilities approximate their carrying value due to their short term nature.

5. INVESTMENTS

Investments consist of the following:

	<u>2009</u>	<u>2008</u>
GIC - 2.55%, matures September 2009	\$ 41,400	\$ -
GIC - 4%, matures September 2008	<u>-</u>	<u>35,000</u>
Total cost	41,400	35,000
Accrued interest	<u>145</u>	<u>376</u>
Fair value	<u>\$ 41,545</u>	<u>\$ 35,376</u>

Investments are stated at cost. The cost and accrued interest income approximate fair value. Accrued interest income of \$145 (2008 - 376) is included in accounts receivable.

Investments are managed by the Board in consultation with the OCFE's financial advisors. The OCFE limits its investments to guaranteed investment certificates to ensure capital is preserved.

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2009

6. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Equipment	\$ 13,555	\$ 8,761	\$ 11,472	\$ 7,822
Computer equipment	<u>15,596</u>	<u>9,865</u>	<u>14,847</u>	<u>7,569</u>
	29,151	\$ 18,626	26,319	\$ 15,391
Less accumulated amortization		<u>18,626</u>		<u>15,391</u>
Net book value		\$ <u>10,525</u>		\$ <u>10,928</u>

7. DEFERRED CONTRIBUTIONS

	Balance at June 30, <u>2008</u>	Received in <u>year</u>	Recognized as revenue <u>in year</u>	Balance at June 30, <u>2009</u>
RadioStar	\$ -	\$ 25,000	\$ -	\$ 25,000
Factor grant	3,500	-	3,500	-
Galaxie Sponsorship	4,000	-	4,000	-
Trillium grant	<u>5,004</u>	<u>-</u>	<u>1,501</u>	<u>3,503</u>
	\$ <u>12,504</u>	\$ <u>25,000</u>	\$ <u>9,001</u>	\$ <u>28,503</u>

8. GOVERNMENT GRANTS

The OCFE receives government funding through contribution agreements for specific projects and general operating expenses.

	<u>2009</u>	<u>2008</u>
Ontario Arts Council	\$ 47,500	\$ 44,000
Heritage Canada - APC	42,000	22,500
Heritage Canada - Trade Routes	16,125	23,000
Department of Foreign Affairs	-	18,000
Canada Council for the Arts	-	10,000
Ontario Arts Council - Compass	-	2,000
Trillium Foundation	<u>51,501</u>	<u>44,996</u>
	\$ <u>157,126</u>	\$ <u>164,496</u>

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2009

9. SPONSORSHIP REVENUE

A commitment was received from a sponsor to contribute \$25,000 annually to OCFF for a period of six years commencing in 2007.

10. CAPITAL DISCLOSURES

The Canadian Institute of Chartered Accountants Handbook section 1535 (Capital Disclosures) requires that the OCFF disclose information about its capital and how it is managed.

OCFF defines its capital as its unrestricted net assets and its externally restricted contributions which are classified as deferred contributions in the statement of financial position. OCFF's objectives with respect to managing capital are to comply with externally imposed restrictions and hold sufficient unrestricted net assets to fund ongoing operations. OCFF monitors its capital requirements and objectives through its budgeting process, its financial statement review process and reviews of the terms and conditions contained in its funding agreements. The external restrictions imposed on these contributions are disclosed in note 7. Management believes that the OCFF has adhered to all externally imposed restrictions.

11. COMMITMENTS

OCFF is committed under an operating lease for office premises to February 2014. The minimum payments under the lease until maturity are as follows:

2010	\$ 27,600
2011	27,600
2012	28,000
2013	28,800
2014	<u>18,400</u>
Total	<u>\$ 130,400</u>