

**EDWARD E. HRELJAC**

CHARTERED ACCOUNTANTS

EDWARD E. HRELJAC, C.A.

JOHN M.M. HRELJAC, B.Comm., C.A.

1645 LABALLE BLVD.  
SUDBURY, ONTARIO

P5A 1Z8

TELEPHONE 524-9901

FAX - 526-4770

**ONTARIO COUNCIL OF FOLK FESTIVALS  
FINANCIAL STATEMENTS  
For the year ended June 30, 2007**

---

**Contents**

**Auditor's Report**

**Financial Statements**

Statement of Financial Position	1
Statement of Operations	2
Statement of Cash Flow	3
Notes to Financial Statements	4-5

# EDWARD E. HRELJAC

CHARTERED ACCOUNTANTS

EDWARD E. HRELJAC, C.A.

JOHN M.M. HRELJAC, F.C.M.A., C.A.

1645 LABELLE BLVD.  
SUDBURY, ONTARIO  
P3A 1Z8  
TELEPHONE 866-3901  
FAX - 866-4770

## 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, 2007 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.

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.

Ontario Council of Folk Festivals derives part of its revenue from membership fees and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue 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 revenue over expenses, current assets and net assets.

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, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Sudbury, Ontario  
October 4, 2007



Edward E. Hreljac, Chartered Accountants,  
Licensed Public Accountants

**ONTARIO COUNCIL OF FOLK FESTIVALS**  
**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2007**

	2007	2006
<b>Assets</b>		
<b>Current</b>		
Cash and bank	21,402	7,636
Investment, G.I.C.	10,250	10,000
Grants receivable	-	3,500
Accounts receivable	4,450	1,498
Prepaid expenses	200	200
	36,302	22,834
<b>Capital Assets</b> , at cost less accumulated depreciation (note 3)	7,810	8,019
	\$ 44,112	30,853
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued expenses	9,593	2,668
Prepaid memberships and conferences	41,040	21,353
Deferred grants	3,750	-
	54,383	24,021
<b>Net Assets</b>		
<b>Balance At Beginning Of The Year</b>	6,832	26,590
<b>Excess Of Revenue Over Expenses (Expenses Over Revenue)</b> - Schedule "2"	(17,103)	(19,758)
<b>Balance at End Of The Year</b>	(10,271)	6,832
	\$ 44,112	30,853

On behalf of the board:

Director 

Director 

**ONTARIO COUNCIL OF FOLK FESTIVALS**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	2007	2006
<b>Revenue</b>		
Foundation grants	7,000	45,000
Government grants	91,500	89,500
Conference revenue	115,823	109,853
Memberships and brochures	25,784	20,239
Sponsorship (note 4)	25,000	-
Folkprints advertising	10,896	8,508
	<u>276,003</u>	<u>273,100</u>
<b>Expenses - Administrative</b>		
Advertising and promotion	7,693	6,871
Board of directors' expenses	3,622	3,271
Depreciation	2,122	2,418
Fees and dues	2,284	1,415
Office	9,790	8,824
Office wages and contracts	98,647	76,866
Postage and shipping	1,248	1,020
Professional fees	3,700	2,900
Rent	13,093	9,835
Telephone	4,699	5,236
Web site expense	648	1,387
	<u>147,546</u>	<u>120,043</u>
<b>Expenses - Programs</b>		
Conference expenses	125,104	102,116
Brochure	6,376	9,032
Folkprints	10,834	8,039
Foundation programming	3,246	38,189
Other programming	-	15,439
	<u>145,560</u>	<u>172,815</u>
<b>Total Expenses</b>	<u>293,106</u>	<u>292,858</u>
<b>Excess Of Revenue Over Expenses (Expenses Over Revenue) For The Year</b>	<u>\$ (17,103)</u>	<u>(19,758)</u>

**ONTARIO OF COUNCIL OF FOLK FESTIVALS**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>2007</b>	<b>2006</b>
<b>Operating Activities:</b>		
Excess of revenue over expenses (expenses over revenue) Schedule "2"	(17,103)	(19,758)
Items not requiring an outlay of funds		
Depreciation	<u>2,122</u>	<u>2,418</u>
	(14,981)	(17,340)
Net change in non-cash working capital balances related to operations		
Grants and accounts receivable	548	8,596
Prepaid expenses	-	47
Accounts payable and accrued expenses	6,925	1,405
Prepaid memberships and conferences	19,687	(6,239)
Deferred grants	<u>3,750</u>	<u>(42,500)</u>
	15,929	(56,031)
<b>Investment Activities</b>		
Disposal of (additions to) fixed assets	<u>(1,913)</u>	-
<b>Increase (Decrease) In Cash Position For The Year</b>	14,016	(56,031)
<b>Cash Position At Beginning Of The Year</b>	<u>17,636</u>	<u>73,667</u>
<b>Cash Position At End Of The Year</b>	<u>\$ 31,652</u>	<u>17,636</u>

**ONTARIO COUNCIL OF FOLK FESTIVALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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) Revenue and expenses 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 - 20%
  - Computer equipment - 15% and 30%
- (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	11,472	11,472
Computer equipment	8,959	7,046
	<u>20,431</u>	<u>18,518</u>
<b>Less:</b> Accumulated depreciation		
- equipment	6,910	5,770
- computer equipment	5,711	4,729
	<u>12,621</u>	<u>10,499</u>
	<u>\$ 7,810</u>	<u>8,019</u>

**ONTARIO COUNCIL OF FOLK FESTIVALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Note 4. Sponsorship Revenue**

A commitment has been received from a sponsor to contribute \$25,000 annually to the Ontario Council of Folk Festivals, commencing in 2007 and continuing for an additional six years.