

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.

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FINANCIAL STATEMENTS
For
ONTARIO COUNCIL OF FOLK FESTIVALS
For year ended
JUNE 30, 2008

**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, 2008 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 many 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), current 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 contributions 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, 2008, 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

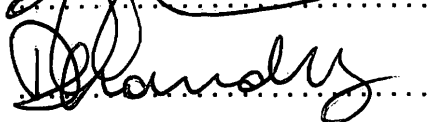
Ottawa, Ontario
September 5, 2008.

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 17,954	\$ 21,402
Investments (note 5)	35,000	10,250
Accounts receivable	14,426	4,450
Prepaid expenses	<u>1,082</u>	<u>200</u>
	<u>68,462</u>	<u>36,302</u>
CAPITAL ASSETS (note 6)	<u>10,928</u>	<u>7,810</u>
	<u>\$ 79,390</u>	<u>\$ 44,112</u>
<u>LIABILITIES AND NET ASSETS (LIABILITIES)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,816	\$ 9,593
Prepaid memberships and conferences	44,024	41,040
Deferred contributions (note 7)	<u>12,504</u>	<u>3,750</u>
	<u>70,344</u>	<u>54,383</u>
NET ASSETS (LIABILITIES)		
Invested in capital assets	10,928	7,810
Unrestricted	<u>(1,882)</u>	<u>(18,081)</u>
Balance, end of the year	<u>9,046</u>	<u>(10,271)</u>
	<u>\$ 79,390</u>	<u>\$ 44,112</u>

Approved by the Board:

 Director

 Director

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008

	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total 2008</u>	<u>Total 2007</u>
Net assets (liabilities), beginning of year	\$ 7,810	\$ (18,081)	\$ (10,271)	\$ 6,832
Net revenue (expense)	(2,770)	22,087	19,317	(17,103)
Investment in capital assets	<u>5,888</u>	<u>(5,888)</u>	<u>-</u>	<u>-</u>
Net assets (liabilities), end of year	<u>\$ 10,928</u>	<u>\$ (1,882)</u>	<u>\$ 9,046</u>	<u>\$ (10,271)</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
Revenues		
Foundation grants	\$ 29,250	\$ 7,000
Government grants (note 9)	164,496	91,500
Conference revenue	157,945	115,823
Memberships and brochures	18,255	25,784
Sponsorship	35,500	25,000
Folk Prints advertising	<u>11,008</u>	<u>10,896</u>
	<u>416,454</u>	<u>276,003</u>
Expenses - Administration		
Advertising and promotion	26,808	7,693
Board of Director's	5,432	3,622
Amortization	2,770	2,122
Fees and dues	1,475	2,284
Office	10,557	10,438
Office wages and contracts	132,590	98,647
Postage and shipping	2,115	1,248
Professional fees	8,150	3,700
Rent	19,600	13,093
Telephone	<u>5,974</u>	<u>4,699</u>
	<u>215,471</u>	<u>147,546</u>
Expenses - Programs		
Conference expenses	147,102	125,104
Brochure	10,214	6,376
Folk Prints	12,256	10,834
Foundation programming	<u>12,094</u>	<u>3,246</u>
	<u>181,666</u>	<u>145,560</u>
Total expenses	<u>397,137</u>	<u>293,106</u>
Net revenue (expense)	<u>\$ 19,317</u>	<u>\$ (17,103)</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue (expense)	\$ 19,317	\$ (17,103)
Adjustments for:		
Amortization	<u>2,770</u>	<u>2,122</u>
	22,087	(14,981)
Changes in non-cash working capital components:		
Accounts receivable	(9,976)	548
Prepaid expenses	(882)	-
Accounts payable and accrued liabilities	4,223	6,925
Prepaid memberships and conferences	2,984	19,687
Deferred contributions	<u>8,754</u>	<u>3,750</u>
Cash flows from operating activities	<u>27,190</u>	<u>15,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(5,888)	(1,913)
Purchase of investments	<u>(24,750)</u>	<u>(250)</u>
Cash flows from investing activities	<u>(30,638)</u>	<u>(2,163)</u>
INCREASE (DECREASE) IN CASH	(3,448)	13,766
CASH, BEGINNING OF YEAR	<u>21,402</u>	<u>7,636</u>
CASH, END OF YEAR	<u>\$ 17,954</u>	<u>\$ 21,402</u>

(See accompanying notes)

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. NATURE OF OPERATIONS

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

The 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.

Operating grants are amortized over the applicable term of the grant agreement.

Investments

Effective July 1, 2007 the OCFF has classified its investments as available for sale and has recorded 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.

Investments are stated at cost. The cost and accrued interest income approximate fair value. Accrued interest income of \$376 (2007 - nil) is included in accounts receivable.

Capital assets

Capital assets are stated at acquisition cost. Amortization is provided at the following methods and annual rates:

Equipment	- 20% declining balance
Computer Hardware	- 30% declining balance
Computer Software	- 15% declining balance

Contributed services

Contributed services are in the form of services volunteer time by members, businesses and others. The OCFF has recorded those services at market values which were reasonably estimated based on the 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 THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2008

3. CHANGE IN ACCOUNTING POLICY

Effective July 1, 2007, OCFF adopted the Canadian Institute of Chartered Accountants Handbook (CICA) Sections 3855 and 3861. Section 3855 (Financial Instruments - Recognition and Measurement) addresses when financial instruments should be recognized and how they should be measured. Section 3861 (Financial Instruments - Disclosure and Presentation) provides standards on how financial instruments should be presented and disclosed in the financial statements. Applying these new standards has resulted in the council carrying its investments at their fair value.

These recommendations have been applied prospectively in accordance with the transitional provisions reflected in the Handbook. Since the cost of the investments and accrued interest approximate fair value, the adoption of these new standards did not significantly affect OCFF financial statements.

4. NEW ACCOUNTING STANDARDS

On December 1, 2006, the Canadian Institute of Chartered Accountants (CICA) issued two new accounting standards, Handbook Section 3862 (Financial Instruments - Disclosures) and Handbook Section 3863 (Financial Instruments - Presentation). These new standards are effective for the council's financial statements for the year ended June 30, 2009. The new Sections replace Handbook Section 3861 (Financial Instruments - Disclosure and Presentation), revising and enhancing its disclosure requirements, and carrying forward unchanged its financial presentation requirements. The OCFF is currently assessing the impact of these new accounting standards on its financial statements.

5. INVESTMENTS

Investments consist of the following:

	<u>2008</u>	<u>2007</u>
GIC - 4%, matures September 2008	\$ 35,000	\$ -
GIC - 2.65%, matures March 2008	<u>-</u>	<u>10,250</u>
Total cost	35,000	10,250
Accrued interest	<u>376</u>	<u>-</u>
Fair value	<u>\$ 35,376</u>	<u>\$ 10,250</u>

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

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2008

6. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Equipment	\$ 11,472	\$ 7,822	\$ 11,472	\$ 6,910
Computer equipment	<u>14,847</u>	<u>7,569</u>	<u>8,959</u>	<u>5,711</u>
	26,319	<u>\$ 15,391</u>	20,431	<u>\$ 12,621</u>
Less accumulated amortization	<u>15,391</u>		<u>12,621</u>	
Net book value	<u>\$ 10,928</u>		<u>\$ 7,810</u>	

7. DEFERRED CONTRIBUTIONS

	<u>Balance at June 30, 2007</u>	<u>Received in year</u>	<u>Recognized as revenue in year</u>	<u>Balance at June 30, 2008</u>
Factor grant	\$ 3,750	\$ -	\$ 3,750	\$ -
Galaxie Sponsorship	-	3,500	-	3,500
Trillium grant	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
	-	<u>5,887</u>	<u>883</u>	<u>5,004</u>
	<u>\$ 3,750</u>	<u>\$ 13,387</u>	<u>\$ 4,633</u>	<u>\$ 12,504</u>

8. FINANCIAL INSTRUMENTS

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

9. GOVERNMENT GRANTS

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

Ontario Arts Council	\$ 44,000
Heritage Canada - APC	22,500
Heritage Canada - Trade Routes	23,000
Department of Foreign Affairs	18,000
Canada Council for the Arts	10,000
Ontario Arts Council - Compass	2,000
Trillium Foundation	<u>44,996</u>
	<u>\$ 164,496</u>

ONTARIO COUNCIL OF FOLK FESTIVALS
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2008

10. SPONSORSHIP REVENUE

A commitment has been received from a sponsor to contribute \$25,000 annually to OCFF, commencing in 2007 and continuing for an additional six years.

11. COMPARATIVE FIGURES

Comparative figures have been audited by another auditor and have been reclassified where necessary to conform to the presentation adopted for the current year.