

**FINANCIAL STATEMENTS**

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**SCREEN COMPOSERS GUILD OF CANADA**

**March 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of  
Screen Composers Guild of Canada

We have audited the accompanying financial statements of Screen Composers Guild of Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in 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 accounting standards for not-for-profit organizations, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 entity'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 entity'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 in our audits is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Screen Composers Guild of Canada as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Toronto, Ontario  
August 27, 2014

Chartered Accountants  
Licensed Public Accountants

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Screen Composers Guild of Canada

STATEMENT OF FINANCIAL POSITION

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Year ended March 31	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	164,787	100,807
Accounts receivable - SOCAN Foundation	3,500	95,180
Prepaid expenses	917	-
HST receivable	<u>7,590</u>	<u>19,729</u>
	176,794	215,716
<b>Furniture</b>		
Furniture, at cost	3,085	
Less accumulated amortization	<u>308</u>	
	<u>2,777</u>	
	179,571	215,716
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	8,514	44,781
Deferred membership dues	25,794	24,984
Deferred grants	<u>27,500</u>	<u>25,000</u>
	61,808	94,765
<b>NET ASSETS</b>		
Unrestricted	<u>117,763</u>	<u>120,951</u>
	179,571	215,716

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*see accompanying notes*

On behalf of the Board:

Director

Director

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Screen Composers Guild of Canada

STATEMENT OF CHANGES IN NET ASSETS

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Year ended March 31	2014	2013
	\$	\$
<b>Balance</b> , beginning of year	120,951	31,839
Excess of revenue over expenses for the year	(3,188)	89,112
<b>Balance</b> , end of year	117,763	120,951

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*see accompanying notes*

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Screen Composers Guild of Canada

STATEMENT OF OPERATIONS

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Year ended March 31	2014	2013
	\$	\$
<b>Revenue</b>		
Membership dues	37,443	39,911
SOCAN Foundation	117,500	93,250
SOCAN - Heritage		
- Program 12/13		170,000
Seminars and other	2,813	4,763
Sponsorship	<u>4,500</u>	<u>9,025</u>
	<u>162,256</u>	<u>316,949</u>
<b>Expenses</b>		
Administration	46,264	33,129
Bank charges	1,025	1,378
Board	3,235	3,885
Office	5,609	8,939
Professional fees	8,382	9,719
Website	2,125	-
Programs		
- Creators' Assistance	-	170,787
- Rights & Representations	14,981	-
- Professional Development	41,340	-
- Membership	23,386	-
- Community	<u>19,097</u>	<u>-</u>
	<u>165,444</u>	<u>227,837</u>
<b>Excess of revenue over expenses for the year</b>	<b>(3,188)</b>	<b>89,112</b>

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*see accompanying notes*

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Screen Composers Guild of Canada

**STATEMENT OF CASH FLOWS**

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Year ended March 31	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	(3,188)	89,112
Add items not requiring an outflow of cash		
Depreciation	<u>308</u>	<u>          </u>
	(2,880)	89,112
Changes to non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	102,902	(43,829)
Increase (decrease) in accounts payable	(36,267)	14,515
Increase (decrease) in membership dues	810	(329)
Increase (decrease) in deferred grants	<u>2,500</u>	<u>2,250</u>
<b>Cash provided by (used in) operating activities</b>	<u>67,065</u>	<u>61,719</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(3,085)	
<b>Increase (decrease) in cash during the year</b>	<b>63,980</b>	<b>61,719</b>
Cash, beginning of year	100,807	39,088
<b>Cash, end of year</b>	<u>164,787</u>	<u>100,807</u>

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*see accompanying notes*

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Screen Composers Guild of Canada

NOTES TO FINANCIAL STATEMENTS

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March 31, 2014

**1. DESCRIPTION OF OPERATIONS**

The Screen Composers Guild of Canada (the "Guild") was incorporated under the laws of Canada as a corporation without share capital on January 10, 1980. The Guild is a not-for-profit organization incorporated to promote the publication, recording and distribution of music created by Canadians and to promote the education and the establishment of standards of film music writers, lyricists and composers.

The Guild is exempt from income taxes under Section 149(1) of the Income Tax Act (Canada).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the following significant accounting policies.

**Cash**

Cash is defined as cash held by a bank plus outstanding deposits and less outstanding cheques.

**Revenue Recognition**

Revenue is recognized when it is received except for membership dues and the SOCAN Foundation Creators' Assistance Program receipts where the deferral method is used. Under the deferral method, revenue is recognized during the months to which the the membership dues apply or to match to the expenses incurred under the Program.

**Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include the ultimate realization of the HST and other receivables. Actual results could differ from the estimates.

**3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

The Guild's activities expose it to a variety of financial risks, as defined in section 3856 of the CICA's Handbook. The Guild's exposure to financial risks is discussed below.

- i) Credit risk, the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Guild;

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Screen Composers Guild of Canada  
**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2014

**3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)**

ii) Liquidity risk, the risk arising when the Guild encounters difficulty in meeting its financial obligations as they come due.

The Guild has minimized its exposure to the above by only undertaking ongoing programs once it has negotiated a funding commitment from the SOCAN Foundation. The Guild also ensures that its expenditure practices are in accordance with SOCAN's funding guidelines in order that any receivable from that organization is collectible.

**4. ECONOMIC DEPENDENCE**

The size and nature of the operations of the Guild is dependent upon the continued support of SOCAN Foundation, which provides funding for the Creators' Assistance programs and general operations.