

ACTRA NATIONAL
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2002

| | |
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AUDITORS' REPORT

TO THE MEMBERS OF
ACTRA

We have audited the balance sheet of ACTRA National as at February 28, 2002 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at February 28, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Clarke Henning LLP

CHARTERED ACCOUNTANTS

Toronto, Ontario
May 10, 2002



Member
Independent
Accountants
International

ACTRA NATIONAL

BALANCE SHEET

AS AT FEBRUARY 28, 2002

| | 2002 | 2001 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 53,826 | \$ 528,770 |
| Accounts receivable | 471,061 | 450,786 |
| Lease inducement receivable | - | 175,150 |
| Investments (note 3) | 200,000 | 900,000 |
| Prepaid expenses and deposits | 54,296 | 57,302 |
| Loan receivable - Face to Face with Talent Inc. | 3,369 | 5,000 |
| Loan receivable - ACTRAWORKS Incorporated | - | 25,000 |
| Due from ACTRA Toronto Performers Branch | - | 1,414 |
| Due from Face to Face with Talent Inc. | - | 6 |
| Due from ACTRA Performers' Rights Society | 412 | 10,803 |
| | 782,964 | 2,154,231 |
| Capital assets (note 4) | 550,264 | 200,731 |
| | 1,333,228 | 2,354,962 |


LIABILITIES

| | | |
|--|----------------|------------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities | 518,091 | 449,593 |
| Accrued vacation pay | 67,374 | 70,404 |
| Due to Branches | 171,175 | 986,000 |
| Due to ACTRA Toronto Performers Branch | 13 | - |
| Due to Alliance of Canadian Cinema, Television and Radio Artists | - | 2,291 |
| Due to U.B.C.P. | - | 260 |
| | 756,653 | 1,508,548 |

SURPLUS (DEFICIT)

| | | |
|---|---------------------|---------------------|
| Extraordinary contingency fund (note 2) | 2,383 | 161,218 |
| Operations | 574,192 | 685,196 |
| | 576,575 | 846,414 |
| | \$ 1,333,228 | \$ 2,354,962 |

Approved on behalf of the Board:

 Director  Director

ACTRA NATIONAL

STATEMENT OF OPERATIONS AND CHANGES IN SURPLUS

YEAR ENDED FEBRUARY 28, 2002

| | Extraordinary | | Total | |
|---|------------------|--------------|--------------|--------------|
| | Contingency Fund | Operations | 2002 | 2001 |
| Income | | | | |
| Per capita | \$ - | \$ 2,965,828 | \$ 2,965,828 | \$ 2,177,468 |
| Information services | - | 403,490 | 403,490 | 383,210 |
| Equalization income | - | 1,236,270 | 1,236,270 | 1,289,514 |
| Interest income | 4,345 | 14,661 | 19,006 | 21,608 |
| Voluntary contributions | - | 75,000 | 75,000 | 632,691 |
| | 4,345 | 4,695,249 | 4,699,594 | 4,504,491 |
| Expenses | | | | |
| Salaries and benefits (Schedule A) | - | 1,396,403 | 1,396,403 | 973,138 |
| Collective agreements (Schedule B) | 163,180 | 190,931 | 354,111 | 143,534 |
| National council (Schedule C) | - | 120,641 | 120,641 | 117,747 |
| Directors' expenses (Schedule D) | - | 36,117 | 36,117 | 38,981 |
| Office expenses (Schedule E) | - | 285,804 | 285,804 | 231,043 |
| Printing | - | 252,910 | 252,910 | 181,768 |
| Furniture, fixtures and equipment (Schedule F) | - | 54,380 | 54,380 | 58,587 |
| Computer services (Schedule G) | - | 1,330,318 | 1,330,318 | 632,501 |
| Communication and public relations (Schedule H) | - | 364,689 | 364,689 | 144,834 |
| Lobbying and legislative (Schedule I) | - | 86,089 | 86,089 | 82,344 |
| ACTRAWORKS contribution | - | 70,000 | 70,000 | 70,000 |
| External relations | - | 87,266 | 87,266 | 82,952 |
| Referenda | - | 41,755 | 41,755 | 21,003 |
| Staff training and recruitment | - | 14,789 | 14,789 | 38,155 |
| Staff conference | - | 23,559 | 23,559 | - |
| Legal fees | - | 30,999 | 30,999 | 17,775 |
| Audit fees | - | 8,240 | 8,240 | 8,000 |
| Professional fees | - | 21,648 | 21,648 | 6,818 |
| Bank charges and GST expense | - | 110,055 | 110,055 | 75,024 |
| Alliance debt reduction | - | 75,000 | 75,000 | 75,000 |
| Face to Face loan repayment | - | - | - | 52,280 |
| Face to Face loan writeoff | - | 1,631 | 1,631 | - |
| ACTRA plan organizing | - | - | - | 156,968 |
| ACTRA plan special meeting | - | - | - | 26,270 |
| ACTRA plan | - | - | - | 58,299 |
| ACTRA plan other | - | - | - | 58,252 |
| | 163,180 | 4,603,224 | 4,766,404 | 3,351,273 |
| Excess (deficiency) of income over expenses before transfer payments | | | | |
| | (158,835) | 92,025 | (66,810) | 1,153,218 |
| Transfer payments to branches | - | (203,028) | (203,028) | (222,120) |
| Deficiency of income over expenses (expenses over income) | | | | |
| | (158,835) | (111,003) | (269,838) | 931,098 |
| Surplus (deficit) - at beginning of year | | | | |
| | 161,218 | 685,195 | 846,413 | (84,685) |
| Surplus - at end of year | | | | |
| | \$ 2,383 | \$ 574,192 | \$ 576,575 | \$ 846,413 |

ACTRA NATIONAL

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2002

| | 2002 | 2001 |
|---|------------------|-------------------|
| Cash flows from operating activities | | |
| Cash receipts from members, non-members and producers | \$ 4,660,313 | \$ 4,431,600 |
| Cash paid for expenses | (4,547,406) | (3,597,192) |
| Interest received | 19,006 | 21,608 |
| | <u>131,913</u> | <u>856,016</u> |
| Cash flows from financing activity | | |
| Advances from (repayments to) related organizations | (778,921) | (174,714) |
| Cash flows from investing activities | | |
| Purchase of furniture and equipment | (527,936) | (201,358) |
| Purchase of investments | - | (150,000) |
| Proceeds from investments | 700,000 | - |
| | <u>172,064</u> | <u>(351,358)</u> |
| Change in cash during the year | (474,944) | 329,944 |
| Cash - at beginning of year | 528,770 | 198,826 |
| Cash - at end of year | <u>\$ 53,826</u> | <u>\$ 528,770</u> |

ACTRA NATIONAL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2002

1. ORGANIZATION

ACTRA National is a not for profit organization. The organization is a federation of branches and local unions, national in scope, representing performers in the live transmission and recorded media.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements include only the operations carried on by ACTRA National. They do not include the assets, liabilities, income and expenses of the autonomous branches, including those administered by ACTRA National in trust for those branches. Separate financial statements have been prepared for the branches.

Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives on a straight line basis as follows:

| | |
|------------------------|----------|
| Computer equipment | -3 years |
| Computer software | -5 years |
| Furniture and fixtures | -5 years |

Extraordinary Contingency Fund

In 1998 an extraordinary contingency fund was established to provide for organizing, bargaining and negotiations, extraordinary meetings of ACTRA National, and legal counsel. The fund is financed through voluntary contributions of 5% of non-member work permit income from the branches/local unions.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

ACTRA NATIONAL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2002

3. INVESTMENTS

Investments are carried at cost and consist of the following:

| | <i>2002</i> | <i>2001</i> |
|---|----------------|----------------|
| \$208,000 Government of Canada Treasury Bill, due December 5, 2002, 2.0% annual yield | \$ 200,000 | \$ - |
| \$400,000 Bank of Montreal Mortgage Corporation Term Investment, due June 21, 2001, 5.2% annual yield | - | 400,000 |
| \$500,000 Bank of Montreal Mortgage Corporation Term Investment, due December 6, 2001, 5.25% annual yield | - | 500,000 |
| | 200,000 | 900,000 |
| Accrued interest on term investment (recorded in accounts receivable) | \$ 4,000 | \$ 20,273 |

4. CAPITAL ASSETS

Details of capital assets are as follows:

| | <i>Cost</i> | <i>Accumulated Depreciation</i> | <i>Net Book Value</i> | |
|------------------------|-------------------|-------------------------------------|-----------------------|-------------------|
| | | | <i>2002</i> | <i>2001</i> |
| Computer equipment | \$ 614,408 | \$ 227,414 | \$ 386,994 | \$ 91,827 |
| Computer software | 69,916 | 5,883 | 64,033 | - |
| Furniture and fixtures | 141,045 | 41,808 | 99,237 | 108,904 |
| | \$ 825,369 | \$ 275,105 | \$ 550,264 | \$ 200,731 |

Computer system development costs that relate to new functions are capitalized and amortized over five years.

5. LEASE COMMITMENTS

The Association has commitments under operating leases for premises. The leases expire on July 31, 2010 and the minimum annual payments under the leases are as follows:

| | | |
|-------------|-----------|-----------|
| Fiscal year | 2003 | \$ 78,816 |
| | 2004 | 78,816 |
| | 2005 | 78,816 |
| | 2006 | 97,045 |
| | 2007 | 97,045 |
| | 2008-2010 | 393,630 |

In addition to the minimum rent, the Company is obligated to pay operating costs for its office space. The operating costs paid were approximately \$130,000 (2001 - \$56,000).

ACTRA NATIONAL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2002

6. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, accounts payable and advances to/from related companies. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

ACTRA NATIONAL

SCHEDULES OF OPERATING EXPENSES

YEAR ENDED FEBRUARY 28, 2002

| | 2002 | 2001 |
|---|-------------------|-------------------|
| Salaries and benefits | <i>Schedule A</i> | |
| Total basic salaries | \$ 1,095,731 | \$ 779,025 |
| Staff benefits - general | 175,670 | 108,385 |
| - RRSP | 105,574 | 71,347 |
| Maternity benefits | 18,482 | - |
| Vacation pay | 946 | 14,381 |
| | 1,396,403 | 973,138 |
| Collective agreements | <i>Schedule B</i> | |
| CBC | 5,876 | 24,305 |
| Commercials - negotiation and administration | 26,207 | 23,207 |
| - legal | 24,965 | 6,191 |
| IPA - negotiation and administration | 169,460 | 10,615 |
| - legal | 18,720 | 20,214 |
| Other | 1,435 | 11,329 |
| Bargaining conference | 25,587 | - |
| Organizing | 81,861 | 47,673 |
| | 354,111 | 143,534 |
| National Council | <i>Schedule C</i> | |
| National Council expenses | 52,223 | 61,345 |
| National Executive expenses | 18,133 | 26,258 |
| Committee expenses | 12,237 | 8,979 |
| Honoraria | 29,229 | 19,500 |
| Officer expenses | 8,819 | 1,665 |
| | 120,641 | 117,747 |
| Directors' expenses | <i>Schedule D</i> | |
| National Executive | 8,921 | 10,466 |
| National Director of Finance and Administration | 4,801 | 8,783 |
| Eastern Regional Executive | 6,180 | 5,470 |
| Western Regional Executive | 7,648 | 7,430 |
| Western Regional office expenses | 8,567 | 6,832 |
| | 36,117 | 38,981 |
| Office expenses | <i>Schedule E</i> | |
| Rent, moving and design costs | 209,313 | 152,314 |
| Telecommunication | 24,717 | 31,009 |
| Insurance | 8,179 | 3,939 |
| Supplies and miscellaneous | 12,911 | 16,576 |
| Postage | 9,728 | 11,156 |
| Courier | 20,956 | 16,049 |
| | \$ 285,804 | \$ 231,043 |

ACTRA NATIONAL**SCHEDULE OF OPERATING EXPENSES****YEAR ENDED FEBRUARY 28, 2002**

| | 2002 | 2001 |
|--|-------------------|------------------|
| Furniture, fixtures and equipment | <i>Schedule F</i> | |
| Capital purchases under \$500 | \$ 3,329 | \$ 10,714 |
| Amortization | 27,364 | 19,753 |
| Repairs | 2,177 | 178 |
| Maintenance | 5,443 | 11,278 |
| Leases, rental | 16,067 | 16,664 |
| | 54,380 | 58,587 |
| Computer services | <i>Schedule G</i> | |
| Maintenance | 15,998 | 13,899 |
| Software | 24,319 | 15,795 |
| Hardware | 16,792 | 22,078 |
| Amortization | 50,317 | 44,660 |
| Supplies | 7,568 | 8,659 |
| Network costs | 105,410 | 123,486 |
| Consulting fees | 124,139 | - |
| Training | 513 | 16,009 |
| Computer Systems Development | | |
| Current membership maintenance | 77,695 | 76,630 |
| New membership system | 289,405 | 133,272 |
| Face to Face | 377,129 | - |
| Webtrust audit | 10,000 | - |
| Other consulting | 44,043 | 9,658 |
| Amortization of membership system | 100,723 | - |
| IPA template | - | 67,424 |
| Revenue receiving module | - | 13,763 |
| Commercial template | - | 56,559 |
| IT administration | 86,267 | 30,609 |
| | 1,330,318 | 632,501 |
| Communications and public relations | <i>Schedule H</i> | |
| Advisor fees | 9,190 | 44,372 |
| Promotion and publication expenses | 34,579 | 24,884 |
| InterACTRA News | 74,237 | 38,457 |
| Public relations | 79,913 | 27,661 |
| ACTRA website | 166,770 | 9,460 |
| | 364,689 | 144,834 |
| Lobbying and legislative | <i>Schedule I</i> | |
| Policy advisor fee | 63,510 | 61,525 |
| Expenses | 22,579 | 20,819 |
| | \$ 86,089 | \$ 82,344 |