

FINANCIAL STATEMENTS 2008: The big picture

**by Ferne Downey
ACTRA National Treasurer**

So what the heck happened this year? Work opportunities fluctuated across the country, and with the exception of the Prairies, most Branches were hard pressed to balance their books. We had hoped that with a shiny new IPA in place early in our fiscal year, domestic and service production would rebound – but it didn't. Negotiations south of the border and the rising Canadian dollar both had a negative impact. Production seemed to stall. Was this the 'new normal' in terms of production levels? When Branches get squeezed in terms of low member earnings, it makes it pretty darn stressful for the branches to make their 'per capita' payments to National. And, stress on any one part of ACTRA is stress upon ACTRA as a whole. Something had to be done, and it entailed a dues increase, five years after the last full member dues increase. All the revenue derived from basic dues, working dues, work permits etc. flows directly to the branches to keep them healthy and able to deliver the front line services. ACTRA has huge responsibilities to the membership and must be able to fulfill those responsibilities. How did we ensure all would be well?

It was vital that per capita payments from the branches to ACTRA be kept stable at \$237.50 per full member and \$75 per Apprentice Member, so they were. ACTRA National Council approved a reduction in per caps for full senior (1/2) and life members (0) which resulted in a decrease in payments flowing to ACTRA of \$161,100. Apprentice Member per caps decreased by \$12,200 from the prior year – simply because fewer members were enrolled in the program. Information services revenue decreased by \$78,200 from the prior year as no fees were charged to the branches. Equalization revenue was 'flat as a pancake'. Interest revenue increased by \$34,200 due to a decent return on investments made within the year. *(There's also one new detail for the accountants in the house - Canadian accounting principles now require that investments held for trading be adjusted to their market value at year end. The market value of the investment decreased by \$18,600 at fiscal 2007/08 year end close. The \$18,606 loss recorded this year will be adjusted to market gains or losses at the close of the next fiscal year.)* Our total income from all sources was lower than last year at \$4,850,400. That's the bird's-eye view of how the money flowed in. Let's see how that carefully acquired revenue was spent.

Total fiscal 2007/08 expenses of \$4,630,700 decreased by \$341,000 or 6.9% from the prior year. Collective Agreement negotiation and administration costs were \$481,300 lower from the prior year as the IPA negotiations were concluded

last fiscal and National Commercial Agreement negotiations begun. This substantial saving was offset by higher policy and communication expenses of \$116,900. During fiscal 2007/08 many policy issues rose to the forefront which resulted in higher lobbying expenses as there were so many files before the CRTC, in particular. Some of the campaigns undertaken were television license renewals, broadcaster acquisitions and mergers, CTF Task Force, potential FTAC application, foreign ownership and competition policy review and BDU's and specialty services submissions. We need to constantly be creating work opportunities for members and that entails a considerable amount of time pressing our case for Canadian culture, Canadian film, and Canadian television broadcasting. We must speak loudly and passionately and encourage others to speak with one voice every chance we get. External relations expenses were higher from the prior year because of a one-time building per capita of \$53,000 owed to the Canadian Labour Congress in Ottawa. The 'Apprentice Member Credit' was lower in fiscal 2007/08 from the prior year due to decreasing number of apprentice members becoming full members - and lower earnings.

ACTRA National's fiscal 2007/08 surplus is \$219,655. In October 2007, the National Council approved a recommendation from the Finance Committee capping ACTRA's Strategic Reserve Fund at \$2 million. We have achieved this target and the surplus of \$156,375 will be distributed to the Branches. *(Consistent with Canadian accounting rules, the transfer of this amount to the Branches will be recorded on the balance sheet.)*

Contact me anytime by email at fdowney@actra.ca and I'd happily answer any questions about these financial statements.

ACTRA NATIONAL
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2008

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AUDITORS' REPORT

TO THE MEMBERS OF
ACTRA

We have audited the balance sheet of ACTRA National as at February 29, 2008 and the statements of operations, net assets 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 29, 2008 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
Licensed Public Accountants

Toronto, Ontario
April 25, 2008

ACTRA NATIONAL

BALANCE SHEET

AS AT FEBRUARY 29, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 2,124,115	\$ 2,252,377
Accounts receivable	247,165	341,492
Investments at fair value (note 3)	1,113,728	-
Prepaid expenses and deposits	75,197	91,263
Due from ACTRA Toronto Performers Branch	-	621,848
Due from ACTRAWORKS Incorporated	-	437
Due from ACTRA Performers' Rights Society	21,896	59,426
	3,582,101	3,366,843
Furniture, equipment and software (note 4)	80,108	81,143
	3,662,209	3,447,986
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	568,390	910,603
Accrued vacation pay	38,258	51,301
Due to Branches	865,421	455,968
Due to ACTRA Toronto Performers Branch	60,842	-
Due to U.B.C.P.	45,768	9,864
	1,578,679	1,427,736
NET ASSETS		
Extraordinary contingency fund (note 2)	2,383	2,383
Surplus transferred to Branches	(156,375)	-
Unappropriated surplus	2,157,414	1,936,724
Invested in furniture, equipment and software	80,108	81,143
	2,083,530	2,020,250
	\$ 3,662,209	\$ 3,447,986

Approved on behalf of the Board:

President

Treasurer

ACTRA NATIONAL

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Income		
Per capita - full members	\$ 3,150,554	\$ 3,311,700
Per capita - apprentice members	483,225	495,375
Information services	22,000	100,182
Equalization income	1,126,144	1,131,398
Interest income	87,083	52,859
Unrealized loss on investments	(18,606)	-
	4,850,400	5,091,514
Expenses		
National council and executive (<i>Schedule A</i>)	196,454	158,262
National committees (<i>Schedule B</i>)	2,527	1,813
National executive director's office (<i>Schedule C</i>)	271,397	262,188
Bargaining and research (<i>Schedule D</i>)	451,794	470,824
Collective agreements (<i>Schedule E</i>)	255,994	737,327
Policy and communications (<i>Schedule F</i>)	720,033	603,153
External relations (<i>Schedule G</i>)	298,645	221,806
Finance, human resources and administration (<i>Schedule H</i>)	1,043,240	1,014,444
Information technology (<i>Schedule I</i>)	614,163	617,479
Occupancy (<i>Schedule J</i>)	415,158	390,373
GST expense	39,613	47,127
Apprentice member credit	94,461	144,649
Donations	21,166	30,577
	4,424,645	4,700,022
Excess of income over expenses before other items	425,755	391,492
Transfer payments to branches	(106,100)	(171,720)
Transfer to ACTRA Performers Rights' Society	(100,000)	(100,000)
Excess of income over expenses	\$ 219,655	\$ 119,772

ACTRA NATIONAL

STATEMENT OF NET ASSETS

YEAR ENDED FEBRUARY 29, 2008

	<i>Invested in Furniture, Equipment and Software</i>	<i>Unappropriated Surplus</i>	<i>Surplus Transferred to Branches</i>	<i>Extraordinary Contingency Fund</i>	<i>Total 2008</i>	<i>Total 2007</i>
Net assets - at beginning of year	\$ 81,143	\$ 1,936,724	\$ -	\$ 2,383	\$ 2,020,250	\$ 1,900,479
Excess of income over expenses	-	219,655	-	-	219,655	119,771
Transfer of surplus to branches	-	-	(156,375)	-	(156,375)	-
Purchase of furniture, equipment and software	38,088	(38,088)	-	-	-	-
Depreciation	(39,123)	39,123	-	-	-	-
Net assets - at end of year	\$ 80,108	\$ 2,157,414	\$ (156,375)	\$ 2,383	\$ 2,083,530	\$ 2,020,250

ACTRA NATIONAL

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Cash flows from operating activities		
Cash receipts from members, non-members and producers	\$ 4,876,250	\$ 5,227,860
Cash paid to employees and suppliers	(4,930,810)	(4,684,925)
Interest received	87,083	52,859
	<u>32,523</u>	<u>595,794</u>
Cash flows from financing activity		
Advances from (to) related organizations	1,009,638	(836,821)
Cash flows from investing activities		
Purchase of furniture, equipment and software	(38,088)	(51,854)
Purchase of investments	(1,132,335)	-
	<u>(1,170,423)</u>	<u>(51,854)</u>
Change in cash during the year	(128,262)	(292,881)
Cash - at beginning of year	2,252,377	2,545,258
Cash - at end of year	<u>\$ 2,124,115</u>	<u>\$ 2,252,377</u>

ACTRA NATIONAL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

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 have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations.

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.

Investments

Investments are classified as held for trading and are recorded at fair value. Unrealized holding gains and losses related to held for trading investments are included in the statement of operations. The quoted market price of investments is used to estimate fair value.

Furniture, Equipment and Software

Furniture, equipment and software 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

Revenue Recognition

Fees are recorded as revenue in the year to which they relate. Fees for member and apprentice per capita charges are recorded as invoiced. Fees for information services are billed monthly. Equalization income is recorded as received. Interest income is recorded as accrued in the year.

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 was financed through voluntary contributions of 5% of non-member work permit income from the branches/local unions. Subsequent to the 2002 fiscal year, no additional contributions have been made to the fund.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

ACTRA NATIONAL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2008

3. INVESTMENTS

Details of investments are as follows:

<i>Units</i>			<i>2008</i>		<i>2007</i>	
<i>2008</i>	<i>2007</i>		<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>
107,637	-	KBSH Enhanced Income Fund	\$ 1,113,729	\$ 1,132,335	\$ -	\$ -
			\$ 1,113,729	\$ 1,132,335	\$ -	\$ -

4. FURNITURE, EQUIPMENT AND SOFTWARE

Details of furniture, equipment and software are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2008</i>	<i>2007</i>
Computer equipment	\$ 707,894	\$ 664,411	\$ 43,483	\$ 24,996
Computer software	109,745	109,745	-	3,588
Furniture and fixtures	226,924	190,299	36,625	52,559
			\$ 80,108	\$ 81,143

Computer system development costs that relate to new functions are capitalized and amortized over five years. These costs are classified as computer software.

5. LEASE COMMITMENTS

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

		Premises	Equipment	Total
Fiscal year	2009	\$ 105,090	\$ 45,972	\$ 151,062
	2010	105,090	35,472	140,562
	2011	43,788	35,472	79,260
	2012	-	35,472	35,472
	2013	-	10,255	10,255

In addition to the minimum rent, the Association is obligated to pay operating costs for its office space. The operating costs paid were approximately \$117,000 (2007 - \$116,000).

ACTRA NATIONAL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

6. FINANCIAL INSTRUMENTS

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

The fair value of these financial instruments, except for the investments and advances to/from related organizations, corresponds to their carrying value due to their short-term maturity. The fair value of the investments, being their market value, is disclosed on the balance sheet. The fair value of the advances to/from related organizations is not readily determinable because of the related party nature of the balances.

7. GUARANTEES AND INDEMNITIES

The Organization has indemnified its past, present and future directors, officers and employees against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The maximum amount of any potential liability cannot be reasonably estimated.

ACTRA NATIONAL
SCHEDULES OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
National Council and Executive		
	<i>Schedule A</i>	
National council		
Meeting costs	\$ 32,173	\$ 24,009
Councillor travel costs	27,876	27,766
Officer expenses	5,097	5,445
Senior staff expenses	7,838	6,192
Councillor tool kits	996	4,060
	73,980	67,472
National executive		
Meeting costs	28,251	26,374
Officer expenses	14,152	11,515
Senior staff expenses	8,965	9,480
	51,368	47,369
Officers and senior staff meetings		
Meeting costs	207	96
Officer expenses	1,645	2,006
Senior staff expenses	189	-
	2,041	2,102
Honoraria	49,000	29,246
Officer expenses - other	20,065	12,073
Total	196,454	158,262

National Committees		
	<i>Schedule B</i>	
Political action committee	619	424
Finance committee meetings	638	933
Other committees	1,193	174
Diversity committee	77	282
	\$ 2,527	\$ 1,813

ACTRA NATIONAL
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
National Executive Director's Office		
	<i>Schedule C</i>	
Salaries	\$ 206,944	\$ 204,962
RRSP	24,916	24,252
General benefits	20,857	21,173
	252,717	250,387
National executive director expenses	10,356	6,650
Regional director expenses	8,324	5,151
	271,397	262,188
Bargaining and Research		
	<i>Schedule D</i>	
Salaries	320,188	333,328
RRSP	29,924	28,951
General benefits	63,568	70,688
	413,680	432,967
Director expenses	14,040	11,673
Research materials	5,261	12,614
Organizing expenses and tools	18,813	13,570
	\$ 451,794	\$ 470,824

ACTRA NATIONAL
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Collective Agreements		<i>Schedule E</i>
CBC - Negotiations	\$ 1,915	\$ 11,187
- Officer expenses	797	982
- Senior staff expenses	75	504
	2,787	12,673
Commercials - Negotiations	46,689	466
- Officer expenses	2,466	-
- Senior staff expenses	9,489	99
- Administration	53	4,023
- Legal	18,684	-
- Printing	31,959	18,120
	109,340	22,708
IPA - Negotiations	40,800	285,403
- Officer expenses	2,532	17,514
- Senior staff expenses	5,262	38,632
- Administration	6,521	25
- Legal	21,161	329,525
- Conference fees	3,059	-
- Printing	56,198	29,052
	135,533	700,151
Other - Negotiations	3,802	138
- Senior staff expenses	2,086	431
- Administration	-	256
- Printing	2,446	970
	8,334	1,795
	\$ 255,994	\$ 737,327

ACTRA NATIONAL
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Policy and Communications		
	<i>Schedule F</i>	
Salaries	\$ 263,814	\$ 234,435
RRSP	16,554	15,402
General benefits	44,103	44,148
	324,471	293,985
Director expenses	35,252	24,755
Lobbying expenses	58,494	18,523
Coalitions	43,025	47,406
Presidents expenses	14,305	6,234
	151,076	96,918
InterACTRA news	99,418	111,011
Advertising	12,747	18,379
Sponsorships	37,495	41,811
Promotional materials	7,050	4,476
Administrative services	7,380	2,642
Publications	5,119	1,849
ACTRA awards	21,843	21,216
Public relations officer's expenses	2,540	2,000
Face to Face marketing online	-	4,366
Policy consultant	50,894	4,500
	244,486	212,250
	720,033	603,153

External Relations		
	<i>Schedule G</i>	
FIA affiliation fees	34,811	34,477
CLC affiliation fees	171,000	170,999
CLC building per capita	53,002	-
CLC committee and travel	819	1,824
Officer expenses - FIA	9,107	3,715
- FIANA	750	1,760
- SAG/AFTRA	5,489	-
Senior staff expenses - FIA	7,669	5,351
- FIANA	2,418	1,487
- SAG/WTO	10,148	2,056
Other	3,432	137
	\$ 298,645	\$ 221,806

ACTRA NATIONAL
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Finance, Human Resources and Administration		
	<i>Schedule H</i>	
Salaries	\$ 543,000	\$ 548,779
RRSP	50,318	45,793
General benefits	112,124	113,007
Temporary help	645	2,612
	706,087	710,191
National Director of Finance and Administration expenses	1,131	3,187
Printing	24,140	31,085
Referenda	14,529	30,881
Professional fees	1,199	34
Auditing fees	10,473	11,527
Legal fees	9,222	3,457
Staff conference	17,570	14,579
Staff recruitment	-	1,076
Staff training	2,629	5,876
Staff appreciation	1,513	2,509
Bank charges	8,795	8,020
Administration arrangement fee	221,452	165,622
Alliance debt reduction	24,500	26,400
	337,153	304,253
	1,043,240	1,014,444
Information Technology		
	<i>Schedule I</i>	
Salaries	405,058	380,587
RRSP	30,727	26,727
General benefits	83,359	75,736
	519,144	483,050
Maintenance	6,748	2,467
Software	14,706	13,987
Hardware	3,661	1,668
Supplies	5,349	4,700
Network costs	39,405	48,852
Depreciation - computer equipment	19,601	23,036
Consulting fees	1,961	4,245
Webtrust audit	-	19,330
Depreciation - membership system	3,588	16,144
	\$ 614,163	\$ 617,479

ACTRA NATIONAL
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Occupancy		<i>Schedule J</i>
Rent	\$ 253,445	\$ 244,182
Telephone	22,564	21,207
Insurance	27,970	37,168
Supplies and miscellaneous	20,540	12,177
Postage	17,795	22,029
Courier	16,757	14,548
Furniture and fixtures - repair	17,005	1,427
Equipment rental	23,148	22,161
Depreciation - furniture and fixtures	15,934	15,474
	\$ 415,158	\$ 390,373