

2012 Festival of Friends

Statement of Operations

Year ended September 30, 2012



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

January 2, 2013

Independent Auditor's Report

To the Board of the Festival of Friends

We have audited the accompanying statement of operations for the 2012 Festival of Friends for the year ended September 30, 2012 and a summary of significant accounting policies. The statement of operations has been prepared in accordance with Canadian accounting standards for private enterprises.

Management's Responsibility for the statement of operations

Management is responsible for the preparation and fair presentation of the statement of operations in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of the statement of operations that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement of operations based on our audit. We conducted our audit 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 statement of operations is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of operations. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of operations, 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 statement of operations 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, if any, made by management, as well as evaluating the overall presentation of the statement of operations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Qualified Opinion

2012 Festival of Friends derives a material amount of revenue from cash transactions. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts of sponsorships or vendors revenue. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except as noted in the above paragraph, the statement of operations presents fairly, in all material respects, the revenue and expenditures of the 2012 Festival of Friends, for the year ended September 30, 2012 in accordance with the Canadian accounting standards for private enterprises.

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

2012 Festival of Friends

Statement of Operations

Year ended September 30, 2012

Revenue	
Sponsorships	\$ 269,657
Vendors	137,631
Parking income	<u>20,105</u>
	427,393
Expenses	
Artists and performances	188,401
Consulting	91,000
Equipment rental	49,652
Security	30,200
Supplies	29,200
Venue rental	27,565
Advertising and promotion	26,339
Repairs and maintenance	13,210
Concession expense	12,000
Automotive	9,408
Office and general	7,689
Travel	7,046
Insurance	5,211
Interest and bank charges	4,638
Telephone and utilities	4,103
Professional fees	1,927
Meals and entertainment	<u>771</u>
	<u>508,360</u>
Loss for the year	<u>\$ (80,967)</u>

Notes to Financial Statement

September 30, 2012

1. Nature of operations

The Festival of Friends is held in Southern Ontario. This event is the largest free annual music festival that celebrates Ontario's multicultural diversity. The Festival of Friends is an outdoor music, art, and crafts festival which has been held annually since 1976.

2. Significant accounting policies

Revenue recognition

Revenue is recognized when received or receivable, persuasive evidence of a contractual arrangement exists, and there are no significant vendor obligations remaining, the price is fixed or determinable, and collectibility is reasonably assured.

Donated material, services, and gifts in kind

The work of the festival of friends is dependent on the voluntary service of many individuals and the donations of various gifts in kind. The festival of friends estimates that the total fair value of donated materials, services and gifts in kind are as follows:

Advertising	\$ 300,000
Labour	60,000
Equipment	43,000
Printing	20,000
Hospitality	<u>17,000</u>
	<u>440,000</u>