

La Société canadienne pour les traditions musicales The Canadian Society for Traditional Music

Treasurer's report, budget, and financial statements for the year ending 2005-August-31

The financial statements comprise a Balance Sheet and a Statement of Income and Expenses. The financial statements are unaudited. There were several notable financial events during this financial year.

First, the down side.

- Individual membership renewals are down sharply, yielding \$2000 less income than expected. Note that any reduction in membership numbers causes an increase in the Society's costs per member.
- Costs continue to rise faster than inflation.
- Both the Journal and the Magazine appeared late, delaying membership and grant revenue.
- The SOCAN grant for 2003 (\$1500) has not yet arrived. The reason is being investigated.
- The SOCAN grant for 2004 (\$1000) did not arrive during the financial year.
- One of the two GST rebates did not arrive during the financial year.
- The budgets (see below) will anticipate the arrival of these three amounts during the coming year.

Second, the up side.

- No up side this year.

Third, the financially neutral side.

- We only printed and mailed three Magazines during the financial year just ended, so publication costs were lower than they would otherwise have been. In the coming financial year six Magazines would need to be printed and mailed in order to catch up. The budgets (see below) have been designed to reflect this.

I present two budgets. Both budgets include page count reductions for both the Journal and the Magazine.

First, a budget that assumes no change in membership rates. For the financial year 2005-2006 the following **budget** is proposed for administration and publications (that is, including neither the AGM nor the Mail Order Service, both of which are assumed to break even).

- Membership fees of \$6100 plus donations of \$250 plus SOCAN grants for 2005 of \$1000 plus single issue sales of \$50 plus GST rebate of \$200 plus fund-raising of \$100 gives us **income of \$7700**.
- Administration and general publication expenses \$1000. This leaves us **\$6700** to spend.
- One 60 page Journal for December 2005, printing expenses \$1250 plus mailing expenses \$1090. This leaves us **\$4360** to spend.
- Four Magazines, all 40 pages, printing expenses \$3880. Assuming that the December issue is mailed with the Journal, mailing expenses of \$1995. This results in an **operating deficit of \$1515**.
- The fifth and sixth Magazines (both 40 pages) are treated as an extraordinary charge, rather than as a regular expense. Assuming that both of these Magazines can be mailed together with other Magazines at some time during the coming financial year, the cost of printing and mailing the additional Magazines is \$2790. I would also strongly recommend producing some double issues.
- The opening balance of \$2900 plus the \$2500 SOCAN grants for 2003 and 2004 in arrears plus \$100 GST rebate in arrears minus the extraordinary charge for the additional Magazines of \$2790 minus the deficit of \$1515 plus closing the reserve account of \$1100 will leave us with a **closing balance of \$2295**.

Note that due to a lack of synchronisation between income and expenses (i.e. cash flow variations), a balance this low will result in occasional inability to pay bills on time, with the potential for creating a poor relationship with our printers. It will also attract additional bank charges due to not maintaining a required minimum monthly balance at all times. We would be operating without any financial reserve (a prudent financial reserve would be about \$3000), and would be at the mercy of unexpected situations and cost increases. For example, there is no certainty that there will be any SOCAN grant for 2005.

The situation would become much worse in the following financial year.

I consider this budget unacceptable.

Second, a budget that assumes substantial increases in membership rates. For the financial year 2005-2006 the following **budget** is proposed for administration and publications (that is, including neither the AGM nor the Mail Order Service, both of which are assumed to break even).

- Membership rates are increased by an average of about 30%. Organisation rates become \$60 in Canada, and \$75 elsewhere. Individual rates become \$40 in Canada, and \$55 elsewhere. Concession rates become \$25 in Canada, and \$35 elsewhere. I project 208 paying members. Note that it takes a year for the full financial benefit of an increase to be felt, so membership revenues for the first year are lower.
- Membership fees of \$7900 plus donations of \$250 plus SOCAN grants for 2005 of \$1000 plus single issue sales of \$50 plus GST rebate of \$200 plus fund-raising of \$100 gives us **income of \$9500**.
- Administration and general publication expenses \$1000. This leaves us **\$8500** to spend.
- One 60 page Journal for December 2005, printing expenses \$1250 plus mailing expenses \$1090. This leaves us **\$6160** to spend.
- Four Magazines, all 40 pages, printing expenses \$3880. Assuming that the December issue is mailed with the Journal, mailing expenses of \$1995. This results in an **operating surplus of \$285**.
- The fifth and sixth Magazines (both 40 pages) are treated as an extraordinary charge, rather than as a regular expense. Assuming that both of these Magazines can be mailed together with other Magazines at some time during the coming financial year, the cost of printing and mailing the additional Magazines is \$2790. I would also strongly recommend producing some double issues.
- The opening balance of \$2900 plus the \$2500 SOCAN grants for 2003 and 2004 in arrears plus \$100 GST rebate in arrears minus the extraordinary charge for the additional Magazines of \$2790 plus the surplus of \$285 will leave us with a **closing balance of \$2995** plus the **reserve account of \$1100**.

- In subsequent years the membership revenues would be \$9400. If printing and postage costs are assumed to increase by 5% per year, this gives operating surpluses for the following four years of \$1370, \$940, \$480, and \$0. This would enable the Society to have a closing balance in 2010 of \$3885 plus a prudent financial reserve account of \$3000.

I consider this budget to be reasonable.

Respectfully submitted,
James Prescott
Treasurer
2005-October-29

CSTM Balance Sheet

As of 2005-08-31

Accounts	2005-08-31 Balance	2004-08-31 Balance
Assets		
Cash and Bank Accounts		
Chequing-CIBC (see Note 1)	2,925.57	3,756.49
Mail Order Service Chequing-Scotiabank (see Note 1)	164.98	438.35
Mail Order Service Direct Sales Float	40.00	40.00
Mail Order Service Petty Cash-if negative, owed to Dave Fisher	22.88	26.46
Mail Order Service Sales	145.64	242.00
Petty Cash-if negative, owed to John Leeder	-24.84	-43.64
Reserve Account-CIBC Money Market Mutual Funds	1,121.73	1,106.39
Total Cash and Bank Accounts	4,395.96	5,566.05
Other Assets		
Mail Order Service Equipment-at cost	1,198.00	1,198.00
Mail Order Service Inventory-at cost, LPs at zero	18,687.95	17,746.90
Total Other Assets	19,885.95	18,944.90
Total Assets	24,281.91	24,510.95
Liabilities & Equity		
Liabilities		
Other Liabilities		
Mail Order Service Accounts Payable	1,136.28	1,038.28
Mail Order Service Loan-owed to Dave Foster	4,149.00	4,406.00
Total Other Liabilities	5,285.28	5,444.28
Total Liabilities	5,285.28	5,444.28
Equity	18,996.63	19,066.67
Total Liabilities & Equity	24,281.91	24,510.95

Note 1: These two chequing account balances have been adjusted to correct for the fact that some membership money paid by VISA has not yet been transferred from the Mail Order Service account to the general account.

CSTM Income and Expenses

2003-09-01 through 2005-08-31

Category	2005	2004
Income/Expenses		
Income		
Donations	250.00	787.00
Earned Income:		
Mail Order Service	4,258.85	3,663.00
Royalties from ACCESS	70.52	0.00
Royalties to authors	-13.52	0.00
Single Issue Sales (see Note 2)	-6.50	100.25
	4,309.35	3,763.25
Fund-Raising	128.00	736.00
Gifts, Other	0.00	47.25
GST Rebate	152.75	270.39
Income, Other:		
AGM Registrations	0.00	350.00
Grants (e.g. SOCAN)	0.00	1,500.00
	0.00	1,850.00
Total Income, Other	0.00	1,850.00
Interest	15.34	15.68
Memberships:		
Concession	370.00	619.00
Individual	2,380.46	3,141.70
Organisation	2,932.72	2,810.24
	5,683.18	6,570.94
Total Memberships	5,683.18	6,570.94
	10,538.62	14,040.51
Expenses		
Administration:		
Bank Charges	75.93	234.64
Licences and dues	30.00	30.00
Office Expenses:		
PO Box Rental	149.80	139.10
Postage & Courier	306.65	313.32
Supplies	0.90	51.10
Other	0.00	0.37
	457.35	503.89
Total Office Expenses	457.35	503.89
Travel	0.00	3.75
	563.28	772.28
Total Administration	563.28	772.28

Mail Order Service:		
Bank Charges:		
Visa:		
Discount	102.48	133.82
Imprinter Rental	11.77	12.84
Monthly Fee	76.44	57.33
Transaction Fees	5.55	7.55
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Total Visa	196.24	211.54
Bank Charges - Other	108.16	48.00
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Total Bank Charges	304.40	259.54
Commission	298.00	256.00
Office Expenses:		
PO Box Rental	104.86	104.86
Postage & Courier	80.15	35.85
Supplies	13.43	5.96
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Total Office Expenses	198.44	146.67
Stock Purchase	3,862.71	2,579.42
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Total Mail Order Service	4,663.55	3,241.63
Publications:		
Office Expenses:		
Postage & Courier	2,102.81	2,107.65
Supplies	84.55	189.18
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Total Office Expenses	2,187.36	2,296.83
Publication Printing	4,228.23	4,785.09
Travel	36.29	0.25
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Total Publications	6,451.88	7,082.17
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Total Expenses	11,678.71	11,096.08
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Total Income/Expenses	-1,140.09	2,944.43
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Note 2: This year there were few single issue sales, and we had to refund money paid for a Festival Directory that was not produced.