

A stylized graphic on the right side of the cover. It features a large maple leaf shape at the top, transitioning into a grid of small squares that tapers downwards. At the bottom, the grid transitions into the pages of an open book, with the pages fanning out. The entire graphic is set against a blue background on the left and a white background on the right.

Annual Report  
2002-2003

THE ASSOCIATION  
FOR THE  
EXPORT OF  
CANADIAN BOOKS



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## Message from the Chair of the Board of Directors

The Association for the Export of Canadian Books (AECB) is proud to present its Annual Report for 2002-2003. Though the past year has presented many challenges, the AECB has clearly made substantial strides and been successful in its ongoing efforts to better serve the needs of its clientele. New and more flexible programs, increased funding and a variety of other Association activities attest to the importance and vitality of the export market for the Canadian book industry.

Statistical evidence clearly confirms that export markets have become increasingly crucial for Canadian publishers over the past several years. Between 1993 and 2000 the group of AECB permanent beneficiaries has experienced the following results:

- total export sales increased by 231%, with distribution sales growing by 221% and rights sales by 381%
- rights sales increased by 767% in Germany, 545% in France, 368% in the US, and 26% in the UK
- distribution sales increased by 331% in the US, 214% in the UK, 73% in Belgium and by 18% in France.

Given this tremendous increase in export sales and the current condition of the domestic market, this trend will certainly continue. Publishers in both official languages now realize the advantages of reaching out to readers in other countries, bringing Canada to the world. Though the process is both expensive and time-consuming, the long-term results mean greater financial stability in the domestic industry. The AECB continues to play a significant role in assisting Canadian publishers' efforts in developing and implementing their international marketing strategies and in helping build Canada's now well-established international reputation for quality literature.

In developing and finalizing its Three-Year Business Plan (2002-2005), the AECB has built stronger relationships with its funding partners at federal and provincial levels. The AECB successfully presented its case for increased funding from the Department of Canadian Heritage (DCH) through the Book Publishing Industry Development Program (BPIDP) and its other partners, including the Department of Foreign Affairs and International Trade (DFAIT). Over the past year, the AECB continued to lobby effectively for the industry on matters relating to export, working closely with both departments on program development and new initiatives.

The AECB will continue to remind government and the industry's funding agencies of the success of our industry and the key role the Association plays in this partnership to introduce Canada to the world. We will continue to emphasize the importance of their commitment and responsibility to aid in providing Canadian content on the international front.

In closing, I would like to take this opportunity to thank the members of the Board of Directors for their single-minded commitment and valued contributions to our common goal. I also want to offer sincere thanks to our partners at DCH and DFAIT for their ongoing support.

Finally, I would like to thank the Executive Director for her commitment and leadership, and the staff at the secretariat whose dedication and expertise contribute significantly to the AECB's and industry's success.

Bob Tyrrell  
Chair, Board of Directors



Bob Tyrrell

Total export sales increased by 231%, with distribution sales growing by 221% and rights sales by 381%.

The AECB continues to remind government and the industry's funding agencies of the success of our industry and the key role the Association plays in this partnership to introduce Canada to the world.

## Programs Committee



Hervé Foulon

*F*or the first time in 2002-2003, two new programs have given Canadian publishers increased access to assistance from the AECB in the development and implementation of their international marketing plans.

Following through with initiatives arising from the development of the AECB's Three-Year Business Plan, the Programs Committee has pursued its task of assessing existing programs and developing new programs to meet the needs of both emerging and more experienced book exporters.

In addition to revising the two existing programs, the Export Marketing Assistance Program (EMAP) and the Foreign Rights Marketing Assistance Program (FRMAP), both of which experienced a number of adjustments and improvements for the 2003-2004 fiscal year, the Programs Committee also developed two new programs in 2002-2003:

### **NEW MARKET DEVELOPMENT FUND (NMDF)**

The objective of this program is to assist Canadian publishers in undertaking an export market (or export market segment) launch or in testing new market initiatives within a publisher's existing export market (territory or country).

### **EXPORT EXPERTISE DEVELOPMENT FUND (EEDF)**

The objective of this program is to assist Canadian publishers entering or expanding their activities in a key export market. Funds provided under EEDF are to be used to commission consultants who will conduct research tailored to the company's specific export needs (e.g., market identification studies, development of a marketing plan for a foreign country or market segment within a foreign country).

For the first time in 2002-2003, these two programs have given Canadian publishers increased access to assistance from the AECB in the development and implementation of their international marketing plans.

Along with these financial aid programs, the AECB's Programs Committee has also worked hard to offer Canadian publishers more international promotional tools through its catalogues and its new web site unveiled last May: [www.aecb.org](http://www.aecb.org). Visitors to the site can now consult catalogues online to search for information on Canadian titles, learn about Canadian publishing success stories and contact Canadian publishers directly through links to their web sites. The committee also helped develop other value-added services to the industry, providing publishing companies with market intelligence and logistical support to assist them with their international marketing activities.

In closing, I would like to thank my colleagues on the Programs Committee, Curtis Barlow, Linda Cameron and Margie Wolfe for their support and invaluable contribution to the work of the committee. And of course, none of this would have been possible without the dedication and hard work of Suzanne Bossé, Executive Director of the AECB, and her staff who so competently manage the various programs and services and perform the studies and simulations necessary to ensure their continued success.

A handwritten signature in blue ink, appearing to read 'Hervé Foulon'.

Hervé Foulon  
Chair, Programs Committee

## Finance Committee

In 2002-2003, the AECB developed new programs and services to promote the export of Canadian books through an increase in funds from the Department of Canadian Heritage (up 38%) and the Department of Foreign Affairs and International Trade (up 46%). In addition, publishers augmented their overall contribution by 13%, even though the past year was a difficult one for the Canadian book industry.

In support of the AECB's three-year plan, BPIDP increased its contribution to the Association following an external evaluation highlighting the beneficial impact of the EMAP and FRMAP programs on the development of Canadian book exports.

These new initiatives and programs meant additional staff and office space for the AECB. Despite this, the AECB still managed to distribute, through its programs, 93% of contributions from the two Federal Departments and from the Ontario Media Development Corporation. The latter recently joined the ranks of AECB stakeholders, confirming the Association's pivotal role in the area of Canadian book exports.

Among the new initiatives developed by the AECB through these new funds were the catalogues of Canadian titles for American libraries and the travelling display kits, used by diplomatic missions abroad to promote Canadian culture. I would also like to mention the AECB's Web site, which was completely redesigned to provide publishers with expanded, user-friendly access to relevant and timely information, thereby enhancing the overall development of the industry.

It should be noted that the AECB recorded a surplus of \$168,000. While such a healthy financial balance is cause for celebration, we must also realize that this surplus is largely due to the late arrival of certain funds. Canadian publishers are facing relentless international competition; it is therefore essential that they be able to synchronize their marketing activities with the promotional timetables of their targeted markets. To ensure the success of their export marketing initiatives, Canadian publishers need consistent and timely support. The AECB constantly strives to ensure contributions from and partnerships with public agencies are coordinated with the real-time needs of publishers.

In closing, I would like to thank my colleagues on the committee, Nick Rundall, Denis Vaugeois and Allan Clarke, as well as the Executive Director and secretariat staff whose dedication and expertise contribute so much to the success of the AECB and the Canadian book industry.



Daniel Desjardins  
Chair, Finance Committee



Daniel Desjardins

*I*n support of the AECB's three-year plan, BPIDP increased its contribution to the Association.

*T*he AECB still managed to distribute, through its programs, 93% of contributions from the two Federal Departments and from the Ontario Media Development Corporation.

*T*he AECB constantly strives to ensure contributions from and partnerships with public agencies are coordinated with the real-time needs of publishers.

## Executive Director



Suzanne Bossé

*I*ntegral to the AECB Business Plan was the establishment of two new programs.

The implementation of the first year of its Three-Year Business Plan brought challenges and resulted in a great success at the Association for the Export of Canadian Books (AECB) in 2002-2003. Consolidating its partnership with the Department of Canadian Heritage (DCH) and the Department of Foreign Affairs and International Trade (DFAIT), diversifying and increasing its revenues from sources other than DCH, the AECB was in a better position to provide enhanced information on foreign markets as well as financial, promotional, and logistical support to Canadian publishers involved on the international stage.

### YET AGAIN... MORE TARGETED FUNDING SUPPORT

Integral to the AECB Business Plan was the establishment of two new programs (the New Market Development Fund and the Export Expertise Development Fund), and revisions to existing programs (Export Marketing Assistance Program and Foreign Rights Marketing Assistance Program) to make them more efficient and flexible for publishers.

**New Market Development Fund (NMDF):** the AECB approved the allocation \$ 567,054 for projects submitted by 37 publishers undertaking an export market launch or testing new export market initiatives within their existing export market.

**Export Expertise Development Fund (EEDF):** 22 publishers benefited from this new program. The AECB approved the distribution of \$ 136,051 to publishers who commissioned consultants to conduct research tailored to their companies' specific export needs (e.g., market identification studies, development of a marketing plan for a foreign country or market segment within a foreign country).

**Export Marketing Assistance Program (EMAP):** this program remains crucial for Canadian publishers to sustain the promotion of their titles on the international stage. In fact, together with participation in international trade events, promotion costs represent the highest percentage of Canadian publishers' expense to expand their presence on foreign markets. A total budget of \$2,638,645 was approved for contributions to 128 publishers and three national trade associations (the Association of Canadian Publishers, the Association nationale des éditeurs de livres, and the Literary Press Group). The maximum contribution allocated under the program was \$45,400 .

**Foreign Rights Marketing Assistance Program:** The network of major international fairs and salons is the driving force for the development of Canadian book exports. A total of \$559,288 was distributed to 155 eligible publishers for their participation in international book fairs and export sales trips.

The AECB will continue to devote time and effort to ensure that its four funding programs respond to the needs of emerging and experienced exporters while remaining the most efficient.

### MORE TARGETED EXPORT EXPERTISE

The AECB was also pleased to offer more professional development and market research to its clientele this past year. Reflecting the growing sophistication of Canadian book exporters, a significant portion of the professional development and market research was geared towards more experienced exporters.



Following up on the topics identified last year by Canadian publishers through AECB consultations and seminars, the AECB conducted a seminar on "Exporting French-language Books to France", which was held in Montreal in September 2002. Some 30 publishers attended the seminar to hear from four professionals (a publishing consultant, distributor, sales rep and a bookseller) with long experience in the French market. Pursuing its series of seminars on the US market, the AECB conducted one on "The Essentials of Trade Book Marketing in the United States" in early 2003; 26 delegates from 19 firms attended the seminar in Vancouver and 26 delegates from 23 firms participated in the one in Toronto.

In addition to providing professional development, the AECB commissioned reports on the U.S. and the U.K. markets: selling Canadian children's books in the U.S.; selling Canadian academic books in the U.S.; the market for French-language books in the U.S.; case studies on marketing books in the U.S., and selling Canadian books in the U.K. Within two years, the AECB will have compiled 9 reports on the U.S. market, one on the U.K. market, and two on the French market, thereby contributing to the development and consolidation of Canadian publishers' export expertise.

#### MORE TARGETED PROMOTIONAL TOOLS

In addition to its *Rights Canada* catalogues (promoting rights sales of Canadian titles) and its *Books on Canada* catalogue (promoting Canadian Studies material to international academics and institutions), the AECB continued to be very active in providing enhanced visibility to Canadian publishers and their titles on the world stage.

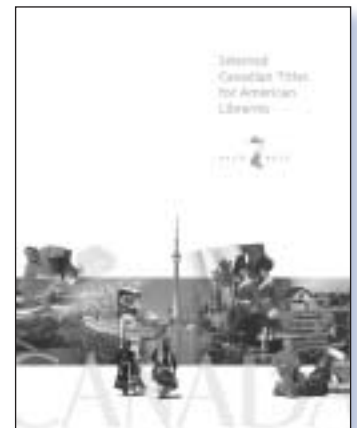
In preparation for the American Library Association (ALA) 2003 convention held in Toronto, the AECB produced two catalogues of Canadian titles (in English) targeted specifically to the U.S. library market: one featured children's books (listing 95 titles from 28 publishers), while the second catalogue featured Canadian adult titles (listing 183 titles from 42 publishers). The adult catalogue, which listed fiction and non fiction titles, was mailed to 4,100 acquisitions librarians while the children's catalogue was mailed to 3,950 children's librarians in U.S. public libraries.

Another major project was the overhaul of the AECB website, which was launched in May 2003, after two years of great efforts. Over 2,000 titles are now searchable and accessible to rights agents, acquisition librarians, and Canadianists around the world. The site also features listings of over 200 publishers with all relevant contact information including links to their Web sites. We have received very positive feedback on the revamping of our Web site from Canadian publishers and also from foreign visitors to the site.

AECB pilot project to raise the visibility of Canadian publishers, authors and titles by touring three book collections internationally was an unqualified success. With the enthusiastic participation of Canadian embassies and consulates, Canadian books have been seen by potential buyers at book fairs, libraries and schools around the world. This initiative is an excellent example of a successful partnership between the AECB, DFAIT, DCH, and Canadian embassies to attain a common objective: help Canadian exporters compete and succeed in international markets and, in more general terms, promote Canada's image abroad and promoting Canadian culture around the world.

Within two years, the AECB will have compiled 9 reports on the US market, one on the UK market, and two on the French market, thereby contributing to the development and consolidation of Canadian publishers' export expertise.

The Web site features listings of over 200 publishers with all relevant contact information including links to their Web sites.





The AECB continues to keep its ears open to the industry, developing and implementing activities and programs that have been identified by Canadian book exporters as a priority for the industry.

AECB catalogues and traveling displays continue to represent a low-cost and highly effective way of introducing Canadian publishers' titles to existing and new buyers on the international stage. Once again, we saw an increase in publishers' participation in the catalogues and received positive feedback on the effectiveness of the catalogues in reaching prospective buyers. The AECB continued to ensure that its mailing lists remain well targeted, and with the listing of all titles on our new, searchable, Web site, the AECB offered foreign buyers a direct access to individual publishers' Web sites.

### **EVEN MORE SUPPORT FOR CANADIAN PUBLISHERS**

While it was not possible for the AECB to coordinate a collective stand at the 2002 Guadalajara International Book Fair, the Association organized a Canada stand at four other major international book fairs: the Bologna Children's Book Fair, BookExpo America, the Frankfurt Book Fair, and the London Book Fair. In doing so, the AECB provided administrative, logistical and promotional support to Canadian publishers, before, during and after the fair.

With assistance from the Trade Routes program (DCH), the AECB coordinated a collective Canada stand at BookExpo America 2002 (New York, May 3-5) in addition to assisting all Canadian publishers participating in the BEA trade show by providing logistical and promotional support before and during the show. Trade Routes support enabled the AECB to reserve a great location for the Canada stand and to build a highly visible rights stand. A reception on the stand, organized with assistance from the Canadian Consulate in New York, was also greatly appreciated by Canadian publishers and U.S. and other foreign buyers and partners.

The Department of Foreign Affairs and International Trade also provided assistance to the AECB; a contribution of \$25,000 was allocated for enhancements to the Canada Stand at Frankfurt 2002, which enabled the AECB to add several new graphic elements to make the stand much more visible and to better identify Canadian exhibitors by name and booth number. Besides these improvements, the AECB's Web address figured prominently, and we displayed a computer demo of our revamped Web site during the fair.

During and after each fair, we received very positive comments on the organisation of the Canada stand, and overall smooth-running fairs. Participating publishers remained very pleased with the work of the AECB in providing logistical and promotional support before, during and after the fair. The directories of Canadian publishers at each fair continue to be well received by visitors to the Canada stand. Many visitors also make use of links to individual publishers' Web sites on AECB's site well before the fair.

### **YET ANOTHER SUCCESS STORY...**

Over the last twelve months, the AECB had the chance to consolidate its relationships with a number of partners (BPIDP/DCH, DFAIT and PEMD) and to create new ones (with the Ontario Media Development Corporation and Trade Routes/DCH among others). Such concerted and effective efforts resulted in both increased funding support to Canadian book exporters and in more value-added services to the industry. Thank you.

The industry knows it can continue to count on the AECB to respond to its needs on export-related matters. The AECB continues to keep its ears open to the industry, developing and implementing activities and programs that have been identified by Canadian book exporters as

a priority for the industry. Input and feedback from publishers and their national trade associations once again enabled the AECB to continue to identify issues and needs, priority markets, opportunities and difficulties. Thank you.

This great success story would not have been possible without the unfailing support, vision and commitment of the AECB Board of Directors. Thank you.

And last, but not least, I thank each and every staff member of the AECB. The last year has presented great challenges for all and the implementation of new programs and activities certainly required some adjustments. You met the challenge. Thank you for being such a great team.



Association staff: Daniel Bilodeau, Suzanne Bossé, Alexandra Berkin, Catherine Montgomery, Sheila Cormier, Wladimir Nguyen, Adam Becker

Suzanne Bossé  
Executive Director



## *Auditor's Report*

**LOGAN KATZ**

**Chartered Accountants**

**3 - 30 Concourse Gate Nepean, Ontario Canada K2E 7V7**

To the Directors of the Association for the Export of Canadian Books

We have audited the statement of financial position of the Association for the Export of Canadian Books (the "Association") as at March 31, 2003 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association. 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.

The Association expenses property and equipment. Canadian generally accepted accounting principles require that property and equipment be recorded at cost on the statement of financial position and amortized over their estimated useful lives. If the Association had recorded property and equipment as required, the statement of financial position, statement of operations and the statement of changes in net assets would be affected. We have not quantified the effects of this departure from Canadian generally accepted accounting principles as management does not want to change their previous accounting policy for property and equipment as disclosed in Note 1.

In our opinion, except for the effects of the failure to properly record property and equipment as described in the preceding paragraph, these financial statements present fairly, in all material aspects, the financial position of the Association as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Logan Katz

Chartered Accountants

Ottawa, Ontario

May 9, 2003

## 2002-2003 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2003

ASSETS	2003	2002
<b>CURRENT ASSETS</b>		
Cash	\$1,656,575	\$1,022,035
Accounts receivable	140,342	59,442
Government grants receivable	774,364	122,356
Goods and Services Tax receivable	15,221	6,333
Prepaid expenses (Note 4)	77,354	83,075
	<u>\$2,663,856</u>	<u>\$1,293,241</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$2,223,963	\$ 942,291
Revenue received in advance (Note 4)	13,801	103,061
	<u>2,237,764</u>	<u>1,045,352</u>
<b>NET ASSETS</b>		
Unrestricted	178,203	—
Internally restricted for contingencies	247,889	247,889
	<u>426,092</u>	<u>247,889</u>
	<u>\$2,663,856</u>	<u>\$1,293,241</u>

Economic capacity (Note 1)  
Commitments (Note 7)  
Contingent liability (Note 9)

ON BEHALF OF THE BOARD



Director



Director

### STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2003

	2003	2002 (Note 8)
<b>REVENUE</b>		
DCH (Note 3)	\$4,859,275	\$3,508,905
DFAIT	77,552	24,350
PEMD	67,589	74,871
OMDC	44,000	—
Publishers		
• Fairs	227,081	181,032
• Publications	78,672	67,741
• Workshops	7,413	8,836
In-kind revenue (Note 5)	57,850	69,987
Interest	14,315	20,547
Other	11,247	20,087
	<u>5,444,994</u>	<u>3,976,356</u>
<b>EXPENDITURES</b>		
Capital assets		
Property and equipment (Note 1)	23,945	10,251
Operations		
Rent (Note 7)	44,461	39,167
Board and annual report	56,434	35,861
Business plan	50,146	2,095
Travel	4,060	5,516
Office and general expenses	45,589	48,222
Professional fees and salaries	339,705	268,380
Good and Services Tax	10,507	11,471
	<u>550,902</u>	<u>410,712</u>
Programs		
Export marketing assistance (Note 2)	2,638,645	2,473,956
Foreign rights marketing assistance		
• Contributions to publishers	559,288	532,546
• Canada Stand	408,271	229,351
• Professional development travel subsidies	—	7,008
New market development	567,054	—
Export expertise development	136,051	—
Marketing support ("OMDC")	40,000	—
Publications and subscriptions (Note 5)	223,778	181,577
International market developments		
• Professional development and seminars	29,664	25,949
• Market research and development	67,647	112,589
Internet	31,338	909
	<u>4,701,736</u>	<u>3,563,885</u>
<b>TOTAL EXPENDITURES</b>	<u>5,276,583</u>	<u>3,984,848</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<u>168,411</u>	<u>(8,492)</u>
Other items		
International Publishing Partnership	—	(19,545)
Reduced (additional) FRMAP payments relating to previous years	9,792	(27,783)
<b>NET EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<u>\$ 178,203</u>	<u>\$ (55,820)</u>

See notes to financial statements

## 2002-2003 FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2003

	2003	2002
<b>UNRESTRICTED</b>		
Balance at beginning of year	\$ —	\$ —
Net excess of revenue over expenditures (expenditures over revenue) for the year	178,203	(55,820)
Transfer from Internally Restricted for Contingencies (Note 6)	—	55,820
<b>BALANCE AT END OF YEAR</b>	<b>\$ 178,203</b>	<b>\$ —</b>
<b>INTERNALLY RESTRICTED FOR CONTINGENCIES</b>		
Balance at beginning of year	\$ 247,889	\$ 303,709
Appropriation to Unrestricted Net Assets (Note 6)		(55,820)
<b>BALANCE AT END OF YEAR</b>	<b>\$ 247,889</b>	<b>\$ 247,889</b>

See notes to financial statements

### STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2003

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue)	\$ 178,203	\$ (55,820)
Change in non-cash operating working capital		
Accounts receivable	(80,900)	(46,720)
Government grants receivable	(652,008)	(53,836)
Goods and Services Tax receivable	(8,888)	1,999
Prepaid expenses	5,721	(39,790)
Accounts payable and accrued liabilities	1,281,672	135,231
Net revenue received in advance (recognized as revenue)	(89,260)	21,799
<b>INCREASE (DECREASE) IN CASH</b>	<b>634,540</b>	<b>(37,137)</b>
Cash at beginning of year	1,022,035	1,059,172
<b>CASH AT END OF YEAR</b>	<b>1,656,575</b>	<b>\$ 1,022,035</b>

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

#### GENERAL

The Association for the Export of Canadian Books (the "Association") was incorporated under the Canada Corporations Act on November 15, 1972 as a non-profit corporation without share capital to foster and facilitate the continued growth of export sales by Canadian publishers.

In 1985, the AECB agreed to administer the International Marketing Assistance component of the Department of Canadian Heritage's ("DCH") Book Publishing Industry Development Program (BPIDP). Funding is allocated by DCH for the delivery of financial assistance and added-value services to Canadian book publishers. The Export Marketing Assistance Program (EMAP), the Foreign Rights Marketing

Assistance Program (FRMAP), the New Market Development Fund (NMDF), and the Export Expertise Development Fund (EEDF) are the four programs to which Canadian publishers can apply for funding of their international marketing activities.

Ad hoc contributions from the Department of Foreign Affairs and International Trade ("DFAIT"), and revenue received from publishers participating in AECB initiatives provide additional revenues for the AECB to deliver enhanced support to the industry: coordination of the Canada stand at international book fairs; promotion of Canadian titles through AECB catalogues, travelling book displays, and Web site; preparation and distribution of market reports to the industry; and conducting seminars on foreign markets.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Economic Capacity*

DCH allocates a contribution to the Association on an annual basis for the delivery of BPIDP funding assistance to individual publishing companies and to assist the AECB in providing value-added services to the industry. Should DCH terminate or not renew its contribution to the AECB, the Association would need to re-examine its priorities, risk of financial viability, and to identify new resource generation in order to pursue its delivery of value-added services currently provided to the industry. The current agreement expired March 31, 2003. DCH has indicated that it intends to renew the agreement for the 2004 fiscal year.

##### *Property and Equipment*

The Association expenses property and equipment in the year of acquisition.

##### *Use of Estimates*

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires the Association to make estimates and assumptions that affect the reported amounts of assets and liabilities as at March 31, 2003 and the revenues and expenses for the year then ended. Actual results may differ from these estimates.

##### *Revenue Recognition*

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

##### *Gifts In-kind and Expenditures*

Contribution amounts for gifts in-kind are estimated at fair market value at time of contribution and an offsetting in-kind expenditure is recorded in publications and subscriptions.

##### *Financial Instruments*

The Association's financial instruments consist of cash, accounts receivable, government grants receivable, Goods and Services Tax receivable, and accounts payable and accrued liabilities. The carrying amount of these financial instruments approximates their fair value due to their

short term maturity or capacity of prompt liquidation. It is management's opinion that the Association is not exposed to significant interest or credit risks.

The Association has available a \$350,000 credit facility with a chartered bank.

## 2. EXPORT MARKETING ASSISTANCE RECLAIMED

Assistance to Canadian publishers is given on a cost-sharing basis. Publishers are awarded varying amounts of assistance up to a maximum of \$45,400. An initial advance is made and a portion is held back pending a final report. Upon approval of the report, all or part of the hold-back is paid, or if the final project expenses are less than the initial advance, the difference is to be returned to the Association. The amount of reduced holdback payments and refunds become export marketing assistance reclaimed and is offset against current year assistance. The amount of export marketing assistance reclaimed is nil (2002 - \$22,382).

## 3. MEMORANDUM OF AGREEMENT

Under the terms of the Memorandum of Agreement between the DCH and the Association, if upon fulfillment of the terms and conditions of the agreement, the Association has been paid an amount that in the opinion of the Minister exceeds the value of the activity performed, the Association shall refund the excess upon demand by the Minister.

## 4. PREPAID EXPENSES AND REVENUE RECEIVED IN ADVANCE

These are funds paid out or received prior to the year end, which pertain to fiscal 2003-2004 activities and programs.

## 5. IN-KIND REVENUE

During the year, the Association received in-kind contributions in the form of book display kits from various publishers with an aggregate estimated fair value of \$57,850. The offsetting expenditure is included in publications and subscriptions.

In the previous year, the in-kind revenue and offsetting expenditure totalling \$69,987 were not presented in the financial statements. The in-kind revenue and offsetting expenditure of \$69,987 for the year ended March 31, 2002 have been recorded retroactively.

## 6. APPROPRIATION

The Board approved an appropriation of \$NIL (2002 - \$55,820) from the Internally Restricted for Contingencies Fund to the Unrestricted Fund to meet the needs of the Association as required.

## 7. COMMITMENTS

The Association has a lease commitment for office premises which expires November 30, 2008, as well as various equipment under operating leases. Future payments over the course of the next five fiscal years are approximately as follows:

	Premises	Equipment
2004	\$ 64,550	\$ 9,406
2005	64,550	4,336
2006	64,550	2,646
2007	64,550	1,985
2008	64,550	—

## 8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 9. CONTINGENT LIABILITY

Subsequent to the year end, further to a federal government audit of the Book Publishing Industry Development Program (BPIDP), it has been proposed that the Association reimburse the estimated interest earned on the cash flow of its funding for the 1999-00 to 2001-02 fiscal years. The Association's management intends on negotiating the principle and the amount of the reimbursement before a final settlement is determined.

Accordingly, the amount of such a liability, if any, as well as the outcome of the reimbursement are not determinable. Any repayment resulting from this will be recorded in the fiscal year during which the repayment amount is determined.

**BOARD OF DIRECTORS**

2002-2003

**Board Members**

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<b>Financial Officer and Office Manager</b>	Daniel Bilodeau
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