

**RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND**

**UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2012**

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REVIEW ENGAGEMENT REPORT

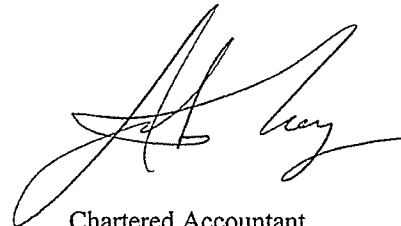
To the Members:

We have reviewed the balance sheet of Resource Centre for the Arts - Hall Operations Fund as at August 31, 2012 and the statements of operations and cash flows for the year then ended. Our review was made in accordance with Canadian accounting standards for not-for-profit organizations for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by management.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland
December 14, 2012



Chartered Accountant

**RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND**

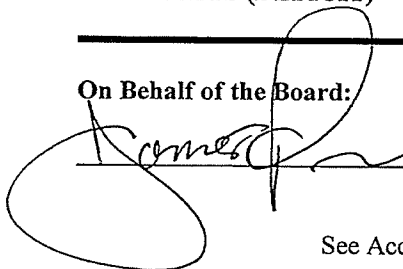
**BALANCE SHEET
(Unaudited)
AS AT AUGUST 31, 2012**

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 49,319	\$ 31,701
Cash - Capital Construction Project	8,200	561
Prepaid expenses	4,950	9,394
Accounts receivable	5,710	11,617
Inventory	1,985	2,332
	70,164	55,605
Capital assets (note 2)	1,880,722	2,002,578
	\$ 1,950,886	\$ 2,058,183

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	\$ 37,884	\$ 23,766
HST payable	1,221	2,420
Due to Theatre Fund (note 4)	11,451	14,142
Deferred revenue (note 3)	40,313	24,978
	90,869	65,306
Deferred contribution		
- Capital Construction Project (note 6)	1,863,812	1,985,574
	1,954,681	2,050,880
NET ASSETS (DEFICIT)	(3,795)	7,303
	\$ 1,950,886	\$ 2,058,183

On Behalf of the Board:





See Accompanying Notes to Unaudited Financial Statements

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF OPERATIONS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2012

	2012	2011
REVENUES		
Grants and Sponsorships (note 5)	\$ 195,160	\$ 210,025
Deferred Contributions – Capital Project (note 6)	121,762	137,740
Rental Revenue	79,086	59,259
Bar Revenue	23,503	24,037
In-kind Contributions	21,808	-
Fundraising, Donations and Memberships	15,531	30,166
Building Repair Fund	10,945	11,452
Programming Revenue	8,114	17,472
HRLE Contribution	6,365	-
Theatre Contribution (note 4)	6,300	6,300
Ticket Surcharge	2,695	2,962
Other Revenue	2,332	100
Offsite Box Office	1,195	1,257
	494,796	500,770
EXPENSES		
Salaries, benefits and independent contractors	234,283	228,396
Amortization	121,857	137,875
Advertising and promotion	26,825	8,902
Utilities and telephone	26,040	25,010
Programming expenses	23,181	26,544
Repairs and maintenance	22,279	19,230
Insurance	17,121	16,535
Professional fees	13,934	13,879
Bar operating	10,969	14,365
Bank charges and interest	3,454	4,344
Office supplies and postage	3,020	4,208
Fundraising	1,550	4,666
Municipal taxes	1,072	1,091
Equipment	309	1,413
Miscellaneous	-	2,097
	505,894	508,555
Excess of expenses over revenues	(11,098)	(7,785)
Loss on disposal of capital assets	-	-
	(11,098)	(7,785)
Net assets, beginning of year	7,303	15,088
NET ASSETS (DEFECIT), END OF YEAR	\$ (3,795)	\$ 7,303

See Accompanying Notes to Unaudited Financial Statements

**RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND**

STATEMENT OF CASH FLOWS
(Unaudited)
FOR THE YEAR ENDED AUGUST 31, 2012

	2012	2011
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ (11,098)	\$ (7,785)
Items not affecting cash:		
Amortization of capital assets	121,857	137,875
Amortization of deferred contribution – capital project	(121,762)	(137,740)
Changes in non-cash working capital	38,946	(42,105)
Cash from (provided for) operating activities	27,943	(49,755)
INVESTING ACTIVITIES:		
Cash from (provided for) investing activities	-	-
FINANCING ACTIVITIES:		
Advances from (to) Theatre Fund	(2,691)	10,082
Deferred contributions – capital project	-	-
Cash from (provided by) financing activities	(2,691)	10,082
Net increase (decrease) in cash	25,252	(39,673)
Cash, beginning of year	32,262	71,935
CASH, END OF YEAR	\$ 57,514	\$ 32,262
Cash, end of year consists of:		
Cash	\$ 49,314	\$ 31,701
Cash – Capital Construction Project	8,200	561
	\$ 57,514	\$ 32,262

See Accompanying Notes to Unaudited Financial Statements

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2012

General

The fund is one of two funds that constitute the Resource Centre for the Arts. The organization operates as a charity and, as such, maintains that status for income tax purposes. The organization's mission is to develop, promote and present indigenous Newfoundland and Labrador art and artists.

1. Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, the most significant of which are as follows:

Capital Assets and Amortization:

Capital assets are recorded at cost. Effective for the year ended August 31, 1999, the fund started to amortize its assets using the following methods of amortization set out below:

Building	4% declining balance
Building soft costs	4% declining balance
Equipment	20% declining balance
Software	20% declining balance
Seating	20% declining balance
Computer	30% declining balance

Revenue Recognition:

Resource Centre for the Arts – Hall Operations Fund follows the deferral method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions relating to the capital construction project have been deferred and will be recognized on the same basis as the related capital assets are amortized.

Donations are recognized on a cash basis.

Rental revenue is recognized as revenue when earned.

Interest income is recognized as revenue on an accrual basis.

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) For the Year Ended August 31, 2012

2. Capital Assets:

	2012			2011
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,036,166	\$ 638,321	\$ 1,397,845	\$ 1,456,089
Equipment	311,401	132,034	179,367	224,209
Building – soft costs	297,061	28,765	268,296	279,475
Seating	48,350	20,500	27,850	34,812
Computer	3,851	3,630	221	315
Software	3,720	1,577	2,143	2,678
Land	5,000	-	5,000	5,000
	<u>\$ 2,705,549</u>	<u>\$ 824,827</u>	<u>\$ 1,880,722</u>	<u>\$ 2,002,578</u>

3. Deferred Revenue:

Deferred revenue consists of grant revenue which had not been earned by year end due to either the grant funds not having been used by year end or the grant which was issued for a stated period, had not expired by year end.

4. Related Party Transactions:

During the year Resource Centre for the Arts - Hall Operations Fund received rent and salary contribution of \$12,665 (2011 - \$18,436) from the Theatre Fund. They also received \$25,859 (2011 - \$18,600) for theatre rental.

As at August 31, 2012 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$11,451 (2011 – \$14,142). The amount due to Resource Centre for the Arts – Theatre Fund is non-interest bearing and has no fixed terms of repayment.

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2012

5. Grants and Sponsorships:

Grant and sponsorship revenue for the year consists of the following:

	<u>2012</u>	<u>2011</u>
Cultural Economic Development Program	\$ 100,000	85,416
City of St. John's	50,000	50,000
Department of Canadian Heritage	17,457	21,500
Human Resources, Labour and Employment	8,203	6,011
Cox and Palmer	5,000	5,000
Vale	5,000	-
Redpoll Foundation	5,000	-
Royal Bank of Canada	4,500	-
Molson	1,700	1,716
Department of Innovation, Trade and Rural Development	-	30,382
Telus	-	10,000
	<u>\$ 196,860</u>	<u>\$ 210,025</u>

6. Capital Project Funding:

Resource Centre for the Arts received \$2,210,652 from the following organizations to support the capital renovation project for the LSPU Hall:

City of St. John's	\$ 621,045
Department of Canadian Heritage	609,255
Government of Newfoundland and Labrador	603,000
Atlantic Canada Opportunities Agency	302,056
Government of Newfoundland and Labrador – INTRD	47,696
Department of Canadian Heritage – Equipment Funding	<u>27,600</u>
	<u>\$ 2,210,652</u>

This amount has been recorded as deferred contribution – capital construction project and is being recognized on the same basis as the related capital assets are being amortized.

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 1,985,574	\$ 2,123,314
Less: amortization of deferred contributions	<u>(121,762)</u>	<u>(137,740)</u>
Balance, end of year	<u>\$ 1,863,812</u>	<u>\$ 1,985,574</u>

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NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2012

7. Comparative Amounts:

Certain of the comparative amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

8. In-Kind Contributions:

In-kind contributions were received from E.C Boone in the amount of \$20,108 and from Molson in the amount of \$1,700. These amounts were recorded as in-kind revenue and publicity and bar operating expenses respectively.