FINANCIAL STATEMENTS
For The Year Ended August 31, 2014

JOHN F. MORGAN

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INDEPENDENT AUDITOR'S REPORT

To the Members:

We have audited the accompanying financial statements of Resource Centre for the Arts – Theatre Fund, which comprise the balance sheet as at August 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Resource Centre for the Arts – Theatre Fund as at August 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland December 3, 2014

Chartered Accountant

BALANCE SHEET AS AT AUGUST 31, 2014

		2014	··	2013	·
ASSETS					
CURRENT					
Cash	\$	78,756	\$	55,781	
Accounts receivable	4	15,078	Ψ	16,190	
Amounts receivable from Hall Operations Fund		-		5,000	
Due from Hall Operations Fund (note 5)		17,798		12,263	
Prepaid expenses		1,289		968	
HST recoverable		-,		469	
		112,921		90,671	
Capital assets (note 2)		23		33	
	\$	112,944		\$90,704	
LIABILITIES AND N	ET ASSETS			and the second s	**************************************
CURRENT					
Accounts payable and accrued liabilities	\$	5,570	\$	9,436	
Deferred revenue (note 3)	•	91,100	•	40,000	
HST payable		1,326			
		97,996		49,436	
NET ASSETS (DEFICIT)		14,948		41,268	
	\$	112,944	\$	90,704	

On behalf of the Board:

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STATEMENT OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2014

		2014		2013
REVENUES			•	
Program grants (note 4)	\$	156,000	\$	160,300
Sponsors (note 7)	•	37,500	•	42,500
Box office		29,104		42,108
In-kind contributions (note 6)		11,419		24,975
Donations		1,500		1,500
Miscellaneous revenue		30		_
Fundraising		_		865
		235,553		272,248
EXPENSES				
Salaries and benefits		123,845		110,779
Mainstage		78,750		87,579
Promotion		13,694		32,251
Travel and transportation		12,342		4,987
Contribution to Hall Operations (note 5)		8,000		6,300
Office rent		6,322		5,470
Royalties		4,882		3,527
Professional fees		3,625		3,951
Administration		3,398		3,311
Telephone		3,392		3,362
Fees and dues		1,618		1,305
Office supplies		957		1,536
Interest and bank charges		592		543
Fundraising		400		-
Actor's equity		46		-
Amortization		10		14
		261,873		264,915
Excess of expenses over revenues		(26,320)		7,333
Net assets, beginning of year		41,268		33,935
Net assets, end of year	\$	14,948	\$	41,268

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2014

	 2014	 2013
Operating activities:		
Excess of revenue over expenses (expenses over revenues) Items not affecting cash:	\$ (26,320)	\$ 7,333
Amortization of capital assets	10	14
Net change in non-cash working capital balances	54,820	(56,463)
Cash from (provided for) operating activities	 28,510	(49,116)
Financing Activities:		
Advances from (to) Hall Operations Fund	(5,535)	(812)
Increase (decrease) in cash	 22,975	(49,928)
Cash, beginning of year	55,781	105,709
CASH, END OF YEAR	\$ 78,756	\$ 55,781

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2014

General

The fund is one of two funds that constitute the Resource Centre for the Arts. The organization operates as a not for profit organization 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. Summary of Significant Accounting Policies:

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

Basis of Accounting:

The fund uses the accrual basis of accounting to account for all revenues and expenditures with the exception of donations which are recorded as received.

Capital Assets and Amortization:

Capital assets are recorded at cost. Computer equipment is amortized on a declining balance basis over the assets estimated useful life at a rate of 30%.

Revenue Recognition:

Resource Centre for the Arts – Theatre 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.

Donations are recognized on a cash basis.

Box office revenue is recognized when earned.

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2014

2. Capital Assets:

		2014		2013
	Cost	Accumulated Amortization	Net	Net
Computer Equipment	\$ 2,250	\$2,227_	<u>\$ 23</u>	<u>\$ 33</u>

3. Deferred Revenue:

Deferred revenue consists of grant revenue received during the year but which had not been used by year end or the grant was issued for a stated period and had not expired by year end.

Deferred revenue at August 31, 2014 consists of the following:

	2014	<u>2013</u>
Newfoundland and Labrador Arts Council	22,000	22,500
Exxon Mobil	17,500	17,500
Canada Council	51,600	
	\$ 91,100	\$ 40,000

4. Grant Revenue:

Grant revenue for the year consists of the following:

	2014	
Canada Council Newfoundland and Labrador Arts Council City of St. John's	\$ 103,20 45,00 7,80 \$ 156,00	0 45,000 0 7,800

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2014

5. Related Party Transactions:

During the year, the Resource Centre for the Arts - Theatre Fund paid the following amounts to Resource Centre for the Arts - Hall Operations Fund:

		<u>4</u> <u>2013</u>	
Theatre Rental – LSPU Hall Salary contribution Office Rental	10	5,357 \$ 12,473 0,000 7,100 8,000 6,300	
	\$ 23	<u>\$,357</u> <u>\$ 25,873</u>	=

As at August 31, 2014, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$17,798 (2013 - \$12,263).

6. In-Kind Contributions:

In-kind contributions were received from E.C. Boone Ltd. in the amount of \$8,363 and from NL Power in the amount of \$3,056. These amounts were recorded as in-kind revenue and promotion.

7. Sponsors:

	 2014		2013		
Exxon Mobil	\$ 17,500	\$	17,500		
Nalcor Energy	5,000		10,000		
Vale	10,000		10,000		
Small Holdings	 5,000		5,000		
	\$ 37,500	\$	42,500		

8. Contingencies:

On January 7, 2012, Resource Centre for the Arts – Theatre Fund (RCAT) entered into an agreement with Theatre Passe Muraille (TPM). Part VIII of said contract stated "RCAT agrees to negotiate on behalf of both companies a shared 1.5% of future next box office on productions that are not part of a TPM/RCAT tour or presentation." Since entering into this contract, several productions have taken place which was not part of a TPM/RCAT tour or presentation. TPM has collected 1.5% of those box office revenues but have not paid RCAT their portion of those revenues. As at August 31, 2014, RCAT has recorded a receivable of \$1,733 from TPM and agreed to allow TPM to retain the amount collected by TPM on the Toronto production of the show. Subsequent to the year end, the funds were received by RCAT.