

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

UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2009

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REVIEW ENGAGEMENT REPORT

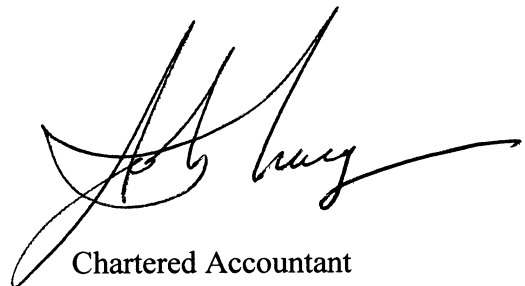
To the Members:

We have reviewed the balance sheet of Resource Centre for the Arts - Hall Operations Fund as at August 31, 2009 and the statements of revenue and expenses, accumulated surplus and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards 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 generally accepted accounting principles.

St. John's, Newfoundland
November 16, 2009



Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

BALANCE SHEET (Unaudited) AS AT AUGUST 31, 2009

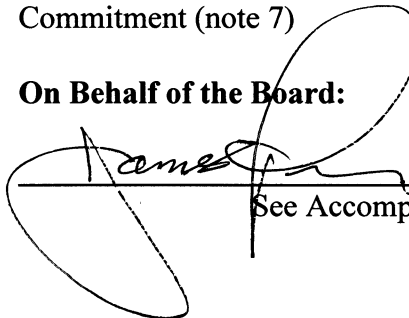
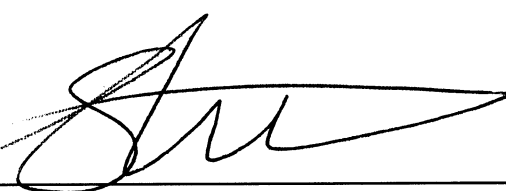
	2009	2008
ASSETS		
CURRENT		
Cash	\$ 16,369	\$ 27,003
Cash - Capital Construction Project (note 6)	50,818	488,040
HST recoverable	49,901	-
Prepaid expenses	2,400	-
Accounts receivable	-	5,040
Due from Gallery Fund	-	65
	119,488	520,148
Capital construction project (note 6)	718,808	27,731
Capital assets (note 2)	14,293	16,731
	\$ 852,589	\$ 564,610

LIABILITIES AND OPERATING DEFICIT

CURRENT		
Accounts payable and accrued liabilities	\$ 12,782	\$ 15,242
Due to Theatre Fund (note 4)	2,639	26,287
HST payable	-	1,134
Deferred revenue (note 3)	6,250	6,250
	21,671	48,913
Equity Contribution (note 6)	825,230	500,000
ACCUMULATED SURPLUS (DEFICIT)	5,688	15,697
	830,918	515,697
	\$ 852,589	\$ 564,610

Commitment (note 7)

On Behalf of the Board:

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF REVENUES, EXPENSES AND ACCUMULATED SURPLUS

(Unaudited)

FOR THE YEAR ENDED AUGUST 31, 2009

	2009	2008
REVENUES		
Grants and sponsorships (note 5)	\$ 87,498	\$ 94,771
Theatre Contribution (note 4)	13,083	21,000
Fundraising, donations and memberships	6,746	19,256
Other revenue	149	856
Rental Revenue	-	54,927
Bar Revenue	-	21,710
Interest income	-	16,318
Building Repair Fund	-	10,112
Capital Projects	-	2,000
Gallery Contribution	-	2,000
	107,476	242,950
EXPENSES		
Salaries, benefits and independent contractors	58,974	115,684
Accounting fees	13,653	13,575
Utilities and telephone	10,449	16,667
Insurance	9,023	8,349
A1C Gallery contribution (note 7)	7,000	-
Office supplies and postage	3,759	4,569
Municipal taxes	2,948	2,285
Bank charges and interest	2,800	7,380
Advertising and promotion	2,624	1,988
Amortization	2,438	3,097
Miscellaneous	2,276	1,267
Repairs and maintenance	954	3,415
Fundraising	316	705
Bar operating	271	10,219
Equipment	-	1,620
Security	-	450
	117,485	191,270
Excess of expenses over revenues	(10,009)	51,680
Accumulated surplus (deficit), beginning of year	15,697	(35,983)
ACCUMULATED SURPLUS, END OF YEAR	\$ 5,688	\$ 15,697
Commitment (note 7)		

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF CASH FLOWS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2009

	2009	2008
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ (10,009)	\$ 51,680
Items not affecting cash:		
Amortization of capital assets	2,438	3,097
Changes in non-cash working capital	(50,855)	(41,987)
Cash from (provided for) operating activities	(58,426)	12,790
INVESTING ACTIVITIES:		
Investment - GIC	-	477,173
Capital construction project	(691,077)	(7,044)
Cash from (provided for) investing activities	(691,077)	470,129
FINANCING ACTIVITIES:		
Advances from (to) Gallery Fund	65	1,522
Advances from (to) Theatre Fund	(23,648)	25,093
Advances from Director	-	(300)
Equity contribution	325,230	-
Cash from (provided by) financing activities	301,647	26,315
Net increase (decrease) in cash	(447,856)	509,234
Cash, beginning of year	515,043	5,809
CASH, END OF YEAR	\$ 67,187	\$ 515,043

Cash, end of year consists of:

Cash	\$ 16,369	\$ 27,003
Cash – Capital Construction Project	50,818	488,040
	\$ 67,187	\$ 515,043

Commitment (note 7)

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2009

General

The fund is one of three 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 generally accepted accounting principles, 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:

Equipment	20% declining balance
Computer	30% declining balance

The Resource Centre for the Arts owns a building at 3 Victoria Street, St. John's Newfoundland which has been fully depreciated.

Capital Construction Project:

The building which the Resource Centre for the Arts occupies is undergoing renovations. All costs incurred to date relating to these renovations have been capitalized. The funds received for these renovations have been segregated and are not available for current use.

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.

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, 2009

2. Capital Assets:

	2009			2008
	Cost	Accumulated Amortization	Net	Net
Equipment	\$ 134,271	\$ 125,621	\$ 8,650	\$ 10,812
Computer	3,851	3,208	643	919
Land	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 143,122</u>	<u>\$ 128,829</u>	<u>\$ 14,293</u>	<u>\$ 16,731</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 \$13,083 from the Theatre Fund.

As at August 31, 2009 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$2,639 (2008 - \$26,287). This amount 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, 2009

5. Grants and Sponsorships:

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

	<u>2009</u>	<u>2008</u>
Cultural Economic Development Program	\$ 75,000	66,218
City of St. John's	5,000	3,800
Human Resources and Employment	4,998	3,332
Royal Bank of Canada	2,500	5,000
Human Resources Development Canada - JCP	-	11,421
Molson	-	5,000
	<u>\$ 87,498</u>	<u>\$ 94,771</u>

6. Capital Project Funding:

As at August 31, 2009 the Resource Centre for the Arts received the following funds to support the capital renovation project for the LSPU Hall.

Government of Newfoundland and Labrador	\$ 500,000
City of St. John's	155,807
ACOA	100,702
Department of Canadian Heritage	68,456
Fundraising	<u>265</u>
	<u>\$ 825,230</u>

The Resource Centre for the Arts has a contribution agreement for a total of \$500,000 from the Department of Canadian Heritage and a total of \$500,000 from the City of St. John's.

The total contract price plus approved change orders is \$1,450,257. As at August 31, 2009 approximately \$514,816 of the \$1,450,257 contract amount was completed, as certified by the project architects, with an estimated \$986,922 payable under future contracts.

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2009

6. Capital Project Funding (Continued):

STATEMENT OF CAPITAL PROJECT RECEIPTS AND DISBURSEMENTS

(Unaudited)

FOR THE YEAR ENDED AUGUST 31, 2009

	2009	2008
Capital Receipts		
City of St. John's	\$ 155,807	\$ -
ACOA	100,702	-
Department of Canadian Heritage	68,456	-
Fundraising	265	-
Government of Newfoundland and Labrador	-	500,000
	325,230	500,000
Operating Receipts		
HST recovered	35,121	-
Interest income	-	30,587
O'Neill Foundation	-	2,000
	35,121	32,587
Total Receipts	\$ 360,351	\$ 532,587
Capital Disbursements		
Hall renovations	623,311	20,687
Salaries and benefits	25,001	5,430
Storage	20,700	-
Equipment	18,589	1,614
Office rent	8,100	-
Project manager	6,000	-
Moving expenses	3,694	-
Insurance proceeds	(14,318)	-
	691,077	27,731
Prepaid Capital Disbursements		
Storage	1,725	-
Rent	675	-
	2,400	-
Operating Disbursements		
HST	87,825	3,106
Hall operations	16,000	13,486
Bank and cheque order charges	271	224
	104,096	16,816
Total Disbursements	\$ 797,573	\$ 44,547
Excess of disbursements over receipts	(437,222)	488,040
Accumulated surplus, beginning of year	488,040	-
Accumulated surplus, end of year	\$ 50,818	\$ 488,040

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NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2009

7. Commitment:

On June 13, 2008 Gallery Fund incorporated its own entity, A1C Gallery Inc., and ceased operations under the Resource Centre for the Arts. The bank account for Gallery Fund was closed on August 18, 2008 and the balance was recorded as a contribution to A1C Gallery Inc. As part of the separation agreement, Resource Centre for the Arts agreed to provide a \$7,000 payment during the 2008/2009 fiscal year and a \$6,000 payment during 2009/2010 fiscal year. The \$7,000 amount was paid during the year. The agreement stated that all contractual obligations or incurred debt of the Gallery Fund would be the responsibility of the new organization. Any outstanding obligations of the Gallery Fund will be settled prior to the release of the funds from the Resource Centre for the Arts. The Resource Centre for the Arts has also agreed to provide \$22,000 for equipment purchases provided funding to the Resource Centre for the Arts becomes available.

8. Donation:

The Resource Centre for the Arts received approximately 1,000 St. John's Water Street cobblestones valued at \$15.00 each by an independent appraiser. The value of the contribution and the cobblestones has not been included in these financial statements.