

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

**UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2015**

JOHN F. MORGAN

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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, 2015 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
November 27, 2015



Chartered Professional Accountant,
Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

BALANCE SHEET (Unaudited) AS AT AUGUST 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Cash	\$ 115,093	\$ 52,731
Cash - Capital	2,438	2,089
Prepaid expenses	2,009	2,749
Accounts receivable	9,135	9,845
Inventory	867	896
HST recoverable	3,771	-
	<u>133,313</u>	<u>68,310</u>
Capital assets (note 2)	1,591,716	1,674,614
	<u>\$ 1,725,029</u>	<u>\$ 1,742,924</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 15,234	\$ 9,618
Employee deductions payable	4,102	3,003
HST payable	-	741
Due to Theatre Fund (note 4)	14,076	17,998
Deferred revenue (note 3)	112,494	48,793
	<u>145,906</u>	<u>80,153</u>
Deferred contribution		
- Capital Construction Project (note 6)	1,568,859	1,657,704
	<u>1,714,765</u>	<u>1,737,857</u>
NET ASSETS (DEFICIT)	<u>10,264</u>	<u>5,067</u>
	<u>\$ 1,725,029</u>	<u>\$ 1,742,924</u>

On Behalf of the Board:

dstapleton chair

Marlene Cahill

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Professional Accountant, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF OPERATIONS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUES		
Grants and Sponsorships (note 5)	\$ 213,146	\$ 203,340
Deferred Contributions – Capital Project (note 6)	88,845	97,524
Rental Revenue	82,226	86,262
Bar Revenue	25,640	30,374
Fundraising, Donations and Memberships	13,492	21,471
Building Repair Fund	10,329	15,247
Ticket Surcharge	11,973	13,851
Theatre Contribution (note 4)	8,600	8,000
Programming Revenue	10,345	7,695
In-kind Contributions (note 8)	6,457	1,748
Other Revenue	362	479
	<u>471,415</u>	<u>485,991</u>
EXPENSES		
Salaries, benefits and independent contractors	219,921	232,397
Amortization	88,845	97,523
Utilities and telephone	29,653	25,349
Programming expenses	22,289	22,330
Professional fees	21,910	14,536
Advertising and promotion	21,215	5,582
Bar operating	15,460	15,778
Repairs and maintenance	14,296	16,140
Insurance	13,119	17,650
Capital maintenance	5,409	13,924
Service charges and interest	3,786	3,982
Office supplies and postage	3,570	5,297
Miscellaneous	2,892	1,488
Fundraising	2,362	1,154
Municipal taxes	760	783
Equipment	731	1,928
Bad debt expense	-	583
	<u>466,218</u>	<u>476,424</u>
Excess of expenses over revenues	5,197	9,567
Net assets, beginning of year	5,067	(4,500)
NET ASSETS (DEFECIT), END OF YEAR	\$ 10,264	\$ 5,067

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RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF CASH FLOWS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ 5,197	\$ 9,567
Items not affecting cash:		
Amortization of capital assets	88,845	97,524
Amortization of deferred contribution – capital project	(88,845)	(97,523)
Changes in non-cash working capital	67,384	(29,832)
Cash from (provided for) operating activities	72,581	(20,264)
INVESTING ACTIVITIES:		
Purchase of capital assets	(5,948)	-
Cash from (provided for) investing activities	(5,948)	-
FINANCING ACTIVITIES:		
Advances from (to) Theatre Fund	(3,922)	5,735
Cash from (provided by) financing activities	(3,922)	5,735
Net increase (decrease) in cash	62,711	(14,529)
Cash, beginning of year	54,820	69,349
CASH, END OF YEAR	\$ 117,531	\$ 54,820
Cash, end of year consists of:		
Cash	\$ 115,093	\$ 52,731
Cash – Capital	2,438	2,089
	\$ 117,531	\$ 54,820

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RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2015

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, 2015

2. Capital Assets:

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Building	\$ 2,036,166	\$ 799,442	\$ 1,236,724	\$ 1,288,254
Equipment	316,881	220,113	96,768	114,795
Building – soft costs	297,061	59,690	237,371	247,262
Seating	48,350	34,091	14,259	17,824
Computer	3,851	3,775	76	108
Software	4,188	2,670	1,518	1,371
Land	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 2,711,497</u>	<u>\$ 1,119,781</u>	<u>\$ 1,591,716</u>	<u>\$ 1,674,614</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 the following amounts from Resource Centre for the Arts – Theatre Fund:

	<u>2015</u>	<u>2014</u>
Theatre Rental – LSPU Hall	\$ 10,386	\$ 5,357
Salary contribution	7,000	10,000
Office Rental	<u>8,600</u>	<u>8,000</u>
	<u>\$ 25,986</u>	<u>\$ 23,357</u>

As at August 31, 2015 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$14,076 (2014 – \$17,998).

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2015

5. Grants and Sponsorships:

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

	<u>2015</u>	<u>2014</u>
Cultural Economic Development Program	\$ 100,000	100,000
City of St. John's	50,000	50,000
Department of Canadian Heritage	25,000	21,000
ACOA	13,212	-
Government of Newfoundland and Labrador	11,184	-
Cox and Palmer	5,000	5,000
Vale	5,000	5,000
AW Harvey	2,500	-
Atlantic Lottery	1,250	-
Exxon Mobil	-	12,500
Nalcor	-	5,000
Redpoll Foundation	-	4,840
	<u>\$ 213,146</u>	<u>\$ 203,340</u>

6. Capital Project Funding:

In 2009, 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	27,600
	<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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,657,704	\$ 1,755,228
Less: amortization of deferred contributions	(88,845)	(97,524)
Balance, end of year	<u>\$ 1,568,859</u>	<u>\$ 1,657,704</u>

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2015

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 Molson in the amount of \$1,457 (2014 – \$1,748) and from Cox & Palmer in the amount of \$5,000 (2014 – nil). The amount from Molson was recorded as in-kind revenue and bar operating expenses. The amount from Cox & Palmer was recorded as in-kind revenue and legal expenses.