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

**UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2013**

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, 2013 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 22, 2013



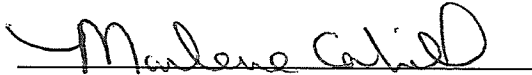
Chartered Accountant

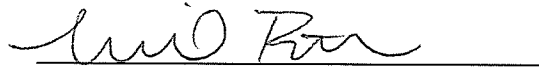
RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

BALANCE SHEET (Unaudited) AS AT AUGUST 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 57,834	\$ 49,319
Cash - Capital Construction Project	11,512	8,200
Prepaid expenses	454	4,950
Accounts receivable	5,000	5,710
Inventory	690	1,985
	75,490	70,164
Capital assets (note 2)	1,772,138	1,880,722
	\$ 1,847,628	\$ 1,950,886
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,764	\$ 37,884
Amount payable to Theatre Fund (note 4)	5,000	-
HST payable	2,113	1,221
Due to Theatre Fund (note 4)	12,263	11,451
Deferred revenue (note 3)	63,760	40,313
	96,900	90,869
Deferred contribution		
- Capital Construction Project (note 6)	1,755,228	1,863,812
	1,852,128	1,954,681
NET ASSETS (DEFICIT)	(4,500)	(3,795)
	\$ 1,847,628	\$ 1,950,886

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, 2013

	2013	2012
REVENUES		
Grants and Sponsorships (note 5)	\$ 222,000	\$ 195,160
Deferred Contributions – Capital Project (note 6)	108,584	121,762
Rental Revenue	75,301	79,086
Bar Revenue	28,452	23,503
Fundraising, Donations and Memberships	22,867	15,531
Building Repair Fund	13,289	10,945
Ticket Surcharge	8,914	2,695
Programming Revenue	8,183	8,114
Theatre Contribution (note 4)	6,300	6,300
In-kind Contributions	2,376	21,808
Offsite Box Office	560	1,195
Other Revenue	80	2,332
HRLE Contribution	-	6,365
	496,906	494,796
EXPENSES		
Salaries, benefits and independent contractors	248,407	234,283
Amortization	108,584	121,857
Utilities and telephone	26,814	26,040
Programming expenses	22,872	23,181
Repairs and maintenance	21,054	22,279
Insurance	17,723	17,121
Bar operating	16,965	10,969
Professional fees	14,190	13,934
Service charges and interest	7,645	3,454
Advertising and promotion	4,708	26,825
Office supplies and postage	3,270	3,020
Fundraising	2,083	1,550
Equipment	1,120	309
Municipal taxes	1,047	1,072
Miscellaneous	955	-
Bad debt expense	174	-
	497,611	505,894
Excess of expenses over revenues	(705)	(11,098)
Loss on disposal of capital assets	-	-
	(705)	(11,098)
Net assets, beginning of year	(3,795)	7,303
NET ASSETS (DEFECIT), END OF YEAR	\$ (4,500)	\$ (3,795)

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, 2013

	2013	2012
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ (705)	\$ (11,098)
Items not affecting cash:		
Amortization of capital assets	108,584	121,857
Amortization of deferred contribution – capital project	(108,584)	(121,762)
Changes in non-cash working capital	12,532	38,946
Cash from (provided for) operating activities	11,827	27,943
FINANCING ACTIVITIES:		
Advances from (to) Theatre Fund	-	(2,691)
Deferred contributions – capital project	-	-
Cash from (provided by) financing activities	-	(2,691)
Net increase (decrease) in cash	11,827	25,252
Cash, beginning of year	57,519	32,262
CASH, END OF YEAR	\$ 69,346	\$ 57,514
Cash, end of year consists of:		
Cash	\$ 57,834	\$ 49,314
Cash – Capital Construction Project	11,512	8,200
	\$ 69,346	\$ 57,514

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, 2013

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, 2013

2. Capital Assets:

	2013			2012
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,036,166	\$ 694,235	\$ 1,341,931	\$ 1,397,845
Equipment	311,401	167,907	143,494	179,367
Building – soft costs	297,061	39,497	257,564	268,296
Seating	48,350	26,070	22,280	27,850
Computer	3,851	3,696	155	221
Software	3,720	2,006	1,714	2,143
Land	5,000	-	5,000	5,000
	<u>\$ 2,705,549</u>	<u>\$ 933,411</u>	<u>\$ 1,772,138</u>	<u>\$ 1,880,722</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 \$13,400 (2012 - \$12,665) from the Theatre Fund. They also received \$12,474 (2012 - \$25,859) for theatre rental.

As at August 31, 2013 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$12,263 (2012 – \$11,451). There is a separate amount payable to Theatre Fund of \$5,000. This amount pertains to a cheque deposited into Hall Operations Fund in error. 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, 2013

5. Grants and Sponsorships:

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

	<u>2013</u>	<u>2012</u>
Cultural Economic Development Program	\$ 100,000	100,000
City of St. John's	50,000	50,000
Exxon Mobil	25,000	-
Department of Canadian Heritage	19,000	17,457
GJ Cahill	10,000	-
Cox and Palmer	5,500	5,000
Vale	5,000	5,000
Redpoll Foundation	5,000	5,000
Royal Bank of Canada	2,500	4,500
Human Resources, Labour and Employment	-	8,203
	<u>222,000</u>	<u>195,160</u>

In-kind sponsorship revenue for the year consists of the following:

Molson	2,376	1,700
E.C. Boone	-	20,108
	<u>\$ 224,376</u>	<u>\$ 216,968</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>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 1,863,812	\$ 1,985,574
Less: amortization of deferred contributions	(108,584)	(121,762)
Balance, end of year	<u>\$ 1,755,228</u>	<u>\$ 1,863,812</u>

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS
(Unaudited)
For the Year Ended August 31, 2013

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 \$2,376 (2012 – \$1,700). This amount was recorded as in-kind revenue and bar operating expenses.