

Financial Statements of

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

Year ended August 31, 2019

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

BALANCE SHEET
As at August 31, 2019
(Unaudited)

ASSETS

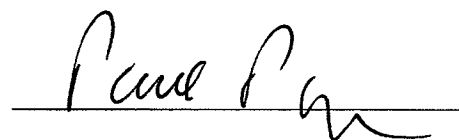
	2019	2018
CURRENT		
Cash	\$ 162,878	\$ 127,073
Cash - capital	6,656	25,283
Accounts receivable	7,360	17,664
Inventory	2,686	1,857
Prepaid expenses	893	2,673
HST recoverable	5,832	7,351
	186,305	181,901
INVESTMENT IN RESTRICTED ASSETS (Note 2)	85,208	82,978
PROPERTY, PLANT, AND EQUIPMENT (Note 3)	1,463,185	1,567,768
	\$ 1,734,698	\$ 1,832,647

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	\$ 23,038	\$ 59,141
Employee deductions payable	6,899	7,296
Due to Theatre Fund (Note 4)	16,284	14,396
Deferred revenue (Note 5)	108,639	116,882
	154,860	197,715
Deferred contribution - Capital Construction Project (Note 6)	1,437,806	1,535,934
	1,592,666	1,733,649
CONTRIBUTED RESTRICTED ASSETS (Note 2)	82,978	82,978
NET ASSETS	59,054	16,020
	142,032	98,998
	\$ 1,734,698	\$ 1,832,647

On Behalf of the Board:





See Accompanying Notes to Unaudited Financial Statements

Jordan Cull, Chartered Professional Accountant

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

STATEMENT OF OPERATIONS AND NET ASSETS

For the Year Ended August 31, 2019

(Unaudited)

	2019	2018
REVENUES		
Grants and sponsorships (Note 7)	\$ 216,124	\$ 263,052
Rental revenue	138,340	114,168
Deferred contributions - capital project (Note 6)	98,128	92,491
Bar revenue	55,685	41,982
Ticket surcharge	42,442	34,268
Fundraising, donations, and memberships	22,418	12,033
Building repair fund	20,125	19,504
In-kind contributions (Note 8)	12,224	5,823
Programming revenue	8,907	15,431
Theatre contribution (Note 4)	8,600	8,600
Other revenue	2,402	26
	625,395	607,378
 EXPENSES		
Salaries, benefits, and independent contractors	287,188	272,487
Amortization	104,583	92,491
Bar operating	32,485	22,104
Repairs and maintenance	27,246	27,728
Utilities and telephone	26,045	23,983
Programming expenses	24,452	23,395
Professional fees	24,370	22,088
Capital maintenance	16,067	10,964
Insurance	14,395	14,879
Non-recoverable HST	6,148	23,827
Office supplies and postage	4,773	3,698
Advertising and promotion	4,727	51,380
Service charges and interest	4,564	6,947
Fundraising	2,955	1,538
Municipal taxes	868	642
Equipment	774	1,402
General and administrative expenses	721	387
	582,361	599,940
 EXCESS OF REVENUES OVER EXPENSES	43,034	7,438
 NET ASSETS, BEGINNING OF YEAR	16,020	8,582
 NET ASSETS, END OF YEAR	\$ 59,054	\$ 16,020

See Accompanying Notes to Unaudited Financial Statements

Jordan Cull, Chartered Professional Accountant

**RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND**
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2019
(Unaudited)

	2019	2018
OPERATING		
Excess of revenue over expenses	\$ 43,034	\$ 7,438
Items not requiring an outlay of cash:		
Amortization of capital assets	104,583	92,491
Amortization of deferred contributions	(98,127)	(92,491)
Net change in non-cash working capital items	(31,970)	44,740
	17,520	52,178
INVESTING		
Purchase of property, plant, and equipment	-	(207,556)
Additions to deferred contributions	-	215,690
Increase in contributed restricted assets	(2,230)	-
	(2,230)	8,134
FINANCING		
Advances from (to) Theatre Fund	1,888	(1,717)
Increase in cash and cash equivalents	17,178	58,595
CASH BALANCE, BEGINNING OF YEAR	152,356	93,761
CASH BALANCE, END OF YEAR	\$ 169,534	\$ 152,356
Cash, end of year consists of:		
Cash	162,878	127,073
Cash - capital	6,656	25,283
	\$ 169,534	\$ 152,356

See Accompanying Notes to Unaudited Financial Statements

Jordan Cull, Chartered Professional Accountant

**RESOURCE CENTRE FOR THE ARTS –
HALL OPERATIONS FUND**
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2019
(Unaudited)

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 aims to provide accessible, supportive, and well-resourced programs and venues, with a primary focus on the creation, development, and advancement of the performing arts in Newfoundland and Labrador.

1. Summary of 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:

Cash:

Cash includes cash held on deposit with Canadian chartered financial institutions.

Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Capital Assets and Amortization:

Capital assets are recorded at cost and amortized on a declining balance basis which will reduce the original cost to the estimated residual value over the useful life of the assets. The organization uses the following rates 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
For the Year Ended August 31, 2019
(Unaudited)

1. Summary of Significant Accounting Policies (Continued):

Financial Instruments:

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost. The carrying value of financial assets does not materially differ from the basis of measurement.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes, in net earnings, an impairment loss when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

2. Restricted Assets:

The Resource Centre for the Arts received endowment funding from private sources of \$50,000 which was matched by the Government of Canada with \$32,978 to be invested in an endowment for the benefit of the Organization. These funds have been invested in The Community Foundation of Newfoundland and Labrador under an agreement whereby the Organization can have access only to the accumulated income generated by the endowment. The Grant Agreement from the Government of Canada requires the grant and the equivalent sum must be capitalized in perpetuity. During the year, \$2,230 of income was recognized from the endowment. These funds were left in the endowment.

3. Property, Plant, and Equipment:

	<u>2019</u>			<u>2018</u>
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,036,166	\$ 985,758	\$ 1,050,408	\$ 1,094,174
Equipment	547,205	347,729	199,476	250,179
Building – soft costs	297,061	95,451	201,610	210,011
Seating	48,350	42,510	5,840	7,300
Computer	4,205	3,976	229	327
Software	4,188	3,566	622	777
Land	5,000	-	5,000	5,000
	<u>\$ 2,942,175</u>	<u>\$ 1,478,990</u>	<u>\$ 1,463,185</u>	<u>\$ 1,567,768</u>

**RESOURCE CENTRE FOR THE ARTS –
HALL OPERATIONS FUND**
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2019
(Unaudited)

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>2019</u>	<u>2018</u>
Theatre rental – LSPU Hall	\$ 16,539	\$ 11,006
Office rental	8,600	8,600
Salary contribution	<u>7,000</u>	<u>7,000</u>
	<u>\$ 32,139</u>	<u>\$ 26,606</u>

As at August 31, 2019 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$16,284 (2018 – \$14,396).

5. 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.

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	<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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,535,934	\$ 1,412,735
Additions	-	215,690
Less: amortization of deferred contributions	<u>(98,128)</u>	<u>(92,491)</u>
Balance, end of year	<u>\$ 1,437,806</u>	<u>\$ 1,535,934</u>

**RESOURCE CENTRE FOR THE ARTS –
HALL OPERATIONS FUND**
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2019
(Unaudited)

7. Grants and Sponsorships:

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

	<u>2019</u>	<u>2018</u>
Cultural Economic Development Program	\$ 125,000	140,416
City of St. John's	52,000	50,000
Department of Canadian Heritage	25,000	17,944
Government of Newfoundland and Labrador	2,514	2,499
Exxon Mobil	2,500	2,500
Cox and Palmer	2,500	2,500
Redpoll Foundation	2,500	2,500
HRDC	2,360	-
Public Service Credit Union	1,250	1,250
Investor's Group	500	-
ACOA	-	30,668
TCII	-	11,525
3 Points Aviation	-	1,250
	<u>\$ 216,124</u>	<u>\$ 263,052</u>

8. In-Kind Contributions:

In-kind contributions were received from Molson in the amount of \$3,670 (2018 – \$823), Quidi Vidi Brewing Company Ltd. in the amount of \$3,554 (2018 - \$nil) and from Cox & Palmer in the amount of \$5,000 (2018 – \$5,000). The amount from Molson and Quidi Vidi Brewing Company Ltd. was recorded as in-kind revenue and bar operating expenses. The amount from Cox & Palmer was recorded as in-kind revenue and legal expenses.

9. Comparative Amounts:

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