

**RESOURCE CENTRE FOR THE ARTS -
THEATRE FUND**

**FINANCIAL STATEMENTS
For The Year Ended August 31, 2017**

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, 2017, 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.

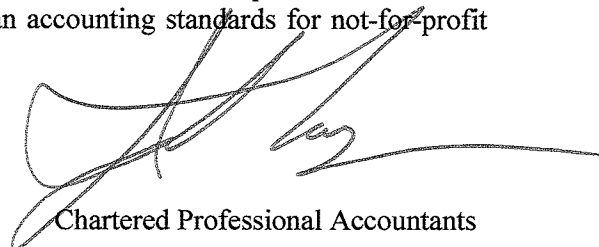
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2017, 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 7, 2017





Chartered Professional Accountants

RCA Theatre
Balance Sheet
As at August 31, 2017

	2017	2016
<u>ASSETS</u>		
CURRENT		
Cash	\$ 106,185	\$ 101,241
Accounts receivable	5,334	5,272
Due from Hall Operations Fund (Note 4)	16,113	16,548
Prepaid expenses	8,236	498
HST recoverable	583	575
	\$ 136,451	\$ 124,134
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,896	\$ 6,362
Deferred revenue (Note 2)	113,600	94,650
	119,496	101,012
<u>SHAREHOLDER'S EQUITY</u>		
Net assets	16,955	23,122
	\$ 136,451	\$ 124,134

On behalf of the Board:





See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RCA Theatre
Statement of Operations
For the year ended August 31, 2017

	2017	2016
REVENUE		
Program Grants (Note 3)	\$ 156,200	\$ 199,200
Box Office	12,807	60,069
Sponsors (Note 6)	8,750	16,250
In-Kind Contributions (Note 5)	11,300	7,205
Fundraising	3,136	6,989
Donations	7,570	6,724
	199,763	296,437
EXPENSES		
Salaries and wages	94,904	117,851
Mainstage	57,485	110,553
Advertising and promotion	18,057	18,214
Contribution to Hall Operations (Note 5)	8,600	8,600
Rental	5,969	6,076
Travel expenses	4,163	20,516
Professional fees	3,885	6,170
Utilities	2,832	3,256
Fundraising	2,644	2,265
Non-Recoverable HST	1,822	3,504
General and administrative	1,608	2,584
Office expenses	1,421	1,781
Royalties	1,195	4,248
Memberships and licenses	682	1,177
Interest and bank charges	663	616
Actor's equity	-	462
	205,930	307,873
Excess of revenues over expenses (expenses over revenues)	(6,167)	(11,436)
Net assets, beginning of year	23,122	34,558
Net assets, end of year	\$ 16,955	\$ 23,122

See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RCA Theatre
Statement of Cash Flows
For the year ended August 31, 2017

	2017	2016
Operating activities		
Net income (loss) for the period	\$ (6,167)	\$ (11,436)
Change in non-cash working capital	10,675	(27,084)
Cash from (provided for) operating activities	4,508	(38,520)
Financing activities		
Advances from (to) Hall Operations Fund	436	(2,473)
Increase (decrease) in cash	4,944	(40,993)
Cash, beginning of year	101,241	142,234
Cash, end of year	\$ 106,185	\$ 101,241

See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RCA Theatre
Notes to Financial Statements
For the year ended August 31, 2017

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%. As at August 31, 2016, the computer equipment has been completely amortized.

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.

RCA Theatre
Notes to Financial Statements
For the year ended August 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial instruments

The Organization has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- Cash and cash equivalents
- Trade and other receivables
- Due from (to) companies under common control
- Bank indebtedness
- Payables and accruals
- Long-term debt

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instruments.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial instrument	Subsequent measurement
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Due from (to) companies under common control	Amortized cost
Bank indebtedness	Amortized cost
Payables and accruals	Amortized cost
Long-term debt	Amortized cost

The Organization removes financial liabilities, or portion of, when the obligation is discharged, cancelled or expires.

RCA Theatre
Notes to Financial Statements
For the year ended August 31, 2017

2. 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, 2017 consists of the following:

	2017	2016
Canada Council	\$ 51,600	\$ 51,600
Honor 100 Dedication	22,000	-
Newfoundland and Labrador Arts Council	20,000	22,000
ACC Dedication	20,000	-
Government of Newfoundland and Labrador	-	19,800
Public Service Credit Union	-	1,250
	\$ 113,600	\$ 94,650

3. GRANT REVENUE

Grant revenue for the year consists of the following:

	2017	2016
Canada Council	\$ 103,200	\$ 103,200
Newfoundland and Labrador Arts Council	44,000	44,000
City of St. John's	9,000	22,000
Cultural Economic Development Program	-	30,000
	\$ 156,200	\$ 199,200

RCA Theatre
Notes to Financial Statements
For the year ended August 31, 2017

4. 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:

	2017	2016
Theatre Rental - LSPU Hall	\$ 9,896	\$ 12,739
Salary Contribution	7,000	7,000
Office Rental	8,600	8,600
	<u>\$ 25,496</u>	<u>\$ 28,339</u>

As at August 31, 2017, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$16,113 (2016 - \$16,549).

5. IN-KIND CONTRIBUTIONS

In-kind contributions were received from E.C. Boone Ltd. in the amount of \$8,800 (2016 - \$5,205) and from NL Power in the amount of \$2,500 (2016 - \$2,000). These amounts were recorded as in-kind revenue and promotion.

6. SPONSORS

	2017	2016
Exxon Mobil	\$ 2,500	\$ 5,000
Redpoll Foundation	2,500	2,500
Cox & Palmer	2,500	2,500
Public Service Credit Union	1,250	1,250
AW Harvey	-	5,000
	<u>\$ 8,750</u>	<u>\$ 16,250</u>