

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

**FINANCIAL STATEMENTS
For The Year Ended August 31, 2018**

JOHN F. MORGAN

Chartered Professional Accountants

6 Lambe's Lane

St. John's, NL A1B 4E9

Office: (709) 576-6776 Fax: (709) 576-6777

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, 2018, 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.

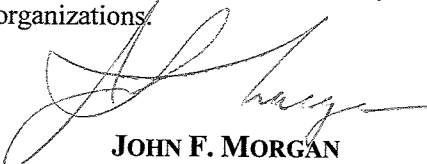
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2018, 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 10, 2018


JOHN F. MORGAN
Chartered Professional Accountants

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Balance Sheet
As at August 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 124,531	\$ 106,186
Accounts receivable	3,038	5,334
Due from Hall Operations Fund (Note 5)	14,396	16,113
Prepaid expenses	1,514	8,236
HST recoverable	692	583
	<u>144,171</u>	<u>136,452</u>
Property, plant and equipment, net of accumulated amortization (Note 2)	1,110	-
	<u>\$ 145,281</u>	<u>\$ 136,452</u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,102	\$ 5,897
Deferred revenue (Note 3)	123,200	113,600
	<u>133,302</u>	<u>119,497</u>
<u>SHAREHOLDER'S EQUITY</u>		
Net assets	<u>11,979</u>	<u>16,955</u>
	<u>\$ 145,281</u>	<u>\$ 136,452</u>

On Behalf of the Board:

Bernadette Stapleton Marlene Corbett

See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Statement of Operations For the year ended August 31, 2018

	2018	2017
REVENUE		
Program Grants (Note 4)	\$182,200	\$156,200
Box Office	58,433	12,807
Sponsors (Note 7)	10,600	8,750
In-Kind Contributions (Note 6)	7,150	11,300
Fundraising	2,982	3,136
Donations	9,346	7,570
	<u>270,711</u>	<u>199,763</u>
EXPENSES		
Salaries and wages	117,895	94,904
Mainstage	88,536	57,485
Travel expenses	25,949	4,163
Advertising and promotion	10,050	18,057
Contribution to Hall Operations (Note 6)	8,600	8,600
Rental	6,365	5,969
Professional fees	3,885	3,885
General and administrative	3,833	1,608
Utilities	3,230	2,832
Royalties	2,735	1,195
Office expenses	1,506	1,421
Interest and bank charges	1,256	663
Memberships and licenses	760	682
Fundraising	678	2,644
Amortization	196	-
Actor's equity	195	-
Non-Recoverable HST	18	1,822
	<u>275,687</u>	<u>205,930</u>
Excess of revenues over expenses (expenses over revenues)	(4,976)	(6,167)
Net assets, beginning of year	16,955	23,122
Net assets, end of year	\$ 11,979	\$ 16,955

See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Statement of Cash Flows For the year ended August 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATIONS		
Net income (loss) for the period	\$ (4,976)	\$ (6,167)
Amortization of capital assets	196	-
Change in non-cash working capital	22,714	10,675
	<u>17,934</u>	<u>4,508</u>
INVESTING		
Payments to acquire property, plant, and equipment	<u>(1,306)</u>	-
FINANCING		
Advances from (to) Hall Operations Fund	1,717	436
Increase (decrease) in cash	18,345	4,944
Cash, beginning of year	<u>106,186</u>	<u>101,242</u>
Cash, end of year	<u><u>\$ 124,531</u></u>	<u><u>\$ 106,186</u></u>

See accompanying notes to financial statements

John F. Morgan, Chartered Professional Accountants

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Notes to Financial Statements
For the year ended August 31, 2018

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. RCA Theatre Company (RCAT) provides resources and a supportive environment for the production and promotion of theatre in St. John's and throughout 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 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%.

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.

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Notes to Financial Statements For the year ended August 31, 2018

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.

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Notes to Financial Statements
For the year ended August 31, 2018

2. PROPERTY, PLANT AND EQUIPMENT

	2018		2017	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computers	\$ 3,556	\$ (2,446)	\$ 1,110	\$ -
Equipment	27,400	(27,400)	-	-
	<u>\$ 30,956</u>	<u>\$ (29,846)</u>	<u>\$ 1,110</u>	<u>\$ -</u>

3. 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, 2018 consists of the following:

	2018	2017
Canada Council	\$ 103,200	\$ 51,600
Newfoundland and Labrador Arts Council	20,000	20,000
Honor 100 Dedication	-	22,000
ACC Dedication	-	20,000
	<u>\$ 123,200</u>	<u>\$ 113,600</u>

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Notes to Financial Statements
For the year ended August 31, 2018

4. GRANT REVENUE

Grant revenue for the year consists of the following:

	<u>2018</u>	<u>2017</u>
Canada Council	\$ 103,200	\$ 103,200
Newfoundland and Labrador Arts Council	40,000	44,000
Honor 100 Dedication	22,000	-
City of St. John's	9,000	9,000
Government of Newfoundland and Labrador - Dedication Tour Outreach	8,000	-
	<u>\$ 182,200</u>	<u>\$ 156,200</u>

5. 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:

	<u>2018</u>	<u>2017</u>
Theatre Rental - LSPU Hall	\$ 11,006	\$ 9,896
Salary Contribution	7,000	7,000
Office Rental	8,600	8,600
Equipment purchase	1,306	-
	<u>\$ 27,912</u>	<u>\$ 25,496</u>

As at August 31, 2018, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$14,396 (2017 - \$16,113).

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

Notes to Financial Statements
For the year ended August 31, 2018

6. IN-KIND CONTRIBUTIONS

In-kind contributions were received from E.C. Boone Ltd. in the amount of \$3,000 (2017 - \$8,800) and from NL Power in the amount of \$3,700 (2017 - \$2,500). These amounts were recorded as in-kind revenue and promotion.

7. SPONSORS

	<u>2018</u>	<u>2017</u>
Exxon Mobil	\$ 2,500	\$ 2,500
Redpoll Foundation	2,500	2,500
Cox & Palmer	2,500	2,500
Public Service Credit Union	1,250	1,250
3 Points Aviation	1,250	-
Other sponsorship	600	-
	<u>\$ 10,600</u>	<u>\$ 8,750</u>