

Financial Statements of

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

Year ended August 31, 2020

*Jordan Cull, Chartered Professional Accountant*

# **JORDAN CULL**

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Members:

I have reviewed the accompanying financial statements of Resource Centre for the Arts - Hall Operations Fund that comprise the balance sheet as at August 31, 2020, and the statements of earnings and net assets 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.

### **Practitioner's Responsibility**

My responsibility is to express a conclusion on the accompanying financial statements based on the review. I conducted the review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

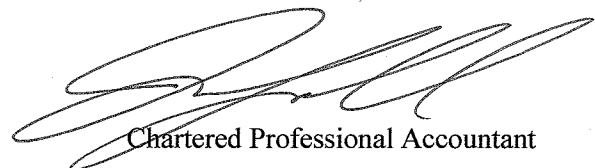
A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Resource Centre for the Arts - Hall Operations Fund as at August 31, 2020 and the results of its operations 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 4, 2020



Chartered Professional Accountant

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

BALANCE SHEET  
As at August 31, 2020  
(Unaudited)

ASSETS

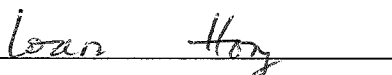
	2020	2019
<b>CURRENT</b>		
Cash	\$ 174,392	\$ 162,878
Cash - capital	4,876	6,656
Accounts receivable (Note 2)	43,677	7,360
Inventory	1,932	2,686
Prepaid expenses	864	893
HST recoverable	1,812	5,832
	227,553	186,305
INVESTMENT IN RESTRICTED ASSETS (Note 3)	90,257	85,208
PROPERTY, PLANT, AND EQUIPMENT (Note 4)	1,387,776	1,463,185
	\$ 1,705,586	\$ 1,734,698

LIABILITIES AND NET ASSETS

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 24,324	\$ 23,038
Employee deductions payable	4,812	6,899
Due to Theatre Fund (Note 5)	25,806	16,284
Deferred revenue (Note 6)	116,539	108,639
	171,481	154,860
Deferred contribution - Capital Construction Project (Note 7)	1,364,528	1,437,806
	1,536,009	1,592,666
CONTRIBUTED RESTRICTED ASSETS (Note 3)	83,478	82,978
NET ASSETS	86,099	59,054
	169,577	142,032
	\$ 1,705,586	\$ 1,734,698

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, 2020

(Unaudited)

	2020	2019
<b>REVENUES</b>		
Grants and sponsorships (Note 8)	\$ 291,017	\$ 216,124
Deferred contributions - capital project (Note 7)	89,531	98,128
Rental revenue	62,433	138,340
Bar revenue	30,051	55,685
Ticket surcharge	16,823	42,442
Fundraising, donations, and memberships	14,849	22,418
Theatre contribution (Note 5)	8,600	8,600
In-kind contributions (Note 9)	8,599	12,224
Building repair fund	8,540	20,125
Programming revenue	7,497	8,907
Other revenue	5,049	2,402
	542,989	625,395
 <b>EXPENSES</b>		
Salaries, benefits, and independent contractors	245,809	287,188
Amortization	91,662	104,583
Programming expenses	31,107	24,452
Professional fees	23,800	24,370
Capital maintenance	22,917	16,067
Utilities and telephone	21,722	26,045
Repairs and maintenance	18,461	27,246
Bar operating	17,996	32,485
Insurance	13,409	14,395
Service charges and interest	6,968	4,564
Non-recoverable HST	6,722	6,148
Fundraising	4,298	2,955
Office supplies and postage	4,041	4,773
Advertising and promotion	3,981	4,727
Equipment	1,987	774
Municipal taxes	832	868
General and administrative expenses	232	721
	515,944	582,361
 EXCESS OF REVENUES OVER EXPENSES	27,045	43,034
 NET ASSETS, BEGINNING OF YEAR	59,054	16,020
 NET ASSETS, END OF YEAR	\$ 86,099	\$ 59,054

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, 2020  
(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, 2020  
(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. Accounts Receivable:**

Accounts receivable for the year consist of the following:

	<u>2020</u>	<u>2019</u>
Federal Wage Subsidy	\$ 34,384	-
Sponsorships receivable	5,000	7,360
Other receivables	4,293	-
	<u>\$ 43,677</u>	<u>\$ 7,360</u>

**3. 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, \$4,549 (2019 - \$2,230) of income was recognized from the endowment. These funds were left in the endowment.

# RESOURCE CENTRE FOR THE ARTS – HALL OPERATIONS FUND

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2020

(Unaudited)

### 7. 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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,437,806	\$ 1,535,934
Additions	16,253	215,690
Less: amortization of deferred contributions	<u>(89,531)</u>	<u>(98,128)</u>
Balance, end of year	<u>\$ 1,364,528</u>	<u>\$ 1,437,806</u>

### 8. Grants and Sponsorships:

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

	<u>2020</u>	<u>2019</u>
Cultural Economic Development Program	\$ 125,000	125,000
Federal Wage Subsidy	67,367	-
City of St. John's	52,000	52,000
Department of Canadian Heritage	33,000	25,000
Exxon Mobil	4,900	2,500
Cox and Palmer	2,500	2,500
Redpoll Foundation	2,500	2,500
CAA	2,500	-
Public Service Credit Union	1,250	1,250
Government of Newfoundland and Labrador	-	2,514
HRDC	-	2,360
Investor's Group	-	500
3 Points Aviation	-	-
	<u>\$ 291,017</u>	<u>\$ 216,124</u>

The Organization recognizes revenue related to the government assistance wage subsidy when expenses being covered by the subsidy are incurred. During the year, the Organization received \$67,367 in wage subsidies which were recorded as grant and sponsorship income.

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

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended August 31, 2020**

**(Unaudited)**

**9. In-Kind Contributions:**

In-kind contributions were received from Molson in the amount of \$nil (2019 – \$3,670), Quidi Vidi Brewing Company Ltd. in the amount of \$3,599 (2019 - \$3,554) and from Cox & Palmer in the amount of \$5,000 (2019 – \$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.

**10. Covid-19 Pandemic:**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of Newfoundland and Labrador on March 18, 2020. The full duration and impact of COVID-19 is unknown at this time. During the current fiscal year, the Organization received a subsidy to offset wage expense as disclosed in Note 8 above. It is not possible to reliably estimate the impact that the length and severity of COVID-19 will have on the financial results and condition of the Organization in future fiscal years.