

Financial Statements of

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

Year ended August 31, 2023

Jordan Cull, Chartered Professional Accountant

JORDAN CULL

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors:

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, 2023, and the statements of operations, 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, 2023 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.



Chartered Professional Accountant

St. John's, Newfoundland
January 8, 2024

Jordan Cull, Chartered Professional Accountant

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

**BALANCE SHEET
As at August 31, 2023
(Unaudited)**

ASSETS

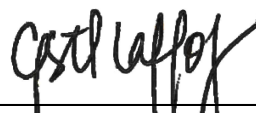
	2023	2022
CURRENT		
Cash	\$ 41,511	\$ 145,780
Cash - capital	1,945	9,513
Accounts receivable (Note 2)	14,558	9,079
Inventory	2,084	1,168
Prepaid expenses	11,199	8,632
HST recoverable	10,233	17,504
	81,530	191,676
INVESTMENT IN RESTRICTED ASSETS (Note 3)	90,986	98,503
PROPERTY, PLANT, AND EQUIPMENT (Note 4)	1,269,193	1,357,955
	\$ 1,441,709	\$ 1,648,134

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	\$ 24,810	\$ 16,926
Employee deductions payable	7,373	8,873
Due to Theatre Fund (Note 5)	45,100	44,779
Deferred revenue (Note 6)	108,672	155,565
	185,955	226,143
Canada emergency business account loan (Note 7)	20,000	20,000
Deferred contribution - Capital Construction Project (Note 8)	1,240,198	1,325,391
	1,446,153	1,571,534
CONTRIBUTED RESTRICTED ASSETS (Note 3)	83,478	83,478
NET ASSETS	(87,922)	(6,878)
	(4,444)	76,600
	\$ 1,441,709	\$ 1,648,134

On Behalf of the Board:

Jennifer Walsh



Crystal Laffoley

See Accompanying Notes to Unaudited Financial Statements

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

STATEMENT OF OPERATIONS AND NET ASSETS

For the Year Ended August 31, 2023

(Unaudited)

	2023	2022
REVENUES		
Grants and sponsorships (Note 9)	\$ 287,744	\$ 281,973
Rental revenue	106,829	81,782
Deferred contributions - capital project (Note 8)	85,193	92,929
Bar revenue	24,377	13,705
Ticket surcharge	20,525	12,785
Fundraising, donations, and memberships	17,642	18,349
Theatre contribution (Note 5)	10,093	10,482
In-kind contributions (Note 10)	9,814	5,982
Building repair fund	9,490	6,380
Programming revenue	5,771	2,608
Other income	362	2,032
Gain (loss) on endowment fund	(7,517)	5,322
	570,323	534,329
EXPENSES		
Salaries and benefits	333,567	340,806
Amortization	96,481	97,388
Repairs and maintenance	37,058	31,232
Advertising and promotion	36,044	10,513
Utilities and telephone	24,503	26,236
Professional fees	24,395	30,329
Programming expenses	23,994	29,052
Bar operating	20,177	10,962
Insurance	14,407	15,961
Service charges and interest	10,614	6,002
Capital maintenance	9,892	21,301
Non-recoverable HST	8,094	11,148
Office supplies and postage	7,382	8,443
Fundraising	1,975	2,088
General and administrative expenses	1,650	2,059
Equipment	821	1,252
Municipal taxes	313	706
	651,367	645,478
DEFICIENCY OF REVENUES OVER EXPENSES	(81,044)	(111,149)
NET ASSETS, BEGINNING OF YEAR	(6,878)	104,271
NET ASSETS, END OF YEAR	\$ (87,922)	\$ (6,878)

See Accompanying Notes to Unaudited Financial Statements

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

**STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2023
(Unaudited)**

	2023	2022
OPERATING		
Deficiency of revenues over expenses	\$ (81,044)	\$ (111,149)
Items not requiring an outlay of cash:		
Amortization of capital assets	96,481	97,388
Amortization of deferred contributions	(85,193)	(92,929)
Net change in non-cash working capital items	(42,199)	65,653
	(111,955)	(41,037)
INVESTING		
Purchase of property, plant, and equipment	(7,720)	(45,003)
Additions to deferred contribution	-	45,003
Decrease (increase) in investment in restricted assets	7,517	(6,180)
	(203)	(6,180)
FINANCING		
Advances from Theatre Fund	321	17,759
Increase (decrease) in long-term debt	-	(20,000)
	321	(2,241)
Decrease in cash and cash equivalents	(111,837)	(49,458)
CASH BALANCE, BEGINNING OF YEAR	155,293	204,751
CASH BALANCE, END OF YEAR	\$ 43,456	\$ 155,293
Cash, end of year consists of:		
Cash	41,511	145,780
Cash - capital	1,945	9,513
	\$ 43,456	\$ 155,293

See Accompanying Notes to Unaudited Financial Statements

**RESOURCE CENTRE FOR THE ARTS –
HALL OPERATIONS FUND**
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2023
(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, 2023
(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>2023</u>	<u>2022</u>
Federal Wage Subsidy	\$ -	\$ 978
Sponsorships receivable	5,500	7,500
ACOA	5,991	-
Other receivables	<u>3,067</u>	<u>601</u>
	<u>\$ 14,558</u>	<u>\$ 9,079</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, a \$7,517 decrease (2022 - \$6,180 increase) in the value of the investment was recognized on the statement of operations. All funds were left in the endowment.

RESOURCE CENTRE FOR THE ARTS – HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2023

(Unaudited)

4. Property, Plant, and Equipment:

	2023			2022
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,068,786	\$ 1,147,136	\$ 921,650	\$ 960,052
Equipment	654,632	508,928	145,704	182,131
Building – soft costs	297,061	125,824	171,237	178,372
Seating	48,350	45,958	2,392	2,990
Computer	7,854	5,628	2,226	3,180
Software	45,332	24,348	20,984	26,230
Land	5,000	-	5,000	5,000
	<u>\$ 3,127,015</u>	<u>\$ 1,857,822</u>	<u>\$ 1,269,193</u>	<u>\$ 1,357,955</u>

5. 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:

	2023	2022
Theatre rental – LSPU Hall	\$ 31,833	\$ 22,330
Shared expense contribution	10,093	10,482
Salary contribution	15,500	9,125
	<u>\$ 57,426</u>	<u>\$ 41,937</u>

As at August 31, 2023 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$45,100 (2022 – \$44,779).

6. 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.

7. Canada Emergency Business Account Loan:

Long-term debt consists of a Bank of Montreal loan which is the repayable portion of the Canada Emergency Business Account. The loan is non-interest bearing until January 18, 2024 at which time the outstanding balance is converted to a term loan, bearing interest at 5% per annum. Interest payments are due monthly with the principal required to be fully repaid by December 31, 2026.

The total amount of the loan which was received by the Organization was \$60,000. If \$40,000 is repaid on or before January 18, 2024, the remaining balance of \$20,000 will be forgiven. The Organization intends to repay the remaining \$20,000 before January 18, 2024, as they have already repaid \$20,000 of the loan, therefore the \$20,000 forgivable portion of the loan has been recorded as grants and sponsorships previously.

RESOURCE CENTRE FOR THE ARTS – HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2023

(Unaudited)

8. 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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,325,391	\$ 1,373,317
Additions	-	45,003
Less: amortization of deferred contributions	<u>(85,193)</u>	<u>(92,929)</u>
Balance, end of year	<u>\$ 1,240,198</u>	<u>\$ 1,325,391</u>

9. Grants and Sponsorships:

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

	<u>2023</u>	<u>2022</u>
Cultural Economic Development Program	\$ 125,000	\$ 125,000
Department of Canadian Heritage	52,500	67,500
City of St. John's	52,000	52,000
Department of Tourism, Culture, Arts, and Recreation	19,550	19,065
ACOA	16,055	2,171
Canada Summer Jobs Federal Wage Subsidy	7,486	4,131
Exxon Mobil	5,000	2,498
Cox and Palmer	3,500	2,500
Redpoll Foundation	2,500	2,500
CAA	2,500	2,500
Public Service Credit Union	1,250	1,250
Other	403	-
Federal Rent Subsidy	<u>-</u>	<u>858</u>
	<u>\$ 287,744</u>	<u>\$ 281,973</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 \$7,486 (2022 - \$4,131) 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, 2023
(Unaudited)

10. In-Kind Contributions:

In-kind contributions were received from Quidi Vidi Brewing Company Ltd. in the amount of \$4,814 (2022 - \$982) and from Cox & Palmer in the amount of \$5,000 (2022 – \$5,000). The amount from 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.

There were also contributed services in the form of volunteer time spent by individuals in operational activities. Due to the difficulty in determining the fair value, these contributed services are not recognized in these statements.

11. Comparative Information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.