Financial Statements of

RESOURCE CENTRE FOR THE ARTS – HALL OPERATIONS FUND

Year ended August 31, 2024

Jordan Cull, Chartered Professional Accountant

JORDAN CULL

Chartered Professional Accountant
290 Lemarchant Road
St. John's, NL A1E 1R2
Office: (709) 764-9200

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, 2024, 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.

St. John's, Newfoundland — Chartered Professional Accountant
January 7, 2025

RESOURCE CENTRE FOR THE ARTS -
HALL OPERATIONS FUND

BALANCE SHEET
As at August 31, 2024
(Unaudited)

ASSETS

	2024	2023
CURRENT		
Cash	**$ 39,020**	$ 41,511
Cash - capital	**70,506**	1,945
Accounts receivable (Note 2)	**29,533**	14,558
Inventory	**2,937**	2,084
Prepaid expenses	**15,856**	11,199
HST recoverable	**14,815**	10,233
	172,667	81,530
INVESTMENT IN RESTRICTED ASSETS (Note 3)	**96,711**	90,986
PROPERTY, PLANT, AND EQUIPMENT (Note 4)	**1,190,994**	1,269,193
	$ 1,460,372	$ 1,441,709

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT		
Accounts payable and accrued liabilities	**$ 36,631**	$ 24,810
Employee deductions payable	**5,388**	7,373
Due to Theatre Fund (Note 5)	**35,011**	45,100
Deferred revenue (Note 6)	**161,191**	108,672
	238,221	185,955
Canada emergency business account loan (Note 7)	**-**	20,000
Deferred contribution - Capital Construction Project (Note 8)	**1,164,852**	1,240,198
	1,403,073	1,446,153
CONTRIBUTED RESTRICED ASSETS (Note 3)	**83,478**	83,478
NET ASSETS	**(26,179)**	(87,922)
	57,299	(4,444)
	$ 1,460,372	$ 1,441,709

On Behalf of the Board:

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, 2024

(Unaudited)

	2024	2023
REVENUES		
Grants and sponsorships (Note 9)	**$ 377,385**	$ 287,744
Rental revenue	**100,753**	106,829
Fundraising, donations, and memberships	**82,742**	17,642
Deferred contributions - capital project (Note 8)	**75,345**	85,193
Bar revenue	**34,799**	24,377
Ticket surcharge	**23,330**	20,525
Theatre contribution (Note 5)	**12,101**	10,093
Building repair fund	**11,187**	9,490
Programming revenue	**8,317**	5,771
Other income	**6,840**	362
In-kind contributions (Note 10)	**5,000**	9,814
Gain (loss) on endowment fund	**-**	(7,517)
	737,799	570,323
EXPENSES		
Salaries and benefits	**347,992**	333,567
Amortization	**86,995**	96,481
Capital maintenance	**35,006**	9,892
Repairs and maintenance	**32,612**	37,058
Advertising and promotion	**31,999**	36,044
Utilities and telephone	**28,276**	24,503
Professional fees	**24,545**	24,395
Programming expenses	**21,206**	23,994
Bar operating	**20,455**	20,177
Insurance	**17,214**	14,407
Service charges and interest	**8,738**	10,614
Office supplies and postage	**7,945**	7,382
Non-recoverable HST	**7,731**	8,094
Equipment	**2,166**	821
Fundraising	**1,907**	1,975
General and administrative expenses	**635**	1,650
Municipal taxes	**634**	313
	676,056	651,367
EXCESS OF REVENUES OVER EXPENSES	**61,743**	(81,044)
NET ASSETS, BEGINNING OF YEAR	**(87,922)**	(6,878)
NET ASSETS, END OF YEAR	**$ (26,179)**	$ (87,922)

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, 2024
(Unaudited)

	2024	2023
OPERATING		
Deficiency of revenues over expenses	**$ 61,743**	$ (81,044)
Items not requiring an outlay of cash:		
Amortization of capital assets	**86,995**	96,481
Amortization of deferred contributions	**(75,345)**	(85,193)
Net change in non-cash working capital items	**37,286**	(42,199)
	110,679	(111,955)
INVESTING		
Purchase of property, plant, and equipment	**(8,795)**	(7,720)
Decrease (increase) in investment in restricted assets	**(5,725)**	7,517
	(14,520)	(203)
FINANCING		
Advances from (to) Theatre Fund	**(10,089)**	321
Increase (decrease) in long-term debt	**(20,000)**	-
	(30,089)	321
Decrease in cash and cash equivalents	**66,070**	(111,837)
CASH BALANCE, BEGINNING OF YEAR	**43,456**	155,293
CASH BALANCE, END OF YEAR	**$ 109,526**	$ 43,456
Cash, end of year consists of:		
Cash	**39,020**	41,511
Cash - capital	**70,506**	1,945
	$ 109,526	$ 43,456

See Accompanying Notes to Unaudited Financial Statements

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.

2. 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.

3. Accounts Receivable:

Accounts receivable for the year consist of the following:

	2024	2023
Sponsorships receivable	$ 12,975	$ 5,500
ACOA	-	5,991
Government of Newfoundland & Labrador	10,416	-
Other receivables	6,142	3,067
	$ 29,533	$ 14,558

4. 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 $5,725 increase (2023 - $7,517 decrease) in the value of the investment was recognized on the statement of operations. All funds were left in the endowment.

5. Property, Plant, and Equipment:

	2024			2023
	Cost	Accumulated Amortization	Net	Net
Building	$ 2,068,786	$ 1,184,002	$ 884,784	$ 921,650
Equipment	654,632	538,068	116,564	145,704
Building – soft costs	297,061	132,674	164,387	171,237
Seating	48,350	46,436	1,914	2,392
Computer	7,854	6,296	1,558	2,226
Software	54,127	37,340	16,787	20,984
Land	5,000	-	5,000	5,000
	$ 3,135,810	$ 1,944,816	$ 1,190,994	$ 1,269,193

6. 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:

	2024	2023
Theatre rental – LSPU Hall	$ 11,126	$ 31,833
Shared expense contribution	12,101	10,093
Salary contribution	13,800	15,500
	$ 37,027	$ 57,426

As at August 31, 2024 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund $35,011 (2023 – $45,100).

7. 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.

8. 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 repaid 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, 2024
(Unaudited)

9. 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	27,600
	$ 2,210,652

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.

	2024	2023
Balance, beginning of year	$ 1,240,198	$ 1,325,391
Additions	-	-
Less: amortization of deferred contributions	(75,345)	(85,193)
Balance, end of year	$ 1,164,853	$ 1,240,198

10. Grants and Sponsorships:

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

	2024	2023
Cultural Economic Development Program	$ 125,000	$ 125,000
Celebrate NL	62,500	-
City of St. John's	52,000	52,000
ACOA	32,970	16,055
Provincial Jobs Wage Subsidy	27,704	-
Department of Canadian Heritage - CAPF	27,500	52,500
Department of Canadian Heritage – Cultural Spaces	16,250	-
Department of Innovation, Energy, and Technology	11,361	-
Newfoundland & Labrador Employers Council	5,000	-
Exxon Mobil	5,000	5,000
Cox and Palmer	5,000	3,500
Redpoll Foundation	2,000	2,500
CAA	5,000	2,500
Other	100	403
Department of Tourism, Culture, Arts, and Recreation	-	19,550
Canada Summer Jobs Federal Wage Subsidy	-	7,486
Public Service Credit Union	-	1,250
	$ 377,385	$ 287,744

9. Grants and Sponsorships (Continued):

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 $27,704 (2023 - $7,486) in wage subsidies which were recorded as grant and sponsorship income.

10. In-Kind Contributions:

In-kind contributions were received from Quidi Vidi Brewing Company Ltd. in the amount of $nil (2023 - $4,814) 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 2024 financial statements.