

Financial Statements of

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

Year ended August 31, 2021

Jordan Cull, Chartered Professional Accountant

JORDAN CULL

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INDEPENDENT AUDITOR'S REPORT

To the Members:

Opinion

I have audited the accompanying financial statements of Resource Centre for the Arts – Theatre Fund, which comprise the balance sheet as at August 31, 2021, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

I conducted the audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of the report. I am independent of the Organization in accordance with the ethical requirements that are relevant to the audit of the financial statements in Canada, and I have fulfilled the other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Jordan Cull, Chartered Professional Accountant

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

St. John's, Newfoundland
December 6, 2021



Chartered Professional Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

BALANCE SHEET As at August 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	\$ 199,983	\$ 199,389
Accounts receivable (Note 2)	8,484	11,873
Due from Hall Operations Fund (Note 3)	26,476	25,806
Prepaid expenses	1,131	1,271
HST Recoverable	14	-
	<u>236,088</u>	<u>238,339</u>
PROPERTY, PLANT, AND EQUIPMENT (Note 4)	<u>381</u>	<u>544</u>
	<u>\$ 236,469</u>	<u>\$ 238,883</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,797	\$ 7,192
Employee deductions payable	1,211	1,918
Deferred revenue (Note 5)	86,250	160,300
	<u>94,258</u>	<u>169,410</u>
NET ASSETS	<u>142,211</u>	<u>69,473</u>
	<u>\$ 236,469</u>	<u>\$ 238,883</u>

On Behalf of the Board:

See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF OPERATIONS AND NET ASSETS

For the Year Ended August 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Program grants (Note 6)	\$ 319,686	\$ 269,520
Donations	12,239	10,102
Box office	10,952	13,382
Sponsorships (Note 7)	8,700	13,650
Fundraising	3,321	4,027
Other revenue	692	1,191
In-kind contributions (Note 8)	600	6,500
	<u>356,190</u>	<u>318,372</u>
EXPENSES		
Salaries and benefits	124,877	120,238
Mainstage	110,487	101,971
General and administrative	7,684	1,762
Travel	7,553	2,508
Professional fees	7,550	5,650
Contribution to Hall Operations (Note 3)	7,468	8,600
Non-recoverable HST	5,024	4,487
Rental	3,851	4,220
Utilities	3,217	3,158
Fundraising	2,391	294
Advertising and promotion	1,277	10,659
Memberships and licenses	1,167	1,260
Royalties	463	1,069
Office expenses	220	339
Amortization	163	233
Interest and bank charges	60	261
	<u>283,452</u>	<u>266,709</u>
EXCESS OF REVENUES OVER EXPENSES	72,738	51,663
NET ASSETS, BEGINNING OF YEAR	69,473	17,810
NET ASSETS, END OF YEAR	<u>\$ 142,211</u>	<u>\$ 69,473</u>

See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF CASH FLOWS For the Year Ended August 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING		
Excess of revenues over expenses	\$ 72,738	\$ 51,663
Items not requiring an outlay of cash:		
Amortization	163	233
Net change in non-cash working capital items	<u>(71,637)</u>	<u>95,431</u>
	<u>1,264</u>	<u>147,327</u>
FINANCING		
Advances to Hall Operations Fund	<u>(670)</u>	<u>(9,522)</u>
Increase in cash and cash equivalents	594	137,805
CASH BALANCE, BEGINNING OF YEAR	199,389	61,584
CASH BALANCE, END OF YEAR	<u>\$ 199,983</u>	<u>\$ 199,389</u>

See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2021

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.

Cash:

Cash includes cash held on deposit with Canadian chartered financial institutions.

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.

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.

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2021

1. Summary of Significant Accounting Policies (Continued):

Financial Instruments (Continued):

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>2021</u>	<u>2020</u>
Federal Wage Subsidy	\$ 8,484	\$ 11,015
Federal Rent Subsidy	-	858
	<u>\$ 8,484</u>	<u>\$ 11,873</u>

3. 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>2021</u>	<u>2020</u>
Theatre Rental – LSPU Hall	\$ 5,648	\$ 7,276
Office Rental	7,468	8,600
Salary contribution	<u>7,000</u>	<u>7,000</u>
	<u>\$ 20,116</u>	<u>\$ 22,876</u>

As at August 31, 2021, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$26,476 (2020 - \$25,806).

4. Property, Plant, and Equipment:

	<u>2021</u>			<u>2020</u>
	Cost	Accumulated Amortization	Net	Net
Computers	\$ 3,556	\$ 3,175	\$ 381	\$ 544
Equipment	<u>27,400</u>	<u>27,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,956</u>	<u>\$ 30,575</u>	<u>\$ 381</u>	<u>\$ 544</u>

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2021

5. 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, 2021 consists of the following:

	<u>2021</u>	<u>2020</u>
Newfoundland and Labrador Arts Council	\$ 85,000	\$ 60,000
Canada Council	-	100,300
Public Service Credit Union	1,250	-
	<u>\$ 86,250</u>	<u>\$ 160,300</u>

6. Grant Revenue:

Grant revenue for the year consists of the following:

	<u>2021</u>	<u>2020</u>
Canada Council	\$ 188,300	\$ 148,000
Newfoundland and Labrador Arts Council	65,000	68,500
Federal Wage Subsidy	50,886	30,127
City of St. John's	10,000	10,000
Other	5,500	4,275
Easter Seals	-	8,618
	<u>\$ 319,686</u>	<u>\$ 269,520</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 \$50,886 (2020 - \$30,127) in wage subsidies which were recorded as grant revenues.

7. Sponsors:

	<u>2021</u>	<u>2020</u>
Exxon Mobil	\$ 2,450	\$ 4,900
Redpoll Foundation	2,500	2,500
Cox and Palmer	2,500	2,500
Public Service Credit Union	1,250	1,250
CAA	-	2,500
	<u>\$ 8,700</u>	<u>\$ 13,650</u>

8. In-Kind Contributions:

In-kind contributions were received from Willadell Stables in the amount of \$600 (2020 - \$nil) which was recorded as in-kind revenue and rental. Other contributions were received from E.C. Boone Ltd. in the amount of \$nil (2020 - \$5,000) and from NL Power in the amount of \$nil (2020 - \$1,500). These amounts were recorded as in-kind revenue and promotion.

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2021

9. 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 6 above. The Organization also received a subsidy to offset rent expense in the amount of \$2,146 which were recorded and offset against rental expense. 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.