

Financial Statements of

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

Year ended August 31, 2023

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, 2023, 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, 2023, 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
January 8, 2024

Chartered Professional Accountant

Jordan Cull, Chartered Professional Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

BALANCE SHEET As at August 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT		
Cash	\$ 359,608	\$ 188,190
Accounts receivable (Note 2)	-	1,882
Due from Hall Operations Fund (Note 3)	45,100	44,779
Prepaid expenses	1,901	2,480
HST recoverable	1,558	-
	<u>408,167</u>	<u>237,331</u>
PROPERTY, PLANT, AND EQUIPMENT (Note 4)	<u>187</u>	<u>267</u>
	<u>\$ 408,354</u>	<u>\$ 237,598</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,916	\$ 6,120
Employee deductions payable	3,480	2,303
HST payable	-	71
Deferred revenue (Note 5)	296,000	101,000
	<u>307,396</u>	<u>109,494</u>
NET ASSETS	<u>100,958</u>	<u>128,104</u>
	<u>\$ 408,354</u>	<u>\$ 237,598</u>

On Behalf of the Board:

Jennifer Walsh



Crystal Laffoley

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF OPERATIONS AND NET ASSETS

For the Year Ended August 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUES		
Program grants (Note 6)	\$ 240,000	\$ 290,777
Box office	87,144	38,393
Sponsorships (Note 7)	19,750	12,748
Donations	16,932	17,300
In-kind contributions (Note 8)	5,789	8,767
Fundraising	3,304	940
Other revenue	252	650
	<u>373,171</u>	<u>369,575</u>
EXPENSES		
Mainstage	202,715	167,000
Salaries and benefits - administrative and artists	143,868	155,583
Travel	13,503	17,572
Office contribution (Note 3)	10,093	10,482
Royalties	8,556	3,689
Advertising and promotion	6,876	13,135
Professional fees	5,500	5,000
Fundraising	2,207	3,367
Utilities	1,950	1,770
General and administrative	1,395	903
Non-recoverable HST	1,361	3,063
Interest and bank charges	1,213	20
Memberships and licenses	617	500
Office expenses	383	669
Amortization	80	114
	<u>400,317</u>	<u>382,867</u>
DEFICIENCY OF REVENUES OVER EXPENSES	(27,146)	(13,292)
NET ASSETS, BEGINNING OF YEAR	128,104	141,396
NET ASSETS, END OF YEAR	<u>\$ 100,958</u>	<u>\$ 128,104</u>

See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF CASH FLOWS For the Year Ended August 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING		
Deficiency of revenues over expenses	\$ (27,146)	\$ (13,292)
Amortization	80	114
Net change in non-cash working capital items	<u>198,805</u>	<u>19,144</u>
	<u>171,739</u>	<u>5,966</u>
FINANCING		
Advances to Hall Operations Fund	<u>(321)</u>	<u>(17,759)</u>
Increase (decrease) in cash and cash equivalents	171,418	(11,793)
CASH BALANCE, BEGINNING OF YEAR	188,190	199,983
CASH BALANCE, END OF YEAR	<u>\$ 359,608</u>	<u>\$ 188,190</u>

See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2023

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, 2023

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>2023</u>	<u>2022</u>
Federal Wage Subsidy	\$ -	\$ -
Other receivable	-	1,882
	<u>\$ -</u>	<u>\$ 1,882</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>2023</u>	<u>2022</u>
Theatre Rental – LSPU Hall	\$ 31,833	\$ 22,330
Shared office contribution	10,093	10,482
Salary contribution	15,500	9,125
	<u>\$ 57,426</u>	<u>\$ 41,937</u>

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

4. Property, Plant, and Equipment:

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computers	\$ 3,556	\$ 3,369	\$ 187	\$ 267
Equipment	<u>27,400</u>	<u>27,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,956</u>	<u>\$ 30,769</u>	<u>\$ 187</u>	<u>\$ 267</u>

RESOURCE CENTRE FOR THE ARTS – THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2023

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, 2023 consists of the following:

	<u>2023</u>	<u>2022</u>
Newfoundland and Labrador Arts Council	\$ 101,000	\$ 101,000
Province of Newfoundland and Labrador	45,000	-
Chris Brookes Award	20,000	-
Canada Council	<u>130,000</u>	<u>-</u>
	<u>\$ 296,000</u>	<u>\$ 101,000</u>

6. Grant Revenue:

Grant revenue for the year consists of the following:

	<u>2023</u>	<u>2022</u>
Canada Council	\$ 130,000	\$ 176,000
Newfoundland and Labrador Arts Council	101,000	105,000
City of St. John's	9,000	9,000
Federal Wage Subsidy	<u>-</u>	<u>777</u>
	<u>\$ 240,000</u>	<u>\$ 290,777</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 \$nil (2022 - \$777) in wage subsidies which were recorded as grant revenues.

7. Sponsors:

	<u>2023</u>	<u>2022</u>
Exxon Mobil	\$ -	\$ 2,498
Redpoll Foundation	1,000	2,500
Cox & Palmer	2,500	2,500
CAA	2,500	2,500
Public Service Credit Union	1,250	1,250
Browning Harvey	1,500	1,500
Other	<u>11,000</u>	<u>-</u>
	<u>\$ 19,750</u>	<u>\$ 12,748</u>

8. In-Kind Contributions:

In-kind contributions were received from The Lantern in the amount of \$5,489 (2022 – \$nil) as in-kind revenue and rental expense. Other contributions were received from Newfoundland Power in the amount of \$300 (2022 - \$nil) which was recorded as in-kind revenue and office expense and E.C. Boone Ltd. in the amount of \$nil (2022 - \$8,767) as in-kind revenue and promotion.