

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

**FINANCIAL STATEMENTS
For The Year Ended August 31, 2013**

JOHN F. MORGAN

Chartered Accountant

6 Lambe's Lane

St. John's, NL A1B 4E9

Office: (709) 576-6776 Fax: (709) 576-6777

INDEPENDENT AUDITOR'S REPORT

To the Members:

We have audited the accompanying financial statements of Resource Centre for the Arts – Theatre Fund, which comprise the balance sheet as at August 31, 2013, and the statements of operations 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

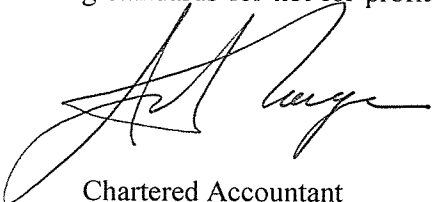
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland
November 22, 2013



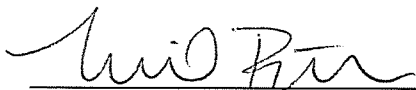
Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

BALANCE SHEET AS AT AUGUST 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 55,781	\$ 105,709
Accounts receivable	16,190	-
Amounts receivable from Hall Operations Fund (note 5)	5,000	
Due from Hall Operations Fund (note 5)	12,263	11,451
Prepaid expenses	968	921
HST recoverable	469	151
	90,671	118,232
Capital assets (note 2)	33	46
	\$ 90,704	\$118,278
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,436	\$ 8,093
Deferred revenue (note 3)	40,000	76,250
	49,436	84,343
NET ASSETS (DEFICIT)	41,268	33,935
	\$ 90,704	\$ 118,278

On behalf of the Board:





See Accompanying Notes to Financial Statements.

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2013

	2013	2012
REVENUES		
Program grants (note 4)	\$ 160,300	\$ 167,254
Sponsors (note 7)	42,500	41,500
Box office	42,108	113,742
In kind contributions (note 6)	24,975	38,016
Donations	1,500	3,385
Fundraising	865	-
Miscellaneous revenue	-	999
	272,248	364,896
EXPENSES		
Salaries and benefits	110,779	149,867
Mainstage	87,579	120,167
Promotion	32,251	47,995
Contribution to Hall Operations (note 5)	6,300	6,300
Travel and transportation	4,987	18,609
Office rent	5,470	4,433
Professional fees	3,951	3,286
Royalties	3,527	9,324
Telephone	3,362	3,451
Miscellaneous	3,311	2,503
Office supplies	1,536	2,218
Fees and dues	1,305	1,390
Interest and bank charges	543	821
Amortization	14	20
Actor's Equity	-	3,246
Fundraising	-	60
	264,915	373,690
Excess of expenses over revenues	7,333	(8,794)
Net assets, beginning of year	33,935	42,729
Net assets, end of year	\$ 41,268	\$ 33,935

See Accompanying Notes to Financial Statements.

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2013

	2013	2012
Operating activities:		
Excess of revenue over expenses (expenses over revenues)	\$ 7,333	\$ (8,794)
Items not affecting cash:		
Amortization of capital assets	14	20
Net change in non-cash working capital balances	(56,463)	(6,248)
Cash from (provided for) operating activities	(49,116)	(15,022)
Financing Activities:		
Advances from (to) Hall Operations Fund	(812)	2,691
Increase (decrease) in cash	(49,928)	(12,331)
Cash, beginning of year	105,709	118,040
CASH, END OF YEAR	\$ 55,781	\$ 105,709

See Accompanying Notes to Financial Statements.

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2013

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. The organization's mission is to develop, promote and present indigenous Newfoundland and Labrador art and artists.

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.

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.

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2013

2. Capital Assets:

	2013			2012
	Cost	Accumulated Amortization	Net	Net
Computer Equipment	\$ 2,250	\$ 2,217	\$ 33	\$ 46

3. 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, 2012 consists of the following:

	2013	2012
Newfoundland and Labrador Arts Council	22,500	22,500
Exxon Mibil	17,500	-
Canada Council	-	53,750
	\$ 40,000	\$ 76,250

4. Grant Revenue:

Grant revenue for the year consists of the following:

	2013	2012
Canada Council	\$ 107,500	\$ 107,500
Newfoundland and Labrador Arts Council	45,000	45,000
City of St. John's	7,800	8,000
HRE (Provincial)	-	6,754
	\$ 160,300	\$ 167,254

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2013

5. 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:

	2013	2012
Theatre Rental – LSPU Hall	\$ 12,473	\$ 25,859
Salary contribution	7,100	6,365
Office Rental	6,300	6,300
	\$ 25,873	\$ 38,524

As at August 31, 2013, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$12,263 (2012 - \$11,451). There is a separate amount receivable from Resource Centre for the Arts – Hall Operations Fund in the amount of \$5,000. This amount pertains to a cheque deposited into Hall Operations Fund in error. The amount due from Resource Centre for the Arts – Hall Operations Fund is non-interest bearing and has no fixed terms of repayment.

6. In-Kind Contributions:

In-kind contributions were received from E.C. Boone Ltd. in the amount of \$22,275 and from NL Power in the amount of \$2,700. These amounts were recorded as in-kind revenue and promotion.

7. Sponsors:

	2013	2012
Exxon Mobil	\$ 17,500	\$ 5,000
Nalcor Energy	10,000	10,000
Vale	10,000	10,000
Small Holdings	5,000	5,000
Statoil Hydro	-	6,500
AKCS Offshore Partner	-	5,000
	\$ 42,500	\$ 74,500

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2013

8. Contingencies:

On January 7, 2012, Resource Centre for the Arts – Theatre Fund entered into an agreement with Theatre Passe Muraille. Part VIII of said contract stated “RCAT agrees to negotiate on behalf of both companies a shared 1.5% of future next box office on productions that are not part of a TPM/RCAT tour or presentation.” Since entering into this contract, several productions have taken place which was not part of a TPM/RCAT tour or presentation. TPM has collected 1.5% of those box office revenues but have not paid RCAT their portion of those revenues. As of August 31, 2013, it is unknown as to how much box office revenue TPM has collected in relation to this contract. Furthermore, it is uncertain whether RCAT will collect their portion of these revenues from TPM.