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

**UNAUDITED FINANCIAL STATEMENTS
For The Year Ended August 31, 2014**

JOHN F. MORGAN

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REVIEW ENGAGEMENT REPORT

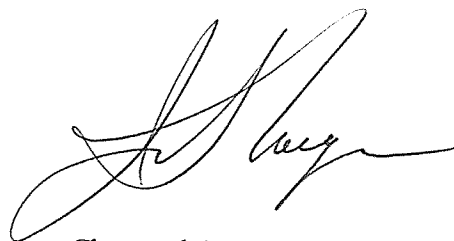
To the Members:

We have reviewed the balance sheet of Resource Centre for the Arts - Hall Operations Fund as at August 31, 2014 and the statements of operations and cash flows for the year then ended. Our review was made in accordance with Canadian accounting standards for not-for-profit organizations for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by management.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Newfoundland
December 3, 2014




Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

BALANCE SHEET (Unaudited) AS AT AUGUST 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 52,731	\$ 57,834
Cash - Capital	2,089	11,512
Prepaid expenses	2,749	454
Accounts receivable	9,845	5,000
Inventory	896	690
	68,310	75,490
Capital assets (note 2)	1,674,614	1,772,138
	\$ 1,742,924	\$ 1,847,628
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,621	\$ 13,764
Amount payable to Theatre Fund (note 4)	-	5,000
HST payable	741	2,113
Due to Theatre Fund (note 4)	17,998	12,263
Deferred revenue (note 3)	48,793	63,760
	80,153	96,900
Deferred contribution		
- Capital Construction Project (note 6)	1,657,704	1,755,228
	1,737,857	1,852,128
NET ASSETS (DEFICIT)	5,067	(4,500)
	\$ 1,742,924	\$ 1,847,628

On Behalf of the Board:





See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF OPERATIONS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2014

	2014	2013
REVENUES		
Grants and Sponsorships (note 5)	\$ 203,340	\$ 222,000
Deferred Contributions – Capital Project (note 6)	97,524	108,584
Rental Revenue	86,262	75,301
Bar Revenue	30,374	28,452
Fundraising, Donations and Memberships	21,471	22,867
Building Repair Fund	15,247	13,289
Ticket Surcharge	13,851	8,914
Theatre Contribution (note 4)	8,000	6,300
Programming Revenue	7,695	8,183
In-kind Contributions (note 8)	1,748	2,376
Other Revenue	-	80
Offsite Box Office	479	560
	485,991	496,906
EXPENSES		
Salaries, benefits and independent contractors	232,397	248,407
Amortization	97,523	108,584
Utilities and telephone	25,349	26,814
Programming expenses	22,330	22,872
Capital maintenance	13,924	6,322
Repairs and maintenance	16,140	14,732
Insurance	17,650	17,723
Bar operating	15,778	16,965
Professional fees	14,536	14,190
Advertising and promotion	5,582	4,708
Office supplies and postage	5,297	3,270
Service charges and interest	3,982	7,645
Equipment	1,928	1,120
Miscellaneous	1,488	955
Fundraising	1,154	2,083
Municipal taxes	783	1,047
Bad debt expense	583	174
	476,424	497,611
Excess of expenses over revenues	9,567	(705)
Net assets, beginning of year	(4,500)	(3,795)
NET ASSETS (DEFECIT), END OF YEAR	\$ 5,067	\$ (4,500)

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

STATEMENT OF CASH FLOWS (Unaudited) FOR THE YEAR ENDED AUGUST 31, 2014

	2014	2013
OPERATING ACTIVITIES:		
Excess of expenses over revenues	\$ 9,567	\$ (705)
Items not affecting cash:		
Amortization of capital assets	97,524	108,584
Amortization of deferred contribution – capital project	(97,523)	(108,584)
Changes in non-cash working capital	(29,832)	12,532
Cash from (provided for) operating activities	(20,264)	11,827
FINANCING ACTIVITIES:		
Advances from (to) Theatre Fund	5,735	-
Cash from (provided by) financing activities	5,735	-
Net increase (decrease) in cash	(14,529)	11,827
Cash, beginning of year	69,349	57,519
CASH, END OF YEAR	\$ 54,820	\$ 69,346
Cash, end of year consists of:		
Cash	\$ 52,731	\$ 57,834
Cash – Capital	2,089	11,512
	\$ 54,820	\$ 69,346

See Accompanying Notes to Unaudited Financial Statements

John F. Morgan, Chartered Accountant

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2014

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 mission is to develop, promote and present indigenous Newfoundland and Labrador art and artists.

1. 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:

Capital Assets and Amortization:

Capital assets are recorded at cost. Effective for the year ended August 31, 1999, the fund started to amortize its assets using the following methods 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

(Unaudited)

For the Year Ended August 31, 2014

2. Capital Assets:

	2014			2013
	Cost	Accumulated Amortization	Net	Net
Building	\$ 2,036,166	\$ 747,912	\$ 1,288,254	\$ 1,341,931
Equipment	311,401	196,606	114,795	143,494
Building – soft costs	297,061	49,799	247,262	257,564
Seating	48,350	30,526	17,824	22,280
Computer	3,851	3,743	108	155
Software	3,720	2,349	1,371	1,714
Land	5,000	-	5,000	5,000
	<u>\$ 2,705,549</u>	<u>\$ 1,030,935</u>	<u>\$ 1,674,614</u>	<u>\$ 1,772,138</u>

3. 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.

4. Related Party Transactions:

During the year Resource Centre for the Arts - Hall Operations Fund received rent and salary contribution of \$18,000 (2013 - \$13,400) from the Theatre Fund.

As at August 31, 2014 the Resource Centre for the Arts – Hall Operations Fund owed Resource Centre for the Arts – Theatre Fund \$17,998 (2013 – \$12,263).

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2014

5. Grants and Sponsorships:

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

	<u>2014</u>	<u>2013</u>
Cultural Economic Development Program	\$ 100,000	100,000
City of St. John's	50,000	50,000
Department of Canadian Heritage	21,000	19,000
Exxon Mobil	12,500	25,000
Cox and Palmer	5,000	5,500
Vale	5,000	5,000
Nalcor	5,000	-
Redpoll Foundation	4,840	5,000
GJ Cahill	-	10,000
Royal Bank of Canada	-	2,500
	<u>\$ 203,340</u>	<u>\$ 222,000</u>

6. 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
	<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>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 1,755,228	\$ 1,863,812
Less: amortization of deferred contributions	(97,524)	(108,584)
Balance, end of year	<u>\$ 1,657,704</u>	<u>\$ 1,755,228</u>

RESOURCE CENTRE FOR THE ARTS - HALL OPERATIONS FUND

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the Year Ended August 31, 2014

7. Comparative Amounts:

Certain of the comparative amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

8. In-Kind Contributions:

In-kind contributions were received from Molson in the amount of \$1,748 (2013 – \$2,376). This amount was recorded as in-kind revenue and bar operating expenses.