

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

**FINANCIAL STATEMENTS
For The Year Ended August 31, 2011**

JOHN F. MORGAN

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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, 2011, 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.

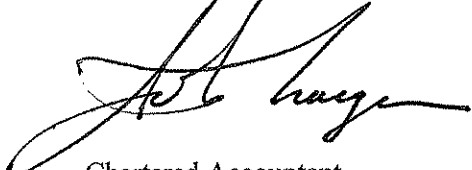
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2011, 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 28, 2011



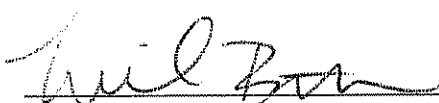
Chartered Accountant

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

**BALANCE SHEET
AS AT AUGUST 31, 2011**

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 118,040	\$ 136,866
Accounts receivable	14,804	1,000
Due from Hall Operations Fund (note 5)	14,142	4,060
HST recoverable	-	2,827
	146,986	144,753
Capital assets (note 2)	66	95
	\$ 147,052	\$144,848
LIABILITIES AND ACCUMULATED SURPLUS		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,493	\$ 7,675
HST payable	5,080	-
Deferred revenue (note 3)	82,750	81,906
	104,323	89,581
ACCUMULATED SURPLUS	42,729	55,267
	\$ 147,052	\$ 144,848

On behalf of the Board:





See Accompanying Notes to Financial Statements

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2011

	2011	2010
REVENUES		
Program grants (note 4)	\$ 173,870	\$ 262,253
Box office	107,316	148,575
Sponsors (note 7)	74,500	46,000
In kind contributions (note 6)	15,751	16,576
Donations	1,650	1,500
Fundraising	978	-
Miscellaneous revenue	2	1,535
	374,067	476,439
EXPENSES		
Salaries and benefits	164,096	194,551
Mainstage	130,095	148,717
Promotion	26,607	13,506
Travel and transportation	15,026	70,060
Royalties	10,248	8,452
Fees and dues	7,226	3,713
Contribution to Hall Operations (note 5)	6,300	8,650
Office supplies	5,469	459
Office rent	4,490	2,800
Telephone	4,204	1,774
Miscellaneous	3,344	4,717
Professional fees	3,130	2,981
Actor's Equity	2,724	210
Theatre art workshops	1,751	6,862
Fundraising	831	-
Donation	572	-
Interest and bank charges	464	405
Amortization	28	41
	386,605	467,898
Excess of expenses over revenues	(12,538)	8,541
Accumulated surplus, beginning of year	55,267	46,726
Accumulated surplus, end of year	\$ 42,729	\$ 55,267

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, 2011**

	2011	2010
Operating activities:		
Excess of revenue over expenses (expenses over revenues)	\$ (12,538)	\$ 8,541
Items not affecting cash:		
Amortization of capital assets	28	41
Net change in non-cash working capital balances	3,766	(3,363)
Cash from (provided for) operating activities	(8,744)	5,219
Financing Activities:		
Advances from (to) Hall Operations Fund	(10,082)	(1,421)
Increase (decrease) in cash	(18,826)	3,798
Cash, beginning of year	136,866	133,068
CASH, END OF YEAR	\$ 118,040	\$ 136,866

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, 2011

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:

Change in Accounting Policy:

Resource Centre for the Arts – Theatre Fund has opted to early adopt Accounting Standards for Not-For-Profit organizations for their fiscal 2011 Financial Statements. According to Section III of the CICA handbook, "First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. Adoption of this Part for earlier fiscal years is permitted."

As per Section III of the handbook, the financial statement reporting and accounting policies in place by Resource Centre for the Arts – Theatre Fund will not be affected due to the adoption of new accounting standards.

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, 2011

2. Capital Assets:

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Computer Equipment	\$ 2,250	\$ 2,184	\$ 66	\$ 95

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, 2011 consists of the following:

	2011	2010
Canada Council	\$ 53,750	\$ 53,750
Newfoundland and Labrador Arts Council	22,500	21,656
Statoil Hydro	6,500	6,500
	\$ 82,750	\$ 81,906

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2011

4. Grant Revenue:

Grant revenue for the year consists of the following:

	2011	2010
Canada Council	\$ 107,500	\$ 107,500
Newfoundland and Labrador Arts Council	43,313	43,313
HRE (Provincial)	13,457	-
Cultural Economic Development Program	5,600	28,000
City of St. John's	4,000	5,000
Canadian Parents for French	-	78,440
	\$ 173,870	\$ 262,253

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:

	2011	2010
Theatre Rental – LSPU Hall	\$ 18,600	\$ 16,847
Salary contribution	12,136	1,333
Office Rental	6,300	8,650
	\$ 37,036	\$ 26,830

As at August 31, 2011, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$14,142 (2010 - \$4,060). Included in this amount was \$7,500 deposited to Resource Centre for the Arts – Hall Operations Fund bank account which will be reimbursed to Theatre in the following fiscal year. 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 from E.C. Boone Ltd. were received in the amount of \$9,751. This amount was recorded as in kind revenue and promotion.

In-kind contributions from Newfoundland Power were received in the amount of \$6,000. This amount was recorded as in kind revenue and promotion.

RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2011

7. Sponsors:

	<u>2011</u>	<u>2010</u>
Statoil Hydro	\$ 30,000	\$ 30,000
Nalcor Energy	10,000	-
Telus	10,000	-
Newfoundland Power	10,000	10,000
AKCS Offshore Partner	5,000	-
Exxon Mobil	5,000	-
Smitty's Restaurant	4,500	5,000
Debbie Hanlon	-	1,000
	<u>\$ 74,500</u>	<u>\$ 46,000</u>