

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

**FINANCIAL STATEMENTS  
For The Year Ended August 31, 2012**

*John F. Morgan, Chartered Accountant*

# **JOHN F. MORGAN**

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*Chartered Accountant  
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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, 2012, 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.

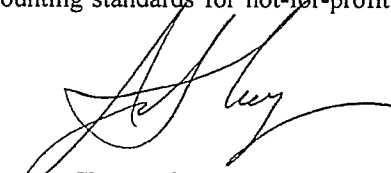
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2012, 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  
December 14, 2012



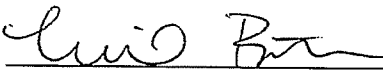
Chartered Accountant

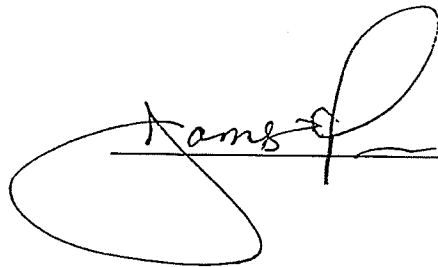
**RESOURCE CENTRE FOR THE ARTS -  
THEATRE FUND**

**BALANCE SHEET  
AS AT AUGUST 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 105,709	\$ 118,040
Accounts receivable	-	14,804
Due from Hall Operations Fund (note 5)	11,451	14,142
Prepaid expenses	921	-
HST recoverable	151	-
	118,232	146,986
Capital assets (note 2)	46	66
	\$ 118,278	\$147,052
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 8,093	\$ 16,493
HST payable	-	5,080
Deferred revenue (note 3)	76,250	82,750
	84,343	104,323
<b>NET ASSETS (DEFICIT)</b>	33,935	42,729
	\$ 118,278	\$ 147,052

On behalf of the Board:

  
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See Accompanying Notes to Financial Statements

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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2012**

	2012	2011
<b>REVENUES</b>		
Program grants (note 4)	\$ 167,254	\$ 173,870
Box office	113,742	107,316
Sponsors (note 7)	41,500	74,500
In kind contributions (note 6)	38,016	15,751
Donations	3,385	1,650
Miscellaneous revenue	999	2
Fundraising	-	978
	364,896	374,067
<b>EXPENSES</b>		
Salaries and benefits	149,867	164,096
Mainstage	116,002	130,095
Promotion	47,995	26,607
Travel and transportation	18,609	15,026
Royalties	9,324	10,248
Contribution to Hall Operations (note 5)	6,300	6,300
Office rent	4,433	4,490
Theatre art workshops	4,165	1,751
Telephone	3,451	4,204
Professional fees	3,286	3,130
Actor's Equity	3,246	2,724
Miscellaneous	2,503	3,344
Office supplies	2,218	5,469
Fees and dues	1,390	7,226
Interest and bank charges	821	464
Fundraising	60	831
Amortization	20	28
Donation	-	572
	373,690	386,605
Excess of expenses over revenues	(8,794)	(12,538)
Net assets, beginning of year	42,729	55,267
<b>Net assets, end of year</b>	<b>\$ 33,935</b>	<b>\$ 42,729</b>

See Accompanying Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2012**

	2012	2011
Operating activities:		
Excess of revenue over expenses (expenses over revenues)	\$ (8,794)	\$ (12,538)
Items not affecting cash:		
Amortization of capital assets	20	28
Net change in non-cash working capital balances	(6,248)	3,766
Cash from (provided for) operating activities	(15,022)	(8,744)
Financing Activities:		
Advances from (to) Hall Operations Fund	2,691	(10,082)
Increase (decrease) in cash	(12,331)	(18,826)
Cash, beginning of year	118,040	136,866
<b>CASH, END OF YEAR</b>	<b>\$ 105,709</b>	<b>\$ 118,040</b>

See Accompanying Notes to Financial Statements

# RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

## NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2012

### 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, 2012

#### 2. Capital Assets:

	2012		2011
	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 2,250	\$ 2,204	\$ 46
			\$ 66

#### 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:

	2012	2011
Canada Council	\$ 53,750	\$ 53,750
Newfoundland and Labrador Arts Council	22,500	22,500
Statoil Hydro	-	6,500
	\$ 76,250	\$ 82,750

#### 4. Grant Revenue:

Grant revenue for the year consists of the following:

	2012	2011
Canada Council	\$ 107,500	\$ 107,500
Newfoundland and Labrador Arts Council	45,000	43,313
City of St. John's	8,000	4,000
HRE (Provincial)	6,754	13,457
Cultural Economic Development Program	-	5,600
	\$ 167,254	\$ 173,870

## RESOURCE CENTRE FOR THE ARTS - THEATRE FUND

### NOTES TO FINANCIAL STATEMENTS For the Year Ended August 31, 2012

#### 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:

	<b>2012</b>	<b>2011</b>
Theatre Rental – LSPU Hall	\$ 25,859	\$ 18,600
Salary contribution	6,365	12,136
Office Rental	6,300	6,300
	<b>\$ 38,524</b>	<b>\$ 37,036</b>

As at August 31, 2012, Resource Centre for the Arts - Hall Operations Fund owed Resource Centre for the Arts - Theatre Fund \$11,451 (2011 - \$12,142). 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 \$35,016 and from NL Power in the amount of \$3,000. These amounts were recorded as in-kind revenue and promotion.

#### 7. Sponsors:

	<b>2012</b>	<b>2011</b>
Nalcor Energy	10,000	10,000
Vale	10,000	-
Statoil Hydro	\$ 6,500	\$ 30,000
Small Holdings	5,000	-
AKCS Offshore Partner	5,000	5,000
Exxon Mobil	5,000	5,000
Telus	-	10,000
Newfoundland Power	-	10,000
Smitty's Restaurant	-	4,500
	<b>\$ 41,500</b>	<b>\$ 74,500</b>