

Financial Statements of

CAPITOL THEATRE RESTORATION SOCIETY

April 30, 2015

CAPITOL THEATRE RESTORATION SOCIETY
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April 30, 2015

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August 31, 2015

Nelson, B.C.

REVIEW ENGAGEMENT REPORT

To the Members
Capitol Theatre Restoration Society

We have reviewed the statement of financial position of Capitol Theatre Restoration Society as at April 30, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

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

In common with many charitable organizations, the Society derives revenue from donations over which there are limited accounting controls exercised prior to the initial entry of these transactions into the accounting records of the Society. Accordingly, our review of donations was limited to the amounts recorded in the records of the Society. Had we been able to complete our review, we might have determined adjustments to be necessary to cash, revenue, excess of revenue over expenses and net assets.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of donations, 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.



Chartered Professional Accountants

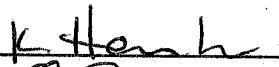
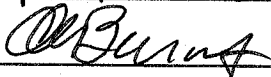
August 31, 2015

Nelson, B.C.

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF FINANCIAL POSITION
As At April 30, 2015
(Unaudited)

ASSETS	2015	2014
CURRENT ASSETS		
Cash	\$ 61,079	\$ 124,639
Accounts receivable	4,015	12,145
Inventory	1,663	569
Prepaid expenses	15,465	8,819
	82,222	146,172
CAPITAL ASSETS (note 3)	547,252	524,139
	\$ 629,474	\$ 670,311
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,705	\$ 18,781
Government remittances payable	3,772	3,396
Deferred contributions (note 4)	28,542	31,202
Trust liabilities (note 5)	25,763	16,232
	68,782	69,611
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	557,222	600,052
	626,004	669,663
NET ASSETS (DEFICIENCY IN ASSETS)		
Invested in capital assets (note 7)	7,578	10,400
Unrestricted net assets (deficiency)	(4,108)	(9,752)
	3,470	648
	\$ 629,474	\$ 670,311

Approved by the Directors:

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF OPERATIONS
For the Year Ended April 30, 2015
(Unaudited)

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Grants, City of Nelson (note 9)	\$ 67,500	\$ 69,167	\$ 65,000
Community Gaming Grant - Province of B.C.	15,000	15,000	15,000
Grants - Other Federal, Provincial and RDCK	13,153	16,719	21,056
Grants, Foundations and other	12,000	14,500	59,635
Donations and sponsorships	12,500	15,381	21,310
Performances	142,075	145,022	151,222
Concession	33,400	37,031	37,585
Rentals	58,000	69,033	59,972
Membership dues	500	390	380
Interest	300	1,528	830
Fundraising and miscellaneous	14,025	7,874	14,599
Amortization of deferred capital contributions (note 6)	21,000	53,460	27,541
	389,453	445,105	474,130
EXPENSES			
Administrative salaries	90,445	85,748	84,190
Advertising	12,000	18,018	14,877
Amortization	21,000	31,543	30,303
Bank charges and interest	11,414	12,462	11,891
Building maintenance	18,271	43,984	56,148
Concession supplies	16,050	14,613	17,679
Employee benefits	11,800	17,149	9,727
Insurance	6,500	8,648	6,460
Licences and dues	1,750	954	422
Meetings and travel	2,500	3,131	4,252
Miscellaneous	350	184	450
Office	8,130	7,123	11,059
Performance fees and production costs	116,072	127,071	127,641
Professional fees	6,000	8,003	7,784
Technical salaries	40,218	42,255	38,984
Telephone	4,000	3,367	3,977
Utilities	18,500	16,308	18,304
Website maintenance	1,000	1,722	2,372
	386,000	442,283	446,520
EXCESS OF REVENUE OVER EXPENSES	\$ 3,453	\$ 2,822	\$ 27,610

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended April 30, 2015
(Unaudited)

	Invested in Capital Assets (note 7)	Unrestricted	Total 2015	Total 2014
NET ASSETS (DEFICIENCY), BEGINNING OF YEAR	\$ 10,400	\$(9,752)	\$ 648	\$(26,962)
Excess (deficiency) of revenue over expenses	(2,822)	5,644	2,822	27,610
NET ASSETS (DEFICIENCY), END OF YEAR	\$ 7,578	\$(4,108)	\$ 3,470	\$ 648

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2015
(Unaudited)

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 2,822	\$ 27,610
Items not affecting cash flow		
- amortization	31,543	30,303
- amortization of deferred capital contributions	(53,460)	(27,541)
	(19,095)	30,372
Changes in non-cash working capital (note 10)	(440)	(17,911)
Cash Provided By (Used For) Operating Activities	(19,535)	12,461
FINANCING ACTIVITIES		
Capital grant contributions	10,630	163,715
INVESTING ACTIVITIES		
Purchase of capital assets	(54,655)	(93,111)
INCREASE (DECREASE) IN CASH	(63,560)	83,065
CASH, BEGINNING OF YEAR	124,639	41,574
CASH, END OF YEAR	\$ 61,079	\$ 124,639

CAPITOL THEATRE RESTORATION SOCIETY

NOTES TO FINANCIAL STATEMENTS

As At April 30, 2015
(Unaudited)

1. CAPITOL THEATRE RESTORATION SOCIETY

The Society was incorporated under the Society Act of British Columbia on October 29, 1982 with the purpose of restoring the Capitol Theatre building and providing a centre for the performing arts. The Capitol Theatre was officially reopened on April 17, 1988 and has been operated by the Society since that time. The Society is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes provided certain requirements of the income tax act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Society.

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is calculated on a straight-line basis over the useful life of the assets as follows:

Leasehold improvements	2%
Equipment	10%
Furniture and fixtures	10%

Donated Materials, Labour and Services

Donated materials, labour, and services are not recorded in the accounts of the Society.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into income at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably ensured.

Financial Instruments

The Society's financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is at amortized cost. The Society's financial instruments include cash, accounts receivable, accounts payable and trust liabilities.

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
As At April 30, 2015
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-lived Assets

The Society assesses long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of the impairment loss is equal to the excess of the asset's carrying value over its fair value. No impairment loss was recognized by the Society in the current year.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent, however, actual results could differ from these estimates.

The Society's most significant estimates include the useful lives of assets for amortization and recognition of deferred capital contributions.

3. CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 993,184	\$ 519,399	\$ 945,380	\$ 499,536
Equipment	181,568	136,130	180,968	129,686
Furniture and fixtures	79,884	51,855	73,633	46,620
	<u>1,254,636</u>	<u>707,384</u>	<u>1,199,981</u>	<u>675,842</u>
Cost less accumulated amortization	<u>\$ 547,252</u>		<u>\$ 524,139</u>	

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent specific grants, donations and deposits for specific purposes as follows:

	2015	2014
Donations for equipment and other purposes	\$ 2,935	\$ 2,935
Operating grant for subsequent year	22,500	24,167
Rental deposits	1,930	4,100
Subsequent year performance ticket sales	<u>1,177</u>	<u>-</u>
	<u>\$ 28,542</u>	<u>\$ 31,202</u>

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At April 30, 2015
(Unaudited)

5. TRUST LIABILITIES

The Society prints and sells tickets for performances held by groups renting the facility. Trust liabilities represent the portion of funds from these ticket sales that are due to the renters once the performance is held and all costs are settled.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2015	2014
Balance, beginning of year	\$ 600,052	\$ 449,813
Additions	10,630	177,780
Less: amounts amortized to revenue	<u>(53,460)</u>	<u>(27,541)</u>
Balance, end of year	<u>\$ 557,222</u>	<u>\$ 600,052</u>

7. INVESTMENT IN CAPITAL ASSETS

	2015	2014
Investment in capital assets is calculated as follows:		
Capital assets	\$ 547,252	\$ 524,139
Less: amounts financed by deferred capital contributions	<u>(539,674)</u>	<u>(513,739)</u>
	<u>\$ 7,578</u>	<u>\$ 10,400</u>

8. FINANCIAL INSTRUMENTS

The Society has some exposure to risks through its financial instruments. The following analysis presents the Society's exposures to significant risk at the reporting date, April 30, 2015.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from its accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and grants.

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At April 30, 2015
(Unaudited)

9. ECONOMIC DEPENDENCE

During the year, the Society received operating grants from the City of Nelson. These grants amounted to 15.6% of operating revenue (2014 - 14.8%). In addition, the Society leases the Capitol Theatre from the City of Nelson at a nominal rental of \$1 per year. The lease is renewable annually.

10. CHANGES IN NON-CASH WORKING CAPITAL

	2015	2014
Accounts receivable	\$ 8,130	\$(11,516)
Prepaid expenses	(6,646)	(2,004)
Inventory	(1,094)	647
Accounts payable	(8,076)	9,812
Government remittances payable	375	(8,749)
Trust liabilities	9,531	(13,047)
Deferred contributions	(2,660)	(7,119)
Deferred contributions transferred to deferred capital contributions	-	14,065
	<u>\$(440)</u>	<u>\$(17,911)</u>

11. OVERDRAFT LIMIT

The Society has a line of credit limit of \$20,000 with the Nelson & District Credit Union.