

Financial Statements of

CAPITOL THEATRE RESTORATION SOCIETY

April 30, 2016

CAPITOL THEATRE RESTORATION SOCIETY
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April 30, 2016

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August 30, 2016

Nelson, B.C.

Berg
Lehmann

REVIEW ENGAGEMENT REPORT

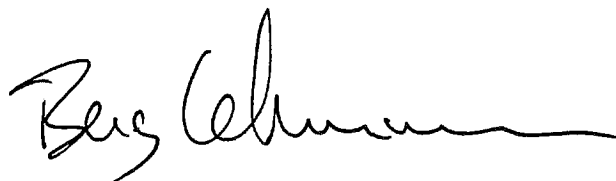
To the Members
Capitol Theatre Restoration Society

We have reviewed the statement of financial position of Capitol Theatre Restoration Society as at April 30, 2016 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

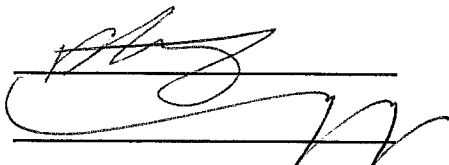
August 30, 2016

Nelson, B.C.

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF FINANCIAL POSITION
As At April 30, 2016
(Unaudited)

ASSETS	2016	2015
CURRENT ASSETS		
Cash	\$ 80,767	\$ 61,079
Accounts receivable	673	4,015
Inventory	891	1,663
Prepaid expenses	19,352	15,465
	101,683	82,222
INVESTMENTS	2,086	-
CAPITAL ASSETS (note 3)	520,205	547,252
	\$ 623,974	\$ 629,474
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,791	\$ 10,705
Government remittances payable	3,923	3,772
Deferred contributions (note 4)	34,630	28,542
Trust liabilities (note 5)	20,527	25,763
	68,871	68,782
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	527,809	557,222
	596,680	626,004
NET ASSETS		
Invested in capital assets (note 7)	9,252	7,578
Unrestricted net assets (deficiency)	18,042	(4,108)
	27,294	3,470
	\$ 623,974	\$ 629,474

Approved by the Directors:



CAPITOL THEATRE RESTORATION SOCIETY

STATEMENT OF OPERATIONS

For the Year Ended April 30, 2016

(Unaudited)

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Grants, City of Nelson (note 9)	\$ 67,500	\$ 67,500	\$ 69,167
Community Gaming Grant - Province of B.C.	15,000	15,000	15,000
Grants - Other Federal, Provincial and RDCK	22,845	50,156	16,719
Grants, Foundations and other	10,000	9,750	14,500
Donations and sponsorships	13,500	19,274	15,381
Performances	144,525	170,675	145,022
Concession	34,900	35,453	37,031
Rentals	65,000	65,018	69,033
Membership dues	400	310	390
Interest	300	378	1,528
Fundraising and miscellaneous	11,700	16,116	7,874
Amortization of deferred capital contributions (note 6)	21,000	29,413	53,460
	406,670	479,043	445,105
EXPENSES			
Administrative salaries	91,734	86,590	85,748
Advertising	13,000	12,174	18,018
Amortization	21,000	31,742	31,543
Bank charges and interest	12,170	12,072	12,462
Building maintenance	20,560	22,077	43,984
Concession supplies	15,800	14,545	14,613
Employee benefits	12,220	17,308	17,149
Insurance	8,500	9,664	8,648
Licences and dues	1,050	846	954
Meetings and travel	3,000	3,533	3,131
Miscellaneous	200	551	184
Office	7,200	12,642	7,123
Performance fees and production costs	126,201	159,891	127,071
Professional fees	8,000	8,015	8,003
Technical salaries	40,787	43,360	42,255
Telephone	3,250	1,636	3,367
Utilities	16,500	15,298	16,308
Website maintenance	1,800	3,275	1,722
	402,972	455,219	442,283
EXCESS OF REVENUE OVER EXPENSES	\$ 3,698	\$ 23,824	\$ 2,822

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended April 30, 2016
(Unaudited)

	Invested in Capital Assets (note 7)	Unrestricted	Total 2016	Total 2015
NET ASSETS (DEFICIENCY), BEGINNING OF YEAR	\$ 7,578	\$(4,108)	\$ 3,470	\$ 648
Excess of revenue over expenses	1,674	22,150	23,824	2,822
NET ASSETS, END OF YEAR	\$ 9,252	\$ 18,042	\$ 27,294	\$ 3,470

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2016
(Unaudited)

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 23,824	\$ 2,822
Items not affecting cash flow		
- amortization	31,742	31,543
- amortization of deferred capital contributions	(29,413)	(53,460)
- donation of securities	(2,086)	-
	<u>24,067</u>	<u>(19,095)</u>
Changes in non-cash working capital (note 10)	317	(440)
Cash Provided By (Used For) Operating Activities	<u>24,384</u>	<u>(19,535)</u>
FINANCING ACTIVITIES		
Capital grant contributions	-	10,630
INVESTING ACTIVITIES		
Purchase of capital assets	(4,696)	(54,655)
INCREASE (DECREASE) IN CASH	19,688	(63,560)
CASH, BEGINNING OF YEAR	61,079	124,639
CASH, END OF YEAR	\$ 80,767	\$ 61,079

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS

As At April 30, 2016
(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 (Continued)
As At April 30, 2016
(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

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 996,566	\$ 539,331	\$ 993,184	\$ 519,399
Equipment	181,568	142,574	181,568	136,130
Furniture and fixtures	81,198	57,222	79,884	51,855
	<u>1,259,332</u>	<u>739,127</u>	<u>1,254,636</u>	<u>707,384</u>
Cost less accumulated amortization	<u>\$ 520,205</u>		<u>\$ 547,252</u>	

4. DEFERRED CONTRIBUTIONS

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

	2016	2015
Donations for equipment and other purposes	\$ 17,524	\$ 2,935
Operating grant for subsequent year	14,565	22,500
Rental deposits	1,330	1,930
Subsequent year performance ticket sales	1,211	1,177
	<u>\$ 34,630</u>	<u>\$ 28,542</u>

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At April 30, 2016
(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

	2016	2015
Balance, beginning of year	\$ 557,222	\$ 600,052
Additions	-	10,630
Less: amounts amortized to revenue	<u>(29,413)</u>	<u>(53,460)</u>
Balance, end of year	<u>\$ 527,809</u>	<u>\$ 557,222</u>

7. INVESTMENT IN CAPITAL ASSETS

	2016	2015
Investment in capital assets is calculated as follows:		
Capital assets	\$ 520,205	\$ 547,252
Less: amounts financed by deferred capital contributions	<u>(510,953)</u>	<u>(539,674)</u>
	<u>\$ 9,252</u>	<u>\$ 7,578</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, 2016.

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, 2016
(Unaudited)

9. ECONOMIC DEPENDENCE

During the year, the Society received operating grants from the City of Nelson. These grants amounted to 14.1% of operating revenue (2015 - 15.6%). 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

	2016	2015
Accounts receivable	\$ 3,342	\$ 8,130
Prepaid expenses	(3,887)	(6,646)
Inventory	773	(1,094)
Accounts payable	(915)	(8,076)
Government remittances payable	152	375
Trust liabilities	(5,236)	9,531
Deferred contributions	6,088	(2,660)
	\$ 317	\$(440)

11. OVERDRAFT LIMIT

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