

Financial Statements of

CAPITOL THEATRE RESTORATION SOCIETY

April 30, 2017

CAPITOL THEATRE RESTORATION SOCIETY
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April 30, 2017

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October 3, 2017

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, 2017 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

October 3, 2017

Nelson, B.C.

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF FINANCIAL POSITION
As At April 30, 2017
(Unaudited)

ASSETS	2017	2016
CURRENT ASSETS		
Cash	\$ 151,650	\$ 80,767
Accounts receivable	1,779	673
Inventory	1,077	891
Prepaid expenses	16,307	19,352
	170,813	101,683
INVESTMENTS	1,998	2,086
CAPITAL ASSETS (note 3)	536,063	520,205
	\$ 708,874	\$ 623,974
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,901	\$ 9,791
Government remittances payable	5,892	3,923
Deferred contributions (note 4)	99,314	34,630
Trust liabilities (note 5)	25,038	20,527
	154,145	68,871
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	527,112	527,809
	681,257	596,680
NET ASSETS		
Invested in capital assets (note 7)	8,951	9,252
Unrestricted net assets	18,666	18,042
	27,617	27,294
	\$ 708,874	\$ 623,974

Approved by the Directors:



CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF OPERATIONS
For the Year Ended April 30, 2017
(Unaudited)

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Grants, City of Nelson (note 9)	\$ 67,500	\$ 67,500	\$ 67,500
Community Gaming Grant - Province of B.C.	17,500	17,480	15,000
Grants - Other Federal, Provincial and RDCK	26,690	63,019	50,156
Grants, Foundations and other	8,000	11,500	9,750
Donations and sponsorships	14,000	17,315	19,274
Performances	150,025	159,140	170,675
Concession	32,900	33,077	35,453
Rentals	65,000	57,905	65,018
Membership dues	400	300	310
Interest	300	1,340	378
Fundraising and miscellaneous	11,700	8,550	16,116
Amortization of deferred capital contributions (note 6)	21,000	31,272	29,413
	415,015	468,398	479,043
EXPENSES			
Administrative salaries	86,600	87,010	86,590
Advertising	13,000	12,400	12,174
Amortization	21,000	33,747	31,742
Bank charges and interest	12,170	12,906	12,072
Building maintenance	20,750	42,440	22,077
Concession supplies	15,800	13,726	14,545
Employee benefits	18,350	17,194	17,308
Insurance	11,000	7,243	9,664
Licences and dues	1,350	1,007	846
Meetings and travel	3,500	4,156	3,533
Miscellaneous	200	158	551
Office	10,100	7,726	12,642
Performance fees and production costs	128,200	158,629	159,891
Professional fees	8,000	6,990	8,015
Technical salaries	41,090	41,571	43,360
Telephone	5,000	1,804	1,636
Utilities	15,500	15,922	15,298
Website maintenance	1,800	3,446	3,275
	413,410	468,075	455,219
EXCESS OF REVENUE OVER EXPENSES	\$ 1,605	\$ 323	\$ 23,824

CAPITOL THEATRE RESTORATION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended April 30, 2017
(Unaudited)

	Invested in Capital Assets (note 7)	Unrestricted	Total 2017	Total 2016
NET ASSETS, BEGINNING OF YEAR	\$ 9,252	\$ 18,042	\$ 27,294	\$ 3,470
Excess (deficiency) of revenue over expenses	(301)	624	323	23,824
NET ASSETS, END OF YEAR	\$ 8,951	\$ 18,666	\$ 27,617	\$ 27,294

CAPITOL THEATRE RESTORATION SOCIETY

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2017

(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 323	\$ 23,824
Items not affecting cash flow		
- amortization	33,747	31,742
- amortization of deferred capital contributions	(31,272)	(29,413)
- donation of securities	-	(2,086)
- write down in book value of marketable securities	88	-
	<u>2,886</u>	<u>24,067</u>
Changes in non-cash working capital (note 10)	87,027	317
Cash Provided By Operating Activities	<u>89,913</u>	<u>24,384</u>
FINANCING ACTIVITIES		
Capital grant contributions	30,575	-
INVESTING ACTIVITIES		
Purchase of capital assets	(49,605)	(4,696)
INCREASE IN CASH	70,883	19,688
CASH, BEGINNING OF YEAR	80,767	61,079
CASH, END OF YEAR	\$ 151,650	\$ 80,767

CAPITOL THEATRE RESTORATION SOCIETY

NOTES TO FINANCIAL STATEMENTS

As At April 30, 2017
(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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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, 2017
(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

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$1,023,363	\$ 559,798	\$ 996,566	\$ 539,331
Equipment	199,684	151,153	181,568	142,574
Furniture and fixtures	85,891	61,924	81,198	57,222
	<u>1,308,938</u>	<u>772,875</u>	<u>1,259,332</u>	<u>739,127</u>
Cost less accumulated amortization	<u>\$ 536,063</u>		<u>\$ 520,205</u>	

4. DEFERRED CONTRIBUTIONS

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

	2017	2016
Donations for equipment and other capital purposes	\$ 66,546	\$ 17,524
Operating grant for subsequent year	31,090	14,565
Rental deposits	1,678	1,330
Subsequent year performance ticket sales	-	1,211
	<u>\$ 99,314</u>	<u>\$ 34,630</u>

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At April 30, 2017
(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

	2017	2016
Balance, beginning of year	\$ 527,809	\$ 557,222
Additions	30,575	-
Less: amounts amortized to revenue	<u>(31,272)</u>	<u>(29,413)</u>
Balance, end of year	<u>\$ 527,112</u>	<u>\$ 527,809</u>

Deferred capital contributions are amortized on a straight-line basis over the useful life of the assets that they funded.

7. INVESTMENT IN CAPITAL ASSETS

	2017	2016
Investment in capital assets is calculated as follows:		
Capital assets	\$ 536,063	\$ 520,205
Less: amounts financed by deferred capital contributions	<u>(527,112)</u>	<u>(510,953)</u>
	<u>\$ 8,951</u>	<u>\$ 9,252</u>

CAPITOL THEATRE RESTORATION SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
As At April 30, 2017
(Unaudited)

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, 2017.

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.

9. ECONOMIC DEPENDENCE

During the year, the Society received operating grants from the City of Nelson. These grants amounted to 14.5% of operating revenue (2016 - 14.1%). 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

	2017	2016
Accounts receivable	\$(1,106)	\$ 3,342
Prepaid expenses	3,046	(3,887)
Inventory	(186)	773
Accounts payable	14,110	(915)
Government remittances payable	1,968	152
Trust liabilities	4,511	(5,236)
Deferred contributions	64,684	6,088
	<u>\$ 87,027</u>	<u>\$ 317</u>

11. OVERDRAFT LIMIT

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