



**Grant Thornton**

An instinct for growth™

*Financial Statements of*

**CAPITOL THEATRE RESTORATION SOCIETY**

*April 30, 2019*



**Grant Thornton**

An instinct for growth™

## **CAPITOL THEATRE RESTORATION SOCIETY**

**Index to Unaudited Financial Statements**

**April 30, 2019**

---

<b>Independent Practioner's Review Engagement Report</b>	<b>- Pages 1 - 2</b>
<b>Statement of Financial Position</b>	<b>- Page 3</b>
<b>Statement of Operations</b>	<b>- Page 4</b>
<b>Statement of Changes in Net Assets</b>	<b>- Page 5</b>
<b>Statement of Cash Flows</b>	<b>- Page 6</b>
<b>Notes to Financial Statements</b>	<b>- Pages 7 - 10</b>



**Grant Thornton**

An instinct for growth™

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

---

**Grant Thornton LLP**  
513 Victoria Street  
Nelson, BC  
V1L 4K7  
T +1 250 352 3165  
F +1 250 352 7166

To the Members  
Capitol Theatre Restoration Society

We have reviewed the accompanying financial statements of Capitol Theatre Restoration Society that comprise the statement of financial position as at April 30, 2019 and the statements of operations, changes in net assets 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.

### ***Practitioner's Responsibility***

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Capitol Theatre Restoration Society as at April 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)**

### ***Other Matters***

The financial statements of the Capitol Theatre Restoration Society for the year ended April 30, 2018, were reviewed by Berg Lehmann Chartered Professional Accountants who expressed an unmodified conclusion on those statements on October 4, 2018.

*Grant Thornton LLP*

**Chartered Professional Accountants**

September 25, 2019

Nelson, B.C.

**CAPITOL THEATRE RESTORATION SOCIETY****STATEMENT OF FINANCIAL POSITION****As At April 30, 2019****(Unaudited)**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 147,700	\$ 235,722
Accounts receivable	4,921	-
Inventory	963	794
Prepaid expenditures	15,122	47,547
	<b>168,706</b>	<b>284,063</b>
<b>INVESTMENTS</b>	-	1,925
<b>CAPITAL ASSETS (note 3)</b>	<b>692,804</b>	<b>577,888</b>
	<b>\$ 861,510</b>	<b>\$ 863,876</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 20,414	\$ 11,694
Government remittances payable	3,819	5,510
Deferred contributions (note 4)	54,374	168,943
Trust liabilities (note 5)	25,962	46,319
	<b>104,569</b>	<b>232,466</b>
<b>DEFERRED CAPITAL CONTRIBUTIONS (note 6)</b>	<b>686,945</b>	<b>571,095</b>
	<b>791,514</b>	<b>803,561</b>
<b>NET ASSETS</b>		
Invested in capital assets (note 7)	5,859	6,793
Unrestricted net assets	64,137	53,522
	<b>69,996</b>	<b>60,315</b>
	<b>\$ 861,510</b>	<b>\$ 863,876</b>

Approved by the Directors:



# CAPITOL THEATRE RESTORATION SOCIETY

## STATEMENT OF OPERATIONS

For the Year Ended April 30, 2019

(Unaudited)

	2019 Budget	2019 Actual	2018 Actual
<b>REVENUE</b>			
Grants - Federal, Provincial and Municipal (note 9)	\$ 123,040	\$ 132,463	\$ 148,631
Grants - Foundations and NGOs	8,000	7,500	8,250
Donations and sponsorships	8,000	12,500	12,250
Performances	154,000	158,690	174,143
Concession	36,000	37,215	32,799
Rentals	65,000	45,727	55,353
Other performance revenue	12,500	28,126	16,653
Capital grants	-	23,033	9,389
Other income	7,925	12,876	13,497
Fundraising	13,900	25,601	19,835
Amortization of deferred capital contributions (note 6)	21,000	37,641	34,219
	<b>449,365</b>	<b>521,372</b>	<b>525,019</b>
<b>EXPENDITURES</b>			
Advertising and promotion	12,000	17,187	19,951
Amortization	21,000	38,576	35,466
Bank charges and interest	12,270	16,021	15,541
Building maintenance	7,300	27,307	14,578
Concession supplies	17,500	17,544	13,546
Licences and dues	10,100	9,008	7,212
Meetings and travel	3,500	6,400	5,180
Miscellaneous	-	500	302
Office	10,950	6,582	9,362
Production fees	108,920	113,528	124,097
Professional fees	16,420	17,366	17,919
Technical and equipment fees	23,800	28,769	24,498
Telephone	2,000	2,552	1,861
Utilities	15,500	15,994	16,418
Wages and employee benefits	181,643	188,602	177,486
Website maintenance	3,000	5,755	8,904
	<b>445,903</b>	<b>511,691</b>	<b>492,321</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 3,462</b>	<b>\$ 9,681</b>	<b>\$ 32,698</b>

**CAPITOL THEATRE RESTORATION SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended April 30, 2019**  
(Unaudited)

	Invested in Capital Assets (note 7)	Unrestricted	Total 2019	Total 2018
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 6,793	\$ 53,522	\$ 60,315	\$ 27,617
Excess (deficiency) of revenue over expenditures	( 934)	10,615	9,681	32,698
<b>NET ASSETS, END OF YEAR</b>	\$ 5,859	\$ 64,137	\$ 69,996	\$ 60,315

# CAPITOL THEATRE RESTORATION SOCIETY

## STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2019

(Unaudited)

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 9,681	\$ 32,698
Items not affecting cash flow		
- amortization	38,576	35,466
- amortization of deferred capital contributions	( 37,641)	( 34,219)
- disposal of securities	1,925	-
- write down in book value of marketable securities	-	73
Capital grant contributions	153,491	78,201
	166,032	112,219
Changes in non-cash working capital (note 10)	( 100,563)	49,144
Cash Provided By Operating Activities	65,469	161,363
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	( 153,491)	( 77,291)
<b>INCREASE (DECREASE) IN CASH</b>	( 88,022)	84,072
<b>CASH, BEGINNING OF YEAR</b>	235,722	151,650
<b>CASH, END OF YEAR</b>	\$ 147,700	\$ 235,722



# CAPITOL THEATRE RESTORATION SOCIETY

## NOTES TO FINANCIAL STATEMENTS

As At April 30, 2019

(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.

#### 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.

**CAPITOL THEATRE RESTORATION SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At April 30, 2019**  
(Unaudited)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 1,222,107	\$ 605,876	\$ 1,081,777	\$ 581,434
Equipment	204,640	166,503	204,641	158,828
Furniture and fixtures	112,973	74,537	99,811	68,079
	<u>1,539,720</u>	<u>846,916</u>	<u>1,386,229</u>	<u>808,341</u>
Cost less accumulated amortization	<u>\$ 692,804</u>		<u>\$ 577,888</u>	

**4. DEFERRED CONTRIBUTIONS**

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

	2019	2018
Donations for equipment and other capital purposes	\$ 48,374	\$ 166,443
Operating grant for subsequent year	<u>6,000</u>	<u>2,500</u>
	<u>\$ 54,374</u>	<u>\$ 168,943</u>
Balance, end of year consists of:		
General	\$ 3,297	
NDCU - Summer Youth Program	4,000	
National Theatre - Summer Youth Program	2,000	
BC Gaming - Fire Suppression	2,280	
Amy Ferguson Institute - Orchestra Pit Upgrades	2,117	
CBT Public Arts Grant - Outside Bench	8,440	
CBT / Heritage BC - Fire Suppression	<u>32,240</u>	
	<u>\$ 54,374</u>	

# CAPITOL THEATRE RESTORATION SOCIETY

## NOTES TO FINANCIAL STATEMENTS (Continued)

As At April 30, 2019

(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

	2019	2018
Balance, beginning of year	\$ 571,095	\$ 527,112
Additions	153,491	78,202
Less: Amounts amortized to revenue	( 37,641)	( 34,219)
Balance, end of year	<u>\$ 686,945</u>	<u>\$ 571,095</u>
Additions consist of:		
Government of Canada	\$ 7,696	
BC Gaming	84,490	
Province of BC	15,000	
Heritage BC	19,865	
CBT	20,571	
Amy Ferguson Institute	3,474	
Royal Legion	500	
Capital donations - various	<u>1,895</u>	
Total additions	<u>\$ 153,491</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

	2019	2018
Investment in capital assets is calculated as follows:		
Capital assets	\$ 692,804	\$ 577,888
Less: Amounts financed by deferred capital contributions	<u>( 686,945)</u>	<u>( 571,095)</u>
	<u>\$ 5,859</u>	<u>\$ 6,793</u>

# CAPITOL THEATRE RESTORATION SOCIETY

## NOTES TO FINANCIAL STATEMENTS (Continued)

As At April 30, 2019

(Unaudited)

### 8. FINANCIAL INSTRUMENTS

The Society has some exposure to risks through its financial instruments. The main risks the Society is exposed to through its financial instruments are credit risk and liquidity risk.

#### 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. There was no significant change in exposure from the prior year.

#### 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. There was no significant change in exposure from the prior year.

### 9. ECONOMIC DEPENDENCE

During the year, the Society received operating grants from the City of Nelson. These grants amounted to 12.9% of operating revenue (2018 - 12.9%). 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

	2019	2018
Accounts receivable	\$( 4,921)	\$ 1,781
Prepaid expenditures	32,424	( 31,240)
Inventory	( 169)	284
Accounts payable	8,720	( 12,210)
Government remittances payable	( 1,691)	( 381)
Trust liabilities	( 20,357)	21,281
Deferred contributions	( 114,569)	69,629
	<u>\$( 100,563)</u>	<u>\$ 49,144</u>

### 11. OVERDRAFT LIMIT

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

### 12. COMPARATIVE FIGURES

Comparative figures have been adjusted to conform to changes in the current year presentation.