THEATRE NOVA SCOTIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Michael E. Sutherland Inc.
Chartered Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Members of
THEATRE NOVA SCOTIA

I have audited the accompanying financial statements of THEATRE NOVA SCOTIA, which comprise the statement of financial position as at June 30, 2014, and the statement of operations, statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgment, 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 statement 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many not for profit organizations, THEATRE NOVA SCOTIA derives receipts from fees and donations from members and others, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts

recorded in the records of the association and I was not able to determine whether any adjustments might be necessary to these financial statements.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects, the financial position of TNS as at June 30, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards.

Chartered Accountant

Lower Sackville, NS
November 21, 2014

THEATRE NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

ASSETS

	2014 $	2013 $
CURRENT		
Cash	87,715	32,475
Cash - Perform! (Note 3)	40,266	44,948
Term deposit	21,209	20,865
Accounts receivable	9,354	44,983
Accounts receivable - Perform!	600	10,915
Prepaid expense	4,753	1,029
	163,897	155,215
OTHER ASSET		
Term deposit - Scholarship Fund	13,407	14,263
CAPITAL ASSETS (Note 4)	3,090	4,207
	180,394	173,685

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	9,960	4,324
Accounts payable - Perform!	980	13,351
Deferred revenue - Perform!	39,886	42,512
Deferred contributions - Other (Note 5)	87,450	61,400
	138,276	121,587
NET ASSETS		
Unrestricted net assets	8,711	7,835
Scholarship fund (Note 7)	13,407	14,263
Internally restricted net assets (Note 6)	20,000	30,000
	42,118	52,098
	180,394	173,685

APPROVED ON BEHALF OF THE BOARD

Director

Director

THEATRE NOVA SCOTIA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	Scholarship Fund (Note 7) $	Internally Restricted net assets (Note 6) $	Unrestricted $	2014 $	2013 $
NET ASSETS - beginning of year	14,263	30,000	7,835	52,098	42,105
Excess of revenues over expenditures	-	-	(9,124)	(9,124)	9,958
Contributions and income	144	-	-	144	35
Scholarship award	(1,000)	-	-	(1,000)	-
Transfer from internally restricted net assets (Note 6)	-	(10,000)	10,000	-	-
NET ASSETS - end of year	13,407	20,000	8,711	42,118	52,098

THEATRE NOVA SCOTIA
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	2014 $	(3 Months) 2013 $
REVENUE		
Government grants	61,400	25,350
Fundraising	475	-
Other	10,081	500
Membership	7,570	555
Interest	618	154
Programs, see page 11	200,455	55,326
	280,599	81,885
EXPENDITURES		
Administrative salaries and benefits	57,515	5,591
Advertising and promotion	259	246
Amortization (net of grant amortization of Nil; 2013 -$60)	1,117	240
Annual general meeting	117	-
Bank and service charges	727	(49)
Communications	902	181
General expenses	172	88
Insurance	2,157	287
Meetings and regional communications	659	12
Membership	100	100
Office	3,108	489
Professional fees	1,760	800
Repairs and maintenance	430	59
Programs, see page 11	220,700	63,883
	289,723	71,927
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	(9,124)	9,958
UNRESTRICTED NET ASSETS - beginning of year	7,835	(2,126)
Excess (deficiency) of revenues over expenditures	(9,124)	9,958
Internally restricted net assets transfer (Note 6)	10,000	-
UNRESTRICTED NET ASSETS - end of year	8,711	7,832

THEATRE NOVA SCOTIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	2014 $	(3 Mths.) 2013 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	(9,124)	9,958
Adjustments for:		
Amortization	1,117	240
	(8,007)	10,198
Changes in non-cash operating items		
Accounts receivable	45,944	(33,408)
Prepaid expenses	(3,724)	(863)
Accounts payable and accrued liabilities	(6,735)	(23,120)
Deferred revenue	(2,626)	(6,960)
Deferred contribution	26,050	60,520
	50,902	6,367
INVESTING ACTIVITIES		
Contribution and interest earned on scholarship fund	144	35
Scholarship award	(1,000)	-
	(856)	35
INCREASE IN CASH - during the year	50,046	6,402
CASH - beginning of year	112,551	106,149
CASH - end of year (See note below)	162,597	112,551

NOTE: The above cash includes cash restricted for the Perform! educational program of $40,266 (June 30, 2013 - $44,948) and the Scholarship Fund of $13,407 (June 30, 2013 - $14,263), for total restricted cash of $53,673 (June 30, 2013 - $59,211).

THEATRE NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. PURPOSE

Theatre Nova Scotia's purpose is to provide a voice for professional theatre and community theatre in Nova Scotia, and to encourage and support all aspects of live theatre through programs and services.

The Society is incorporated by the Legislature of the Province of Nova Scotia and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Theatre Nova Scotia follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Perform! educational revenue is recognized in the year the presentation is booked.

Theatre partnership and credit card programs revenue are recognized in the year the funds are received.

All other revenue is recognized in the year the related event occurs (i.e. HS Dramafest, Robert Merritt Awards), or when the revenue is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital Assets

Capital assets are capitalized at cost, or at their fair market value for donations in kind and are amortized over their estimated useful life.

Amortization is calculated on the diminishing balance basis using the following annual rates:

Equipment and furniture	20%
Computer equipment	30%

Donated Services

Volunteers contribute a significant number of hours each year to assist the Society in meeting its objectives. Donated services are not recognized in these financial statements.

Use of Estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and prepaid expense.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Any impairment is charged to income in the period in which the impairment is determined.

3. RESTRICTED CASH

This cash is restricted for use in the Perform! educational program.

4. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	2014 Net $	2013 Net $
Equipment and furniture	8,524	7,366	1,158	1,447
Computer equipment	14,715	12,783	1,932	2,760
	23,239	20,149	3,090	4,207

5. DEFERRED CONTRIBUTIONS - OTHER

Deferred Contribution-Other represents unspent resources in the amount of $86,525 in grants externally restricted for the 2015 fiscal year and amounts for the Living Room & Membership.

6. INTERNALLY RESTRICTED NET ASSETS

During the 2005 fiscal year the board of directors passed a motion to restrict net assets in the amount of 25% of its annual operating budget, excluding the Perform! program, for the purposes of cash flow and contingency. During the 2009 fiscal year the board of directors passed a motion to place a maximum on this restriction of $30,000.

The change in Theatre Nova Scotia's fiscal year from March 31 to June 30 resulted in government grants funding operations for a fifteen month period (April 1, 2013 to June 30, 2014) rather than the normal twelve month period.

The board recognized that having two High School Dramafests in this fifteen month period would result in an operational loss during the current year. The board made the decision that, in the absence of external funding, any such loss would be off set by a transfer from internally restricted net assets. As no external funding was available, the board passed a motion to make a one time transfer of $10,000 from internally restricted net assets to unrestricted net assets in the June 30, 2014 fiscal year.

7. SCHOLARSHIP FUND

The scholarship fund consists of $7,000 donated from Jim Morrow to start the scholarship fund as well as $7,000 designated by the board of directors allocated from unrestricted net assets to the scholarship fund, plus contributions and earned interest on the fund.

8. FINANCIAL INSTRUMENTS

Theatre Nova Scotia financial instruments consist of cash, term deposits, accounts receivable and accounts payable. The fair values of of these financial instruments approximates their carrying value unless otherwise stated. It is managements opinion that Theatre Nova Scotia is not exposed to significant interest rate risk or credit risks arising from these financial instruments.

THEATRE NOVA SCOTIA
SCHEDULE OF PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2014

	2014 $	(3 Months) 2013 $
REVENUE		
Perform! educational program	87,528	6,960
HS Dramafest	26,746	25,063
Awards	7,455	-
Credit card program	20,754	12,643
Theatre Partnership	52,220	8,425
Space Rental	5,752	2,235
	200,455	55,326
EXPENDITURES		
Perform! educational program	87,528	6,960
HS Dramafest	36,479	33,887
Awards	16,216	300
Theatre Partnership	52,220	8,425
Credit card program	20,754	12,643
Space Rental and maintenance	6,595	1,587
Library	46	-
Professional Development	179	43
Website	683	38
	220,700	63,883
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FROM PROGRAMS	(20,245)	(8,557)