

Financial Statements

**St. Lawrence Centre for the Arts**  
December 31, 2008

## **AUDITORS' REPORT**

To the Board of Directors of  
**St. Lawrence Centre for the Arts**

We have audited the balance sheet of **St. Lawrence Centre for the Arts** as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
April 3, 2009.

Chartered Accountants  
Licensed Public Accountants

**St. Lawrence Centre for the Arts**

**BALANCE SHEET**

As at December 31

|   | 2008             | 2007             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>ASSETS</b>   |                  |                  |
| <b>Current</b>  |                  |                  |
| Cash  | 101,527          | 713,749          |
| Short-term investments  | 51,686           | —                |
| Accounts receivable <i>[note 11]</i>                                    | 143,569          | 228,868          |
| Due from City of Toronto  |                  |                  |
| Trade receivables <i>[note 6[a]]</i>                                    | 1,309            | 210,422          |
| Net operating deficiency <i>[note 6[b]]</i>                             | 119,165          | —                |
| Inventories   | 8,974            | 7,194            |
| Prepaid expenses  | 37,724           | 23,475           |
| <b>Total current assets</b>   | <b>463,954</b>   | <b>1,183,708</b> |
| Investments <i>[note 3]</i>   | —                | 70,217           |
| Capital assets, net <i>[note 4]</i>                                     | 4,161,255        | 4,050,589        |
|   | <b>4,625,209</b> | <b>5,304,514</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                       |                  |                  |
| <b>Current</b>  |                  |                  |
| Accounts payable and accrued liabilities                                |                  |                  |
| Trade   | 204,975          | 562,736          |
| City of Toronto - Trade <i>[note 6[a]]</i>                              | 124,972          | 271,011          |
| City of Toronto - Net operating excess <i>[note 6[b]]</i>               | —                | 65,612           |
| Deferred revenue  |                  |                  |
| Advance ticket sales  | 290,063          | 219,405          |
| Deposits  | 9,210            | 55,298           |
| Current portion of obligations under capital lease <i>[note 10 [a]]</i> | 8,152            | 8,152            |
| <b>Total current liabilities</b>  | <b>637,372</b>   | <b>1,182,214</b> |
| Loan payable - City of Toronto <i>[note 6]</i>                          | 224,239          | 87,140           |
| Obligations under capital lease <i>[note 10 [a]]</i>                    | 1,364            | 7,889            |
| Deferred capital contributions <i>[note 5]</i>                          | 3,675,755        | 3,938,205        |
| <b>Total liabilities</b>  | <b>4,538,730</b> | <b>5,215,448</b> |
| Commitments <i>[note 10]</i>  |                  |                  |
| <b>Net assets</b>   |                  |                  |
| Internally restricted for capital purchases <i>[note 7]</i>             | 86,479           | 89,066           |
| <b>Total net assets</b>   | <b>86,479</b>    | <b>89,066</b>    |
|   | <b>4,625,209</b> | <b>5,304,514</b> |

*See accompanying notes*

On behalf of the Board:

Director

Director

**St. Lawrence Centre for the Arts**

**STATEMENT OF OPERATIONS**

Year ended December 31

|   | 2008             | 2007             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>REVENUE</b>  |                  |                  |
| Grants - City of Toronto  | 1,526,600        | 1,820,972        |
| Operating   |                  |                  |
| Rental  | 495,441          | 437,942          |
| Labour services   | 1,152,323        | 1,277,413        |
| Ancillary   | 332,761          | 318,997          |
| Other   | 63,127           | 27,958           |
| Amortization of deferred capital contributions                    | 344,251          | 251,836          |
|   | <b>3,914,503</b> | <b>4,135,118</b> |
| <b>EXPENSES</b>   |                  |                  |
| Salaries, wages and benefits <i>[note 8]</i>                      | 2,687,823        | 2,814,670        |
| Presentation and production                                       | 19,940           | 14,389           |
| Ancillary   | 127,136          | 164,017          |
| Building operations   | 565,417          | 544,083          |
| Administration  | 262,196          | 260,507          |
| Interest on loan payable - City of Toronto                        | 12,521           | —                |
| Amortization of capital assets                                    | 361,222          | 261,050          |
|   | <b>4,036,255</b> | <b>4,058,716</b> |
| Excess (deficiency) of revenue over expenses before the following | (121,752)        | 76,402           |
| Recoverable from (payable to) City of Toronto <i>[note 6[b]]</i>  | 119,165          | (65,612)         |
| <b>Excess (deficiency) of revenue over expenses for the year</b>  | <b>(2,587)</b>   | <b>10,790</b>    |

*See accompanying notes*

**St. Lawrence Centre for the Arts**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31

|   | <b>Internally<br/>restricted<br/>for capital<br/>purchases</b> | <b>Unrestricted</b> | <b>Total</b>  |
|---|--|---------------------|---------------|
|   | <b>\$</b>  | <b>\$</b>           | <b>\$</b>     |
|   | <i>[note 7]</i>  |                     |               |
| <b>Net assets, beginning of year</b>                  | <b>89,066</b>  | <b>—</b>            | <b>89,066</b> |
| Deficiency of revenue over<br>expenses for the year   | —  | (2,587)             | (2,587)       |
| Transfer to Piano Acquisition<br>Fund <i>[note 7]</i> | 1,431  | (1,431)             | —             |
| Transfer to Vida Peene Fund <i>[note 7]</i>           | 6,428  | (6,428)             | —             |
| Other interfund transfers                             | (10,446)   | 10,446              | —             |
| <b>Net assets, end of year</b>                        | <b>86,479</b>  | <b>—</b>            | <b>86,479</b> |

|   | <b>Internally<br/>restricted<br/>for capital<br/>purchases</b> | <b>Unrestricted</b> | <b>Total</b>  |
|---|--|---------------------|---------------|
|   | <b>\$</b>  | <b>\$</b>           | <b>\$</b>     |
|   | <i>[note 7]</i>  |                     |               |
| <b>Net assets, beginning of year</b>                  | <b>78,276</b>  | <b>—</b>            | <b>78,276</b> |
| Excess of revenue over<br>expenses for the year       | —  | 10,790              | 10,790        |
| Transfer to Piano Acquisition<br>Fund <i>[note 7]</i> | 3,834  | (3,834)             | —             |
| Transfer to Vida Peene Fund <i>[note 7]</i>           | 9,646  | (9,646)             | —             |
| Other interfund transfers                             | (2,690)  | 2,690               | —             |
| <b>Net assets, end of year</b>                        | <b>89,066</b>  | <b>—</b>            | <b>89,066</b> |

*See accompanying notes*

**St. Lawrence Centre for the Arts**

**STATEMENT OF CASH FLOWS**

Year ended December 31

|   | 2008             | 2007               |
|---|------------------|--------------------|
|   | \$               | \$                 |
| <b>OPERATING ACTIVITIES</b>   |                  |                    |
| Excess (deficiency) of revenue over expenses for the year                             | (2,587)          | 10,790             |
| Add (deduct) items not involving cash   |                  |                    |
| Loss on disposal of capital assets  | 676              | 3,557              |
| Unamortized capital contributions on loss on capital asset disposals                  | (676)            | (3,557)            |
| Amortization of capital assets  | 361,222          | 261,050            |
| Amortization of deferred capital contributions  | (344,251)        | (251,836)          |
|   | <u>14,384</u>    | <u>20,004</u>      |
| Net change in non-cash working capital balances related to operations <i>[note 9]</i> | (385,624)        | 472,853            |
| <b>Cash provided by (used in) operating activities</b>                                | <u>(371,240)</u> | <u>492,857</u>     |
| <b>INVESTING ACTIVITIES</b>   |                  |                    |
| Purchase of capital assets  | (472,564)        | (2,586,061)        |
| Net decrease in investments   | 18,531           | 905,896            |
| <b>Cash used in investing activities</b>  | <u>(454,033)</u> | <u>(1,680,165)</u> |
| <b>FINANCING ACTIVITIES</b>   |                  |                    |
| Contributions restricted for the purchase of capital assets                           | 81,168           | 220,168            |
| City of Toronto funding - Renewal Project   | —                | 1,199,957          |
| Increase in loan payable - City of Toronto  | 154,848          | 87,140             |
| Repayment of loan payable - City of Toronto   | (17,749)         | —                  |
| City of Toronto grant for the Canadian Stage Company capital ticket surcharge fees    | —                | 300,000            |
| Repayment of obligations under capital lease  | (6,525)          | (6,524)            |
| Investment income on unspent capital contributions                                    | 1,309            | 33,262             |
| <b>Cash provided by financing activities</b>  | <u>213,051</u>   | <u>1,834,003</u>   |
| <b>Net increase (decrease) in cash during the year</b>                                | <u>(612,222)</u> | <u>646,695</u>     |
| Cash, beginning of year   | 713,749          | 67,054             |
| <b>Cash, end of year</b>  | <u>101,527</u>   | <u>713,749</u>     |

*See accompanying notes*

## **St. Lawrence Centre for the Arts**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

## **1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO**

St. Lawrence Centre for the Arts [the "Centre"] is an agency of the City of Toronto [the "City"]. The Centre consists of two theatres which are used by a number of resident companies and casual renters for a wide-variety of theatrical, musical, dance and corporate events from both the not-for-profit and private sectors. The Centre also programs public affairs events under the banner of the in-house operated "St. Lawrence Centre Forum". As part of the terms of the agreement between the Centre and the City, any operating excess or deficiency is to be transferred to or recovered from the City [note 6].

The major capital facilities of the Centre are owned by the City and therefore are not recorded in these financial statements. Expenditures for major improvements to the Centre are accounted for by the Centre as building improvements [note 4] and are financed primarily through the Centre's "Capital Improvement and Rehabilitation Reserve Fund" which was established to record ticket surcharges introduced in 1987.

The Centre is a non-profit organization and, as such, is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

### **Revenue recognition**

The Centre follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contributions on the balance sheet. Rentals, labour, services and ancillary revenues are recognized on the date of the performance or event or at point of sale.

Deferred revenue consists of deposits for rental revenue for future performances. Once the performances occur, the deposits are recorded as revenue from operations.

## **St. Lawrence Centre for the Arts**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

#### **Advance ticket sales**

Advance ticket sales represent funds received from tickets sold prior to December 31 for performances presented by rental clients in the following year. Once the performance has occurred, the advance ticket sales are payable to the rental clients and are included in trade accounts payable.

#### **Investments and investment income**

Investments are valued based on the latest bid prices. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Investment income includes interest, and realized and unrealized gains and losses on investments.

#### **Inventories**

Inventories are recorded at the lower of cost, recorded on a first-in, first-out basis, and net realizable value.

#### **Capital assets**

Capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

|                        |               |
|------------------------|---------------|
| Computer equipment     | 3 to 5 years  |
| Furniture and fixtures | 5 to 10 years |
| Building improvements  | 25 years      |

Assets leased on terms that transfer substantially all of the benefits and risks of ownership to the Centre are accounted for as capital leases, as though the asset had been purchased and a liability incurred. All other leases are accounted for as operating leases.

#### **Employee benefits**

Contributions to multi-employer defined contribution pension plans are expensed when due.



## **St. Lawrence Centre for the Arts**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

### **Contributed materials and services**

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

### **Financial instruments**

The Centre has chosen to continue to apply The Canadian Institute of Chartered Accounts ["CICA"] Handbook Section 3861: *Financial Instruments - Disclosure and Presentation* in place of CICA 3862: *Financial Instruments - Disclosures* and CICA 3863: *Financial Instruments - Presentation*.

The Centre has designated its financial instruments as follows:

- Cash as held-for-trading
- Investments as held to maturity
- Accounts receivable and due from City of Toronto as loans and receivables
- Accounts payable and accrued liabilities, as other liabilities.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Derivative financial instruments**

Derivative contracts entered into by the City in connection with the purchase of electricity, to which the Centre is a party, are not designated to be in a hedging relationship and are recorded on the balance sheet at their fair value as an asset or a liability based on quoted market prices or dealer quotes with changes in fair value, if any, recorded in building operations on the statement of operations.

## St. Lawrence Centre for the Arts

# NOTES TO FINANCIAL STATEMENTS

December 31, 2008

### Changes in accounting policies

Effective January 1, 2008, the Centre adopted the recommendations of CICA 1535: *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the Centre's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures which are provided in note 13.

Effective January 1, 2008, the Centre adopted retroactively the changes to the recommendations in CICA 4400: *Financial Statement Presentation for Not-For-Profit Organizations* that eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The Centre has therefore eliminated from the financial statements details about the amount of net assets invested in capital assets and the calculation of this amount. As a result, the Centre has reclassified the prior year financial statements to include the amount of net assets invested in capital assets as at January 1, 2007 and January 1, 2008 in internally restricted net assets.

### Future accounting policy changes

The CICA has issued revisions to the 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes require the reporting of revenues and expenses on a gross basis in the statement of operations unless not required by other guidance. A new section, CICA 4470: *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the revisions which requires certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009 with earlier adoption permitted. Management is assessing the impact of these revisions and the timing of their adoption. However, the impact will be limited to reclassification of numbers in the statements and additional disclosures.

In February 2008, the Accounting Standards Board amended CICA 1000: *Financial Statement Concepts* to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet. The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. These amendments are not expected to have an impact on the financial statements.

## 3. INVESTMENTS

Short-term investments consist of a GIC which matures in January 2009 and bears interest at a rate of 3.45% per annum.

**St. Lawrence Centre for the Arts**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

Long term investments consist of the following:

|                  | <b>2008</b> | <b>2007</b> |
|------------------|-------------|-------------|
|                  | \$          | \$          |
| Cash             | —           | 178         |
| Government bonds | —           | 70,039      |
|                  | —           | 70,217      |

**4. CAPITAL ASSETS**

Capital assets consist of the following:

|   | <b>2008</b>      |                    |                  |
|---|------------------|--------------------|------------------|
|   | <b>Cost</b>      | <b>Accumulated</b> | <b>Net</b>       |
|   | \$               | amortization       | book             |
|   | \$               | \$                 | value            |
| Computer equipment                        | 446,498          | 208,864            | 237,634          |
| Furniture and fixtures                    | 2,060,764        | 1,410,894          | 649,870          |
| Building improvements (exterior) [note 6] | 892,635          | 74,337             | 818,298          |
| Building improvements (interior) [note 6] | 3,053,159        | 597,706            | 2,455,453        |
|   | <b>6,453,056</b> | <b>2,291,801</b>   | <b>4,161,255</b> |

|   | <b>2007</b>      |                    |                  |
|---|------------------|--------------------|------------------|
|   | <b>Cost</b>      | <b>Accumulated</b> | <b>Net</b>       |
|   | \$               | amortization       | book             |
|   | \$               | \$                 | value            |
| Computer equipment                        | 215,639          | 176,885            | 38,754           |
| Furniture and fixtures                    | 1,991,267        | 1,364,415          | 626,852          |
| Building improvements (exterior) [note 6] | 892,635          | 38,632             | 854,003          |
| Building improvements (interior) [note 6] | 2,961,884        | 430,904            | 2,530,980        |
|   | <b>6,061,425</b> | <b>2,010,836</b>   | <b>4,050,589</b> |

Computer equipment includes assets with a cost of \$32,623 [2007 - \$32,623] held under capital leases. Accumulated amortization relating to these assets amounted to \$21,750 [2007 - \$15,225].

## St. Lawrence Centre for the Arts

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations, grants and amounts included in the cost of each ticket sold that is restricted for the purchase of capital assets. The following sets out the change in the deferred capital contributions balance during the year:

|   | 2008<br>\$       | 2007<br>\$ |
|---|------------------|------------|
| <b>Balance, beginning of year</b>   | <b>3,938,205</b> | 2,440,211  |
| Amortization of deferred capital contributions  | (344,251)        | (251,836)  |
| Contributions restricted for the purchase of capital assets                             | <b>81,168</b>    | 220,168    |
| City of Toronto grant for Canadian Stage Company capital ticket surcharge fees [note 6] | —                | 300,000    |
| City of Toronto funding of current year Renewal Project costs [note 6]                  | —                | 1,058,537  |
| City of Toronto funding of prior year Renewal Project costs [note 6]                    | —                | 141,420    |
| Unamortized capital contributions on capital asset disposals                            | (676)            | (3,557)    |
| Investment income on unspent capital contributions                                      | <b>1,309</b>     | 33,262     |
| <b>Balance, end of year</b>   | <b>3,675,755</b> | 3,938,205  |

#### 6. RELATED PARTY TRANSACTIONS, CITY OF TORONTO

- [a] In the normal course of operations, the Centre incurs costs for various expenses payable to the City such as hydro, maintenance and other administrative costs. In addition, the City will utilize the Centre for various business purposes throughout the year and this is recorded as revenue of the Centre.

Transactions between the City and the Centre are made at agreed upon exchange amounts.

**St. Lawrence Centre for the Arts**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

- [b] As part of the terms of the agreement between the Centre and the City, any operating excess or deficiency is to be transferred to or recovered from the City [note 1]. The changes during the year are as follows:

|  | 2008<br>\$      | 2007<br>\$ |
|--|-----------------|------------|
| <b>Due from (to) City of Toronto, beginning of year</b>                | <b>(65,612)</b> | 224,440    |
| Payment of 2007 deficit [2007 - 2006 deficiency recovered]             | <b>65,612</b>   | (225,613)  |
| Overpayment of prior year deficit - included in operations             | —               | 1,173      |
| Excess (deficiency) of revenue over expenses recoverable from the City | <b>119,165</b>  | (65,612)   |
| <b>Due from (to) City of Toronto, end of year</b>                      | <b>119,165</b>  | (65,612)   |

- [c] In 2006 and 2007, the Centre substantially completed a major renovation of the interior and exterior of their building. In 2008, the Centre completed west signage as the final stage of the renovation.

In 2006 and 2007, renovations were financed by a grant from the City, funds in capital improvement fund ("CIF") and an advance from the City on CIF funds. In 2008, a loan agreement was finalized for the remaining funding from the City. The total loan related to the project was \$241,988 [2007 - \$87,140] bearing interest of to 5% per annum. The loan is repayable at \$30,000 per year for principal and interest with the balance due on December 31, 2010. The Centre made the first payment of \$30,000 in December of 2008, of which \$17,749 was applied to the principal.

The original grant from the City of \$1,500,000 was approved by City Council in 2006, of which \$300,000 was received during that year. In 2007, \$1,200,000 was received in connection with this grant. In December 2007, a further grant of \$300,000 was approved by City Council. This grant was related to capital improvement fund ticket surcharges due from the Canadian Stage Company that the City has agreed to fund.

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

### **7. NET ASSETS INTERNALLY RESTRICTED FOR CAPITAL PURCHASES**

In 1998, the Centre approved the transfer of the proceeds on the sale of a piano into a reserve fund. The funds were invested and the interest earned thereon is transferred from unrestricted net assets. The funds were to accumulate until the balance was sufficient to purchase a new piano. A new piano was purchased in 2008 for \$114,080 and the reserve fund with a balance of \$71,649 was transferred to invested in capital assets.

The Centre is among eight organizations which receive distributions from the estate of Vida Peene. During 2008, the Centre received distributions of \$6,428 [2007 - \$9,646]. The distribution from the estate is to be used at the discretion of the Board of Directors of the Centre. The Board has internally restricted the distribution with the intent to accumulate sufficient funds to purchase new software for the Centre box office. The Centre replaced its legacy box office system and the fund with a balance of \$16,073 transferred to invested in capital assets.

### **8. EMPLOYEE BENEFITS**

The Centre's administrative employees participate in a defined contribution pension plan. This plan is separate from the OMERS pension plan and is administered by Manulife. The Centre's contributions to this plan were \$54,224 [2007 - \$52,641] which is expensed and included within salaries, wages and benefits on the statement of operations.

The Centre also makes contributions to a defined contribution pension plan administered for the stage employees. Contributions to this plan were \$53,554 [2007 - \$67,155]. In addition, the Centre contributes fixed amounts into a plan established by the union representing the stage employees for health, dental, and sick leave benefits. Contributions for these benefits amounted to \$46,571 [2007 - \$57,197]. A portion of these pension and benefit contributions are recovered through patrons renting the facilities at the Centre as these are direct costs of those patrons and not the Centre. Any amounts not recovered are included within salaries, wages and benefits on the statement of operations.

**St. Lawrence Centre for the Arts**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

**9. STATEMENT OF CASH FLOWS**

The net change in non-cash working capital balances related to operations consists of the following:

|  | <b>2008</b>      | <b>2007</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| Accounts receivable                              | <b>85,299</b>    | (42,170)    |
| Inventories                                      | <b>(1,780)</b>   | (1,730)     |
| Prepaid expenses                                 | <b>(14,249)</b>  | (4,796)     |
| Accounts payable and accrued liabilities - trade | <b>(357,761)</b> | 315,401     |
| Due from/to City of Toronto                      | <b>(121,703)</b> | 125,906     |
| Deferred revenue                                 |                  |             |
| Advance ticket sales                             | <b>70,658</b>    | 39,145      |
| Deposits   | <b>(46,088)</b>  | 41,097      |
|  | <b>(385,624)</b> | 472,853     |

**10. COMMITMENTS**

**[a] Capital lease obligations**

Future minimum annual lease payments under a capital lease for telephone equipment are as follows:

|   | <b>\$</b> |
|---|-----------|
| 2009                                    | 8,152     |
| 2010                                    | 4,076     |
| Total minimum lease payments            | 12,228    |
| Less imputed interest                   | (2,712)   |
| Present value of minimum lease payments | 9,516     |
| Less current portion                    | 8,152     |
|   | 1,364     |

## St. Lawrence Centre for the Arts

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### **[b] Lease commitments**

Future minimum annual lease payments for equipment under operating leases are approximately as follows:

|            | \$             |
|------------|----------------|
| 2009       | 38,000         |
| 2010       | 33,000         |
| 2011       | 27,000         |
| 2012       | 27,000         |
| 2013       | 27,000         |
| Thereafter | 20,000         |
|            | <u>172,000</u> |

#### **11. FINANCIAL INSTRUMENTS**

The carrying values of the Centre's financial instruments approximate their fair values unless otherwise noted.

Accounts receivable are exposed to credit risk since there is a risk of counterparty default. The Centre provides an allowance for doubtful accounts to absorb potential credit losses. As at December 31, 2008, two accounts represent 60.4% of the total accounts receivable balance [2007 - two accounts represented 57.2%].

The Centre is exposed to changes in electricity prices associated with the wholesale spot market for electricity in Ontario. The Centre has addressed the commodity price risk exposure associated with changes in the wholesale price of electricity by entering into energy related purchase and sales contracts, through their participation in an agreement entered into by the City, that fixes a portion of the wholesale price over the term of the contract. One contract is outstanding at December 31, 2008 and expires on December 31, 2009. The contract is in a loss position at December 31, 2008; however, the Centre's portion of this loss is nominal.

#### **12. TRUST FUND**

##### **Victor C. Polley Scholarship Fund**

In 1981, the Centre was appointed as trustee for the Victor C. Polley Scholarship Fund [the "Fund"], which was created for the purpose of awarding a scholarship annually to a deserving student of arts management or arts administration. The Fund, which has a balance of \$7,214



## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

[2007 - \$7,090], has not been included in the Centre's balance sheet nor have its operations been included in the Centre's statement of operations.

### **13. CAPITAL MANAGEMENT**

In managing capital, the Centre focuses on liquid resources available for operations. The Centre's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2008, the Centre has met its objective of having sufficient liquid resources to meet its current obligations.

### **14. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 financial statements.