

NIGHTWOOD THEATRE

Financial Statements

June 30, 2019

NIGHTWOOD THEATRE
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Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Nightwood Theatre

Opinion

We have audited the financial statements of Nightwood Theatre ("Nightwood"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nightwood as at June 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Nightwood in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Nightwood's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate Nightwood or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Nightwood's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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Independent Auditor's Report to the Directors of Nightwood Theatre *(continued)*

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nightwood's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Nightwood's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Nightwood to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hogg, Shain & Scheck PC



Toronto, Ontario
October 17, 2019

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

NIGHTWOOD THEATRE
Statement of Financial Position
As at June 30, 2019

| | 2019 | 2018 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 52,739 | \$ 117,951 |
| Accounts receivable (Note 3) | 82,039 | 31,514 |
| Prepaid expenses | 5,070 | 19,081 |
| | <u>139,848</u> | <u>168,546</u> |
| CAPITAL ASSETS (Note 4) | 5,756 | 1,291 |
| | <u>\$ 145,604</u> | <u>\$ 169,837</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 33,874 | \$ 27,303 |
| Government remittances payable | 6,179 | 4,921 |
| Deferred revenues (Note 5) | 54,288 | 96,125 |
| | <u>94,341</u> | <u>128,349</u> |
| NET ASSETS | | |
| INVESTED IN CAPITAL ASSETS | 5,756 | 1,291 |
| UNRESTRICTED | 45,507 | 40,197 |
| | <u>51,263</u> | <u>41,488</u> |
| | <u>\$ 145,604</u> | <u>\$ 169,837</u> |
| COMMITMENT (Note 7) | | |

APPROVED ON BEHALF OF THE BOARD

 Director
 Director

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE
Statement of Operations and Changes in Net Assets
Year Ended June 30, 2019

| | 2019 | 2018 |
|--|------------------|------------------|
| REVENUES | | |
| Earned: | | |
| Single ticket sales | \$ 82,703 | \$ 138,744 |
| Co-production | 42,736 | 26,443 |
| Fees, commissions and guarantees | 28,250 | - |
| Other | 7,518 | 6,507 |
| Workshops, classes and events | 2,281 | 1,815 |
| Private sector: | | |
| Donations and sponsorships | 280,437 | 245,906 |
| Fundraising events | 74,444 | 78,721 |
| Foundations | 59,000 | 38,861 |
| Public sector: <i>(Note 6)</i> | | |
| Federal | 130,000 | 102,500 |
| Provincial | 87,342 | 62,948 |
| Municipal | 73,000 | 75,932 |
| | 867,711 | 778,377 |
| EXPENSES | | |
| Artistic and programming: | | |
| Artistic salaries and fees | 316,627 | 256,038 |
| Venue rental | 79,406 | 61,659 |
| Production and technical fees | 36,437 | 47,164 |
| Production costs | 9,371 | 18,582 |
| Royalties | 3,190 | 12,486 |
| Marketing and development: | | |
| Fundraising costs | 95,798 | 77,668 |
| Marketing salaries and fees | 81,465 | 68,656 |
| Other marketing costs | 7,375 | 7,971 |
| Advertising purchases | 2,774 | 7,746 |
| Administration: | | |
| Administration salaries and fees | 153,756 | 131,096 |
| General and administrative costs <i>(Note 7)</i> | 70,518 | 64,342 |
| Amortization | 1,219 | 513 |
| | 857,936 | 753,921 |
| EXCESS OF REVENUES OVER EXPENSES | 9,775 | 24,456 |
| NET ASSETS - BEGINNING OF YEAR | 41,488 | 17,032 |
| NET ASSETS - END OF YEAR | \$ 51,263 | \$ 41,488 |

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE**Statement of Cash Flows****Year Ended June 30, 2019**

| | 2019 | 2018 |
|--|-------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 9,775 | \$ 24,456 |
| Add items not involving cash: | | |
| Amortization | 1,219 | 513 |
| | <u>10,994</u> | <u>24,969</u> |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (50,525) | (4,332) |
| Prepaid expenses | 14,011 | (12,664) |
| Accounts payable and accrued liabilities | 6,571 | 11,026 |
| Government remittances payable | 1,258 | 1,058 |
| Deferred revenues | (41,837) | 2,655 |
| | <u>(70,522)</u> | <u>(2,257)</u> |
| Cash flows (used by) from operating activities | <u>(59,528)</u> | <u>22,712</u> |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | (5,684) | - |
| INCREASE (DECREASE) IN CASH | (65,212) | 22,712 |
| CASH - BEGINNING OF YEAR | <u>117,951</u> | <u>95,239</u> |
| CASH - END OF YEAR | <u>\$ 52,739</u> | <u>\$ 117,951</u> |

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2019

1. ORGANIZATION AND OPERATIONS

Nightwood Theatre Company ("Nightwood") was incorporated without share capital under the laws of the Province of Ontario on April 29, 1982. It is a registered charity under the Income Tax Act (Canada). As such, it is exempt from income tax and is able to issue donation receipts for income tax purposes.

As Canada's foremost feminist theatre, Nightwood provides an essential home for the creation of extraordinary theatre by women. Nightwood's vision is to be a world-renowned cultural center for provocative theatre, bringing audiences, artists and activists together to elevate women's voices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

Nightwood follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contribution restricted by funders and donors, including amounts from the public and private sector, are deferred when received and recognized as revenues in the year in which the related activity takes place and expenses are incurred.

Earned revenues from ticket sales, co-productions, fees, commissions, guarantees, workshops, classes and other activities are recognized upon completion of the production or event. Costs related to productions and events that are incurred prior to the date of the production are deferred as prepaid expenses until the date of production or event.

Financial instruments

Nightwood initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Capital assets

Expenditures on capital assets are initially capitalized and then amortized on a declining balance basis at the rates of 30% for computer equipment and 25% for office furniture. Amortization in the year of acquisition is calculated at one half of the normal annual rate.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known. Estimates exist with respect to the useful life of capital assets for amortization purposes. Actual results may differ from this estimate.

(continues)

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials and services

Nightwood records as revenues and corresponding expenses the value of donated materials and services, when such items would normally have been purchased by Nightwood and the fair value of such materials and services can be reasonably determined.

Volunteer services

Much of the work of Nightwood is dependent upon voluntary services. Since these services are not normally purchased by Nightwood, such donated services are not recognized in the accounts.

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and deposits residing in a Canadian financial institution.

Accounts receivable include Harmonized Sales Tax recoverable of \$6,002 (2018 - \$3,755). Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

Nightwood has available an operating credit facility of \$24,000. Advances under the facility bear interest at 10.45% (2018 - 9.95%) and are secured by a general security agreement over its assets. As at June 30, 2019, Nightwood had utilized \$nil (2018 - \$nil) of this facility.

It is management's opinion that Nightwood is not subject to significant market, credit or liquidity risks arising from these financial instruments.

4. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|--------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment | \$ 31,129 | \$ 25,688 | \$ 5,441 | \$ 870 |
| Office furniture | 3,600 | 3,285 | 315 | 421 |
| | <u>\$ 34,729</u> | <u>\$ 28,973</u> | <u>\$ 5,756</u> | <u>\$ 1,291</u> |

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2019

5. DEFERRED REVENUES

Deferred revenues at June 30 consist of amounts received prior to June 30 for programming and activity related to the following fiscal year, as follows:

| | 2019 | 2018 |
|---|------------------|------------------|
| Earned: | | |
| Single ticket sales | \$ 7,150 | \$ 6,625 |
| Private sector: | | |
| Donations and sponsorships | 6,000 | 500 |
| Foundations | - | 16,000 |
| Public sector: | | |
| Canada Council for the Arts - Project grant | 29,354 | - |
| Ontario Arts Council - Compass | 11,784 | - |
| Toronto Arts Council - Operating | - | 73,000 |
| | <u>\$ 54,288</u> | <u>\$ 96,125</u> |

The continuity of deferred revenues is as follows:

| | 2019 | 2018 |
|--|------------------|------------------|
| Balance, beginning of year | \$ 96,125 | \$ 93,470 |
| Contributions received during the year | 825,874 | 781,032 |
| Contributions recognized as revenues in the year | <u>(867,711)</u> | <u>(778,377)</u> |
| Balance, end of year | <u>\$ 54,288</u> | <u>\$ 96,125</u> |

6. PUBLIC SECTOR REVENUES

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Federal: | | |
| Canada Council for the Arts - Operating | \$ 130,000 | \$ 102,500 |
| Provincial: | | |
| Ontario Arts Council - Operating | 64,162 | 57,960 |
| Ontario Arts Council - Compass | 18,216 | - |
| Ontario Arts Foundation Endowment Fund (Note 8) | 4,964 | 4,988 |
| Municipal: | | |
| Toronto Arts Council - Operating | 73,000 | 73,000 |
| City of Toronto - Project | - | 2,932 |
| | <u>\$ 290,342</u> | <u>\$ 241,380</u> |

7. COMMITMENT

Under the terms of an operating lease agreement for office premises expiring August 31, 2022 with an option to renew for an additional five years, Nightwood is required to pay approximately \$27,000 per year, inclusive of its proportionate share of premises operating costs, plus applicable taxes.

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2019

8. ONTARIO ARTS FOUNDATION ENDOWMENT FUND

The Ontario Arts Foundation (“OAF”) operates an Ontario Arts Endowment Fund Program in which it holds and has supplemented contributions made to arts organizations for endowment purposes.

The Nightwood Theatre Arts Endowment Fund is an external endowment fund, the assets of which are controlled and managed by OAF in accordance with its investment and income distribution policies. Accordingly, assets of this fund are not reflected in these financial statements.

Income of \$4,964 from the endowment was received by Nightwood during the year ended June 30, 2019 (2018 - \$4,988). The market value of the Endowment Fund at June 30, 2019 was \$111,134 (2018 - \$110,700).
