

NIGHTWOOD THEATRE

Financial Statements

June 30, 2020

NIGHTWOOD THEATRE
Index to Financial Statements
Year Ended June 30, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

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, 2020, 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, 2020, 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

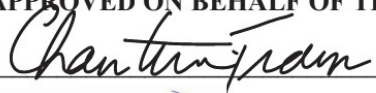
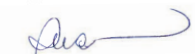
Toronto, Ontario
October 22, 2020

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

NIGHTWOOD THEATRE
Statement of Financial Position
As at June 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 313,026	\$ 52,739
Accounts receivable (Notes 3 and 9)	73,774	82,039
Prepaid expenses	12,223	5,070
	<u>399,023</u>	139,848
CAPITAL ASSETS (Note 4)	<u>4,045</u>	5,756
	<u>\$ 403,068</u>	<u>\$ 145,604</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 28,815	\$ 33,874
Government remittances payable	7,922	6,179
Deferred revenues (Note 7)	260,500	54,288
	<u>297,237</u>	94,341
CANADA EMERGENCY BENEFIT ACCOUNT (Note 9)	<u>40,000</u>	-
	<u>337,237</u>	94,341
NET ASSETS		
INVESTED IN CAPITAL ASSETS	4,045	5,756
UNRESTRICTED	<u>61,786</u>	45,507
	<u>65,831</u>	51,263
	<u>\$ 403,068</u>	<u>\$ 145,604</u>
COMMITMENT (Note 6)		

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, 2020

	2020	2019
REVENUES		
Public sector: <i>(Note 8)</i>		
Federal	\$ 159,354	\$ 130,000
Government assistance <i>(Note 9)</i>	62,067	-
Provincial <i>(Note 5)</i>	77,492	87,342
Municipal	73,000	73,000
Private sector:		
Donations and sponsorships	212,074	280,437
Foundations	69,554	59,000
Fundraising events	7,889	74,444
Earned:		
Single ticket sales	35,705	82,703
Workshops, classes and events	3,996	2,281
Other	3,979	7,518
Co-production	-	42,736
Fees, commissions and guarantees	-	28,250
	<u>705,110</u>	<u>867,711</u>
EXPENSES		
Artistic and programming:		
Artistic salaries and fees	197,833	316,627
Venue rental	50,449	79,406
Production and technical fees	36,366	36,437
Production costs	8,944	9,371
Royalties	6,963	3,190
Administration:		
Administration salaries and fees	158,896	153,756
General and administrative costs <i>(Note 6)</i>	58,792	70,518
Digital project <i>(Note 8)</i>	29,354	-
Amortization	1,711	1,219
Marketing and development:		
Marketing salaries and fees	87,456	81,465
Fundraising costs	40,853	95,798
Advertising purchases	7,758	2,774
Other marketing costs	5,167	7,375
	<u>690,542</u>	<u>857,936</u>
EXCESS OF REVENUES OVER EXPENSES	<u>14,568</u>	<u>9,775</u>
NET ASSETS - BEGINNING OF YEAR	<u>51,263</u>	<u>41,488</u>
NET ASSETS - END OF YEAR	<u>\$ 65,831</u>	<u>\$ 51,263</u>

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE**Statement of Cash Flows****Year Ended June 30, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 14,568	\$ 9,775
Add items not involving cash:		
Amortization	1,711	1,219
	<u>16,279</u>	<u>10,994</u>
Changes in non-cash working capital items:		
Accounts receivable	8,265	(50,525)
Prepaid expenses	(7,153)	14,011
Accounts payable and accrued liabilities	(5,059)	6,571
Government remittances payable	1,743	1,258
Deferred revenues	206,212	(41,837)
	<u>204,008</u>	<u>(70,522)</u>
Cash flows (used by) from operating activities	<u>220,287</u>	<u>(59,528)</u>
INVESTING ACTIVITY		
Purchase of capital assets	-	(5,684)
FINANCING ACTIVITY		
Proceeds from Canada Emergency Benefit Account	40,000	-
INCREASE (DECREASE) IN CASH	260,287	(65,212)
CASH - BEGINNING OF YEAR	52,739	117,951
CASH - END OF YEAR	\$ 313,026	\$ 52,739

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2020

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.

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.

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.

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NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$5,726 (2019 - \$6,002). 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 8.95% (2019 - 10.45%) and are secured by a general security agreement over its assets. As at June 30, 2020, Nightwood had utilized \$nil (2019 - \$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	2020 Net book value	2019 Net book value
Computer equipment	\$ 31,129	\$ 27,321	\$ 3,808	\$ 5,441
Office furniture	3,600	3,363	237	315
	\$ 34,729	\$ 30,684	\$ 4,045	\$ 5,756

5. 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 \$4,908 from the endowment was received by Nightwood during the year ended June 30, 2020 (2019 - \$4,964). The market value of the Endowment Fund at June 30, 2020 was \$103,565 (2019 - \$111,134).

6. 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, 2020

7. 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:

	2020	2019
Public sector:		
Canada Council for the Arts - Operating	\$ 45,500	\$ -
Canada Council for the Arts - COVID19	41,800	-
Canada Council for the Arts - Touring	7,500	-
Canada Council for the Arts - Project	-	29,354
Ontario Arts Council - Operating	30,400	-
Ontario Arts Council - Touring	2,000	-
Ontario Arts Council - Compass	-	11,784
Toronto Arts Council - Operating	73,000	-
Private sector:		
Foundations	50,000	-
Fundraising events	7,600	-
Donations and sponsorships	2,500	6,000
Earned:		
Single ticket sales	200	7,150
	<u>\$ 260,500</u>	<u>\$ 54,288</u>

The continuity of deferred revenues is as follows:

	2020	2019
Balance, beginning of year	\$ 54,288	\$ 96,125
Contributions received during the year	907,953	825,874
Contributions recognized as revenues in the year	<u>(701,741)</u>	<u>(867,711)</u>
Balance, end of year	<u>\$ 260,500</u>	<u>\$ 54,288</u>

8. PUBLIC SECTOR REVENUES

	2020	2019
Federal:		
Canada Council for the Arts - Operating	\$ 130,000	\$ 130,000
Canada Council for the Arts - Digital Project	29,354	-
Canada Emergency Wage Subsidy (Note 9)	62,067	-
Provincial:		
Ontario Arts Council - Operating	60,800	64,162
Ontario Arts Council - Compass	11,784	18,216
Ontario Arts Foundation Endowment Fund (Note 5)	4,908	4,964
Municipal:		
Toronto Arts Council - Operating	73,000	73,000
	<u>\$ 371,913</u>	<u>\$ 290,342</u>

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2020

9. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of Nightwood in future periods. Nightwood continues to closely monitor and assess the impact on operations.

As part of the response to COVID-19, the federal government has introduced the Canada Emergency Wage Subsidy ("CEWS") and 10% Temporary Wage Subsidy for Employers ("TWS") to assist employers whose activities have been affected by COVID-19. For the period of March 18 to June 30, 2020, Nightwood applied for funding in the amount of \$62,067, of which \$40,759 has been received subsequent to year-end. Nightwood intends to apply for the CEWS for all subsequent periods for which it is eligible.

On April 28, 2020, Nightwood received the Canada Emergency Business Account ("CEBA"), which is an interest free loan of \$40,000 intended to assist with immediate operating cash flow needs of Nightwood. The loan is interest free and if \$30,000 is repaid by December 31, 2022, the remaining \$10,000 will be forgiven.
