

**NIGHTWOOD THEATRE**  
**Financial Statements**  
**June 30, 2021**

**NIGHTWOOD THEATRE**  
**Index to Financial Statements**  
**Year Ended June 30, 2021**

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	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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## INDEPENDENT AUDITOR'S REPORT

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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, 2021, and the statements of changes in net assets, operations 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, 2021, 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. 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.

(continues)

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

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 21, 2021

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

**NIGHTWOOD THEATRE**  
**Statement of Financial Position**  
**As at June 30, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 414,200	\$ 313,026
Accounts receivable (Notes 3 and 11)	71,816	73,774
Prepaid expenses	5,760	12,223
	<u>491,776</u>	399,023
<b>CAPITAL ASSETS (Note 4)</b>	<u>4,786</u>	4,045
	<u><b>\$ 496,562</b></u>	<u><b>\$ 403,068</b></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 19,891	\$ 28,815
Government remittances payable	-	7,922
Deferred revenues (Note 5)	22,100	260,500
	<u>41,991</u>	297,237
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 6)</b>	<u>60,000</u>	40,000
	<u><b>101,991</b></u>	337,237
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<b>334,785</b>	61,786
<b>INTERNALLY RESTRICTED RESERVE FUND (Note 7)</b>	<b>55,000</b>	-
<b>INVESTED IN CAPITAL ASSETS</b>	<u><b>4,786</b></u>	4,045
	<u><b>394,571</b></u>	65,831
	<u><b>\$ 496,562</b></u>	<u><b>\$ 403,068</b></u>
<b>COMMITMENT (Note 8)</b>		
<b>SIGNIFICANT EVENT (Note 11)</b>		

**APPROVED ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

See the accompanying notes to these financial statements

**NIGHTWOOD THEATRE**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2021**

	Unrestricted	Internally Restricted Reserve Fund	Invested in Capital Assets	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 61,786	\$ -	\$ 4,045	\$ 65,831	\$ 51,263
Excess of revenues over expenses	327,999	-	741	328,740	14,568
Transfer (Note 7)	(55,000)	55,000	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 334,785</b>	<b>\$ 55,000</b>	<b>\$ 4,786</b>	<b>\$ 394,571</b>	<b>\$ 65,831</b>

See the accompanying notes to these financial statements

# NIGHTWOOD THEATRE

## Statement of Operations

Year Ended June 30, 2021

	2021	2020
<b>REVENUES</b>		
Public sector: <i>(Note 9)</i>		
Federal	\$ 179,300	\$ 159,354
Government assistance <i>(Notes 9 and 11)</i>	154,168	62,067
Provincial <i>(Notes 9 and 10)</i>	66,461	77,492
Municipal	88,000	73,000
Private sector:		
Donations and sponsorships	255,636	212,074
Foundations	108,310	69,554
Fundraising events	16,820	7,889
Earned:		
Co-production	17,623	-
Other	3,138	3,979
Single ticket sales	2,645	35,705
Workshops, classes and events	-	3,996
	<u>892,101</u>	<u>705,110</u>
<b>EXPENSES</b>		
Artistic and programming:		
Artistic salaries and fees	232,740	197,833
Venue rental	26,440	50,449
Production and technical fees	23,233	36,366
Production costs	3,792	8,944
Royalties	200	6,963
Administration:		
Administration salaries and fees	148,160	158,896
General and administrative costs <i>(Note 8)</i>	53,762	58,792
Digital project <i>(Note 9)</i>	4,327	29,354
Amortization	1,544	1,711
Marketing and development:		
Marketing salaries and fees	95,346	87,456
Fundraising costs	43,696	40,853
Other marketing costs	3,654	5,167
Advertising purchases	921	7,758
	<u>637,815</u>	<u>690,542</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>254,286</u>	<u>14,568</u>
<b>OTHER REVENUES</b>		
Insurance claim proceeds <i>(Note 11)</i>	<u>74,454</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 328,740</u>	<u>\$ 14,568</u>

See the accompanying notes to these financial statements

**NIGHTWOOD THEATRE****Statement of Cash Flows****Year Ended June 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 328,740	\$ 14,568
Add items not involving cash:		
Amortization	1,544	1,711
	<u>330,284</u>	<u>16,279</u>
Changes in non-cash working capital items:		
Accounts receivable	1,958	8,265
Prepaid expenses	6,463	(7,153)
Accounts payable and accrued liabilities	(8,924)	(5,059)
Government remittances payable	(7,922)	1,743
Deferred revenues	(238,400)	206,212
	<u>(246,825)</u>	<u>204,008</u>
Cash flows from operating activities	<u>83,459</u>	<u>220,287</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(2,285)</u>	<u>-</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from Canada Emergency Business Account loan	<u>20,000</u>	<u>40,000</u>
<b>INCREASE IN CASH</b>	<u>101,174</u>	<u>260,287</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>313,026</u>	<u>52,739</u>
<b>CASH - END OF YEAR</b>	<u>\$ 414,200</u>	<u>\$ 313,026</u>

*See the accompanying notes to these financial statements*



**NIGHTWOOD THEATRE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

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**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.

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**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, 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.

Government assistance revenues, including the Canada Emergency Wage Subsidy, Canada Emergency Commercial Rent Assistance, Canada Emergency Rent Subsidy, and other subsidies in response to COVID-19 (*Note 11*) are recognized on an accrual basis in the year the related eligible expenses are incurred.

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 subsequently measured at amortized cost include accounts payable and Canada Emergency Business Account loan.

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

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.

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**NIGHTWOOD THEATRE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

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

Impairment of long-lived assets

Long-lived assets, including capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the long-lived assets exceeds its fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

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. There were no contributed materials or services during the fiscal year.

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.

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. Such estimates are periodically reviewed and adjustments are made to revenues and expenses as appropriate in the year they become known. Such estimates include the collectability of accounts receivable, determining the useful life of capital assets in calculating amortization, year-end accrued liabilities and eligibility for government assistance subsidies. Actual results could differ from these estimates.

**3. FINANCIAL INSTRUMENTS**

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

Cash consists of cash on hand and deposits residing in a Canadian financial institution. Cash is sufficient to cover current liabilities as they come due.

Accounts receivable include Harmonized Sales Tax recoverable of \$2,469 (2020 - \$5,726). 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% (2020 - 8.95%) and are secured by a general security agreement over its assets. As at June 30, 2021, Nightwood had utilized \$Nil (2020 - \$Nil) of this facility.

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 33,415	\$ 28,806	\$ 4,609	\$ 3,808
Office furniture	3,600	3,423	177	237
	<u>\$ 37,015</u>	<u>\$ 32,229</u>	<u>\$ 4,786</u>	<u>\$ 4,045</u>

**NIGHTWOOD THEATRE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

**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:

	<u>2021</u>	<u>2020</u>
Public sector:		
Canada Council for the Arts - Travel	\$ 7,500	\$ 7,500
Canada Council for the Arts - Operating	-	45,500
Canada Council for the Arts - COVID-19 Emergency Support	-	41,800
Ontario Arts Council - Touring	2,000	2,000
Ontario Arts Council - Operating	-	30,400
Toronto Arts Council - Operating	-	73,000
Private sector:		
Donations and sponsorships	7,600	2,500
Foundations	5,000	50,000
Fundraising events	-	7,600
Earned:		
Single ticket sales	-	200
	<u>\$ 22,100</u>	<u>\$ 260,500</u>

The continuity of deferred revenues is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 260,500	\$ 54,288
Contributions received during the year	651,404	907,953
Contributions recognized as revenues in the year	<u>(889,804)</u>	<u>(701,741)</u>
Balance, end of year	<u>\$ 22,100</u>	<u>\$ 260,500</u>

**6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

In fiscal 2020, Nightwood applied for and received the \$40,000 Canada Emergency Business Account ("CEBA") loan. During fiscal 2021, Nightwood also applied and received an available \$20,000 extension, for a total loan payable balance of \$60,000. The CEBA loan is non-interest bearing up to the initial term date of December 31, 2022. From the period commencing December 31, 2022 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA loan agreement, if \$40,000 of the loan amount is repaid by December 31, 2022, the remaining balance will be forgiven.

**7. INTERNALLY RESTRICTED RESERVE FUND**

During fiscal 2021, the Board of Directors (the "Board") established an internally restricted reserve fund supported by unrestricted operating surpluses. The purpose of the fund is to support Nightwood's future day-to-day operations and to limit unforeseen cash flow difficulties. During fiscal 2021, the Board approved a transfer of \$55,000 (2020 - \$Nil) from unrestricted net assets to this fund.

**NIGHTWOOD THEATRE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

**8. COMMITMENT**

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

**9. PUBLIC SECTOR REVENUES**

	2021	2020
Federal:		
Canada Council for the Arts - Operating	\$ 137,500	\$ 130,000
Canada Council for the Arts - Digital Project	-	29,354
Canada Emergency Wage Subsidy ( <i>Note 11</i> )	97,000	62,067
Canada Council for the Arts - COVID-19 Emergency Support	41,800	-
Canada Emergency Commercial Rent Assistance and Canada Emergency Rent Subsidy ( <i>Note 11</i> )	17,168	-
Provincial:		
Ontario Arts Council - Operating	60,800	60,800
Ontario Arts Council - Compass	-	11,784
Ontario Small Business Support Grant ( <i>Note 11</i> )	40,000	-
Ontario Arts Foundation Endowment Fund ( <i>Note 10</i> )	5,661	4,908
Municipal:		
Toronto Arts Council - Operating	73,000	73,000
Toronto Arts Council - Project	15,000	-
	<u>\$ 487,929</u>	<u>\$ 371,913</u>

**10. 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 \$5,661 from the endowment was received by Nightwood during the year ended June 30, 2021 (2020 - \$4,908). The market value of the Endowment Fund at June 30, 2021 was \$123,927 (2020 - \$103,565).

**NIGHTWOOD THEATRE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

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**11. 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 COVID-19 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 years. Nightwood continues to closely monitor and assess the impact on operations.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist employers whose activities have been affected by COVID-19. For the period July 1, 2020 to June 30, 2021, Nightwood applied for \$97,000 of which \$14,410 is included in accounts receivable as at June 30, 2021.

In addition to the CEWS, Nightwood also received the Canada Emergency Commercial Rent Assistance ("CECRA") to provide relief to small businesses experiencing financial hardship due to COVID-19. For the period of July to September 2020, Nightwood applied for and received \$11,024 through its landlord. Commencing October 2020, Nightwood applied for the Canada Emergency Rent Subsidy ("CERS") of \$6,144 of which \$3,504 is included in accounts receivable as at June 30, 2021.

As part of the response to COVID-19, the provincial government has introduced the Ontario Small Business Support Grant up to a maximum of \$40,000 to assist businesses whose activities have been affected by COVID-19. During the year, Nightwood applied for and received \$40,000.

Nightwood also obtained the CEBA loan of \$60,000 (*Note 6*).

As a result of the impact of COVID-19, Nightwood filed a performance interruption claim with its insurance broker, and received \$74,454. This amount is recognized as other revenues on the statement of operations.

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