

NIGHTWOOD THEATRE

Financial Statements

June 30, 2022

NIGHTWOOD THEATRE
Index to Financial Statements
Year Ended June 30, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
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

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, 2022, 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, 2022, 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 these 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 related 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.

Toronto, Ontario
October 27, 2022

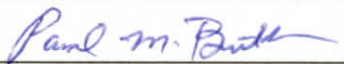
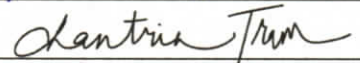
Hogg, Shain & Scheck PC

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

NIGHTWOOD THEATRE
Statement of Financial Position
As at June 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 506,141	\$ 414,200
Security term deposit (Note 4)	18,000	-
Accounts receivable (Note 3)	53,486	71,816
Prepaid expenses	6,790	5,760
	<u>584,417</u>	<u>491,776</u>
CAPITAL ASSETS (Note 5)	<u>7,163</u>	<u>4,786</u>
	<u>\$ 591,580</u>	<u>\$ 496,562</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 27,549	\$ 19,891
Deferred revenues (Note 6)	100,237	22,100
	<u>127,786</u>	<u>41,991</u>
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 7)	<u>60,000</u>	<u>60,000</u>
	<u>187,786</u>	<u>101,991</u>
NET ASSETS		
UNRESTRICTED	341,631	334,785
INTERNALLY RESTRICTED RESERVE FUND (Note 8)	55,000	55,000
INVESTED IN CAPITAL ASSETS	<u>7,163</u>	<u>4,786</u>
	<u>403,794</u>	<u>394,571</u>
	<u>\$ 591,580</u>	<u>\$ 496,562</u>
COMMITMENT (Note 9)		

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, 2022

	Unrestricted	Internally Restricted Reserve Fund	Invested in Capital Assets	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 334,785	\$ 55,000	\$ 4,786	\$ 394,571	\$ 65,831
Excess of revenues over expenses	9,223	-	-	9,223	328,740
Amortization of capital assets	2,255	-	(2,255)	-	-
Purchase of capital assets	(4,632)	-	4,632	-	-
NET ASSETS - END OF YEAR	<u>\$ 341,631</u>	<u>\$ 55,000</u>	<u>\$ 7,163</u>	<u>\$ 403,794</u>	<u>\$ 394,571</u>

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE

Statement of Operations

Year Ended June 30, 2022

	2022	2021
REVENUES		
Private sector:		
Donations and sponsorships	\$ 209,206	\$ 255,636
Foundations	118,229	108,310
Fundraising events	73,247	16,820
Public sector: <i>(Note 10)</i>		
Federal	185,000	179,300
Municipal	93,000	88,000
Provincial <i>(Notes 10 and 11)</i>	66,899	66,461
Government assistance <i>(Notes 10 and 12)</i>	64,537	154,168
Earned:		
Other	7,794	3,138
Single ticket sales	2,646	2,645
Co-production	-	17,623
	<u>820,558</u>	<u>892,101</u>
EXPENSES		
Artistic and programming:		
Artistic salaries and fees	338,128	232,740
Production costs	17,912	3,792
Venue rental	14,027	26,440
Production and technical fees	13,815	23,233
Royalties	-	200
Administration:		
Administration salaries and fees	168,431	148,160
General and administrative costs <i>(Note 9)</i>	65,955	53,762
Amortization	2,255	1,544
Digital project	-	4,327
Marketing and development:		
Marketing salaries and fees	98,972	95,346
Fundraising costs	87,905	43,696
Other marketing costs	2,986	3,654
Advertising purchases	949	921
	<u>811,335</u>	<u>637,815</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	9,223	254,286
OTHER REVENUES		
Insurance claim proceeds	-	74,454
EXCESS OF REVENUES OVER EXPENSES	\$ 9,223	\$ 328,740

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE**Statement of Cash Flows****Year Ended June 30, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 9,223	\$ 328,740
Add items not involving cash:		
Amortization	2,255	1,544
	<u>11,478</u>	<u>330,284</u>
Changes in non-cash working capital items:		
Accounts receivable	18,330	1,958
Prepaid expenses	(1,030)	6,463
Accounts payable and accrued liabilities	7,658	(8,924)
Deferred revenues	78,137	(238,400)
Government remittances payable	-	(7,922)
	<u>103,095</u>	<u>(246,825)</u>
Cash flows from operating activities	<u>114,573</u>	<u>83,459</u>
INVESTING ACTIVITIES		
Purchase of security term deposit	(18,000)	-
Purchase of capital assets	(4,632)	(2,285)
Cash flows used by investing activities	<u>(22,632)</u>	<u>(2,285)</u>
FINANCING ACTIVITY		
Proceeds from Canada Emergency Business Account loan	-	20,000
INCREASE IN CASH	<u>91,941</u>	<u>101,174</u>
CASH - BEGINNING OF YEAR	<u>414,200</u>	<u>313,026</u>
CASH - END OF YEAR	<u>\$ 506,141</u>	<u>\$ 414,200</u>

See the accompanying notes to these financial statements

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2022

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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions 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, and other activities are recognized when received or receivable upon substantial 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 in response to COVID-19 (*Note 12*), are recognized on an accrual basis in the year the related eligible expenses are incurred, and eligibility criteria is met.

Financial instruments

Financial instruments consist of cash, security term deposit, accounts receivable, and accounts payable. All financial instruments are initially measured at fair value, and subsequently, at amortized cost.

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, 2022

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

Impairment of long-lived assets

Long-lived assets, comprising of capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

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.

Use of estimates

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 amount 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 for amortization purposes and year-end accrued liabilities. Actual results may 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, which are consistent with the prior year.

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 \$4,204 (2021 - \$2,469). 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 the Bank of Canada prime rate of 3.70% (2021 - 2.45%) plus 6.50% per annum and are secured by a general security agreement over its assets. As at June 30, 2022, Nightwood had utilized \$Nil (2021 - \$Nil) of this facility.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in market interest rates. Nightwood is exposed to interest rate risk with respect to fair market value on its security term deposit in support of the Canadian Actors' Equity Association. Fluctuations in market interest rates are not expected to significantly affect Nightwood's cash flows.

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2022

4. SECURITY TERM DEPOSIT

As at June 30, 2022, Nightwood had \$18,000 invested in a 14-month term deposit for a bond with the Canadian Actors' Equity Association ("CAEA") as a guarantee of Nightwood's contractual obligations to CAEA and artists.

The bond is held at an major Canadian credit union, which earns interest at 0.75% and matures in February 2023.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 38,046	\$ 30,883	\$ 7,163	\$ 4,609
Office furniture	3,600	3,600	-	177
	<u>\$ 41,646</u>	<u>\$ 34,483</u>	<u>\$ 7,163</u>	<u>\$ 4,786</u>

6. 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:

	2022	2021
Public sector:		
Ontario Arts Council - Touring	\$ 2,000	\$ 2,000
Toronto Arts Council - Operating	73,000	-
Canada Council for the Arts - Travel	-	7,500
Private sector:		
Foundations	20,737	5,000
Donations and sponsorships	4,500	7,600
	<u>\$ 100,237</u>	<u>\$ 22,100</u>

The continuity of deferred revenues is as follows:

	2022	2021
Balance - beginning of year	\$ 22,100	\$ 260,500
Add: Contributions received during the year	911,875	651,404
Less: Contributions recognized as revenues in the year	(833,738)	(889,804)
Balance - end of year	<u>\$ 100,237</u>	<u>\$ 22,100</u>

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2022

7. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

In fiscal 2020, Nightwood applied for and received the \$40,000 Canada Emergency Business Account ("CEBA") loan. In 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, 2023. From the period commencing December 31, 2023 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, 2023, the remaining balance will be forgiven.

8. INTERNALLY RESTRICTED RESERVE FUND

During fiscal 2021, the Board of Directors (the "Board") established a \$55,000 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.

9. COMMITMENT

Subsequent to year-end, Nightwood entered into operating lease agreement for office premises commencing September 1, 2022 for an term of 16 months expiring December 31, 2023. Under the agreement, Nightwood is required to pay approximately \$10,200 per year, plus applicable taxes. This amount is expected to increase over the term of the lease by the lesser of 4% or the actual increase in operating costs from the preceding calendar year.

10. PUBLIC SECTOR REVENUES

	2022	2021
Federal:		
Canada Council for the Arts - Operating	\$ 137,500	\$ 137,500
Canada Emergency Wage Subsidy (<i>Note 12</i>)	37,074	97,000
Canada Council for the Arts - Reopening Fund	27,500	-
Canada Council for the Arts - Project	20,000	-
Tourism and Hospitality Recovery Program (<i>Note 12</i>)	18,435	-
Canadian Recovery Hiring Program (<i>Note 12</i>)	5,655	-
Canada Emergency Commercial Rent Assistance and Canada Emergency Rent Subsidy (<i>Note 12</i>)	3,373	17,168
Canada Council for the Arts - COVID-19 Emergency Support	-	41,800
Provincial:		
Ontario Arts Council - Operating	60,800	60,800
Ontario Arts Foundation Endowment Fund (<i>Note 11</i>)	6,099	5,661
Ontario Small Business Support Grant	-	40,000
Municipal:		
Toronto Arts Council - Operating	73,000	73,000
Toronto Arts Council - Project	20,000	15,000
	\$ 409,436	\$ 487,929

NIGHTWOOD THEATRE
Notes to Financial Statements
Year Ended June 30, 2022

11. 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 \$6,099 from the endowment was received by Nightwood during the year ended June 30, 2022 (2021 - \$5,661). The market value of the Endowment Fund at June 30, 2022 was \$104,964 (2021 - \$123,927).

12. GOVERNMENT ASSISTANCE

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. Nightwood continues to closely monitor and assess the impact on operations, and make adjustments accordingly. It is the opinion of management that Nightwood will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2023 as a result of COVID-19.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS"), the Tourism and Hospitality Recovery Program ("THRP") and the Canada Recovery Hiring Program ("CHRP"). For fiscal 2022, Nightwood applied for and received \$61,164 (2021 - \$97,000) (*Note 10*).

In addition, Nightwood applied for the Canada Emergency Rent Subsidy ("CERS") to provide relief to small businesses experiencing financial hardship due to COVID-19. For fiscal 2022, Nightwood applied for and received \$3,373 (2021 - \$17,168) (*Note 10*).

Nightwood also obtained the CEBA loan of \$60,000 (*Note 7*).
