Financial Statements
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2023, 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, 2023, 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.

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Independent Auditor's Report to the Members 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 24, 2023 Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Statement of Financial Position As at June 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 461,737	\$ 506,141
Short-term investments (Note 4)	161,946	-
Accounts receivable (Note 3)	19,255	53,486
Prepaid expenses	4,040	6,790
Security term deposit	 -	18,000
	646,978	584,417
CAPITAL ASSETS (Note 5)	 8,285	7,163
	\$ 655,263	\$ 591,580
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 21,998	\$ 27,549
Canada Emergency Business Account loan (Note 7)	60,000	-
Deferred revenues (Note 6)	 246,088	100,237
	328,086	127,786
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 7)	 	60,000
	 328,086	187,786
NET ASSETS		
UNRESTRICTED	263,892	341,631
INTERNALLY RESTRICTED RESERVE FUND (Note 8)	55,000	55,000
INVESTED IN CAPITAL ASSETS FUND	 8,285	7,163
	 327,177	403,794
	\$ 655,263	\$ 591,580

COMMITMENT (Note 11)

APPROVED ON BEHALF OF T	HE BOARD
	Director
Chantria Tram	Directo

Statement of Changes in Net Assets

Year Ended June 30, 2023

	Uı	Internally Restricted Invested in Unrestricted Reserve Fund Capital Assets		2023		2022		
NET ASSETS - BEGINNING OF YEAR	\$	341,631	\$	55,000	\$ 7,163	\$ 403,794	\$	394,571
Excess (deficiency) of revenues over expenses Amortization of capital assets Purchase of capital assets		(76,617) 2,726 (3,848)		- - -	(2,726) 3,848	(76,617) - -		9,223
NET ASSETS - END OF YEAR	\$	263,892	\$	55,000	\$ 8,285	\$ 327,177	\$	403,794

Statement of Operations

Year Ended June 30, 2023

		2023		2022
REVENUES				
Private sector:				
Donations and sponsorships	\$	196,228	\$	209,206
Foundations	•	88,036	*	118,229
Fundraising events		58,378		73,247
Public sector: (Note 10)		20,2.0		, = , = . ,
Federal		146,300		185,000
Provincial (Note 9)		83,793		66,899
Municipal		73,000		93,000
Government assistance		-		64,537
Earned:				01,557
Fees, commissions and guarantees		40,494		_
Single ticket sales		24,266		2,646
Other		7,352		7,794
Other		7,532		7,77
		717,847		820,558
EXPENSES				
Artistic and programming:				
Artistic salaries and fees		291,968		338,128
Production and technical fees		39,225		13,815
Venue rental		26,093		14,027
Production costs		5,488		17,912
Royalties		2,755		-
Marketing and development:		•		
Marketing salaries and fees		120,033		98,972
Fundraising costs		99,356		87,905
Advertising purchases		5,365		949
Other marketing costs		4,618		2,986
Administration:		ŕ		
Administration salaries and fees		167,638		168,431
General and administrative costs (Note 11)		27,692		65,955
Amortization		2,726		2,255
Touring		1,507		<u> </u>
		794,464		811,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$	(76,617)	\$	9,223

Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
OPERATING (DEFICIENCY) ACTIVITIES		
Excess (deficiency) of revenues over expenses Add items not involving cash:	\$ (76,617)	\$ 9,223
Amortization	2,726	2,255
	(73,891)	11,478
Changes in non-cash working capital items:		
Accounts receivable	34,231	18,330
Prepaid expenses	2,750	(1,030)
Accounts payable and accrued liabilities	(5,551)	7,658
Deferred revenues	145,851	78,137
	177,281	103,095
Cash flows from operating activities	103,390	114,573
INVESTING ACTIVITIES		
Purchase of short-term investments	(161,946)	-
Return (purchase) of security term deposit	18,000	(18,000)
Purchase of capital assets	(3,848)	(4,632)
Cash flows used by investing activities	(147,794)	(22,632)
INCREASE (DECREASE) IN CASH	(44,404)	91,941
CASH - BEGINNING OF YEAR	506,141	414,200
CASH - END OF YEAR	\$ 461,737	\$ 506,141

Notes to Financial Statements

Year Ended June 30, 2023

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 fees, commissions, and guarantees, 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.

Contributions received for the acquisition of capital assets are initially deferred and then amortized into revenues over the useful life of the capital assets purchased.

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.

Financial instruments consist of cash, short-term investments, 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. The impairment loss is equal to the difference between the carrying value and the expected recoverable amount. 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 (deficiency) of revenues over expenses.

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Notes to Financial Statements

Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

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

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 the replacement value. 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 replacement value. Any impairment results in a write-down of the asset and a charge to excess (deficiency) 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.

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 on its short-term investments. Fluctuations in market interest rates are not expected to significantly affect Nightwood's cash flows.

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 \$2,879 (2022 - \$4,594). Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

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Notes to Financial Statements

Year Ended June 30, 2023

3. FINANCIAL INSTRUMENTS (continued)

Nightwood has available an operating credit facility of \$24,000. Advances under the facility bear interest at the Bank of Canada prime rate of 6.95% (2022 - 3.70%) plus 6.50% per annum and are secured by a general security agreement over its assets. As at June 30, 2023, Nightwood had utilized \$nil (2022 - \$nil) of this facility.

4. SHORT-TERM INVESTMENTS

Short-term investments include two Guaranteed Investment Certificates ("GICs") issued by a major Canadian chartered bank. The GICs earn interest rate between 1.85% and 4.75% and mature between August 2023 and November 2023. Subsequent to year end, Nightwood reinvested one of the GICs which earns an interest rate of 0.95% and matures in November 2023.

5.	CAPITAL ASSETS							
		 Cost	Accumulated Net		2023 et book value	N	2022 et book value	
	Computer equipment	\$ 41,894	\$	33,609	\$	8,285	\$	7,163

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:

	 2023	2022
Public sector:		
Ontario Arts Council - Project	\$ 11,250	\$ 2,000
Toronto Arts Council - Operating	77,000	73,000
Toronto Foundation - Community Services Recovery Fund	40,000	-
Private sector:	ŕ	
Foundations	95,542	20,737
Fundraising events	9,455	-
Donations and sponsorships	 12,841	4,500
	\$ 246,088	\$ 100,237
The continuity of deferred revenues is as follows:		
	 2023	2022
Balance - beginning of year	\$ 100,237	\$ 22,100
Add: Contributions received during the year	791,586	911,875
	(645,735)	(833,738)
Less: Contributions recognized as revenues in the year		

Notes to Financial Statements

Year Ended June 30, 2023

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, which has been extended to January 18, 2024. Thereafter, to the extended term date of December 31, 2026, 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 January 18, 2024, 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 held in cash and short term investments. The purpose of the fund is to support Nightwood's future day-to-day operations and to limit unforeseen cash flow difficulties.

9. 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 \$5,743 from the endowment was received by Nightwood during the year ended June 30, 2023 (2022 - \$6,099). The market value of the Endowment Fund at June 30, 2023 was \$117,725 (2022 - \$104,964).

10. PUBLIC SECTOR REVENUES

	 2023	2022
Federal:		
Canada Council for the Arts - Operating	\$ 137,500	\$ 137,500
Minister of Canadian Heritage - Project	8,800	-
Canada Emergency Wage Subsidy	-	37,074
Canada Council for the Arts - Reopening Fund	-	27,500
Canada Council for the Arts - Project	-	20,000
Tourism and Hospitality Recovery Program	-	18,435
Canadian Recovery Hiring Program	-	5,655
Canada Emergency Commercial Rent Assistance and Canada		
Emergency Rent Subsidy	-	3,373
Provincial:		
Ontario Arts Council - Operating	64,800	60,800
Ontario Arts Council - Projects	13,250	-
Ontario Arts Foundation Endowment Fund (Note 10)	5,743	6,099
Municipal:		
Toronto Arts Council - Operating	73,000	73,000
Toronto Arts Council - Project	 · -	20,000
	\$ 303,093	\$ 409,436

Notes to Financial Statements

Year Ended June 30, 2023

11. COMMITMENT

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, as at June 30, 2023 Nightwood is required to pay approximately \$2,901 for the remaining term of the lease, plus applicable taxes.

During fiscal 2023, Nightwood has entered into an agreement for a shared space, commencing in October 2023 for a term of 20 years. The agreement stipulates that rental costs will be shared between Nightwood and another party, for an annual rate of \$117,341, as shared amongst the parties. At the time of the issuance of the financial statements, the total rental costs have not yet been agreed upon, but are expected to be shared at 50% of the annual rate to be established. The rent per the agreement is not payable until the completion of renovations, which are not expected to be completed until fiscal 2025.