

CANADIAN STAGE

Financial Statements

June 30, 2024

CANADIAN STAGE
Index to Financial Statements
Year Ended June 30, 2024

	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 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Stage

Opinion

We have audited the financial statements of Canadian Stage (the "Company"), which comprise the statement of financial position as at June 30, 2024, 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 the Company as at June 30, 2024, 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 the Company 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 the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Members of Canadian Stage (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 this financial information.

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 the Company'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 the Company'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 the Company 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.

24 (1)

CANADIAN STAGE
Statement of Financial Position
As at June 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 999,483	\$ 1,616,038
Accounts receivable (Notes 13 and 15)	481,894	1,117,179
Prepaid expenses	46,821	68,048
Preproduction assets	317,580	160,035
	<u>1,845,778</u>	<u>2,961,300</u>
CAPITAL ASSETS, net (Note 5)	<u>657,298</u>	<u>532,376</u>
TOTAL ASSETS	<u>\$ 2,503,076</u>	<u>\$ 3,493,676</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 15)	\$ 179,970	\$ 435,173
Deferred revenues:		
Grants (Note 6)	887,000	986,486
Development and other (Note 7)	378,779	1,543,000
Subscriptions (Note 8)	921,895	739,653
	<u>2,367,644</u>	<u>3,704,312</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	<u>130,074</u>	<u>73,755</u>
TOTAL LIABILITIES	<u>2,497,718</u>	<u>3,778,067</u>
NET ASSETS (DEFICIT)		
<i>Ontario Arts Foundation Endowment Fund, market value \$2,003,378 at June 30, 2024 (Note 11)</i>		
UNRESTRICTED	<u>5,358</u>	<u>(284,391)</u>
	<u>5,358</u>	<u>(284,391)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,503,076</u>	<u>\$ 3,493,676</u>
COMMITMENTS (Note 10)		

APPROVED ON BEHALF OF THE BOARD

Director

Director

See the accompanying notes to these financial statements

CANADIAN STAGE
Statement of Operations and Changes in Net Assets
Year Ended June 30, 2024

	2024	2023
OPERATING REVENUES		
Earned revenues:		
Box office	\$ 2,121,542	\$ 1,433,935
Rental and other	510,789	786,518
	<u>2,632,331</u>	<u>2,220,453</u>
Development revenues:		
Individuals and foundations (Notes 11 and 13)	2,817,772	1,112,329
Special events	425,624	190,147
Corporate	315,000	209,000
	<u>3,558,396</u>	<u>1,511,476</u>
Grant revenues:		
Toronto Arts Council:		
Operating grant	832,000	832,000
Ontario Arts Council:		
Operating grant	619,097	659,806
Project grant	-	26,750
Canada Council for the Arts:		
Operating grant	586,000	586,000
Project grants	50,662	96,250
Other (Notes 9 and 12)	226,584	259,384
	<u>2,314,343</u>	<u>2,460,190</u>
TOTAL OPERATING REVENUES	<u>8,505,070</u>	<u>6,192,119</u>
OPERATING EXPENSES		
Artistic and production (Note 5)	4,528,374	3,932,523
Marketing and patron services (Note 5)	1,560,532	1,697,911
Administration (Notes 4 and 5)	1,130,958	1,053,448
Development	791,807	747,155
Facilities	203,650	254,652
TOTAL OPERATING EXPENSES	<u>8,215,321</u>	<u>7,685,689</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUES FROM OPERATIONS	<u>289,749</u>	<u>(1,493,570)</u>
OTHER FUNDING		
Ontario Arts Council, Arts Recovery Funding	-	671,774
Department of Canadian Heritage, Re-engaging Audiences	-	85,000
Department of Canadian Heritage, Venue Recovery	-	60,000
Federal Economic Development Agency for Southern Ontario, Tourism Relief Fund	-	50,000
	<u>-</u>	<u>866,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>289,749</u>	<u>(626,796)</u>
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>(284,391)</u>	<u>342,405</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 5,358</u>	<u>\$ (284,391)</u>

See the accompanying notes to these financial statements

CANADIAN STAGE
Statement of Cash Flows
Year Ended June 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 289,749	\$ (626,796)
Items not affecting cash:		
Amortization	110,141	116,436
Deferred capital contributions recognized as revenues	(33,381)	(31,281)
	<u>366,509</u>	<u>(541,641)</u>
Changes in non-cash working capital items:		
Accounts receivable	635,285	(801,453)
Prepaid expenses	21,227	(23,214)
Preproduction assets	(157,545)	(19,273)
Accounts payable and accrued liabilities	(255,203)	(27,574)
Deferred revenues	(1,081,465)	675,071
	<u>(837,701)</u>	<u>(196,443)</u>
Cash flows used by operating activities	<u>(471,192)</u>	<u>(738,084)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(235,063)	(232,876)
Deferred capital asset contributions received	89,700	-
Cash flows used by investing activities	<u>(145,363)</u>	<u>(232,876)</u>
DECREASE IN CASH	<u>(616,555)</u>	<u>(970,960)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,616,038</u>	<u>2,586,998</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 999,483</u>	<u>\$ 1,616,038</u>

See the accompanying notes to these financial statements

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

1. NATURE OF OPERATIONS

Canadian Stage (the "Company"), as a community supported not-for-profit arts organization, is dedicated to creating and producing the best in Canadian and international contemporary performance. The Company nurtures the development of Canadian talent and strives to challenge the perspectives of its patrons through the presentation of outstanding professional performing arts. The Company is also committed to promoting its Canadian productions in international markets.

The Company is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The 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

The Company follows the deferral method of accounting for contributions.

Box office revenues and other income are recognized in the year when the production for which tickets have been issued is staged.

Development and grant revenues relating to a particular season are recognized in the year to which they relate. These revenues are only recognized when amounts can be reasonably estimated and collection is reasonably assured.

Contributions received towards the purchase of capital assets are deferred and amortized to revenues on the same basis as the related capital assets are depreciated.

Cash and cash equivalents

Cash and cash equivalents include balances held at a major Canadian financial institution and guaranteed investment certificates, with maturity dates within 12 months of year-end.

Preproduction assets

Costs directly related to the development of future productions and performance seasons are recorded and presented as preproduction assets when the Company can reasonably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over their useful life, which is the year in which the season and performance is held. Preproduction assets are assessed annually and any costs no longer expected to be recoverable are expensed at that time.

Financial instruments

The Company 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.

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CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 measured as the difference between the carrying value and estimated 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.

Donations in kind

Revenues from donations in kind and their corresponding expenses are recognized in the accounts when a fair value can be reasonably and independently determined.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis at the following rates per annum:

Leasehold improvements	10 years
Lighting and sound equipment	20%
Shakespeare in High Park set	10%
Computer equipment	25%
Vehicles	30%
Signage	20%
Front of house equipment	20%
Office furniture and equipment	25%
Operations tools and equipment	20%
Box office equipment	25%
Production equipment	25%
Donor stewardship equipment	20%

Facility work in progress is not amortized until the project is completed and related assets put into use.

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 capital asset exceeds its fair value. Fair value is determined by the replacement value of the asset.

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates incorporated into the Company's financial statements include estimated useful lives of capital assets collectability of accounts receivable and year end accruals. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known.

Contributed services

The value of services contributed by board members and other volunteers is not reflected in the financial statements.

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

3. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents balance in 2023 are four guaranteed investment certificates issued by a major Canadian bank bearing a minimum annual interest rate of 4.25% that matured between June 17, 2024 to June 19, 2024. No guaranteed investment certificates are held as of June 30, 2024.

4. BANK INDEBTEDNESS AND ECONOMIC DEPENDENCE

In order to fund its ongoing working capital requirements throughout the fiscal year, the Company is dependent on its credit facilities of \$820,000 from a Canadian chartered bank, which in turn is supported by a \$820,000 guarantee from the City of Toronto and a general security agreement over the Company's assets. The continued availability of this credit facility is subject to renewal of the City of Toronto guarantee which expires on October 31, 2026.

The borrowing facilities of up to \$820,000 are as outlined below.

There is a line of credit with a Canadian chartered bank of \$745,000, which bears interest at a rate of prime plus 1.5%. Interest expense incurred on the credit facility in 2024 was \$5,555 (2023 - \$74).

There is a letter of credit facility of \$75,000 in favour of ^{24 (1)} [redacted] This security guarantees the Company's potential obligation against deferred subscriptions.

The Company is required to maintain certain covenants with the bank.

In addition, there is a letter of credit facility of \$120,000 in favour of ^{24 (1)} [redacted] (Note 10).

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Leasehold improvements:				
^{24 (1)} [redacted]	\$ 429,461	\$ 189,236	\$ 240,225	\$ 151,289
	87,472	31,410	56,062	53,966
Lighting and sound equipment	415,334	303,751	111,583	70,011
Shakespeare in High Park set	63,996	19,380	44,616	52,147
Computer equipment	113,618	76,349	37,269	39,391
Vehicles	10,486	3,146	7,340	9,962
Signage	8,615	3,446	5,169	7,036
Front of house equipment	28,302	26,652	1,650	2,585
Office furniture and equipment	7,400	5,873	1,527	-
Operations tools and equipment	3,643	3,096	547	680
Box office printers	11,150	11,150	-	-
Production equipment	6,048	6,048	-	-
Donor stewardship equipment	5,426	5,426	-	-
Facility work in progress	151,310	-	151,310	145,309
	<u>\$ 1,342,261</u>	<u>\$ 684,963</u>	<u>\$ 657,298</u>	<u>\$ 532,376</u>

Total amortization for 2024 is \$110,141 (2023 - \$116,436).

Facility work in progress includes costs associated with the future renovation of the ^{24 (1)} [redacted] and costs associated with the development of a new theatre space.

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

6. DEFERRED REVENUES: GRANTS

The balance of deferred grants revenues consists of the following:

	2024	2023
Canada Council for the Arts - project grants	\$ -	\$ 75,000
Department of Canadian Heritage - The Canada Cultural Spaces Fund	-	25,000
Ontario Cultural Attractions Fund	55,000	-
Toronto Arts Council - operating grant	832,000	832,000
Red Cross - Community Service Recovery Fund	-	54,486
	<u>\$ 887,000</u>	<u>\$ 986,486</u>

The continuity of deferred grants revenues is as follows:

Balance, beginning of year	\$ 986,486	\$ 1,662,524
Deferred revenues received	2,214,857	2,650,926
Deferred revenues recognized as revenues	(2,314,343)	(3,326,964)
Balance, end of year	<u>\$ 887,000</u>	<u>\$ 986,486</u>

7. DEFERRED REVENUES: DEVELOPMENT AND OTHER

The balance of deferred development and other revenues consists of contributions from individuals, corporations and foundations. The continuity of deferred development and other revenues is as follows:

	2024	2023
Balance, beginning of year	\$ 1,543,000	\$ 498,000
Deferred revenues received	2,394,175	2,556,476
Deferred revenues recognized as revenues	(3,558,396)	(1,511,476)
Balance, end of year	<u>\$ 378,779</u>	<u>\$ 1,543,000</u>

8. DEFERRED REVENUES: SUBSCRIPTIONS

The continuity of deferred subscriptions revenues is as follows:

	2024	2023
Balance, beginning of year	\$ 739,653	\$ 433,544
Deferred revenues received, net of refunds	2,303,784	1,740,044
Deferred revenues recognized as revenues	(2,121,542)	(1,433,935)
Balance, end of year	<u>\$ 921,895</u>	<u>\$ 739,653</u>

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received for the purchase of leasehold improvements, front of house equipment, lighting equipment, audio and video technology equipment as follows:

	2024	2023
Balance, beginning of year	\$ 73,755	\$ 105,036
Deferred capital contributions received	89,700	-
Deferred capital contributions recognized as revenues	(33,381)	(31,281)
Balance, end of year	\$ 130,074	\$ 73,755

10. COMMITMENTS

Premises lease

The Company has a 10-year lease with the City of Toronto for the premises at ^{24 (1)} which expires on August 31, 2030. A nominal annual rental charge of \$2.00 is paid for the use of these premises.

^{24 (1)}

The Company has an obligation of \$120,000 (2023 - \$120,000) in favour of ^{24 (1)} at June 30, 2024 with respect to its obligations under engagement contracts with ^{24 (1)} members. The obligation is guaranteed by a letter of Credit by the banking institution under a agreement dated May 2023.

Lease commitments for equipment

The Company has lease commitments for office equipment. The minimum annual cost of these commitments is as follows:

2025	\$ 32,436
2026	32,436
2027	26,676
2028	20,917
2029	20,917

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

11. THE CANADIAN STAGE COMPANY ARTS 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 Canadian Stage Company Arts Endowment Fund is an external endowment fund, the assets of which are controlled and managed by OAF in accordance with its investment policies, and the income from which is for the benefit of the Company. The assets of the fund are not assets of the Company, and accordingly, are not reflected in the accounts and financial statements of the Company.

The market value of the fund at June 30, 2024 is \$2,003,378.

Changes in the balance of the fund during the year are set out below:

	2024	2023
Balance, beginning of year	\$ 1,907,329	\$ 1,700,616
Income paid to the Company during the year	(96,307)	(93,088)
Change in fair value of securities, net of fees	192,356	299,801
Balance, end of year	\$ 2,003,378	\$ 1,907,329

Income paid to the Company is classified as development revenues in the statement of operations.

12. OTHER GRANT REVENUES

Other grant revenues consist of the following:

	2024	2023
Department of Canadian Heritage - Canada Arts Presentation Fund	\$ 60,000	\$ 110,000
Department of Canadian Heritage - The Canada Cultural Spaces Fund	24,361	28,689
Employment and Social Development Canada - Canada Summer Jobs	8,713	19,317
Department of Canadian Heritage - Canada Arts Presentation Fund (24 (1) - Accessibility Improvement Project)	4,500	-
Employment and Social Development Canada - Enabling Accessibility Fund	1,725	1,986
Cultural Human Resources Council - Young Canada Works	-	3,592
Ontario Cultural Attractions Fund	70,000	-
Ontario Trillium Foundation	2,797	-
Ontario, Ministry of Tourism, Culture & Sport - Reconnect Ontario program	-	51,800
Ontario Arts Foundation	-	4,000
Toronto Arts Foundation - Resiliency Fund	-	40,000
Red Cross	54,488	-
Total other grant revenues	\$ 226,584	\$ 259,384

CANADIAN STAGE
Notes to Financial Statements
Year Ended June 30, 2024

13. ALEXANDRA BAILLIE TRIBUTE FUND

During the fiscal year, the Company established a fundraising campaign in honour of a long-standing board member. The objective of the campaign was to assist the Company in reducing its accumulated deficit.

During the campaign, the Company was the recipient of a matching opportunity from a donor, which was successful.

A total of \$291,766 was raised during this campaign and included in development revenues from individuals for fiscal 2024. Of this amount, \$65,750 of formal signed pledges were received, where payment will be collected after October 1, 2024. These pledges are from a pool of donors who are 19 (1); 24 (1)

19 (1); 24 (1)

expects to collect all amounts pledged.

Management

14. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk on its cash and accounts receivable. Accounts receivable balances, which are not greater than 90 days past due, are monitored regularly and amounts identified as uncollectable are provided for. The Company has no significant concentrations of credit with any counterparties.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due.

The Company is dependent on its credit facility with a Canadian chartered bank (see Note 4) to meet its ongoing obligations. Current operations of the Company are also funded by selling subscription tickets in advance of the performance season, as well as through artistic grants and other amounts received in advance of the year to which they relate.

The Company is not exposed to significant interest rate, currency or other price risks.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
