

**Stratford Shakespearean Festival of  
Canada  
Consolidated Financial Statements  
For the Year Ended December 31, 2024**

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**Consolidated Financial Statements**  
**For the Year Ended December 31, 2024**

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## Independent Auditor's Report

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### To the Directors of Stratford Shakespearean Festival of Canada

#### Opinion

We have audited the consolidated financial statements of Stratford Shakespearean Festival of Canada (the "Festival"), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Festival as at December 31, 2024, and its consolidated financial performance and 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 Consolidated Financial Statements* section of our report. We are independent of the Festival in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Festival'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 Festival or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Festival's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Festival'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 Festival'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 consolidated 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 Festival to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario  
March 26, 2025

# Stratford Shakespearean Festival of Canada

## Consolidated Statement of Financial Position

December 31,	2024	2023
<b>Assets</b>		
<b>Current</b>		
Cash and bank (Note 2)	\$ 10,432,313	\$ 12,451,783
Portfolio investments (Note 4)	1,680,042	2,464,152
Pledges and other receivables (Note 5)	766,819	725,324
Inventory (Note 3)	267,687	196,796
Prepaid expenses	3,798,631	2,432,987
Due from related parties (Note 6)	1,269,544	883
	<u>18,215,036</u>	<u>18,271,925</u>
Prepaid pension expenses (Note 7)	1,046,094	1,257,821
Capital assets (Note 8)	<u>83,053,844</u>	<u>86,236,974</u>
	<u>\$102,314,974</u>	<u>\$ 105,766,720</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 7,029,148	\$ 6,242,552
Unearned revenue (Note 10)	<u>14,038,657</u>	<u>13,574,865</u>
	<u>21,067,805</u>	<u>19,817,417</u>
Deferred capital contributions (Notes 6 and 13)	<u>67,769,674</u>	<u>71,351,532</u>
	<u>88,837,479</u>	<u>91,168,949</u>
<b>Commitments (Note 14)</b>		
<b>Net Assets</b>		
Unrestricted	(2,852,769)	(1,545,492)
Invested in capital assets (Note 15)	15,284,170	14,885,442
Restricted pension (Note 7)	<u>1,046,094</u>	<u>1,257,821</u>
	<u>13,477,495</u>	<u>14,597,771</u>
	<u>\$102,314,974</u>	<u>\$ 105,766,720</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Stratford Shakespearean Festival of Canada Consolidated Statement of Operations

For the year ended December 31, 2024 2023

### Earned Revenues

Performance	\$30,937,257	\$ 31,416,165
Ancillary	6,442,720	7,134,163
Financial	1,896,345	2,065,275
	<u>39,276,322</u>	<u>40,615,603</u>

### Contributed Revenues

Fundraising (Note 6)	14,738,427	22,658,379
Foundation grants (Note 6)	13,085,681	7,843,676
Government grants (Note 11)	4,241,998	5,145,150
Amortization of deferred capital contributions (Note 13)	3,977,561	3,823,294
	<u>36,043,667</u>	<u>39,470,499</u>
	<u>75,319,989</u>	<u>80,086,102</u>

### Operating Expenses

Production	39,599,627	40,471,059
Marketing and sales	8,955,370	8,965,409
Facilities	6,456,454	6,723,423
General and administrative	6,310,903	6,791,749
Ancillary	5,845,917	7,161,944
Amortization of capital assets	5,034,805	5,056,988
Education	2,267,137	2,608,209
Fundraising	1,995,237	1,902,958
	<u>76,465,450</u>	<u>79,681,739</u>

<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (1,145,461)</b>	<b>\$ 404,363</b>
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## Stratford Shakespearean Festival of Canada Consolidated Statement of Changes in Net Assets

For the year ended December 31	Unrestricted	Invested in capital assets	Restricted pension	2024 Total	2023 Total
Net assets, beginning of the year	\$ (1,545,492)	\$14,885,442	\$ 1,257,821	\$14,597,771	\$ 13,887,786
Pension remeasurements and other	-	-	25,185	25,185	305,622
Transfer to capital assets	(1,455,972)	1,455,972	-	-	-
Transfers to pension	236,912	-	(236,912)	-	-
Excess of revenue over expenses	(88,217)	(1,057,244)	-	(1,145,461)	404,363
Net assets, end of the year	\$ (2,852,769)	\$15,284,170	\$ 1,046,094	\$13,477,495	\$ 14,597,771

The accompanying notes are an integral part of these consolidated financial statements.

## Stratford Shakespearean Festival of Canada Consolidated Statement of Cash Flows

For the year ended December 31,	2024	2023
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ (1,145,461)	\$ 404,363
Items not affecting cash:		
Amortization of capital assets	5,034,805	5,056,988
Amortization of deferred capital contributions	(3,977,561)	(3,823,294)
Change in prepaid pension cost	236,912	310,085
Unrealized gain on sale of investments	(306,706)	(418,390)
	(158,011)	1,529,752
Changes in non-cash working capital:		
Pledges and other receivables	(41,496)	83,702
Inventory	(70,892)	91,949
Prepaid expenses	(1,365,644)	(608,389)
Accounts payable and accrued liabilities	786,591	(464,753)
Unearned revenue	463,792	(15,278,590)
	(385,660)	(14,646,329)
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(1,851,675)	(1,162,457)
Proceeds from sale of portfolio investments	1,090,824	6,106,232
Purchases of portfolio investments	-	(1,068,718)
	(760,851)	3,875,057
<b>Cash flows from financing activities</b>		
Capital contributions received	395,703	5,451,545
Advances from (to) related parties	(1,268,662)	3,319,518
Repayment of long-term debt	-	(5,288,591)
	(872,959)	3,482,472
<b>Net decrease in cash</b>	(2,019,470)	(7,288,800)
<b>Cash and bank, beginning of the year</b>	12,451,783	19,740,583
<b>Cash and bank, end of the year</b>	\$10,432,313	\$ 12,451,783

The accompanying notes are an integral part of these consolidated financial statements.



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# Stratford Shakespearean Festival of Canada

## Notes to Consolidated Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	<p>Stratford Shakespearean Festival of Canada ("Festival of Canada") is incorporated without share capital under the Ontario Not-for-Profit Corporations Act, 2010 for the purpose of producing and presenting live theatrical performances. It is a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada and is exempt from income taxes.</p> <p>Stratford Shakespearean Festival Holding Foundation ("Holding Foundation") is incorporated without share capital under the Canada Not-for-Profit Corporations Act for the purpose of holding and maintaining the major capital assets of the Festival of Canada. It is a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada and is exempt from income taxes.</p> <p>These financial statements consolidate the activities of the Festival of Canada and the Holding Foundation and the combined entity will be referred to as the "Festival".</p>
<b>Basis of Accounting</b>	<p>The consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
<b>Basis of Consolidation</b>	<p>These financial statements consolidate the assets, liabilities, net assets, revenue and expenses of the Festival of Canada and its wholly-owned subsidiary, the Holding Foundation.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance with Canadian 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are included in prepaid pension expense, capital assets through amortization, accounts payable and accrued liabilities and deferred capital contributions.</p>
<b>Foreign Currency</b>	<p>At the transaction date, each asset, liability, revenue or expense is translated to Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current year.</p>
<b>Inventory</b>	<p>Inventory is reported at the lower of cost and net realizable value, on the average cost basis.</p>

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 1. Significant Accounting Policies (continued)

<b>Capital Assets</b>	Capital assets are recorded at cost. Amortization is provided on the straight-line basis over the estimated useful lives of the assets as follows: <table><tr><td>Land improvements</td><td>10 years</td></tr><tr><td>Buildings</td><td>20 or 40 years</td></tr><tr><td>Furniture and equipment</td><td>5, 10 or 20 years</td></tr><tr><td>Computer</td><td>5 years</td></tr></table>	Land improvements	10 years	Buildings	20 or 40 years	Furniture and equipment	5, 10 or 20 years	Computer	5 years
Land improvements	10 years								
Buildings	20 or 40 years								
Furniture and equipment	5, 10 or 20 years								
Computer	5 years								
<b>Deferred Capital Contributions</b>	Contributions and government grants received for the purpose of financing capital expenditures, other than land, are deferred and amortized to revenue on the same basis as the related capital assets.								
<b>Revenue Recognition</b>	The Festival follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. Restricted contributions for the purchase of land are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Performance revenue is recognized as productions are staged. Ancillary revenue is recognized when goods are sold and services are provided. Financial revenue is recognized as they are earned. Amounts received in advance of revenue recognition are treated as unearned revenue.								
<b>Contributed Services</b>	Volunteers contribute a significant amount of time each year to assist the Festival in carrying out its activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.								
<b>Donations in Kind</b>	The amount is primarily comprised of various forms of advertising, as well as products and services related to the Festival's major fundraising event. Donations in kind are not recognized in the financial statements.								

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 1. Significant Accounting Policies (continued)

<b>Financial Instruments</b>	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>Related party financial instruments are recorded at cost at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>
<b>Cash and bank</b>	<p>Cash and cash equivalents consist of cash on hand, bank balances and cash balances held in portfolio investments.</p>
<b>Employee Future Benefits</b>	<p>The Festival has a defined benefit pension plan. The defined benefit obligation is determined using an actuarial valuation prepared for funding purposes. Pension fund assets are measured at fair value at the financial position date. The total cost of the defined benefit plans for the year is comprised of the current service cost, finance cost, and remeasurement and other items. The current service cost and finance cost are charged to operations for the period, while remeasurement and other items are charged directly to net assets as they occur. Membership in the plan has been closed to new members as of December 31, 2005.</p>

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 2. Cash and bank

Included in cash and bank are short-term deposits earning interest up to 4.15% (2023 - 5.4%).

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#### 3. Inventory

Inventory of \$875,110 (2023 - \$960,830) was sold during the year and is recognized as an ancillary expense.

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#### 4. Portfolio investments

Portfolio investments are comprised of guaranteed investment certificates (GICs), fixed income bonds and pooled funds for which the Festival earns various rates of return.

	2024	2023
Burgundy balanced pool fund	\$ 1,680,042	\$ 1,390,344
Fixed income bonds	-	1,073,808
	<u>\$ 1,680,042</u>	<u>\$ 2,464,152</u>

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#### 5. Pledges receivable

For the year ended December 31, 2024, the Festival has recognized revenue of \$663,627 (2023 - \$495,423) relating to pledges that remain unpaid at year end.

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#### 6. Related Party Transactions

Stratford Shakespearean Festival Endowment Foundation ("Foundation") is incorporated without share capital under the Canada Not-for-Profit Corporations Act. Its purpose is to raise funds that are to be maintained permanently and, at the discretion of its Trustees, to make available the income earned on these funds to finance various activities such as artist training, artistic ventures, classical productions and related capital expenditures. It is a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada and is exempt from income taxes.

Stratford Shakespearean Festival of America ("Festival of America") is incorporated under the laws of the State of Michigan for the purpose of supporting a variety of work at the Festival. Festival of America is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

### 6. Related Party Transactions (continued)

The Stratford Festival Archives ("Archives") is incorporated without share capital under the Canada Not-for-Profit Corporations Act. Its purpose is to maintain the Archives of the Festival. It is a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada and is exempt from income taxes.

The Festival had the following transactions with related organizations as follows:

	2024	2023
<b><i>Festival of America</i></b>		
Fundraising	\$ 5,048,190	\$ 5,229,717
<b><i>The Foundation</i></b>		
Grants	13,085,681	7,843,676
Recovery of administrative expenses	282,000	119,000
Capital contributions	77,686	5,451,545
	<b>\$18,415,871</b>	<b>\$ 13,192,393</b>

The Festival has the following balances with related organizations:

	2024	2023
Festival of America	\$ 1,555,840	\$ 5,248
The Foundation	(286,296)	(4,365)
	<b>\$ 1,269,544</b>	<b>\$ 883</b>

The Festival controls the Holding Foundation, and significantly influences the Foundation, the Festival of America and Archives. As a result, all five organizations are related. One of the Foundation's Directors are also members of the Board of Governors of the Festival of Canada.

Related party transactions are recorded at the exchange amount which is the amount agreed to by the related parties. Further, the various organizations transfer funds between themselves from time to time to maximize their overall effectiveness. The resulting balances from these transactions and transfers are unsecured, non-interest bearing and have no specific terms of repayment.

The Foundation and the Festival of America, over which the Festival management and Board have significant influence are not consolidated in these financial statements. Disclosure of the Foundation and Festival of America's summarized financial activities is made in Note 16. Financial activities of the Archives are not significant and therefore have not been included.

The Festival has an economic interest in the Foundation. The Foundation was established to solicit funds on behalf of the Festival. The Foundation has net assets totaling \$144,903,234 (2023 - \$118,559,164) for the benefit of the Festival.

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 7. Pension Plans

The Festival sponsors one defined benefit registered pension plan ("the plan"). The plan provides its members with a pension based on final average earnings on service prior to 2008 and on a percentage of contributions for service from 2008 forward. The plan is not indexed. The plan covers full-time and permanent part-time employees. The plan is a contributory plan as both the employees and the Festival make contributions toward the cost of accrued benefits. The employee Contributions are fixed by a formula and the Festival makes contributions to the plan as required to ensure that the plan has sufficient assets to pay the promised benefits.

The last funding valuation for the purpose of determining the Festival's required contributions was performed as at December 31, 2021 and indicated that the plan was in a surplus position on a going concern basis. The next funding valuation is required as at December 31, 2024.

The Festival uses the funding valuation approach to measure its defined benefit obligations.

The funded status of the defined benefit plan is as follows:

	2024	2023
Defined benefit obligation	\$ 11,038,213	\$ 10,328,418
Fair value of plan assets	(14,032,026)	(13,443,084)
Funded status - plan surplus	(2,993,813)	(3,114,666)
Valuation allowance	1,947,719	1,856,845
Prepaid pension expense	<u>\$ (1,046,094)</u>	<u>\$ (1,257,821)</u>

The estimated value to the Festival of the plan surplus is reflected in the net assets. The prepaid pension expense reflects the future economic benefit of the surplus. The estimates related to the actuarial valuation may change as a result, a change in the amount of the pension obligation recognized may be required.

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## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

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### 8. Capital Assets

As at year-end, capital assets are comprised as follows:

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 7,725,138	\$ -	\$ 7,725,138	\$ 7,725,138
Land improvements	1,870,151	881,289	988,862	1,168,655
Buildings	97,434,981	40,469,887	56,965,094	59,239,216
Furniture and equipment	32,006,243	16,005,997	16,000,246	16,680,808
Computer	5,429,213	4,054,709	1,374,504	1,423,157
	<b>\$144,465,726</b>	<b>\$61,411,882</b>	<b>\$83,053,844</b>	<b>\$ 86,236,974</b>

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### 9. Government Remittances Payable

Included in accounts payable and accrued liabilities are government remittances payable of \$85,588 (2023 - \$49,626).

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## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

### 10. Unearned Revenue

As at December 31 unearned revenue is comprised as follows:

	2024	2023
Future performances	\$ 5,616,375	\$ 6,547,637
Restricted donations	4,287,250	2,783,874
Government grants	2,166,078	2,366,998
Gift Certificates and other	1,968,954	1,876,356
	<b>\$14,038,657</b>	<b>\$ 13,574,865</b>

Unearned revenue is made up of deferred revenue and deferred contributions. Deferred revenue includes future performances and gift certificates and other totaling \$7,585,329 (2023 - \$8,423,993). Deferred contributions includes government grants and restricted donations totaling \$6,453,328 (2023 - \$5,150,872).

The continuity of deferred government grants is as follows:

	2024	2023
Beginning balance	\$ 2,366,998	\$ 2,370,150
Government grants received during the year	4,041,078	5,141,998
Government grants recognized into revenue (Note 11)	(4,241,998)	(5,145,150)
Ending Balance	<b>\$ 2,166,078</b>	<b>\$ 2,366,998</b>

The continuity of restricted donations is as follows:

	2024	2023
Beginning balance	\$ 2,783,874	\$ 16,194,298
Restricted donations received during the year	5,642,799	873,835
Restricted donations recognized into revenue	(4,139,423)	(14,284,259)
Ending Balance	<b>\$ 4,287,250</b>	<b>\$ 2,783,874</b>



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## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

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### 11. Government Grants

The Festival recognized revenue from government grants as follows:

	<u>2024</u>	<u>2023</u>
Ontario Arts Council	\$ 2,056,998	\$ 2,210,150
Canada Council for the Arts	1,500,000	1,500,000
Other	<u>685,000</u>	<u>1,435,000</u>
	<u>\$ 4,241,998</u>	<u>\$ 5,145,150</u>

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### 12. Credit Facilities

The Festival has an unsecured line of credit with a maximum limit of \$3,000,000 (2023 - \$3,000,000) bearing interest at prime. At year end, no amounts were drawn against the line of credit. Also outstanding at year end was a letter of credit in favour of the Canadian Actors' Equity Association in the amount of \$750,000 (2023 - \$750,000).

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### 13. Deferred Capital Contributions

Deferred capital contributions represent the unamortized portion of donations and government grants received for the purchase of capital assets. Changes in deferred capital contributions for the year ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$71,351,532	\$ 69,723,281
Capital contribution - Foundation (Note 6)	77,686	5,451,545
Government grants - Government of Canada	318,017	-
Amortization of deferred capital contributions	<u>(3,977,561)</u>	<u>(3,823,294)</u>
Balance, end of year	<u>\$67,769,674</u>	<u>\$ 71,351,532</u>

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

**December 31, 2024**

#### 14. Commitments

For the current year, expenses relating to operating leases are \$761,986 (2023 - \$700,622). The Festival is committed to the following operating lease payments over the next 5 years for the rehearsal facilities, retail stores, office spaces and residential properties:

2025	\$	744,679
2026		47,438
2027		47,438
2028		52,177
2029		52,177
		943,909
	\$	943,909

#### 15. Investment in Capital Assets

Investment in capital assets represents the unamortized portion of the Festival's purchases of capital assets not funded by donations, government grants and debt. The investment in capital assets as at December 31 is calculated as follows:

	2024	2023
Net Book Value of capital assets (Note 8)	\$83,053,844	\$ 86,236,974
Deferred capital contributions (Note 13)	<u>(67,769,674)</u>	<u>(71,351,532)</u>
Investment in capital assets	<u>\$15,284,170</u>	<u>\$ 14,885,442</u>

Changes in investment in capital assets for the year ended December 31 are as follows:

	2024	2023
<b>Balance</b> , beginning of year	\$ 14,885,442	\$ 15,119,633
Transfers		
Purchase of capital assets	1,851,675	1,162,457
Capital contributions received (Note 6)	(395,703)	(5,451,545)
Long-term debt repayment	-	5,288,591
Net revenue		
Amortization of capital assets	(5,034,805)	(5,056,988)
Amortization of deferred capital contributions	<u>3,977,561</u>	<u>3,823,294</u>
<b>Balance</b> , end of year	<u>\$ 15,284,170</u>	<u>\$ 14,885,442</u>

## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

### 16. Related Organizations

For the year ended October 31 the following information has been obtained from the audited financial statements of the Foundation:

	<u>2024</u>	<u>2023</u>
<b>Financial Position</b>		
<b>Assets</b>		
Cash and bank	\$ 11,481,002	\$ 16,212,205
Pledges and other receivables	4,917,764	6,685,195
Portfolio investments	128,560,339	100,900,683
	<u>\$ 144,959,105</u>	<u>\$ 123,798,083</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 55,871	\$ 40,805
Due to related parties	-	5,198,114
	<u>55,871</u>	<u>5,238,919</u>
<b>Net Assets</b>	<u>\$ 144,903,234</u>	<u>\$ 118,559,164</u>
<b>Results of Operations</b>		
Donations	\$ 15,383,399	\$ 9,039,216
Investment income	7,858,615	5,500,188
Unrealized gain (loss) on investments	17,457,207	63,259
Grants to related parties	(13,408,920)	(8,321,295)
Other expenses	(946,234)	(705,614)
	<u>\$ 26,344,067</u>	<u>\$ 5,575,754</u>
<b>Cash Flow</b>		
Excess of revenue over expenses	\$ 26,344,066	\$ 5,575,754
Realized gain on disposal of investments	(2,471,232)	(48,511)
Unrealized (gain) loss on investments	(17,457,208)	(63,259)
Changes in pledges and other receivable	1,814,434	(3,974,958)
Changes in prepaid expense	(47,000)	-
Advances from (to) related parties	(5,198,114)	2,024,386
Changes in accounts payable and accrued liabilities	15,069	(12,751)
Proceeds of investments	14,158,659	640,416
Purchase of investments	(21,889,877)	(7,789,259)
<b>Change in cash</b>	<u>\$ (4,731,203)</u>	<u>\$ (3,648,182)</u>

## Stratford Shakespearean Festival of Canada Notes to Consolidated Financial Statements

**December 31, 2024**

### 16. Related Organizations (continued)

For the year ended October 31 the following information has been obtained from the audited financial statements of Festival of America (in US\$):

	2024	2023
<b>Financial Position</b>		
<b>Assets</b>		
Cash	\$ 1,066,683	\$ 692,609
Pledges and other receivables	747,884	1,180,505
Gift annuity reserves	1,738	7,792
	<u>\$ 1,816,305</u>	<u>\$ 1,880,906</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 20,918	\$ 31,701
Due to related party	11,021	-
Gift annuity liabilities	52,256	54,392
	<u>84,195</u>	<u>86,093</u>
<b>Net assets</b>	<u>\$ 1,732,110</u>	<u>\$ 1,794,813</u>
<b>Results of Operations</b>		
Donations and other revenues	\$ 3,372,868	\$ 3,962,432
Grants to related parties	(3,323,953)	(3,811,367)
Other expenses	(111,618)	(128,131)
	<u>\$ (62,703)</u>	<u>\$ 22,934</u>
<b>Cash Flow</b>		
Excess of revenue over expenses	\$ (62,703)	\$ 22,934
Changes in pledges and other receivables	432,621	51,631
Changes in value of Annuity Agreements	3,918	5,259
Changes in accounts payable and accrued liabilities	(10,783)	6,709
Advances from related parties	11,021	-
<b>Change in cash</b>	<u>\$ 374,074</u>	<u>\$ 86,533</u>

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## Stratford Shakespearean Festival of Canada

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 17. Financial Instruments

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Festival is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of marketable securities. Interest rate risk is managed by utilizing short term and highly liquid investments.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Festival is exposed to credit risk arising from its accounts and pledges receivable. Credit risk is the risk that the counterparty to the transaction will not pay. The majority of the organization's pledges receivable are from long-standing members and donors, and the organization monitors and follows up on outstanding pledges to ensure their collection.

##### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in international currencies. The organization is exposed to currency risk relating to the balance in their US bank account of \$312,445 (2023 - \$1,335,935). The Festival does not use derivative instruments to reduce exposure to currency risk.

##### Price Risk

Price Risk is the risk that the value of investments may decline over a period of time due to economic changes or other events that impact large portions of the market. The Festival manages price risk by holding a balanced pooled fund with its investments in different business sectors and different sizes of investee companies.

These risks have not changed from the prior year.

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#### 18. Comparative figures

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

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