

**Globe Theatre Society**

**FINANCIAL STATEMENTS**  
**June 30, 2023**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Globe Theatre Society** have been prepared by the Organization's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



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Jaime Boldt  
Executive Director

## INDEPENDENT AUDITORS' REPORT

**To the Members,  
Globe Theatre Society**

### *Opinion*

We have audited the financial statements of **Globe Theatre Society**, which comprise the statement of financial position as at **June 30, 2023**, and the statements of operations, 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 Organization as at June 30, 2023 and its 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 Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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

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

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

## INDEPENDENT AUDITORS' REPORT (continued)

### *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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment

- 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 Organization'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 Organization'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 Organization 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

September 12, 2023  
Regina, Saskatchewan

VIRTUS GROUP LLP  
Chartered Professional Accountants

**Globe Theatre Society**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

(with comparative figures as at June 30, 2022)

	Theatre Operations fund	Capital Fund	Endowment Fund	Consolidated Funds	
				2023	2022
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ 945,799	\$ -	\$ -	\$ 945,799	\$ 347,521
Accounts receivable	1,307,594	1,818,979	-	3,126,573	3,357,070
Marketable securities (Note 3)	101,667	-	-	101,667	100,272
Prepaid expenses	76,839	-	-	76,839	59,531
	<u>2,431,899</u>	<u>1,818,979</u>	<u>-</u>	<u>4,250,878</u>	<u>3,864,394</u>
<b>Capital Assets (Note 4)</b>	-	22,538,683	-	22,538,683	11,407,913
<b>Endowment Investments</b>	-	-	18,077	18,077	16,420
	<u>\$ 2,431,899</u>	<u>\$ 24,357,662</u>	<u>\$ 18,077</u>	<u>\$ 26,807,638</u>	<u>\$ 15,288,727</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ 3,805,555	\$ -	\$ -	\$ 3,805,555	\$ 1,694,889
Deferred revenue (Note 5)	465,147	-	-	465,147	460,489
Building mortgage (Note 6)	-	875,230	-	875,230	894,128
	<u>4,270,702</u>	<u>875,230</u>	<u>-</u>	<u>5,145,932</u>	<u>3,049,506</u>
<b>Fund Balances</b>					
Endowment fund - externally restricted	-	-	18,077	18,077	16,420
Working capital reserve - internally restricted	50,000	-	-	50,000	50,000
Invested in capital assets	-	23,482,432	-	23,482,432	13,508,523
Unrestricted deficit	(1,888,803)	-	-	(1,888,803)	(1,335,722)
	<u>\$ 2,431,899</u>	<u>\$ 24,357,662</u>	<u>\$ 18,077</u>	<u>\$ 26,807,638</u>	<u>\$ 15,288,727</u>

See accompanying notes to the financial statements.

Approved on behalf of the board:





**Globe Theatre Society**  
**STATEMENT OF OPERATIONS**  
**AS AT JUNE 30, 2023**  
(with comparative figures as at June 30, 2022)

	Theatre Operations fund	Capital Fund	Endowment Fund	Consolidated Funds	
				2023	2022
<b>Ticket Revenue</b>					
Other income	\$ 33,393	\$ -	\$ -	\$ 33,393	\$ 335
Rental income	-	-	-	-	750
Single tickets	130,413	17,055	-	147,468	146,352
Subscriptions	367,678	-	-	367,678	(669)
Theatre school	88,017	-	-	88,017	66,450
	<u>619,501</u>	<u>17,055</u>	<u>-</u>	<u>636,556</u>	<u>213,218</u>
<b>Investment Revenue</b>					
Investment income	2,070	-	1,657	3,727	71
<b>Donations &amp; Sponsorships</b>					
Corporate donations	38,150	-	-	38,150	50,000
Individual donations	77,509	1,227,124	-	1,304,633	1,211,078
Sponsorships	6,250	-	-	6,250	39,750
	<u>121,909</u>	<u>1,227,124</u>	<u>-</u>	<u>1,349,033</u>	<u>1,300,828</u>
<b>Grant Revenue</b>					
Canada Council for the Arts operating grant	412,000	-	-	412,000	594,400
Municipal operating grant	128,000	-	-	128,000	128,000
Saskatchewan Arts Board operating grant	238,930	-	-	238,930	238,930
Canada Emergency Wage Subsidy	1,265	-	-	1,265	570,123
Federal and provincial grants - capital	-	9,221,546	-	9,221,546	6,898,958
Other grants	75,700	-	-	75,700	160,287
	<u>855,895</u>	<u>9,221,546</u>	<u>-</u>	<u>10,077,441</u>	<u>8,590,698</u>
<b>Total Revenue</b>	<u>1,599,375</u>	<u>10,465,725</u>	<u>1,657</u>	<u>12,066,757</u>	<u>10,104,815</u>
<b>Artistic Expenses</b>					
Artistic and production expenses	1,032,409	-	-	1,032,409	892,929
Theatre school	135,486	-	-	135,486	106,401
	<u>1,167,895</u>	<u>-</u>	<u>-</u>	<u>1,167,895</u>	<u>999,330</u>
<b>Administration Expenses</b>					
Administration Expenses	439,719	204,878	-	644,597	896,282
Capital - Amortization	-	22,796	-	22,796	20,528
Facilities Expenses	166,993	283,460	-	450,453	410,450
Fundraising Expenses	7,414	-	-	7,414	6,339
Marketing Expenses	139,350	211,767	-	351,117	197,548
<b>Total Expenses</b>	<u>1,921,371</u>	<u>722,901</u>	<u>-</u>	<u>2,644,272</u>	<u>2,530,477</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (321,996)</u>	<u>\$ 9,742,824</u>	<u>\$ 1,657</u>	<u>\$ 9,422,485</u>	<u>\$ 7,574,338</u>

See accompanying notes to the financial statements.

**Globe Theatre Society**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT JUNE 30, 2023**

(with comparative figures as at June 30, 2022)

	<b>Theatre Operations Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Consolidated Funds</b>	
				<b>2023</b>	<b>2022</b>
<b>Balance - beginning of year</b>	\$ (1,285,722)	\$ 13,508,523	\$ 16,420	\$ 12,239,221	\$ 4,664,883
<b>Excess revenue over expenses</b>	(321,996)	9,742,824	1,657	9,422,485	7,574,338
<b>Interfund transfers</b>	(231,085)	231,085	-	-	-
<b>Balance - end of year</b>	<u>\$ (1,838,803)</u>	<u>\$ 23,482,432</u>	<u>\$ 18,077</u>	<u>\$ 21,661,706</u>	<u>\$ 12,239,221</u>

See accompanying notes to the financial statements.

**Globe Theatre Society**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2023**  
(with comparative figures for the year ended June 30, 2022)

	Theatre Operations Fund	Capital Fund	Endowment Fund	Consolidated Funds	
				2023	2022
<b>Cash provided by (used in) operating activities:</b>					
Excess (deficiency) of revenues over expenses	\$ (321,996)	\$ 9,742,824	\$ 1,657	\$ 9,422,485	\$ 7,574,338
Items not involving cash:					
Amortization	-	22,796	-	22,796	20,528
	<u>(321,996)</u>	<u>9,765,620</u>	<u>1,657</u>	<u>9,445,281</u>	<u>7,594,866</u>
Accounts receivable	2,049,476	(1,818,979)	-	230,497	(2,017,185)
Prepaid expenses	(17,308)	-	-	(17,308)	(14,932)
Accounts payable and accruals	2,110,665	-	-	2,110,665	1,073,539
Deferred revenue	4,658	-	-	4,658	34,615
	<u>3,825,495</u>	<u>7,946,641</u>	<u>1,657</u>	<u>11,773,793</u>	<u>6,670,903</u>
<b>Cash provided by (used in) financing activities:</b>					
Inter-fund transfers	(231,085)	231,085	-	-	-
Repayment of building mortgage	-	(18,898)	-	(18,898)	(5,872)
	<u>(231,085)</u>	<u>212,187</u>	<u>-</u>	<u>(18,898)</u>	<u>(5,872)</u>
<b>Cash provided by (used in) investing activities:</b>					
Additions (reduction) to investments	-	-	(1,657)	(1,657)	550
Accrued interest on investments	(1,395)	-	-	(1,395)	(19)
Purchase of capital assets	-	(11,153,565)	-	(11,153,565)	(6,726,020)
	<u>(1,395)</u>	<u>(11,153,565)</u>	<u>(1,657)</u>	<u>(11,156,617)</u>	<u>(6,725,489)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	3,824,100	(3,225,822)	-	598,278	(60,458)
<b>Cash - beginning of year</b>	347,521	-	-	347,521	407,979
<b>Cash - end of year</b>	<u>\$ 4,171,621</u>	<u>\$ (3,225,822)</u>	<u>\$ -</u>	<u>\$ 945,799</u>	<u>\$ 347,521</u>

See accompanying notes to the financial statements.



**Globe Theatre Society**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended June 30, 2023**  
(with comparative figures for the year ended June 30, 2022)

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**1. Nature of operations**

The mission of the Globe Theatre Society ("Globe Theatre") is to educate, entertain and engage Saskatchewan people in the art of professional theatre by offering high-quality performances to audiences, professional theatre training for artists, and classes for children and adults. Globe Theatre is incorporated under *The Non-profit Corporation Act, 2022* of Saskatchewan and is a registered charity and thus, is exempt from income tax under Section 149 (1)(l) of the *Income Tax Act*.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the following accounting policies:

*Financial instruments - recognition and measurement*

Financial assets and financial liabilities are recorded on the statement of financial position when Globe Theatre becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of marketable securities and endowment funds is at a fair value. All other financial assets and liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the asset.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair value of financial instruments measured at fair value are recognized in the excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments can be subsequently reversed if the value of subsequently improves.

The Globe Theatre's recognized financial instruments include cash, accounts receivable, marketable securities, endowment investments, accounts payable, accrued liabilities and the building mortgage. The marketable securities and endowment investments are recorded at fair value. The fair value of the remaining financial instruments approximate their carrying value given the nature of the accounts.

*Fund accounting*

The Globe Theatre uses restricted fund method and maintains three funds:

**Theatre Operations Fund**

The Theatre Operations fund reflects the general operations including theatre operations and administrative activities. Within this fund, the Board of Directors has internally restricted funds for a working capital reserve for unbudgeted expenses and special projects.

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**Globe Theatre Society**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended June 30, 2023**  
(with comparative figures for the year ended June 30, 2022)

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**2. Summary of significant accounting policies (continued)**

**Capital Fund**

The Capital Fund reflects the activities related to the acquisition and amortization of capital assets. Fundraising and other revenues for capital asset purposes are recognized in this fund. A capital improvement fee is charged on every Main Stage ticket and is reported in other income.

**Endowment Fund**

Endowment contributions are reported in the Endowment Fund and recognized as direct increases in net assets. Investment income earned on the fund is used in general operations.

**Capital Assets**

Capital Assets are recorded in the Capital Fund at cost, net of accumulated amortization. Amortization is provided on the straight line basis over the estimated useful life of the assets at the following rates:

Automotive	3 years
Building	40 years
Building improvements	20 years
Office and bar	5 years
Theatre	5 years

**Revenue recognition**

Ticket sale revenue is recognized when the performance occurs. Conservatory and theatre school revenues are recognized as the program services are delivered. Operating grants are recognized in the period specified in the funding agreement. Other grants are recognized as revenue as the services are provided. Fundraising and donations are recognized as revenue when the funds are received. Long term donations are recognized as amounts become due as per agreements. Sponsorship revenues are recognized in accordance with the terms of the sponsorship agreement. Other income is recognized as the goods or services are provided.

The capital improvement fee (included in ticket fees) is recognized as revenue in the Capital Fund when the performance occurs. Rental income is recognized as revenue in the Building Operation Fund in the period that the lessee uses the leased space. Restricted contributions related to operations are recognized as revenue in the year the related expenses are incurred.

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**Globe Theatre Society**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(with comparative figures for the year ended June 30, 2022)

**2. Summary of significant accounting policies (continued)**

**Contributed Services & Goods**

Volunteers contribute approximately 2,000 hours per year to assist Globe Theatre in carrying out its activities. Also, various items are provided in kind to Globe Theatre. Because of the difficulty in determining their fair value, contributed services and goods are not recognized in the financial statements.

**3. Marketable Securities**

	<b>2023</b>	<b>2022</b>
Guaranteed investment certificates	\$ 100,000	\$ 100,000
Accrued interest	1,667	272
	\$ 101,667	\$ 100,272

The guaranteed investment certificates bear interest at 4.0% (2022 - 0.65%) and mature January 2024 (2022 - January 2023).

**4. Capital Assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2023 Net book value</b>	<b>2022 Net book value</b>
Building	\$ 399,831	\$ 160,240	\$ 239,591	\$ 255,584
Building renovation in progress	21,604,417	-	21,604,417	10,450,852
Land	672,000	-	672,000	672,000
Theatre equipment	34,012	11,337	22,675	29,476
	\$ 22,710,260	\$ 171,577	\$ 22,538,683	\$ 11,407,912

The Globe Theatre began renovating the Prince Edward Building in 2020, which required that the interior of the building be removed and fully replaced. The building category above reflects the exterior shell of the property, with all renovation costs reported in the building renovation in progress line. No amortization will be taken on the building until the renovations are complete and the building is available for use.

**5. Deferred Revenue - Theatre Operations Fund**

Deferred revenue consists of the following:

	<b>2023</b>	<b>2022</b>
Gift certificates	\$ 16,804	\$ 13,555
Grants	235,437	231,251
Other	-	3,228
Theatre School	20,125	17,250
Tickets sold for 2023-24 (2022-23) season	192,781	195,205
	\$ 465,147	\$ 460,489

**Globe Theatre Society**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended June 30, 2023**  
(with comparative figures for the year ended June 30, 2022)

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**6. Building Mortgage**

The Globe Theatre's building mortgage was renewed in March 2023 with monthly blended principal and interest payments of \$6,636. The mortgage is a fixed one year term at an interest rate of 7.71%. The mortgage is secured by the building with a net book value of \$22,516,008 (2022 - \$11,378,436).

**7. Contractual Obligations**

As is common among theatres, Globe Theatre enters into agreements with various individuals and organizations to secure production rights for use in future periods. These rights and other production costs are recognized in the statement of operations when the production occurs. Due to the current renovation project, there are no production contracts outstanding at year end (2022 - \$nil)

The Globe is currently completing extensive renovations to the Prince Edward Building. At year end, the Globe Theatre has outstanding contractual commitments of \$12,598,000 (2022 - \$21,789,000) related to this project.

**8. Financial risk management**

The Globe Theatre has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Globe Theatre is exposed are:

*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 Organization is exposed to credit risk on its accounts receivable. Of the amount outstanding at year end, \$2,063,000 is receivable from the Government of Canada for GST and capital funding (2022 - \$2,753,000). Management has assessed the risk of collection as minimal. The Organization does not have significant exposure to any other customers. The Globe Theatre incurred insignificant bad debt expense during the past three years. At year end, an allowance for doubtful accounts of \$nil (2022 - \$nil) was included in accounts receivable

*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 Organization's exposure to interest rate risk is limited to the marketable securities and the building mortgage. As the building mortgage has a maturity date within the next fiscal year, the Organization may face increased interest costs in future years.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Globe Theatre's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditures requirements. The Organization has undertaken a significant capital renovation project, which is planned to be funded by federal, provincial and municipal governments, as well as through corporate and individual donations. Management is actively monitoring its cash flow needs as the project progresses and believes that these sources will be adequate to meet the Globe Theatre's financial obligations.