

THEATRE SASKATCHEWAN INC.
FINANCIAL STATEMENTS
JULY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Theatre Saskatchewan Inc.

Qualified Opinion

I have audited the accompanying financial statements of Theatre Saskatchewan Inc. (the Entity), which comprise the statement of financial position as at July 31, 2021 and the statements of operations, net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Theatre Saskatchewan Inc. as at July 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, Theatre Saskatchewan Inc. derives part of its revenue from membership fees, donations and other fundraising activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements


My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

Regina, Saskatchewan
November 17, 2021


Marcia Herback
CPA, CA

THEATRE SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2021
(with comparative figures for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 258,632	\$ 148,588
Accounts receivable	8,731	4,608
Prepaid expenses and deposits	<u>3,612</u>	<u>6,699</u>
	270,975	159,895
Tangible capital assets (Note 3)	<u>9,056</u>	<u>9,463</u>
	<u>\$ 280,031</u>	<u>\$ 169,358</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 2,624	\$ 6,790
Deferred revenue	<u>80,140</u>	<u>-</u>
	82,764	6,790
Long-term liabilities		
CEBA loan (Note 4)	<u>25,000</u>	<u>-</u>
	<u>107,764</u>	<u>6,790</u>
NET ASSETS		
Property & Equipment Fund	9,056	9,463
Festivals & Education Fund	50,000	50,000
Hall of Fame Fund	2,000	2,000
Infrastructure Fund	5,000	5,000
Library Fund	5,000	5,000
Unrestricted	<u>101,211</u>	<u>91,105</u>
	<u>172,267</u>	<u>162,568</u>
	<u>\$ 280,031</u>	<u>\$ 169,358</u>

See accompanying notes

Approved on Behalf of the Board

_____ Director

_____ Director

THEATRE SASKATCHEWAN INC.
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED JULY 31, 2021
(with comparative figures for 2020)

	2021	2020
Revenue		
Self-generated (Schedule 1)	\$ 21,686	\$ 44,112
Grants (Schedule 2)	164,164	173,372
Other (Schedule 3)	<u>12,072</u>	<u>2,232</u>
	<u>197,922</u>	<u>219,716</u>
Expenses		
Salaries and benefits	92,860	95,683
Administration (Schedule 4)	50,101	32,053
Travel and meetings (Schedule 5)	3,880	22,622
Public relations and communications (Schedule 6)	4,744	1,048
Programs and services (Schedule 7)	14,511	35,924
Other (Schedule 8)	5,673	22,957
Infrastructure	-	678
Special projects	14,017	7,550
Amortization	<u>2,437</u>	<u>2,092</u>
	<u>188,223</u>	<u>220,607</u>
Excess (deficiency) of revenues over expenses	<u>\$ 9,699</u>	<u>\$ (891)</u>

See accompanying notes

THEATRE SASKATCHEWAN INC.
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JULY 31, 2021
 (with comparative figures for 2020)

	Property & Equipment Fund	Festivals & Education Fund	Library Fund	Infrastructure Fund	Hall of Fame Fund	Unrestricted Fund	2021	2020
Balance - beginning of year	\$ 9,463	50,000	5,000	5,000	2,000	91,105	\$ 162,568	\$ 163,459
Excess (deficiency) of revenues over expenses	-	-	-	-	-	9,699	9,699	(891)
Additions to capital assets	2,030	-	-	-	-	(2,030)	-	-
Amortization of capital assets	(2,437)	-	-	-	-	2,437	-	-
Balance - end of year	<u>\$ 9,056</u>	<u>50,000</u>	<u>5,000</u>	<u>5,000</u>	<u>2,000</u>	<u>101,211</u>	<u>\$ 172,267</u>	<u>\$ 162,568</u>

See accompanying notes

THEATRE SASKATCHEWAN INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2021
(with comparative figures for 2020)

	2021	2020
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 9,699	\$ (891)
Items not involving an outlay (receipt) of cash		
Amortization	<u>2,437</u>	<u>2,092</u>
	12,136	1,201
Net change in non-cash operating working capital balances		
Accounts receivable	(4,123)	4,091
Prepaid expenses and deposit	3,087	(5,363)
Accounts payable	(4,166)	3,049
Deferred revenue	<u>80,140</u>	<u>(85,340)</u>
Cash provided by (used in) operating activities	<u>87,074</u>	<u>(82,362)</u>
Investing activities		
Additions to capital assets	<u>(2,030)</u>	<u>(4,134)</u>
Cash used in investing activities	<u>(2,030)</u>	<u>(4,134)</u>
Financing activities		
Proceeds from CEBA loan	40,000	-
Repayment of CEBA loan	<u>(15,000)</u>	<u>-</u>
Cash provided by financing activities	<u>25,000</u>	<u>-</u>
Increase (decrease) in cash	110,044	(86,496)
Cash position, beginning of year	<u>148,588</u>	<u>235,084</u>
Cash position, end of year	<u>\$ 258,632</u>	<u>\$ 148,588</u>

See accompanying notes

THEATRE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021

1. Status and nature of activities

Theatre Saskatchewan Inc. promotes community theatre activities in Saskatchewan by establishing programs for education, development, exchange, liaison, adjudication and competition. Theatre Saskatchewan Inc. is incorporated under the Non-Profit Corporation Act of Saskatchewan and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for on the diminishing balance method at rates which are estimated to amortize the costs over the useful lives of the assets. The useful lives of the assets are estimated at the following annual rates:

Equipment	20 %
Computers	30 %

Assets acquired during the year are amortized at one-half of the annual provision.

Revenue recognition

Theatre Saskatchewan Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Adjustments to contributions of prior years are made in the accounts in the fiscal year in which settlement is reached.

Investment income is recognized as revenue when earned. All other revenue sources are recorded upon receipt.

Contributed services

Volunteers carry out most of the activities of Theatre Saskatchewan Inc. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Appropriations

Appropriations for specified purposes are created by motion of the Board of Directors. They are intended to show how accumulated net assets have been set aside to fund expenditures related to the specified purpose.

THEATRE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021

2. Summary of significant accounting policies (continued)

Financial instruments

The Theatre Saskatchewan Inc. 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 assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Management estimates

The preparation of the 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 amount of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Computer equipment	\$ 25,675	\$ 22,272	\$ 3,403	\$ 2,397
Office equipment	24,454	18,801	5,653	7,066
	<u>\$ 50,129</u>	<u>\$ 41,073</u>	<u>\$ 9,056</u>	<u>\$ 9,463</u>

4. CEBA loan

During the year Theatre Saskatchewan Inc. received a loan from the Canada Emergency Business Account (CEBA) in the amount of \$40,000. The loan is interest free and requires no principal payments until December 31, 2022. If 75% (\$30,000) of the loan is repaid prior to January 1, 2023 the remaining balance of 25% (\$10,000) will be forgiven. If a balance remains at January 1, 2023, the \$40,000 loan will be converted to a 3 year term with a 5% fixed interest rate per year. Only monthly interest payments will be required with the outstanding principal due in full by December 31, 2025. The loan is unsecured.

The \$10,000, forgivable portion of the loan, has been brought into income in 2021.

5. Lease Commitment

A lease agreement exists with 13208400 Alberta Ltd. for a portion of the premises known as 1102 8th Avenue in Regina, Saskatchewan. A three year term commenced July 1, 2020 requiring a monthly rent of \$1,707 plus GST. At the end of the three year term there is option to renew for a further three years.

THEATRE SASKATCHEWAN INC.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021

6. Financial instruments

Theatre Saskatchewan Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of the Theatre Saskatchewan Inc.'s exposure and concentrations at July 31, 2021:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization is exposed to credit risk with respect to cash and accounts receivable. The Organization manages its credit risk by placing cash with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable. There has been no change from credit risk exposure from 2020.

Liquidity risk

Liquidity risk is the risk that the Organization may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from 2020.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk with respect to its cash and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest risk exposure from 2020.

7. Economic dependence

Theatre Saskatchewan Inc. receives a significant portion of its revenues in grants from Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation. As a result, the organization is dependent upon the continuation of these grants to maintain operations at their current level.

8. Comparative figures

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

9. Significant event

Financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and the Organization is monitoring its operations and assessing the impact COVID-19 will have on its activities. Accordingly it is difficult to reliably measure the potential impact of this uncertainty on the Organization.

THEATRE SASKATCHEWAN INC.
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2021
(with comparative figures for 2020)

	2021	2020
REVENUE		
Schedule 1 - Self Generated		
Membership fees	\$ 140	\$ 6,779
Workshops	-	420
TheatreOne	-	4,131
TheatreFest	-	1,011
Donations	184	-
Bingo	19,925	18,321
Annual dinner theatre	-	13,450
Sales	1,437	-
	<u>\$ 21,686</u>	<u>\$ 44,112</u>
Schedule 2 - Grants		
Saskatchewan Lotteries Trust	\$ 160,000	\$ 169,000
Other	4,164	4,372
	<u>\$ 164,164</u>	<u>\$ 173,372</u>
Schedule 3 - Other		
Office recoveries	\$ 412	\$ 1,147
Pin and merchandise sales	-	100
Interest	603	985
Government COVID assistance	10,000	-
Partnership	1,057	-
	<u>\$ 12,072</u>	<u>\$ 2,232</u>

THEATRE SASKATCHEWAN INC.
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2021
(with comparative figures for 2020)

	2021	2020
EXPENSES		
Schedule 4 - Administration		
Office operations	\$ 16,199	\$ 12,103
Memberships	256	371
Audit	4,666	4,773
Bookkeeping	875	-
Editing	1,695	-
Graphics	2,825	-
Insurance	815	840
Rent	22,231	12,809
Website	539	1,157
	<u>\$ 50,101</u>	<u>\$ 32,053</u>
Schedule 5 - Travel and Meetings		
Board meetings	\$ 1,721	\$ 5,241
Annual general meetings	891	2,613
Promotional travel	419	1,739
Retreat and planning	-	12,759
Staff	849	270
	<u>\$ 3,880</u>	<u>\$ 22,622</u>
Schedule 6 - Public Relations and Communications		
Sponsorship/promotion	<u>\$ 4,744</u>	<u>\$ 1,048</u>
Schedule 7 - Program and Services		
Library	\$ 692	\$ 1,387
Bad debts	-	430
TheatreOne	-	11,197
TheatreFest	-	2,141
Programs and services	4,320	1,637
Regional workshops	155	-
Apprenticeships	-	2,882
Member grants	9,344	16,250
	<u>\$ 14,511</u>	<u>\$ 35,924</u>
Schedule 8 - Other		
Bingo	\$ 153	\$ 153
Annual dinner theatre	-	13,214
Volunteer recognition	5,520	9,590
	<u>\$ 5,673</u>	<u>\$ 22,957</u>