

The Grand Theatre
Financial Statements
For the Year Ended June 30, 2025

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Financial Statements
For the Year Ended June 30, 2025**

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Independent Auditor's Report

To the board of directors of The Grand Theatre

Opinion

We have audited the financial statements of The Grand Theatre (the Theatre), which comprise the statement of financial position as at June 30, 2025, the statements of revenues over expenditures, 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 Theatre as at June 30, 2025, 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 Theatre 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.

Other Matter

The financial statements for the year ended June 30, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 2, 2024.

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 Theatre'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 Theatre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Theatre'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 Theatre'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 Theatre 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.

BDO Canada LLP

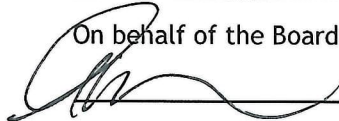
Chartered Professional Accountants, Licensed Public Accountants

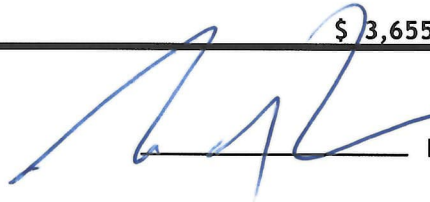
London, Ontario
October 30, 2025

**The Grand Theatre
Statement of Financial Position**

June 30	2025	2024
Assets		
Current		
Cash	\$ 2,645,844	\$ 2,741,233
Accounts receivable	408,556	329,378
Prepaid expenses	601,094	253,147
	<u>\$ 3,655,494</u>	<u>\$ 3,323,758</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 600,806	\$ 472,249
Due to related parties (Note 4)	68,799	367,811
Deferred revenue	2,846,533	2,438,453
	<u>3,516,138</u>	<u>3,278,513</u>
Net Assets		
Unrestricted	<u>139,356</u>	<u>45,245</u>
	<u>\$ 3,655,494</u>	<u>\$ 3,323,758</u>

On behalf of the Board:

 Director

 Director

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

The Grand Theatre
Statement of Changes in Net Assets

For the year ended June 30	2025	2024
Balance, beginning of the year	\$ 45,245	\$ 317,600
Excess (deficiency) of revenues over expenditures	94,111	(272,355)
Balance, end of the year	\$ 139,356	\$ 45,245

The Grand Theatre

Statement of Revenues over Expenditures

For the year ended June 30	2025	2024
Revenue		
Production	\$ 5,348,405	\$ 4,973,458
Fundraising (Note 6)	1,911,105	1,466,252
Grants (Note 5)	1,408,490	1,304,941
Co-production (Note 7)	473,686	-
Concessions	386,257	309,260
Other Revenue	322,460	274,052
	<u>9,850,403</u>	<u>8,327,963</u>
Expenditures		
Administration	861,853	835,966
Co-production costs (Note 7)	1,587,266	-
Facility operations (Note 4)	936,798	833,495
Front of house, box office and concessions	916,878	985,867
Marketing and fundraising costs (Note 4)	1,252,829	1,321,288
Production	3,438,707	4,470,290
Royalties	761,961	967,295
	<u>9,756,292</u>	<u>9,414,201</u>
Excess (deficiency) before other income	94,111	(1,086,238)
Other income		
Debt forgiveness (Note 4)	-	813,883
Excess (deficiency) of revenues over expenditures	<u>\$ 94,111</u>	<u>\$ (272,355)</u>

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

The Grand Theatre Statement of Cash Flows

For the year ended June 30	2025	2024
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 94,111	\$ (272,355)
Items not affecting cash:		
Debt forgiveness	-	(813,883)
	<u>94,111</u>	<u>(1,086,238)</u>
Changes in non-cash working capital:		
Accounts receivable	(79,178)	442,564
Prepaid expenses	(347,949)	40,394
Accounts payable and accrued liabilities	128,559	132,345
Deferred contributions	408,080	433,604
	<u>203,623</u>	<u>(37,331)</u>
Cash flows from financing activities		
(Repayment) advances from related parties	(299,012)	494,252
Net (decrease) increase in cash	(95,389)	456,921
Cash, beginning of the year	<u>2,741,233</u>	<u>2,284,312</u>
Cash, end of the year	<u>\$ 2,645,844</u>	<u>\$ 2,741,233</u>

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

The Grand Theatre Notes to Financial Statements

June 30, 2025

1. Significant Accounting Policies

Nature and Purpose of Organization	The Grand Theatre (the Theatre) is incorporated as a non-profit organization without share capital under the Corporations Act (Ontario) and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act (Canada). The principal activity of the Theatre is the production of plays.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	The Theatre 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. Operating grants are recorded in revenues in the period to which they relate. Grants approved, but not yet received, at the end of the accounting period are accrued. Revenues from productions, concessions and fundraising are recognized in the period in which the goods or services are provided by the Theatre. Revenue received for a future period, including gift cards, is deferred until the productions are provided, or in the case of unutilized gift cards, after a seven-year period. Other revenues includes shop sales, advertising, management fees and room rentals, and are recognized when the services are provided or the goods are sold.

The Grand Theatre Notes to Financial Statements

June 30, 2025

1. Significant Accounting Policies (continued)

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

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.

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.

Contributed Services

Volunteers contribute many hours per year to assist the Theatre in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 reporting period. Estimates included in the financial statements are the allowance for doubtful accounts and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Grand Theatre Notes to Financial Statements

June 30, 2025

2. Credit Facility

Under its agreement with the Libro Credit Union, the Theatre has an available operating credit facility to a maximum of \$750,000 with an interest rate of 5.45%. At June 30, 2025, no amount was drawn on this facility (2024 - Nil). The credit facility is secured by a general security agreement and an existing unlimited corporate guarantee. Under the terms of the agreement, the Theatre is required to meet certain financial covenants. As at June 30, 2025, the Theatre was in compliance with these requirements.

3. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$197,889 (2024 - \$204,627), which includes amounts payable for HST and payable for payroll related taxes.

4. Related Party Transactions

The Theatre exercises significant influence over The Grand Theatre Foundation (the "Foundation") by virtue of its ability to appoint some of the Foundation's Board of Directors. The Theatre uses the property owned by the Foundation and the resources of the Foundation are devoted to the operations of the Theatre. The Foundation is incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act.

The following table summarizes the Theatre's related party transactions for the year:

		2025	2024
Revenue			
	Management fees - other revenue	\$ 136,500	\$ 130,000
Expenses			
	Facility operations - rent	\$ 296,600	\$ 196,600
	Marketing and fundraising costs	\$ 250,000	\$ 263,540

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During 2019, the Foundation loaned \$813,883 to the Theatre. On June 30, 2024, the Foundation forgave the loan balance and this has been included separately on the statement of operations.

The Grand Theatre Notes to Financial Statements

June 30, 2025

5. Grants

During the year, the Theatre received contributions from various sources as indicated below:

	2025	2024
The City of London	\$ 500,000	\$ 524,998
Canada Council for the Arts	350,000	350,000
Ontario Arts Council	256,587	265,343
Tourism Growth Program	130,000	-
Southwest Ontario Tourism Corporation	125,000	55,000
Ontario Trillium Foundation	44,900	89,600
The Ministry of Canadian Heritage	2,003	-
Other	-	20,000
	<u>\$ 1,408,490</u>	<u>\$ 1,304,941</u>

6. London Community Foundation and Ontario Arts Council Foundation Funds

The London Community Foundation and the Ontario Arts Council Foundation have a permanent fund to support the Theatre's operations. The Theatre does not have legal title or ownership over the funds. As of June 30, 2025, the funds had a balance of \$2,281,662 (2024 - \$2,537,532) to generate income for the Theatre. During the year, the Theatre received \$396,112 (2024 - \$142,975) of grant income from the funds. Grant income earned is included in fundraising revenue in the statement of operations when the cash is received. In addition, the funds owned by the London Community Foundation have an undistributed income balance of \$503,287 (2024 - \$623,167).

7. Co-production

During the fiscal year, the Theatre participated in the co-production of four productions. Related production expenses totaled \$1,587,266, which is reported under co-production costs. Revenue attributable to these productions, including production, grant, fundraising, concessions, and other sources, amounted to \$3,765,040. In addition, the Theatre received \$473,686 in cost reimbursements from co-producing partners, which is reported under co-production revenue.

The Grand Theatre Notes to Financial Statements

June 30, 2025

8. Committments

The Theatre rents equipment under operating leases expiring at various dates to 2027. Minimum annual lease payments to the end of the lease terms are as follows:

2026	\$	4,191
2027		<u>1,098</u>
	\$	<u>5,289</u>

The Theatre pays rental charges to the Foundation. During the year ended June 30, 2025, the Theatre and the Foundation came to an agreement to charge a flat rate of \$296,600.

9. Guarantee

The Theatre has provided a letter of guarantee to the Canadian Actors' Equity Association in the amount of \$136,425 (2024 - \$136,425) expiring on September 13, 2025.

10. Comparative Amounts

Certain prior year's amounts have been reclassified to conform with the current year presentation and classifications.

The Grand Theatre Notes to Financial Statements

June 30, 2025

11. Financial Instruments

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 Theatre is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Theatre's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Theatre will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Theatre will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Theatre is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and operating credit facility (Note 2).

The Theatre's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Theatre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have not been any changes in the risk from the prior year.

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 Theatre is exposed to interest rate risk on its floating interest rate financial instruments. The floating rate instruments subject it to a cash flow risk.

The Theatre is exposed to interest rate risk in relation to interest expense on its revolving credit facility since the credit facility bears interest at a floating interest rate. Currently the Theatre has not drawn on this credit facility and therefore the risk is considered to be limited.

There have not been any changes in the risk from the prior year.
