

CHESTER PLAYHOUSE SOCIETY
(Formerly Chester Theatre Council Society)
Financial Statements
Year Ended December 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Chester Playhouse Society

We have reviewed the accompanying financial statements of Chester Playhouse Society (the Society) that comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Chester Playhouse Society as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


CHARTERED PROFESSIONAL ACCOUNTANTS

Bridgewater, Nova Scotia
March 16, 2024

CHESTER PLAYHOUSE SOCIETY
Statement of Financial Position
December 31, 2023

	General Fund	Building Reserve Fund	Capital Fund	Cash Flow Fund	2023	2022
ASSETS						
Current						
Cash	\$ 94,463	\$ 19,443	\$ 199,118	\$ 10,000	\$ 323,024	\$ 774,863
Amounts receivable (Note 5)	339	-	86,773	-	87,112	110,914
Inventory	2,287	-	-	-	2,287	-
Prepaid expenses	21,858	-	-	-	21,858	13,688
Interfund balances	43,377	192	(43,569)	-	-	-
Capital assets (Note 6)	162,324	19,635	242,322	10,000	434,281	899,465
	-	-	2,747,724	-	2,747,724	708,632
	\$ 162,324	\$ 19,635	\$ 2,990,046	\$ 10,000	\$ 3,182,005	\$ 1,608,097
LIABILITIES						
Current						
Accounts payable (Note 7)	\$ 27,341	\$ -	\$ 31,335	\$ -	\$ 58,676	\$ 34,814
Deferred revenue (Note 8)	19,038	-	-	-	19,038	21,968
Current portion of long term debt (Note 9)	40,000	-	131,500	-	171,500	40,000
Deferred contributions (Note 11)	86,379	-	162,835	-	249,214	96,782
	-	-	2,503,719	-	2,503,719	1,022,480
	86,379	-	2,666,554	-	2,752,933	1,119,262
FUND BALANCES						
Investment in capital assets	-	-	323,492	-	323,492	341,982
Externally restricted (Note 12)	-	-	-	10,000	10,000	10,000
Internally restricted (Note 12)	-	19,635	-	-	19,635	12,640
Unrestricted	75,945	-	-	-	75,945	124,213
	75,945	19,635	323,492	10,000	429,072	488,835
	\$ 162,324	\$ 19,635	\$ 2,990,046	\$ 10,000	\$ 3,182,005	\$ 1,608,097

ON BEHALF OF THE BOARD


 Director


 Director

See accompanying notes to the financial statements

CHESTER PLAYHOUSE SOCIETY

Statement of Operations
Year Ended December 31, 2023

	General Fund	Building Reserve Fund	Capital Fund	Cash Flow Fund	2023	2022
REVENUE						
Ticket sales	\$ 126,057	\$ 6,995	\$ -	\$ -	\$ 133,052	\$ 51,365
Sponsorship	35,750	-	-	-	35,750	40,500
Youth theatre programs	7,490	-	-	-	7,490	3,630
Government grants - Schedule 2	187,191	-	-	-	187,191	165,130
Donations	122,539	-	-	-	122,539	129,119
Fundraising - Schedule 2	58,220	-	-	-	58,220	47,055
Amortization of deferred contributions (Note 11)	-	-	31,693	-	31,693	-
Other revenue - Schedule 2	7,797	-	-	-	7,797	931
	545,044	6,995	31,693	-	583,732	437,730
EXPENSES						
Advertising - Schedule 3	44,616	-	-	-	44,616	20,809
Amortization	-	-	50,183	-	50,183	2,893
Building operations - Schedule 3	31,168	-	-	-	31,168	20,543
Cost of attractions	135,130	-	-	-	135,130	79,038
Fundraising	9,902	-	-	-	9,902	8,983
Insurance	325	-	-	-	325	750
Interest and bank charges	1,876	-	-	-	1,876	806
Office - Schedule 3	35,264	-	-	-	35,264	23,666
Other - Schedule 3	33,476	-	-	-	33,476	22,614
Professional fees	31,993	-	-	-	31,993	14,224
Wages and benefits	263,988	-	-	-	263,988	205,955
Youth theatre	5,574	-	-	-	5,574	1,287
	593,312	-	50,183	-	643,495	401,568
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (48,268)	\$ 6,995	\$ (18,490)	\$ -	\$ (59,763)	\$ 36,162

See accompanying notes to the financial statements

CHESTER PLAYHOUSE SOCIETY

Statement of Changes in Fund Balances
Year Ended December 31, 2023

	General Fund	Building Reserve Fund	Capital Fund	Cash Flow Fund	2023	2022
FUND BALANCES - BEGINNING OF YEAR	\$ 124,213	\$ 12,640	\$ 341,982	\$ 10,000	\$ 488,835	\$ 452,673
Excess (deficiency) of revenue over expenses	(48,268)	6,995	(18,490)	-	(59,763)	36,162
FUND BALANCES - END OF YEAR	\$ 75,945	\$ 19,635	\$ 323,492	\$ 10,000	\$ 429,072	\$ 488,835

See accompanying notes to the financial statements

CHESTER PLAYHOUSE SOCIETY

Statement of Cash Flows
Year Ended December 31, 2023

	General Fund	Building Reserve Fund	Capital Fund	Cash Flow Fund	2023	2022
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ (48,268)	\$ 6,995	\$ (18,490)	\$ -	\$ (59,763)	\$ 36,162
Items not affecting cash:						
Amortization of capital assets	-	-	50,183	-	50,183	2,893
Amortization of deferred contributions	-	-	(31,693)	-	(31,693)	-
	(48,268)	6,995	-	-	(41,273)	39,055
Changes in non-cash working capital:						
Accounts receivable	6,634	-	17,168	-	23,802	(40,676)
Inventory	(2,287)	-	-	-	(2,287)	-
Prepaid expenses	(8,170)	-	-	-	(8,170)	(6,835)
Accounts payable	4,953	-	18,913	-	23,866	(58,712)
Deferred revenue	17,613	-	(20,548)	-	(2,935)	1,425
	18,743	-	15,533	-	34,276	(104,798)
	(29,525)	6,995	15,533	-	(6,997)	(65,743)
INVESTING ACTIVITIES						
Purchase of capital assets	-	-	(2,089,274)	-	(2,089,274)	(551,188)
Contributions for capital assets	-	-	1,512,932	-	1,512,932	642,122
	-	-	(576,342)	-	(576,342)	90,934
FINANCING ACTIVITIES						
Advances to (from) funds	(60,850)	-	60,850	-	-	-
Proceeds from long term financing	-	-	150,000	-	150,000	-
Repayment of long term debt	-	-	(18,500)	-	(18,500)	-
	(60,850)	-	192,350	-	131,500	-
INCREASE (DECREASE) IN CASH						
	(90,375)	6,995	(368,459)	-	(451,839)	25,191
Cash - beginning of year	184,838	12,448	567,577	10,000	774,863	749,672
CASH - END OF YEAR	\$ 94,463	\$ 19,443	\$ 199,118	\$ 10,000	\$ 323,024	\$ 774,863

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2023

1. STATUS AND NATURE OF ACTIVITIES

The Chester Playhouse Society (the "Society") operates and maintains Chester Playhouse, a community arts facility in the Municipality of Chester. Its mission is to offer and promote cultural experiences which engage our community and to operate a welcoming, accessible, arts facility.

The Chester Playhouse Society is incorporated under the Societies Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Fund accounting

Chester Playhouse Society operates on a fund accounting basis. Separate funds have been established to distinguish between the General, Building Reserve, Capital and Cash Flow Funds.

The General Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Building Reserve Fund reports the assets, liabilities, revenue and expenses related to building renovations of a long term nature.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Society's capital assets.

The Cash Flow Fund reports only assets to be used to meet temporary cash shortage requirements.

Cash

Cash includes petty cash and bank balances, net of outstanding items.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	40 years
Equipment	5 years
Furniture and fixtures	3 years
Computers	5 years
Computer software	2 years
Motor vehicles	5 years
Works of art	N/A

The Society regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired during the year, but not placed into use are not amortized until they are placed into use.

Revenue recognition

The Society follows the deferral method of accounting for contributions, which includes donations and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions to the cash flow fund are recorded as direct increases to the fund balance.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from advertising, bar sales, fundraising, merchandise sales, production revenue, rentals, ticket sales and youth theatre programs is recognized as revenue when goods or services are provided and collections is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Non-cash gifts

Non-cash gifts are recorded at their fair market value at the time of the donation. During the year, \$26,107 (2022 - \$54,857) in non-cash gifts were donated.

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Notes to Financial Statements

Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Impairment of long lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the Capital Fund when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Reversals of previously recorded impairment losses are recorded in the Capital Fund when circumstances permit.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and long term debt.

Financial assets measured at fair value include investments for which there is an active market.

4. COMPARATIVE FIGURES

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

5. AMOUNTS RECEIVABLE

	2023	2022
<u>General Fund</u>		
Trade accounts receivable	\$ 500	\$ 4,768
Grants receivable	-	1,470
HST recoverable (payable)	(161)	735
	<u>339</u>	<u>6,973</u>
<u>Capital Fund</u>		
Insurance proceeds receivable	5,909	-
HST recoverable	8,889	53,941
Grant receivable	71,975	50,000
	<u>86,773</u>	<u>103,941</u>
	<u>\$ 87,112</u>	<u>\$ 110,914</u>

Notes to Financial Statements

Year Ended December 31, 2023

6. CAPITAL ASSETS

	Cost	Insurance Proceeds	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ 40,000
Buildings	4,601,436	1,904,340	41,621	2,655,475	260,000
Equipment	5,611	-	795	4,816	1,698
Furniture and fixtures	2,904	-	484	2,420	-
Computers	8,627	-	2,332	6,295	2,985
Computer software	7,495	-	1,874	5,621	-
Motor vehicles	20,998	-	6,301	14,697	18,899
Works of art	18,400	-	-	18,400	18,400
	4,705,471	1,904,340	53,407	2,747,724	341,982
Building restoration in progress	-	-	-	-	366,650
	\$ 4,705,471	\$ 1,904,340	\$ 53,407	\$ 2,747,724	\$ 708,632

7. ACCOUNTS PAYABLE

	2023	2022
<u>General Fund</u>		
Accounts payable	\$ 3,462	\$ 5,395
Accrued liabilities	10,067	5,931
Gift certificates	13,811	11,066
	27,340	22,392
<u>Capital Fund</u>		
Accounts payable - Holdbacks	31,336	12,422
	\$ 58,676	\$ 34,814

The Society has an authorized ScotiaLine of \$25,000, which bears interest at prime plus 2.49% per annum and is unsecured. The balance on the ScotiaLine as at December 31, 2023 is \$Nil.

Notes to Financial Statements

Year Ended December 31, 2023

8. DEFERRED REVENUE

Deferred operating revenue include sponsorships and ticket sales received in the current year that relate to the subsequent year. Changes in the deferred operating revenue are as follows:

	2023	2022
<u>Deferred operating revenue</u>		
Balance - beginning of year	\$ 1,425	\$ -
Less: Amount recognized as revenue in the during the year	(1,425)	-
Add: Amounts received related to the following year	19,038	1,425
Balance - end of year	\$ 19,038	\$ 1,425

Deferred insurance recoveries, reported in the Building Reserve Fund, relate to unspent insurance proceeds received during the year as follows:

<u>Deferred insurance recoveries</u>		
Balance - beginning of year	\$ 20,543	\$ 181,575
Add: Insurance proceeds received	933,002	520,543
Less: Expenditures incurred during the year	(953,545)	(681,575)
Balance - end of year	\$ -	\$ 20,543

9. LONG TERM DEBT

	2023	2022
Private loan payable to The Sir Christopher Ondaatje Theatre Foundation ("SCOTF"), non-interest bearing and repayable in full on or before April 30, 2024.	\$ 131,500	\$ -
The Society received a \$60,000, non-interest bearing, Canada Emergency Bank Account loan (CEBA) from Scotiabank as a result of the COVID-19 crisis. Repayment of \$40,000 on or before January 18, 2024, results in loan forgiveness of 33.33% (\$20,000) which was recognized in revenue in the year the loan was advanced. Subsequent to yearend, \$40,000 was repaid and the Society qualified for the loan forgiveness.	40,000	40,000
	171,500	40,000
Amounts payable within one year	(171,500)	(40,000)
	\$ -	\$ -

10. BUILDING FEE ALLOCATION

The Society has a policy of allocating \$2 from each ticket sale to the Building Reserve Fund to be used for building renovations of a long term nature (Note 12).

Notes to Financial Statements

Year Ended December 31, 2023

11. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions include unamortized contributions related to the Playhouse rebuild. These contributions are amortized to revenue on the same basis as the amortization expense related to the Playhouse - 40 years straight-line.

Changes in the deferred contributions related to capital asset balance are as follows:

	2023	2022
Balance - beginning of year	\$ 1,022,480	\$ 361,958
Add: Building campaign contributions received during the year (Schedule 1)	1,512,932	660,522
Less: Amounts amortized to revenue	(31,693)	-
Balance - end of year	\$ 2,503,719	\$ 1,022,480

12. RESTRICTED FUNDS

Included in the Society's statement of financial position are restricted amounts totaling \$29,635 (2022 - \$22,640) and are represented by the following:

Included in the Building Reserve Fund is \$19,635 (2022 - \$12,640) of internally restricted funds which are to be used for building renovations of a long term nature as approved by the Board of Directors (Note 10).

In 2004, the Society received a \$10,000 grant from the Foundation for Heritage and the Arts. The purpose of this grant was to establish a reserve fund to be used to fund short term cash flow shortages as approved by the Board of Directors. All advances from the fund are to be replaced by year end.

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. The Society, assesses, on a continuous basis, amounts receivable on the basis of amounts for which ultimate collection is reasonable assured on their estimated realizable value.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt and accounts payable.

CHESTER PLAYHOUSE SOCIETY
Schedule 1: Building Restoration Contributions
Year Ended December 31, 2023

	2023	2022
BUILDING RESTORATION CONTRIBUTIONS		
Government grants		
Atlantic Canada Opportunities Agency grant	\$ 274,930	\$ 74,934
Department of Canadian Heritage	700,000	-
Municipality of Chester Major Project grant	-	200,000
Province of Nova Scotia grants:		
The Canadian Association for the Performing Arts	6,715	-
Communities, Culture Tourism and Heritage Department grant	400,000	200,000
Community Business Development Corporation	-	26,631
	1,381,645	501,565
Foundation donations		
	100,000	35,000
Individual and corporate donations		
Cash donations received	5,180	87,500
Securities donations received	26,107	36,457
	31,287	123,957
Building Restoration Contributions received (Note 11)	\$ 1,512,932	\$ 660,522

See accompanying notes to the financial statements

CHESTER PLAYHOUSE SOCIETY
Schedule 2: Statement of Revenue
Year Ended December 31, 2023

	2023	2022
GRANT REVENUE		
Federal grants		
Canada Arts Presentation Fund operating grant	\$ 15,000	\$ 15,000
Canada Arts Presentation Fund programs and support grant	22,271	40,500
Employment grants	9,122	8,485
Tourism and Hospitality Recovery Program	-	17,884
Canada Emergency Wage Subsidy	-	8,205
	46,393	90,074
Provincial grants		
Communities, Culture and Heritage operating grant	57,000	27,000
Province of Nova Scotia Sector Impact Support Program grant	3,540	5,000
Culture Innovation Fund - Community Engagement Initiative	26,570	-
	87,110	32,000
Municipal grants		
Municipality of Chester District grants	7,500	2,000
Other organizations		
The Sir Christopher Ondaatje Theatre Foundation	37,000	34,077
Music Nova Scotia	9,188	6,408
Canadian Association for the Performing Arts	-	571
	46,188	41,056
	\$ 187,191	\$ 165,130
FUNDRAISING REVENUE		
Playhouse Party ticket sales	\$ 29,202	\$ 40,673
Raffle ticket sales	4,275	6,382
Auction	24,600	-
Putting Golf Game	440	-
Less: bank fees	(297)	-
	\$ 58,220	\$ 47,055
OTHER REVENUE		
General Fund		
Sale of goods	\$ 6,617	\$ 663
Theatre rentals	308	207
Other	872	61
	\$ 7,797	\$ 931

See accompanying notes to the financial statements

CHESTER PLAYHOUSE SOCIETY
Schedule 3: Statement of Expenses
Year Ended December 31, 2023

	2023	2022
ADVERTISING		
Advertising and promotion	\$ 36,995	\$ 20,659
Design, printing and signage	7,621	150
	\$ 44,616	\$ 20,809
BUILDING OPERATIONS		
General fund		
Cleaning	\$ 5,000	\$ -
Heat and lights	5,580	1,865
Insurance	5,990	3,562
Property tax	2,269	1,349
Repairs and maintenance	478	-
Security	791	-
Temporary office rental	10,424	13,767
Water	636	-
	\$ 31,168	\$ 20,543
OFFICE		
Office supplies and equipment rental	\$ 15,431	\$ 6,220
Postage and courier	1,280	1,637
Software and web hosting	4,177	2,308
Storage space rental	10,891	9,790
Telephone and internet	3,485	3,711
	\$ 35,264	\$ 23,666
OTHER EXPENSES		
Bar purchases	\$ 6,652	\$ 248
Dues and fees	1,580	1,041
HST expense	8,416	5,477
Meals and entertainment	1,644	1,655
Merchandise expense	377	548
Miscellaneous	1,717	259
Processing fees	10,819	10,025
Travel	26	1,095
Vehicle	2,245	2,266
	\$ 33,476	\$ 22,614

See accompanying notes to the financial statements