

VANCOUVER FRINGE THEATRE SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2023

VANCOUVER FRINGE THEATRE SOCIETY

INDEX

MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Vancouver Fringe Theatre Society:

Qualified Opinion

We have audited the accompanying financial statements of Vancouver Fringe Theatre Society (the Society), which comprise the statement of financial position as at March 31, 2023, and the statement of changes in net assets, the statement of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023, and its financial performance and its cash flows for the year then ended are in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether, as at or for the year ending March 31, 2023 or March 31, 2022, any adjustments might be necessary to the excess (deficiency) of revenue over expenses, assets and net assets.

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 Vancouver Fringe Theatre Society 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 qualified 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the previous year.

**VANCOUVER FRINGE THEATRE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	Operating Fund	Capital Fund	Internally Restricted Fund	2023	2022
ASSETS					
CURRENT					
Cash	\$ 160,294	\$ -	\$ 114,000	\$ 274,294	\$ 516,269
Cash - CEBA Fund	60,000	-	-	60,000	60,000
Grants/sponsorships receivable	101,952	-	-	101,952	47,320
	322,246	-	114,000	436,246	623,589
CAPITAL ASSETS (Note 2)	-	34,253	-	34,253	12,653
	\$ 322,246	\$ 34,253	\$ 114,000	\$ 470,499	\$ 636,242
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 39,196	\$ -	\$ -	\$ 39,196	\$ 32,816
Payroll taxes payable	20,221	-	-	20,221	4,598
Deferred revenue (Note 3)	170,754	-	-	170,754	181,397
	230,171	-	-	230,171	218,811
CEBA LOAN (Note 4)	60,000	-	-	60,000	60,000
	290,171			290,171	278,811
NET ASSETS					
Capital fund	\$ -	\$ 34,253	\$ -	\$ 34,253	\$ 12,654
Operating fund	32,075	-	-	32,075	230,777
Internally restricted fund (Note 5)	-	-	114,000	114,000	114,000
	32,075	34,253	114,000	180,328	357,431
	\$ 322,246	\$ 34,253	\$ 114,000	\$ 470,499	\$ 636,242

Commitments (Note 9)

APPROVED ON BEHALF OF THE BOARD

Original signed by Leslie Carty

_____ Director

Original signed by Lee-Lynn Gan

_____ Director

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

**VANCOUVER FRINGE THEATRE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
AS AT MARCH 31, 2023**

	Operating Fund	Capital Fund	Internally Restricted Fund	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 230,777	\$ 12,654	\$ 114,000	\$ 357,431	\$ 170,435
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(164,965)	(12,138)	-	(177,103)	186,996
PURCHASE OF CAPITAL ASSETS	(33,737)	33,737	-	-	-
BALANCE - END OF YEAR	\$ 32,075	\$ 34,253	\$ 114,000	\$ 180,328	\$ 357,431

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

**VANCOUVER FRINGE THEATRE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023**

	Operating Fund	Capital Fund	2023	2022
REVENUES				
Earned (Schedule 1)	\$ 364,372	\$ -	\$ 364,372	\$ 83,934
Private sector (Schedule 1)	151,223	-	151,223	160,240
Public sector (Schedule 1)	637,891	-	637,891	478,243
	1,153,486	-	1,153,486	722,417
EXPENSES				
Administrative (Schedule 2)	361,129	-	361,129	263,103
Amortization	-	12,138	12,138	5,731
Fundraising (Schedule 2)	115,900	-	115,900	16,559
Marketing & Communications (Schedule 2)	246,883	-	246,883	68,643
Programming (Schedule 2)	594,539	-	594,539	181,385
	1,318,451	12,138	1,330,589	535,421
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (164,965)	\$ (12,138)	\$ (177,103)	\$ 186,996

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

**VANCOUVER FRINGE THEATRE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (177,103)	\$ 186,996
Items not requiring an outlay of cash:		
Amortization of capital assets	12,138	5,731
	(164,965)	192,727
CHANGES IN NON-CASH WORKING CAPITAL ITEMS:		
Changes in inventory	-	1,346
Changes in grants/sponsorships receivable	(54,632)	(5,829)
Changes in accounts payable & accrued liabilities	6,379	(10,557)
Changes in payroll taxes payable	15,623	(33,690)
Changes in deferred revenue	(10,643)	(109,584)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(208,238)	34,413
INVESTING ACTIVITIES		
Purchase of capital assets	(33,737)	(5,311)
FINANCING ACTIVITIES		
Advances of CEBA Loan	-	20,000
NET INCREASE (DECREASE) IN CASH	(241,975)	49,102
CASH, BEGINNING OF THE YEAR	576,269	527,167
CASH, END OF THE YEAR	\$ 334,294	\$ 576,269
REPRESENTED BY		
Cash in Bank	\$ 274,294	\$ 516,269
Cash - CEBA Fund	60,000	60,000
	\$ 334,294	\$ 576,269

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

**VANCOUVER FRINGE THEATRE SOCIETY
SCHEDULES OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2023**

SCHEDULE 1

	2023	2022
EARNED REVENUE		
Advertising and other sales	\$ 32,182	\$ 10,173
Application and workshop fees	61,478	10,428
Membership fees	67,900	16,331
Ticketing Revenue	197,076	47,002
Other Income	5,736	-
	\$ 364,372	\$ 83,934
PRIVATE SECTOR REVENUE		
Contributions in kind	\$ 111,342	\$ 16,559
Corporate and foundation donations	2,000	93,000
Gaming Income	5,230	-
Individual donations	32,651	50,681
	\$ 151,223	\$ 160,240
PUBLIC SECTOR REVENUE		
British Columbia Arts Council	\$ 182,000	\$ 40,000
Canada Heritage	183,000	-
CERS and HHBRP	-	6,911
Canada Mortgage and Housing Corporation	40,400	36,000
CEWS	-	69,066
City of Vancouver	40,000	40,000
City of Vancouver - Other	-	15,000
Department of Canadian Heritage	-	142,000
Early Career Development	-	29,500
Employment grants	17,491	19,766
Gaming	75,000	75,000
Multiculturalism	-	5,000
Pacific Economic Development Canada	100,000	-
	\$ 637,891	\$ 478,243

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

**VANCOUVER FRINGE THEATRE SOCIETY
SCHEDULES OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023**

SCHEDULE 2

	2023	2022
ADMINISTRATIVE EXPENSES		
Administrative salaries	\$ 209,342	\$ 103,750
Audit fees	10,500	11,000
Group insurance	9,514	13,239
GST expense	12,185	3,578
Other administrative expenses	93,203	91,675
Rent	22,103	20,889
Staff costs	4,282	18,972
	\$ 361,129	263,103
FUNDRAISING EXPENSES		
Fund development	\$ 4,558	\$ -
Fundraising in kind	111,342	16,559
	\$ 115,900	\$ 16,559
MARKETING AND COMMUNICATIONS EXPENSES		
Marketing production	\$ 87,679	\$ 27,018
Marketing staff & contractors	159,204	41,625
	\$ 246,883	\$ 68,643
PROGRAMMING EXPENSES		
Artists, performers & workshops	\$ 229,981	\$ 78,693
Box office & volunteer salaries	48,876	37,938
Box office & volunteer operating expenses	45,068	2,170
Production operating expenses	64,675	18,015
Production and technical employees	56,438	15,950
Venue Cost	149,501	28,619
	\$ 594,539	\$ 181,385

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

**VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

The Vancouver Fringe Theatre Society (the Society) is committed to creating an open and vibrant independent theatre community, and celebrates its vision of "Theatre for Everyone". The Society is a not-for-profit organization incorporated under the *Societies Act* (British Columbia). The Society is a registered charity under the *Income Tax Act* (Canada).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants (CPA) Handbook and include the following significant accounting policies:

(a) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the dates of contribution. Amortization is provided annually using the straight line method at rates calculated to write-off the respective assets over their useful lives as follows:

Computer hardware	5 years
Box office software	5 years
Leasehold improvements	5 years
Office equipment	5 years
Printer and Server	5 years
Website	5 years

(b) Impairment of Long-Lived Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(c) Fund Accounting

The Society follows the deferral method of accounting for donations and contributions. The major funds are described below:

The General Fund accounts for the Society's program delivery and administrative activities.

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

The Internally Restricted Fund reports funds that have been restricted by the Board to fund special projects, any extraordinary expenditures not included in the operating budget and any future losses.

VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition

The Society uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably assured. Endowment contributions are reported as direct increases in net assets.

The Society recognizes contributions of materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Funds from government sources are recognized as revenue as the services to which the funds relate are delivered or performed.

Revenue from sales is recognized when it is realizable or earned. Revenue is considered realizable and earned when there is persuasive evidence of an arrangement, the services have been completed, or the sale price is fixed and determinable and collectability is reasonably assured.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

(e) Government assistance

Government assistance related to current expenses is recognized in grant revenue for the period, provided there is reasonable assurance that the Society has complied and will continue to comply with all the conditions of the government assistance.

(f) Financial Instrument Measurement

The Society initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, accounts and grants/sponsorships receivables excluding sales tax rebate claimable. Financial liabilities measured at amortized cost include accounts payable. Due to the short term nature of the current assets and current liabilities, the carrying values are approximate to the fair value of the financial instruments.

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant areas of estimation include estimated useful lives of tangible capital assets, accrued liabilities and deferral of revenue.

**VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Computer hardware	\$ 28,010	\$ 8,437	\$ 19,573	\$ 12,160
Leasehold improvements	9,241	9,241	-	-
Office equipment	17,929	3,588	14,341	40
Printer and Server	452	113	339	453
Website	14,676	14,676	-	-
	\$ 70,308	\$ 36,055	\$ 34,253	\$ 12,653

3. DEFERRED REVENUE

	Deferred Revenue 2022	Received or Receivable During the Year	Earned During the Year	Deferred Revenue 2023
BC Arts Council Grant	\$ 142,000	\$ 143,406	\$ 182,000	\$ 103,406
Canada Mortgage and Housing Corporation	-	40,400	40,400	-
City of Vancouver Grant	16,000	40,000	40,000	16,000
Department of Canadian Heritage	-	183,000	183,000	-
Pacific Economic Development Canada	-	100,000	100,000	-
Employment Grant	-	17,491	17,491	-
Fringe Festival application fees	23,397	89,429	61,478	51,348
Gaming Revenue	-	75,000	75,000	-
	\$ 181,397	\$ 688,726	\$ 699,369	\$ 170,754

Deferred revenue relates to unspent resources, externally restricted for the delivery of specified programs and received in advance of the Society's obligation to perform.

**VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

4. CEBA LOAN

The Canada Emergency Business Account ("CEBA") was provided to entities during the outbreak of COVID-19 to help finance operations during the pandemic. Significant terms of the loan are as follows:

- (a) Interest-free until December 31, 2023;
- (b) No minimum monthly principal payments required until December 31, 2023;
- (c) Penalty-free principal repayments that can be made at any time; and
- (d) Up to \$20,000 loan forgiveness if the outstanding balance is paid on or before December 31, 2023.

5. INTERNALLY RESTRICTED FUND

Pursuant to a board resolution passed in 2014, it was resolved that as of March 31, 2014, a new internally restricted fund of \$50,000 be established to fund special projects, any extraordinary expenditures not included in the operating budget and any future losses. It was also resolved that future transfers to expenditures from this reserve fund be at the discretion of the board of directors.

Pursuant to a board resolution passed in 2016, it was resolved that \$24,000 of the funds be transferred to the operating fund to support the Society's activities for that fiscal year.

In accordance with the March 31, 2018 approved budget, it was resolved that a further \$12,000 of the funds be transferred to the operating fund to support the Society's activities for that fiscal year.

In accordance with the March 31, 2021 approved budget, it was resolved that \$100,000 be transferred back to the internally restricted fund.

**VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

6. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, cash - CEBA fund, grants/sponsorships receivable, accounts payables and accrued liabilities and CEBA loan. It is management's opinion that the Society is not exposed to significant liquidity risk and market risk (including currency risk, interest rate risk and other price risk) arising from these financial instruments. The following is the significant financial instrument risk:

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 in connection with its receivables.

7. DIRECTOR, CONTRACTOR, AND EMPLOYEE REMUNERATION

On November 28, 2016, the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the 2023 fiscal year, the Society has 1 employee earning \$75,000 or more for a total of \$108,808 including taxable benefits. This disclosure is provided in accordance with the requirements of the Societies Act (British Columbia).

8. ECONOMIC DEPENDENCE

Currently, the Society's primary sources of funding are from the following:

- (a) Revenue earned from box office sales.
- (b) Government grants
- (c) Donations/In kind contributions

Continued financial support of both the public and private sector, programs and projects will be required for the Society to continue operations. If funding is not attained, amounts realized for the assets may be materially less than the amounts recorded in the financial statements.

**VANCOUVER FRINGE THEATRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

9. LEASE COMMITMENTS

The Society has entered into a rental lease that expires on August 31, 2024. Future minimum lease payments are as follows:

2024	\$	26,972
2025	\$	11,238

10. COMPARATIVE FIGURES

Certain March 31, 2022 figures have been reclassified to conform to be presentation adopted for the March 31, 2023 year end.