

Globe Theatre Society
Financial Statements
June 30, 2009



To the Members of Globe Theatre Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Society's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

July 30, 2009

Business and Systems Manager

General Manager

Auditors' Report

To the Members of Globe Theatre Society:

We have audited the statement of financial position of the Globe Theatre Society as at June 30, 2009 and the statements of operations, changes in fund balances, including supporting schedules, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan

July 30, 2009

Meyers Norris Penny LLP

Chartered Accountants

Globe Theatre Society
Statement of Financial Position
As at June 30, 2009

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2009	2008
Assets					
Current					
Cash	148,214	-	-	148,214	103,442
Marketable securities (Note 4)	429,995	-	-	429,995	825,000
Accounts receivable	43,661	-	-	43,661	17,876
Inventory	3,787	-	-	3,787	1,029
Prepaid expenses	151,599	-	-	151,599	119,770
	777,256	-	-	777,256	1,067,117
Capital assets (Note 5)	-	1,891,211	-	1,891,211	2,057,296
Long-term investments (Note 4)	350,000	-	-	350,000	-
Endowment investments	-	-	8,617	8,617	5,000
	1,127,256	1,891,211	8,617	3,027,084	3,129,413
Liabilities					
Current					
Accounts payable and accruals	104,832	-	-	104,832	101,370
Deferred revenue (Note 6)	714,736	-	-	714,736	723,504
	819,568	-	-	819,568	824,874
Deferred revenue (Note 7)	-	1,482,694	-	1,482,694	1,622,123
	819,568	1,482,694	-	2,302,262	2,446,997
Fund Balances					
Working Capital Reserve - internally restricted	223,613	-	-	223,613	180,718
Artistic Development Fund - internally restricted	84,075	-	-	84,075	61,525
Endowment Fund - externally restricted	-	-	8,617	8,617	5,000
Invested in Capital Assets	-	408,517	-	408,517	435,173
	307,688	408,517	8,617	724,822	682,416
	1,127,256	1,891,211	8,617	3,027,084	3,129,413

Approved on behalf of the Board

Director

Director

Globe Theatre Society
Statement of Operations
For the year ended June 30, 2009

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2009	2008
Revenue (Schedule 1)					
Grants	752,835	139,429	-	892,264	789,558
Box Office	1,304,094	-	-	1,304,094	1,094,706
Development	342,534	-	-	342,534	316,752
Ancillary	150,575	-	-	150,575	168,021
Total revenue	2,550,038	139,429	-	2,689,467	2,369,037
Expenses					
Administration	448,504	-	-	448,504	388,023
Marketing	240,870	-	-	240,870	198,097
Amortization	-	185,417	-	185,417	186,180
Bar and concession	44,239	-	-	44,239	48,643
Development	55,619	-	-	55,619	45,692
Theatre School	110,497	-	-	110,497	123,721
Facilities	210,509	-	-	210,509	195,565
Front of house and box office	89,034	-	-	89,034	81,284
Production overhead	410,981	-	-	410,981	332,318
Mainstage	770,196	-	-	770,196	596,509
Sandbox series	49,866	-	-	49,866	65,789
Special events fundraising	23,840	-	-	23,840	37,725
Special events - other	11,106	-	-	11,106	-
Total expenses	2,465,261	185,417	-	2,650,678	2,299,546
Excess (deficiency) of revenues over expenses	84,777	(45,988)	-	38,789	69,491

The accompanying notes are an integral part of these financial statements

Globe Theatre Society
Statement of Changes in Fund Balances
For the year ended June 30, 2009

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2009	2008
Fund balance, beginning of year	242,243	435,173	5,000	682,416	612,925
Excess (deficiency) of revenues over expenses	84,777	(45,988)	-	38,789	69,491
Interfund transfers	(19,332)	19,332	-	-	-
External contributions	-	-	3,617	3,617	-
Fund balance, end of year	307,688	408,517	8,617	724,822	682,416

The accompanying notes are an integral part of these financial statements

Globe Theatre Society
Statement of Cash Flows
For the year ended June 30, 2009

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	2009	2008
Cash provided by (used for) the following activities					
Operating activities					
Excess (deficiency) of revenues over expenses	84,777	(45,988)	-	38,789	69,491
Amortization	-	185,417	-	185,417	186,180
	84,777	139,429	-	224,206	255,671
Changes in working capital accounts					
Accounts receivable	(25,785)	-	-	(25,785)	10,152
Inventory	(2,758)	-	-	(2,758)	853
Prepaid expenses and deposits	(31,829)	-	-	(31,829)	(9,031)
Accounts payable and accruals	3,462	-	-	3,462	22,599
Deferred contributions	(8,768)	(139,429)	-	(148,197)	59,242
	19,099	-	-	19,099	339,486
Investing activities					
Purchase of marketable securities	-	-	-	-	(275,000)
Redemption of marketable securities	395,005	-	-	395,005	-
Purchase of capital assets	-	(19,332)	-	(19,332)	(47,824)
Purchase of long-term investments	(350,000)	-	-	(350,000)	(5,000)
Transfer	(19,332)	19,332	-	-	-
	25,673	-	-	25,673	(327,824)
Increase in cash resources	44,772	-	-	44,772	11,662
Cash resources, beginning of year	103,442	-	-	103,442	91,780
Cash resources, end of year	148,214	-	-	148,214	103,442
Supplementary cash flow information					
Interest received	-	-	-	13,264	22,515

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

The mission of The Globe Theatre Society ("Globe Theatre") is to create and produce professional theatre and make it accessible with a view to entertain, to educate and to challenge. Globe Theatre is incorporated under the *Non-profit Corporations Act of Saskatchewan* and is a registered charity under the Income Tax Act and is exempt from income tax under Section 149 (1) (1) of the Income Tax Act.

2. Significant accounting policies

Globe Theatre's financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations using the deferral method of accounting for contributions.

Fund accounting

Revenues and expenses relating to program delivery and administrative activities are recorded in the Operating Fund. The Board has internally restricted funds for the working capital reserve for unbudgeted expenses and special projects.

The Capital Fund records the assets, liabilities, revenues and expenditures related to funding and acquisition of Globe Theatre's capital assets and facilities which are used to provide performance venues and equipment, and administration facilities.

The Artistic Development Fund is intended for planned special projects beyond the Globe Theatre's current budgeting capacity.

Endowment contributions are reported in the Endowment Fund and recognized as direct increases in net assets. Investment income earned on the Endowment Fund will be used to fund continued Globe Theatre operations.

Revenue recognition

Revenue received for a particular use is deferred and recognized as revenue in the appropriate fund in the year in which the related expenditures are incurred. Receipts that are not restricted are recognized as revenue in the appropriate fund when received.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at date of contribution. Normal maintenance and repair expenditures are expensed in the Operating Fund as incurred.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Rate</i>
Theatre equipment	5 years
Office and bar equipment	5 years
Leasehold improvements	20 years

Deferred revenue

Deferred revenue in the Operating Fund includes subscription sales, ticket fees designated for use in the working capital reserve and grants received for the subsequent season.

Deferred revenue in the Capital Fund includes donations and revenue received for capital purchases for which the asset has not been amortized yet. Deferred revenue is recognized into revenue at the same rate as the related asset is amortized.

Contributed services

Volunteers contribute approximately 2,000 hours per year to assist the Globe Theatre Society in carrying out its activities. Because of 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 conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of capital assets. Deferred revenue related to the purchase of capital items is recognized as revenue on the same basis as the related assets are being amortized. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments

Globe Theatre has classified cash, marketable securities, accounts receivable, long term investments, accounts payable and accrued liabilities as held for trading financial instruments.

Held for trading financial assets and liabilities are financial instruments that are acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term or are initially designated as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Held for trading financial instruments are carried at fair value with both realized and unrealized gains and losses included in the statement of revenue and expenses. Transactions to purchase or sell these items are recorded on the settlement date.

Transaction costs related to held for trading financial instruments are expensed as incurred.

Recent Accounting Pronouncements

Financial instruments deferral of section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations*. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified.

3. Change in accounting policies

Capital Disclosures

Effective July 1, 2008, the Society adopted the Canadian Institute of Chartered Accountants' new handbook section, 1535 – Capital Disclosures. Section 1535 establishes guidelines for the disclosure of information on the Society's capital and how it is managed. This enhanced disclosure describes the Society's objectives, policies and processes for managing capital. Capital disclosures are provided in Note 12 of these financial statements.

The adoption of this new standard did not have a material impact on the Society's financial statements.

Globe Theatre Society
Notes to the Financial Statements
For the year ended June 30, 2009

4. Investments

Investments consist of redeemable Guaranteed Investment Certificates stated at market value.

	<i>2009</i>	<i>2008</i>
Marketable securities - maturity May 28, 2010 (2008 - April 29, 2009 - May 16, 2009), 0.20% (2008 - 2.25% - 2.50%)	429,995	825,000
Long-term investments - maturity ranging from June 10, 2011 - June 30, 2011, 0.90%	350,000	-
	779,995	825,000

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2009 Net book value</i>	<i>2008 Net book value</i>
Office and bar equipment	230,024	191,026	38,998	60,255
Leasehold improvements	2,848,620	1,028,740	1,819,880	1,960,470
Theatre equipment	126,831	94,498	32,333	36,571
	3,205,475	1,314,264	1,891,211	2,057,296

6. Deferred revenue - Operating Fund

Deferred revenue consists of the following:

	<i>2009</i>	<i>2008</i>
Subscriptions received for the subsequent season	567,994	519,079
Sponsorship	48,500	80,500
Working capital reserve charge on prepaid production ticket sales (\$1.00 per ticket sold)	21,732	21,728
Major Gift Campaign	-	28,985
Other	76,510	73,212
	714,736	723,504

Globe Theatre Society
Notes to the Financial Statements
For the year ended June 30, 2009

7. Deferred revenue - Capital Fund

In 1998, Globe Theatre launched a capital campaign to raise \$1,000,000 by the year 2001 for major renovations to the facility. This project was completed in 1999 with pledges being received until 2001. In 2005, Globe Theatre launched another capital renovation project, budgeted at \$1,635,700, to renovate the second, third and fourth floors of the facility, and to create a space for the addition of a theatre school. Globe Theatre has received commitments in the amount of \$1,554,624 to date from municipal, provincial and federal levels of government. Globe Theatre has also received \$80,500 of contributions from foundations and corporations within the community. Contributions to the capital campaign and investment income related to funds raised are treated as restricted contributions available for use only in the Capital Fund. These amounts are included in deferred revenue and are being recognized as revenue on the same basis as the related assets are being amortized.

	2009	2008
Deferred revenue - beginning of year	1,622,123	1,666,181
Capital campaign contributions	-	100,000
Deferred revenue recognized during the year	(139,429)	(144,058)
	1,482,694	1,622,123

8. Inter-fund transactions

During the year the Society transferred the following out of the Operating Fund - unrestricted surplus:

	2009	2008
Operating Fund - Working Capital Reserve - ticket surcharge	42,895	40,000
Restricted Endowment Fund	-	5,000
Capital Fund - capital asset purchases	19,332	47,824
Operating Fund - Artistic Development Fund - transfer excess surplus	22,550	61,525
	84,777	154,349

9. Commitments

Future minimum lease payments under operating leases for equipment and building for the next five years are as follows:

2010	42,002
2011	43,952
2012	45,502
2013	47,902
2014	50,302

10. Contractual obligations

As is common among theatres, Globe Theatre enters into agreements with various individuals and organizations to secure production rights for Globe Theatre's use in future periods. These rights and other production costs are recorded when the production occurs.

Globe Theatre has a letter of credit in the amount of \$43,706 (2008 - \$35,046) supporting a security bond in favour of the Canadian Actors' Equity Association as the beneficiary. This is a requirement for theatres for the purpose of ensuring Association members will be properly compensated in the event of financial difficulties.

11. Financial instruments

Fair value

Globe Theatre as part of its operations carries a number of financial instruments, which include cash, marketable securities, accounts receivable, long term investments, accounts payable and accrued liabilities. Cash, marketable securities, accounts receivable, long term investments, accounts payable and accrued liabilities are recorded at their fair value, which is approximated by their initial carrying value, due to their short-term nature.

Interest rate risk

Interest rate risk is the risk that the value of a marketable security, and therefore interest income, might be adversely affected by a change in the interest rates. Globe Theatre manages its interest rate risk by investing in redeemable guaranteed income investments with varying durations.

Credit risk

Financial instruments that potentially subject Globe Theatre to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$43,661 (2008 - \$17,876). However, the Globe Theatre believes that there is minimal risk associated with the collection of these amounts.

12. Capital management

The Globe Theatre Society's objective when managing capital is to maintain a sufficient reserve fund base to ensure they can continue to cover the significant expenditures relating to the activities of the Society. The Globe Theatre Society receives funding from grants and ticket sales to cover the operating expenditures.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Globe Theatre Society
Schedule 1 - Schedule of Globe Theatre Society Revenues
For the year ended June 30, 2009

	2009	2008
Revenue		
Grants		
Renovation grants	139,429	144,058
Canada Council	297,000	270,500
City of Regina	100,000	100,000
Saskatchewan Arts Board	343,750	275,000
Grants Capacity Building	12,085	-
	892,264	789,558
Box Office		
Mainstage - subscriptions	597,668	540,383
Mainstage - single tickets	529,773	407,887
Sandbox single tickets	17,096	17,014
School Matinee	65,328	53,664
Theatre School	83,184	75,758
Special Events - Other	11,045	-
	1,304,094	1,094,706
Development		
Corporate sponsorships	182,250	196,750
Donations and memberships	52,784	58,439
Special events	34,590	33,600
Major gift campaign	72,910	27,963
	342,534	316,752
Ancillary		
Ticket surcharge	42,895	38,410
Interest	13,264	22,515
Program advertising	19,025	21,185
Other	23,911	26,193
Bar and Concession	51,480	59,718
	150,575	168,021
	2,689,467	2,369,037