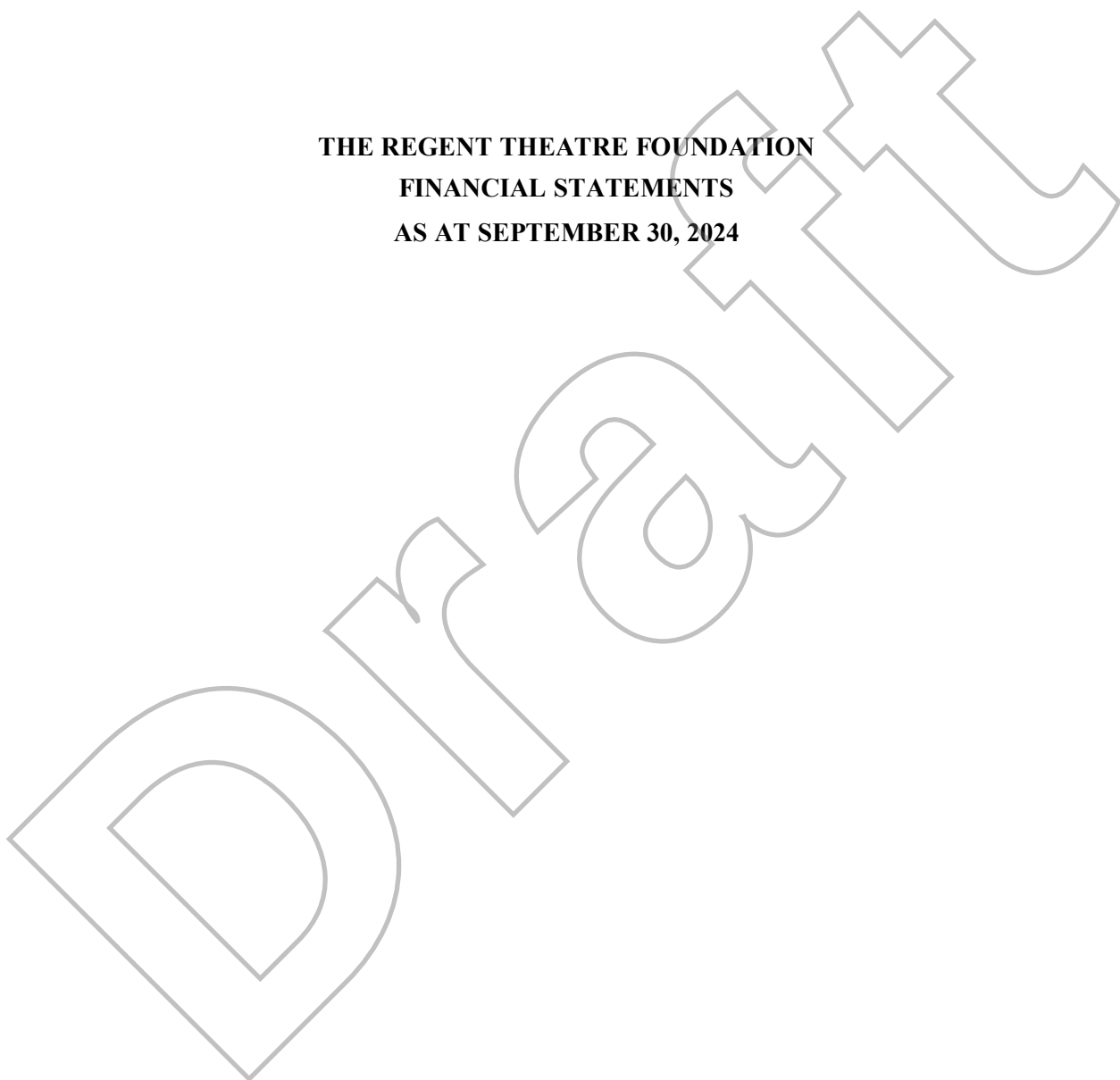


THE REGENT THEATRE FOUNDATION
FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2024



THE REGENT THEATRE FOUNDATION
TABLE OF CONTENTS
AS AT SEPTEMBER 30, 2024

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15

INDEPENDENT AUDITOR'S REPORT

To the Members
The Regent Theatre Foundation

Qualified Opinion

We have audited the financial statements of The Regent Theatre Foundation (the Organization), which comprise the statement of financial position as at September 30, 2024, and the statements of changes in net assets, 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2024, and its results of operations 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 charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether, as at and for the years ended September 30, 2024 and September 30, 2023, any adjustments might be necessary to donation and fundraising revenue, excess of expenses over revenues, assets and general fund balance.

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 Organization 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 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 these financial statements, management is responsible for assessing the Organization'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 Organization, or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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 Organization'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 Organization'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 Organization 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.

BELLEVILLE, Canada
Approval Date

Chartered Professional Accountants
Licensed Public Accountants

THE REGENT THEATRE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	2024 \$	2023 \$ (Restated - Note 2)
ASSETS		
CURRENT		
Cash	83,158	315,718
Short-term investments - Note 4		40,791
Accounts receivable	29,928	11,374
Government remittances recoverable		8,925
Inventory	11,198	4,893
Prepaid expenses		1,870
	124,284	383,571
LONG-TERM		
Tangible capital assets - Note 5	703,340	742,900
	827,624	1,126,471
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	116,748	74,818
Government remittances payable	491	3,471
Deferred revenue - Note 7	112,520	309,181
Loan payable - Note 8		60,000
Mortgage payable - Note 9		154,174
	229,759	601,644
NET ASSETS		
General fund	597,865	524,827
	827,624	1,126,471

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements

**THE REGENT THEATRE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	2024 \$	2023 \$ (Restated - Note 2)
GENERAL FUND - BEGINNING OF YEAR	524,827	589,400
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	73,038	(64,573)
GENERAL FUND - END OF YEAR	597,865	524,827

The accompanying notes form an integral part of these financial statements

THE REGENT THEATRE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024 \$	2023 \$ (Restated - Note 2)
REVENUE		
Building improvement fee	25,158	23,741
Canada Emergency Business Account (CEBA) loan forgiveness	20,000	
Concession and wine bar	75,760	63,760
County Adaptation Film Festival	65,336	
Donations	76,494	103,280
Grants	254,655	139,528
Interest	2,279	3,855
Live shows and theatre rental	105,362	80,810
Movies	84,220	98,562
Memberships	18,687	16,979
Ontario Arts Endowment Fund - Note 10	4,744	4,587
Rental	95,167	82,336
Special events and Nevada fundraising	28,315	23,068
Sponsorships and advertising	77,036	66,431
Ticket service charges	23,342	20,583
	956,555	727,520
EXPENSES		
Administration	231,030	106,045
Amortization	48,307	41,697
Concession and wine bar	31,089	22,963
Interest and bank charges	1,818	3,113
Interest on long-term debt	1,856	9,113
Premises	97,453	176,225
Processing fees	35,955	23,449
Production costs:		
Live shows	55,242	45,053
Movies	74,774	76,895
Professional fees	31,431	32,655
Publicity, promotion and box office	83,536	46,982
Salaries and benefits	177,302	172,025
Special events and Nevada fundraising	13,724	35,878
	883,517	792,093
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUE)	73,038	(64,573)

The accompanying notes form an integral part of these financial statements

THE REGENT THEATRE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024 \$	2023 \$ (Restated - Note 2)
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	73,038	(64,573)
Adjustment for items which do not affect cash -		
Amortization	48,307	41,697
	121,345	(22,876)
Net change in non-cash working capital balances related to operations		
-		
Accounts receivable	(18,554)	78,303
Government remittances recoverable	8,925	8,343
Inventory	(6,305)	(2,653)
Prepaid expenses	1,870	(25)
Accounts payable and accrued liabilities	41,930	(46,489)
Government remittances payable	(2,980)	(260)
Deferred revenue	(196,661)	182,626
	(171,775)	219,845
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(50,430)	196,969
INVESTING ACTIVITIES		
Proceeds from short-term investments	40,791	
Purchase of short-term investments		(40,791)
Purchase of tangible capital assets	(8,747)	(110,533)
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	32,044	(151,324)
FINANCING ACTIVITIES		
Repayment of loan payable	(60,000)	
Repayment of mortgage payable	(154,174)	(27,188)
CASH FLOWS USED IN FINANCING ACTIVITIES	(214,174)	(27,188)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	(232,560)	18,457
CASH - BEGINNING OF YEAR	315,718	297,261
CASH - END OF YEAR	83,158	315,718

The accompanying notes form an integral part of these financial statements

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

1. NATURE OF BUSINESS

The Regent Theatre Foundation (the Organization) is a not-for-profit organization which owns and operates The Regent Theatre in Picton, a heritage structure and community asset. The Organization provides programming and promotes the Theatre as a self-sustaining centre for arts, cultural and community events.

The Regent Theatre Foundation was incorporated February 12, 1982 under the laws of Ontario without share capital. The Organization obtained status as a registered charity under Section 149(1) of the Canada Income Tax Act in October 1983, and is therefore, exempt from corporate income tax and is eligible to issue official income tax receipts for charitable activities.

2. RESTATEMENT OF PRIOR PERIOD

During the current year and after the financial statements for the year ended September 30, 2023 were authorized for issue, the Organization determined that the receivable and payable relating to the repairs completed were overstated. The effect of the restatement on the comparative balances has been reflected below:

	2023 As previously reported \$	2023 Revision \$	2023 Restated \$
Statement of Financial Position			
Accounts receivable	79,195	(67,821)	11,374
Accounts payable and accrued liabilities	96,342	(21,524)	74,818
Government remittances payable	3,665	(194)	3,471
Statement of Operations			
Premises	130,123	46,102	176,225

3. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

3. ACCOUNTING POLICIES (Cont'd)

(b) Accounting Estimates

The preparation of financial instruments 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accounts payable, accrued liabilities and deferred revenue and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Fund Accounting

The Regent Theatre Foundation follows the restricted fund method of accounting for contributions. External restrictions are imposed from outside the Organization. Internal restrictions are imposed by the Organization in a formal manner, usually by resolution of the Board of Directors.

The Organization reports through one general fund. This fund accounts for all production, charitable activities and capital expenditures.

(d) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash, accounts receivable, and government remittances recoverable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, government remittances payable, loan payable and mortgage payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is reflected in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount previously recognized as impaired.

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

3. ACCOUNTING POLICIES (Cont'd)

(e) Revenue Recognition

Unrestricted revenues are recognized as revenue in the year in which they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue from live shows, presentations and related services is recognized in the year in which the event occurs. Restricted contributions relating to operations are recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions relating to capital expenditures are recognized in accordance with Note 3(g) in the year in which the related expenditures are incurred. Revenues from memberships, sponsorships and certain funding contracts are recognized over the membership or sponsorship year to which they apply.

Donations and grants that are internally designated for the purpose of financing capital expenditures, major renovations and repayment of principal on the mortgage are recognized as revenue in the year in which they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Deferred revenue represents contributions received which relate to future years. They are deferred and recognized as revenue in the year in which the related expenditure or service is incurred.

(f) Inventory

Inventory consists of wine bar and concession merchandise purchased for resale and are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Net realizable value is defined as current replacement cost.

(g) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of direct government and other assistance. Contributed assets are recorded at fair value at the date of contribution. The following annual rates and methods allow for annual straight-line amortization expense of the Organization's assets to reflect management's estimate of the useful life of each class of asset:

Building	40 years
Pianos	25 years
Movie projection and sound equipment	5 years
Furniture and equipment	5 years
Computer equipment and software	3 years
Lighting and rigging equipment	5 years

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

3. ACCOUNTING POLICIES (Cont'd)

(h) 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 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.

(i) Contributed Materials and Services

Due to the difficulty of determining volunteer hours contributed per year and their fair value, services are not recognized in the financial statements unless they are from a business where the expense would have been incurred regardless of the contribution. In addition, they must have been invoiced and subsequently donated back.

(j) Government Assistance

Government assistance in the form of grants and forgivable loans is accounted for using the cost reduction approach, whereby the cost of the capital item or operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the grants or forgivable loans are met.

(k) Cash

Cash consists of cash on deposit.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of a Guaranteed Investment Certificate with an effective interest rate of 4.5% which matured in June, 2024. The fair value of the short-term investments as at September 30, 2024 is \$Nil (2023 - \$40,791).

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

5. TANGIBLE CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	177,557		177,557	
Building -				
Theatre and renovation (net) ^(A)	799,695	402,067	799,695	380,867
Box office renovations	7,565	2,127	7,565	1,938
Concession/bar remodel (net) ^(B)	55,511	3,399	55,511	2,011
Pianos	6,000	120	23,869	23,869
Movie projection and sound equipment (net) ^(C)	71,030	58,278	71,030	52,949
Furniture and equipment (net) ^(D)	152,657	123,059	152,657	110,000
Computer equipment and software	23,482	20,282	20,734	18,921
Lighting and rigging (net) ^(E)	28,311	9,136	28,311	3,474
	1,321,808	618,468	1,336,929	594,029
Cost less accumulated amortization	\$ 703,340		\$ 742,900	

(A) Total costs to date of \$1,533,538 have been partially offset by grants and funding recognized in the 2011 fiscal year of \$508,000, 2014 fiscal year of \$43,970, 2015 fiscal year of \$1,446, 2018 fiscal year of \$28,211, 2019 fiscal year of \$800, 2022 fiscal year of \$143,416 and 2023 fiscal year of \$8,000.

(B) Total costs to date of \$65,009 have been partially offset by grants and funding recognized in the 2021 fiscal year of \$4,000 and in the 2022 fiscal year of \$5,498.

(C) Total costs include equipment valued at \$180,843, partially offset by a Trillium Foundation grant received in the 2012 fiscal year of \$67,300, a PEC grant received in the 2020 fiscal year of \$16,577, and a Parrott Foundation grant received in the 2023 fiscal year of \$25,936.

(D) Costs include furniture and equipment valued at \$190,363, partially offset by Trillium Foundation and John M. & Bernice Parrott Foundation Inc. grants received in prior years totalling \$37,706.

(E) Costs include lighting and rigging valued at \$85,591, offset by John M. & Bernice Parrott Foundation Inc. and Stark Family grants received in the current year totalling \$85,591.

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

6. BANK CREDIT FACILITY

The Organization has available an authorized unsecured operating line of credit of \$15,000 (2023 - \$15,000) at an interest rate of prime plus 2.00%. As at September 30, 2024, the credit facility was not utilized.

7. DEFERRED REVENUE

Deferred revenue represents unspent resources which relate to future years operations, and which will be recognized as revenue in the year in which the related expenditure or service is incurred.

	2024 \$	2023 \$
Deferred revenues consist of:		
Unrestricted		
Memberships		4,687
Sponsorships	39,400	56,600
Future events	63,987	51,037
Customer deposits, gift certificates and other miscellaneous	9,133	2,922
	112,520	115,246
Externally restricted		
Trillium Grant		34,020
Parrott Foundation Grant		74,740
TELEFILM Grant		7,468
Ontario Arts Council (OAC) Special Screenings Grant		10,500
Prince Edward County Grant		8,628
Red Cross Grant		38,667
Stark Family Grant		19,912
	NIL	193,935
	112,520	309,181

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

8. LOAN PAYABLE

	2024 \$	2023 \$
Non-interest bearing, unsecured loan, under the Canada Emergency Business Account (CEBA) loan program. The loan was paid in full during the year and \$20,000 was forgiven.		60,000
Less: Current portion		(60,000)
	NIL	NIL

9. MORTGAGE PAYABLE

	2024 \$	2023 \$
First Mortgage - Royal Bank of Canada, 5.39% fixed interest rate per annum, repayable by monthly blended payments of principal and interest of \$3,000, based on a 60 month term and a 121 month amortization, which was paid in full during the year.		154,174
Less: Current portion		(154,174)
	NIL	NIL

10. ONTARIO ARTS ENDOWMENT FUND PROGRAM

The Ontario Ministry of Heritage, Sport, Tourism and Culture Industries has established an Arts Endowment Fund, administered by the Ontario Arts Foundation. For specified fundraising events and donation revenue, the Ministry sets aside funds to be invested on behalf of The Regent Theatre Foundation. The Organization has no claim to the principal amount contributed to this fund but will receive income in perpetuity from these investments. In 2024, income received from the Arts Endowment Fund amounted to \$4,744 (2023 - \$4,587).

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

11. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Regent Theatre Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include market (other price) risk, interest rate risk, liquidity risk and credit risk. Market (other price) risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market (Other Price) Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. It is management's opinion that the Organization is not exposed to currency and equity risk as it does not hold amounts denominated in foreign currency or equity instruments.

(b) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization would be exposed to interest rate risk on its operating lines of credit, as described in Note 6 to these financial statements, if it were to utilize these credit facilities. Changes in the bank prime lending rate can cause fluctuations in interest payments and cash flows.

The Organization does not use derivative financial instruments to alter the effects of this risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations. This risk is mitigated by the availability of an operating line of credit with a total limit of \$15,000 as described in Note 6 to these financial statements. Management is of the opinion that the Organization will be able to meet all of its cash flow obligations as they come due and is not subject to significant liquidity risk.

**THE REGENT THEATRE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

11. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)

(d) Credit Risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

The Organization is exposed to credit risk in the event of non-performance by debtors in connection with its accounts receivable. The Organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and method used to measure the above risks.

12. COMPARATIVE FIGURES

In order to conform with the financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.