

Financial Statements of

THE BELFRY THEATRE SOCIETY

And Independent Auditor's Report thereon

Year ended June 30, 2025



KPMG LLP
800-730 View Street
Victoria BC V8W 3Y7
Canada
Tel 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Directors of The Belfry Theatre Society

Opinion

We have audited the financial statements of The Belfry Theatre Society (the Entity), which comprise:

- the statement of financial position as at June 30, 2025
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2025 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



The Belfry Theatre Society

Page 3

- 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.
- 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 Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with the applicable financial reporting framework have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. A single horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending under the 'P'.

Chartered Professional Accountants

Victoria, Canada

September 10, 2025

THE BELFRY THEATRE SOCIETY

Statement of Financial Position

June 30, 2025, with comparative information for 2024

	Operating Fund	Capital Fund	2025	2024
Assets				
Current assets:				
Cash and cash equivalents (note 2)	\$ 2,097,396	\$ -	\$ 2,097,396	\$ 2,119,649
Accounts receivable	3,324	-	3,324	5,000
Prepaid expenses and deposits	196,906	-	196,906	89,014
Interfund accounts	(330,211)	330,211	-	-
	1,967,415	330,211	2,297,626	2,213,663
Capital assets (note 4)	-	3,023,305	3,023,305	3,175,041
	\$ 1,967,415	\$ 3,353,516	\$ 5,320,931	\$ 5,388,704

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 5)	\$ 127,452	\$ -	\$ 127,452	\$ 196,902
Deferred revenue	490,462	-	490,462	509,579
Prepaid season tickets	436,935	-	436,935	373,102
	1,054,849	-	1,054,849	1,079,583
Deferred contributions (note 6)	-	1,244,952	1,244,952	1,290,804
Fund balances:				
Unrestricted	404,366	2,108,564	2,512,930	2,529,181
Internally Restricted - Artistic (note 7)	142,271	-	142,271	136,891
Internally Restricted - Capital (note 7)	365,929	-	365,929	352,245
	912,566	2,108,564	3,021,130	3,018,317
	\$ 1,967,415	\$ 3,353,516	\$ 5,320,931	\$ 5,388,704

See accompanying notes to financial statements.

Director

Director

THE BELFRY THEATRE SOCIETY

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2025, with comparative information for 2024

	Operating Fund	Capital Fund	2025	2024
Revenue:				
Earned revenues	\$ 1,204,172	\$ -	\$ 1,204,172	\$ 1,228,979
Public funding (note 8)	1,027,375	-	1,027,375	1,144,950
Private fundraising (note 9)	657,584	-	657,584	723,633
GST recovery	25,198	-	25,198	24,696
Interest income	60,534	-	60,534	73,398
Amortization of deferred contributions (note 6)	-	70,852	70,852	53,781
	2,974,863	70,852	3,045,715	3,249,437
Expenses:				
Creative and production expenses	1,244,105	-	1,244,105	1,098,495
Marketing, communications and audience engagement	370,933	-	370,933	457,528
Artistic and production overheads	371,344	-	371,344	454,810
Box office, bar and concession	297,126	-	297,126	291,174
Administration	312,173	-	312,173	327,666
Fundraising	123,017	-	123,017	149,226
Facility	179,562	-	179,562	160,193
Company management	36,314	-	36,314	29,158
Equipment rental	1,476	-	1,476	984
Amortization of capital assets	-	156,852	156,852	155,909
	2,936,050	156,852	3,092,902	3,125,143
Earnings (deficiency) before the undernoted	38,813	(86,000)	(47,187)	124,294
Other income:				
Bequests	50,000	-	50,000	51,680
Excess (deficiency) of revenue over expenses	88,813	(86,000)	2,813	175,974
Fund balances, beginning of year	828,869	2,189,448	3,018,317	2,842,343
Transfer for capital asset purchases	(5,116)	5,116	-	-
Fund balances, end of year	\$ 912,566	\$ 2,108,564	\$ 3,021,130	\$ 3,018,317

See accompanying notes to financial statements.

THE BELFRY THEATRE SOCIETY

Statement of Cash Flows

Year ended June 30, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 2,813	\$ 175,974
Items not involving cash:		
Amortization of capital assets	156,852	155,909
Amortization of deferred contributions	(70,852)	(53,781)
	88,813	278,102
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	1,676	(5,000)
Decrease (increase) in prepaid expenses and deposits	(107,892)	17,442
Increase (decrease) in accounts payable and accrued liabilities	(69,450)	113,526
Decrease in deferred revenue	(19,117)	(247,962)
Increase in prepaid season tickets	63,833	915
	(42,137)	157,023
Financing:		
Increase in deferred capital contributions	25,000	178,891
Investing:		
Additions to capital assets	(5,116)	(246,805)
Increase (decrease) in cash and cash equivalents	(22,253)	89,109
Cash and cash equivalents, beginning of year	2,119,649	2,030,540
Cash and cash equivalents, end of year	\$ 2,097,396	\$ 2,119,649

See accompanying notes to financial statements.

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements

Year ended June 30, 2025

Nature of operations:

The Belfry Theatre Society (the "Society") is a registered charitable organization and is exempt from income taxes under the provisions of the Income Tax Act. On November 28, 2016, the new Societies Act (British Columbia) became effective. On October 3, 2018, the Society transitioned to the new act.

The Society presents theatrical productions from its own theatre at 1291 Gladstone Avenue, Victoria, British Columbia to audiences in the Greater Victoria area.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the property and equipment.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which include grants and donations. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Ticket receipts are recorded as revenue in the year to which they apply. Prepaid season tickets reflect amounts received by the Society for performances subsequent to the Society's year-end.

(c) Cash and cash equivalents:

Cash and cash equivalents include term deposits with a term to maturity of 90 days or less at acquisition.

(d) Deferred revenue:

Deferred revenue reflects restricted contributions received in the current period that relate to activities that will be performed in the subsequent period.

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

1. Significant accounting policies (continued):

(e) Capital assets:

Capital assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Basis	Rate
Building	Straight-line	40 - 60 years
Equipment	Straight-line	10 years
Building amenities	Straight-line	25 years
Computers	Straight-line	5 - 7 years
Website	Straight-line	10 years

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amount and estimated useful lives of capital assets. Actual results could differ from those estimates.

(h) Donated materials and services:

Receipt of contributions of materials and services is recognized as revenue when these materials and services are used in the normal course of business and would otherwise have been purchased.

2. Cash and cash equivalents:

Included within cash and cash equivalents are gaming funds of \$701 (2024 - \$100,704) held as restricted cash.

3. Bank credit facilities:

The Society has an available line of credit to a maximum of \$250,000 subject to interest at prime plus 1.25%. As at June 30, 2025, no amounts were drawn on the facility (2024 - nil).

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

4. Capital assets:

2025			
	Cost	Accumulated amortization	Net book value
Land	\$ 39,980	\$ -	\$ 39,980
Building	4,686,365	2,136,655	2,549,710
Equipment	358,712	221,275	137,437
Building amenities	562,342	301,762	260,580
Computer	80,613	73,592	7,021
Website	35,721	7,144	28,577
	\$ 5,763,733	\$ 2,740,428	\$ 3,023,305

2024			
	Cost	Accumulated amortization	Net book value
Land	\$ 39,980	\$ -	\$ 39,980
Building	4,686,365	2,084,674	2,601,691
Equipment	356,552	190,647	165,905
Building amenities	562,342	237,828	324,514
Computer	77,657	66,855	10,802
Website	35,721	3,572	32,149
	\$ 5,758,617	\$ 2,583,576	\$ 3,175,041

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,551 (2024 - \$10,253), which includes amounts payable for sales tax and payroll related taxes.

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

6. Deferred contributions:

Deferred contributions relate to externally restricted funding utilized for various capital projects. These contributions have been deferred and revenue is being recognized straight-line over the estimated useful life of the asset for which the funds were used.

	2025	2024
Opening balance, deferred contributions	\$ 1,290,804	\$ 1,165,694
Contributions for theatre renovation - public fundraising	25,000	178,891
Amortization recognized as revenue	(70,852)	(53,781)
Closing balance, deferred contributions	\$ 1,244,952	\$ 1,290,804

7. Operating fund balances:

At June 1, 2011, the Society's board of directors had internally restricted resources in the amount of \$450,000. Of this amount \$150,000 was to be used towards artistic endeavours and \$300,000 was to be used for capital expenditures and for significant repair and maintenance expenditures. These internally restricted amounts are not available for other purposes without approval of the board of directors. There were no Board approved transfers during fiscal 2024 or 2025.

During fiscal 2025, by policy of the Society's board of directors, interest earned on the internally restricted funds totaling \$19,064 (2024 - \$24,621) was allocated by interfund transfer. The Artistic Fund received \$5,380 (2024 - \$6,999) and the Capital Fund received \$13,684 (2024 - \$17,622).

	2025	2024
Internally Restricted - Artistic		
Balance, beginning of year	\$ 136,891	\$ 129,892
Interfund transfer - interest	5,380	6,999
Balance, end of year	\$ 142,271	\$ 136,891

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

7. Operating fund balances (continued):

	2025	2024
Internally Restricted - Capital		
Balance, beginning of year	\$ 352,245	\$ 334,623
Interfund transfer - interest	13,684	17,622
Balance, end of year	\$ 365,929	\$ 352,245
	2025	2024
Unrestricted		
Balance, beginning of year	\$ 339,733	\$ 154,166
Excess of revenue over expenses	88,813	278,102
Interfund transfer of interest to internally restricted - artistic	(5,380)	(6,999)
Interfund transfer of interest to internally restricted - capital	(13,684)	(17,622)
Interfund transfer to capital fund for purchase of capital assets	(5,116)	(67,914)
Balance, end of year	\$ 404,366	\$ 339,733

8. Public funding:

	2025	2024
Canada Council for the Arts	\$ 450,000	\$ 500,000
Canadian Heritage	28,375	27,500
City of Victoria	16,000	13,000
CRD Arts Development	229,000	229,000
BC Arts Council	204,000	204,000
BC Government Community Gaming Grant	100,000	100,000
BC Multicultural	-	5,000
Others	-	66,450
	\$ 1,027,375	\$ 1,144,950

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

9. Private fundraising:

	2025	2024
Sponsorships - in kind	\$ 145,399	\$ 130,608
Individual donations - cash	204,723	187,010
Events	23,985	53,980
Sponsorships - cash	93,361	139,100
Sponsorships - business circle	4,500	2,000
Foundations	152,362	194,949
Individual donations	16,443	-
Distributions from Belfry Endowment Fund (note 10)	16,811	15,986
	\$ 657,584	\$ 723,633

10. Belfry Endowment Fund:

The Belfry Theatre Society established the Belfry Endowment Fund during the 2006 fiscal year. The endowment fund is held in perpetuity for the benefit of Belfry Theatre Society and is administered by the Victoria Foundation. The fund earns investment income in accordance with the Investment Policy of Victoria Foundation. Distributions from the fund are determined by the annual distribution rate announced by Victoria Foundation which was 5% for fiscal 2025. When received, earnings are included in private fundraising presented on the statement of operations.

Total contributions to the endowment fund for fiscal 2025 was \$13,643 (2024 - \$6,751), of which \$5,311 (2024 - \$3,280) was received from Canadian Heritage. Earned income from the Endowment Fund in 2025 was \$16,811 (2024 - \$15,986). The market value of investments held in the Belfry Endowment Fund at June 30, 2025 was \$402,502 (2024 - \$360,991) and is not recorded in the financial statements.

THE BELFRY THEATRE SOCIETY

Notes to Financial Statements (continued)

Year ended June 30, 2025

11. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a third party may default on its contractual obligations resulting in a financial loss. For cash and cash equivalents and accounts receivable, the Society's credit risk is limited to the carrying value on the balance sheet. The Society manages the risk associated with the concentration of credit risk through its policy of dealing with credit worthy financial institutions.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations.

There has been no change to the risk exposures from 2025.

12. Remuneration paid to employees, directors and contractors:

For the fiscal period ending June 30, 2025, the Society paid total remuneration of \$368,246 (2024 - \$205,433) to four employees (2024 - two employees), each of whom received total annual remuneration of \$75,000 or greater. No compensation was paid to directors.