Financial Statements of

THEATRE CALGARY

And Independent Auditor's Report thereon

Year ended June 30, 2026

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Theatre Calgary

Opinion

We have audited the financial statements of Theatre Calgary (the Entity), which comprise:

- the statement of financial position as at June 30, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets 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, 2026, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

October 1, 2026

THEATRE CALGARY

Statement of Financial Position

As at June 30, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 414,106	$ 1,000,141
Short-term investments (notes 3 and 10)	2,030,000	1,700,000
Accounts receivable	254,225	159,976
Prepaid expenses	423,944	497,038
Inventory	36,125	27,514
	3,158,400	3,384,669
Equipment (note 4)	317,518	607,830
	$ 3,475,918	$ 3,992,499
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 5 and 6)	$ 641,918	$ 295,869
Deferred contributions and revenue (note 8)	3,271,576	4,026,291
Current portion – promissory note (note 7)	–	164,602
	3,913,494	4,486,762
Non-current liabilities:		
Promissory note (note 7)	–	215,215
Deferred capital contribution (note 9)	196,963	150,442
	4,110,457	4,852,419
Net assets:		
Internally restricted	130,000	–
Unrestricted	(764,539)	(859,920)
	(634,539)	(859,920)
Commitments (note 14)		
	$ 3,475,918	$ 3,992,499

See accompanying notes to financial statements.

Approved by the Board of Directors:

Director

Director

THEATRE CALGARY

Statement of Operations

Year ended June 30, 2026, with comparative information 2025

	2026	2025
Revenues:		
Box Office (Schedule 1)	$ 5,647,616	$ 5,129,695
Fundraising (Schedule 1 and notes 11 and 15)	3,038,414	3,593,283
Grants (Schedule 1)	1,671,852	2,034,220
Commercial enhancement funding	963,500	543,845
Transfers from Theatre Calgary Endowment Foundation (note 12)	566,500	1,041,500
Front of House Operations	492,655	577,904
Amortization of deferred capital contribution (note 9)	124,936	100,473
Other revenue	460,022	211,144
	12,965,495	13,232,064
Expenses:		
Production	4,346,416	4,070,304
Salaries	3,280,589	3,273,136
Development and fundraising (note 15)	845,899	991,635
Theatre and office rent	859,728	876,198
Marketing and Communication	775,641	1,019,545
Administration	696,206	694,355
Box Office and Front of House	633,115	626,264
Royalties	485,232	399,023
Production overhead	253,370	295,769
Outreach and Education	148,433	133,613
Research and Creation	3,986	61,258
Total expenses before depreciation	12,328,615	12,441,100
Depreciation	411,499	238,935
Total expenses	12,740,114	12,680,035
Surplus of revenues over expenses	$ 225,381	$ 552,029

See accompanying notes to financial statements.

THEATRE CALGARY

Statement of Changes in Net Assets

Year ended June 30, 2026, with comparative information for 2025

	Unrestricted	Internally Restricted	Total 2026	Total 2025
Balance, beginning of year	$ (859,920)	$ –	$ (859,920)	$ (1,411,949)
Surplus of revenues over expenses	225,381	-	225,381	552,029
Transfer between funds (note 3)	(130,000)	130,000	-	-
Balance, end of year	$ (764,539)	$ 130,000	$ (634,539)	$ (859,920)

See accompanying notes to financial statements.

THEATRE CALGARY

Statement of Cash Flows

Year ended June 30, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operations:		
Surplus of revenues over expenses	$ 225,381	$ 552,029
Item not involving cash:		
Depreciation	411,499	238,935
Amortization of deferred capital contribution (note 9)	(124,936)	(100,473)
	511,944	690,491
Change in non-cash operating working capital:		
Accounts receivable	(94,249)	351,880
Prepaid expenses	73,094	51,580
Accounts payable and accrued liabilities	346,049	(88,273)
Inventory	(8,611)	(13,998)
Deferred contribution and revenue	(754,715)	1,273,275
	73,512	2,264,955
Investing:		
Purchase of equipment	(121,187)	(10,390)
Receipt of deferred capital contribution (note 9)	171,457	–
Purchase of short-term investments	(330,000)	(1,700,000)
	(279,730)	(1,710,390)
Financing:		
Repayment of promissory notes	(379,817)	(158,199)
Repayment of loan to Theatre Calgary Endowment Foundation	–	(500,000)
	(379,817)	(658,199)
Decrease in cash	(586,035)	(103,634)
Cash, beginning of year	1,000,141	1,103,775
Cash, end of year	$ 414,106	$ 1,000,141

See accompanying notes to financial statements.

THEATRE CALGARY

Notes to the financial statements

Year ended June 30, 2026, with comparative information for 2025

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1. General:

Theatre Calgary (the “Organization”) is a not-for-profit regional theatre company whose purpose is to entertain audiences with plays produced from Canadian and International repertoires, and to develop the theatrical community in Calgary.

The Organization is incorporated under the Societies Act of Alberta and is a registered charity exempt from income tax under the provisions of paragraph 149(1)(f) of the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountant (“CPA”) Handbook. Significant accounting policies are summarized below:

(a) Basis of presentation:

These financial statements have been prepared on a non-consolidated basis. Financial details regarding the Theatre Calgary Endowment Foundation, a controlled entity, are disclosed in note 12 to these financial statements.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments 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. The Organization has not elected to carry any such other financial instruments at fair value.

Transactions 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.

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

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 Organization 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 expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization 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.

(c) Revenue recognition:

The Organization follows the deferral method of accounting for revenue. Restricted contributions, such as grants and donations designated for a specific purpose, are recognized as revenue in the year in which the related expenses are incurred. If the restricted contribution relates to a capital item, the contribution is recognized in revenue as the related capital asset is depreciated. Unrestricted contributions, such as grants and donations not designated for a specific purpose, are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenues, including grants, and expenses which relate to the following year's performances are recorded as deferred revenue, net of related costs, and will be recognized when the performances occur.

Interest revenue is recognized when it is earned.

(d) Equipment:

Depreciation is provided over the estimated useful lives of the assets on a straight-line basis over the following years:

	Years
Leasehold improvements	5 - 7
Sound equipment	5
Theatre equipment	3 - 7
Projector equipment	4 - 12
Computer equipment	3 - 4

2. Significant accounting policies (continued):

(e) Donated materials and services:

Donated materials and services are recorded at their estimated fair value if the fair value can be reasonably estimated and they would otherwise be paid for if not donated. The fair value is recorded as both revenue and an expense item in the statement of operations.

(f) Volunteer services:

A substantial number of volunteers make a significant contribution of their time to the Organization. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective valuation or measurement.

(g) Deferred revenue and deferred capital contributions:

Deferred revenue represents fees associated with certain fundraising activities of the Organization as well as deferred subscriptions which relate to plays to be performed in the future.

Deferred capital contributions related to equipment represent contributions restricted for the purchase of equipment. This contribution is amortized on the same basis as the amortization of the equipments acquired with the related funding.

(h) Cash:

Cash includes deposits in banks.

(i) Impairment of long-lived assets:

Long-lived assets, including equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value or replacement cost. An impairment loss is recognized when the asset’s carrying amount is not recoverable and the asset no longer contributes to Organization’s ability to provide services or that the future economic benefits or service potential associated with the assets is less than its net carrying amount.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of equipment. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(k) Inventory:

Inventory consists of liquor and confectionary and are measured at the lower of cost and net realizable value. Cost includes purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first in first out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to generate the sale.

(l) Short-term investments

Short-term investments include guaranteed investment certificates with banks with original maturity exceeding 3 months and maturity within one year from the year end.

(m) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Internally restricted net assets:

During the year ended June 30, 2026, the Board approved a cash reserve policy whereby the Organization will increase the cash reserve to $650,000 by fiscal year ending June 30, 2030. As of June 30, 2026, the Board of Directors approved the transfer from unrestricted to internally restricted net assets and $130,000 has been set aside as unencumbered, restricted cash (2025 – $nil).

4. Equipment:

	Cost	Accumulated depreciation	2026 Net book value	2025 Net book value
Leasehold improvements	$ 1,324,349	$ 1,250,309	$ 74,040	$ 222,121
Sound equipment	1,303,535	1,202,262	101,273	168,788
Theatre equipment	1,243,548	1,172,640	70,908	124,634
Projector equipment	322,192	279,797	42,395	78,657
Computer equipment	125,768	96,866	28,902	13,630
	$ 4,319,392	$ 4,001,874	$ 317,518	$ 607,830

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of $59,705 (2025 – $37,401), which include amounts payable for payroll related taxes, worker's safety insurance premiums and goods and services tax.

6. Line of credit:

The Organization has a credit agreement with a Canadian financial institution. Under the credit agreement, the Organization has access to two facilities, the first is to a demand revolving credit facility with a maximum of $500,000 of which $nil was drawn at June 30, 2026 (2025 − $nil). The demand revolving credit facility bears interest at the bank's prime rate plus 0.75% per annum. The second facility is a credit card facility to a maximum of $175,000, of which $nil has been outstanding at June 30, 2026 (2025 – $nil) and is included in accounts payable and accrued liabilities on the statement of financial position. The credit agreement is secured by way of a general security agreement constituting a first ranking security interest in all property of the Organization.

7. Promissory note:

On November 1, 2019, the Organization obtained a promissory note of $800,000 from The Calgary Foundation. The promissory note is secured by a guarantee by Theatre Calgary Endowment Foundation (note 12) and by a general security agreement of the Organization. Interest of $12,855 (2025 – $18,599) was paid to the Calgary Foundation and is included in administration expenses. During the year ended June 30, 2026, this promissory note was paid in full. Details of the promissory note are as follows:

	2026	2025
Promissory note, payable in monthly blended repayments of $14,733, including interest of 4%, due Sept 1, 2027	$ -	$ 379,817
Less: current portion	-	(164,602)
Non-current portion	$ -	$ 215,215

8. Deferred revenue:

	2026	2025
Main stage	$ 1,660,935	$ 1,737,875
Grants and fundraising	1,473,690	1,433,360
Outreach and education	106,815	80,738
Production and other	30,136	774,318
	$ 3,271,576	$ 4,026,291

9. Deferred capital contribution:

	2026	2025
Opening balance	$ 150,442	$ 250,915
Received during the year	171,457	–
Amortized in the year	(124,936)	(100,473)
Ending Balance	$ 196,963	$ 150,442

10. Short-term investments

Investments are held in cashable guaranteed investment certificates with an average weighted interest rate of 2.45% per annum maturing on May 19, 2027.

11. Related party transactions:

Several companies owned by directors of the Organization as well as individual directors and employees provided donations as well as purchased tickets to productions in the amount of $297,665 (2025 – $1,775,629).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12. Theatre Calgary Endowment Foundation:

The Theatre Calgary Endowment Foundation (the “Foundation”) is a not-for-profit organization incorporated on August 9, 2002 under the Societies Act of Alberta. The purpose of the Foundation is to provide funds to the Organization by way of income generated by endowment funds or to otherwise hold specified funds on behalf of the Organization. The Foundation’s purpose is integrated with that of the Organization, and accordingly, the Organization controls the Foundation.

During the year ended June 30, 2026, the Board of Directors of the Foundation approved the transfer of the legal minimum disbursement quota from the Foundation which was calculated at $566,500 (2025 – $541,500) to the Organization to fund fiscal 2026. During the year ended June 30, 2026, the Board of Directors of the Foundation approved an additional transfer of $nil (2025 – $500,000) to the Organization to fund fiscal 2026.

The transfers are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

12. Theatre Calgary Endowment Foundation (continued):

The Foundation has not been consolidated in the Organization's financial statements. The financial statements of the Foundation are available on request.

Financial summaries of this entity as at June 30, 2026 and 2025 and for the year then ended are as follows:

As at year end	2026	2025
Financial position:		
Total assets	$ 12,685,170	$ 11,783,602
Total liabilities	12,000	12,000
Restricted for endowment purposes	6,690,965	5,851,621
Unrestricted	5,982,205	5,919,981
Net assets	$ 12,673,170	$ 11,771,602

For the year ended	2026	2025
Results of operations:		
Total revenues	$ 1,077,020	$ 880,228
Total expenses	(89,841)	(89,896)
Net transfer to Theatre Calgary	(566,500)	(1,041,500)
Change in unrealized gain on marketable securities carried at fair value	480,889	561,305
Excess of revenue over expenses	$ 901,568	$ 310,137

For the year ended	2026	2025
Cash flows:		
Cash generated (used in) from operations	$ (554,021)	$ (1,005,348)
Cash generated (used in) from investing activities	501,500	548,000
Cash generated (used in) from financing activities	-	500,000
Increase (decrease) in cash	$ (52,521)	$ 42,652

13. Financial instrument risk:

(a) The Organization has exposure to the following risks, none of which have significantly changed from prior year, relating to its financial instruments:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of the financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market rates. Interest rate risk is also due to variable interest rates on the line of credit mentioned in note 6.

(ii) Credit risk:

Credit risk refers that a counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to its accounts receivable and cash and cash equivalents. A substantial portion of the accounts receivable are with well-known and reliable funders and are subject to normal credit risk. Cash and short term investments are deposited with large canadian commercial banks.

(iii) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The Organization manages liquidity risk by maintaining adequate cash and preparing budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

14. Commitments:

(a) Operating leases:

The Organization leases warehouses, vehicles and equipment under operating leases over terms that typically range from 4 to 10 years, with options to renew the leases prior to the end of the term.

Non-cancellable annual operating lease commitments are payable as follows:

	Amount
2027	$ 61,010
2028	35,930
2029	16,778
2030	13,982

(b) The minimum annual payments for rent of the theatre premises and other associated costs are $865,214 subject to an adjustment to reflect any increase or decrease in the aggregate amount of the Organization’s portion of the building expenses.

15. Contributed services:

The Organization receives contributions of services. Contributions of services that have an independently determinable fair value, and would have otherwise been purchased, are recorded as fundraising revenue. Consumption or use of these services is reflected as development and fundraising expense.

Amounts recognized in the statement of operations for the year are as follows:

	2026	2025
Fundraising revenue	$ 586,320	$ 658,246
Development and fundraising expense	$ 586,320	$ 658,246

16. Comparative information:

Certain comparative information has been reclassified, where applicable, to conform with the presentation adopted in the current year. These reclassifications did not impact deficiency of revenue over expenses or net assets.

THEATRE CALGARY

Schedule of Revenues — Schedule 1

Year ended June 30, 2026, with comparative information for 2025

	2026	2025
Box Office:		
Subscription sales	$ 1,383,330	$ 1,124,016
Single tickets	3,789,706	3,558,360
Student matinees	190,449	169,562
Other	284,131	277,757
	$ 5,647,616	$ 5,129,695
Fundraising:		
Individual donations	$ 1,408,814	$ 1,856,460
Corporate donations	775,524	825,528
Gaming revenues	267,756	253,049
Contributed services	586,320	658,246
	$ 3,038,414	$ 3,593,283
Grants:		
Alberta Foundation for the Arts	$ 957,624	$ 869,476
Prairies Economic Development Canada	153,492	596,508
Calgary Arts Development Authority	435,236	435,236
Canada Council	115,500	115,500
City of Calgary Downtown in Motion	10,000	–
Government of Alberta Community Initiatives	–	17,500
	$ 1,671,852	$ 2,034,220