

**PLAYWRIGHTS CANADA PRESS LTD.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**PLAYWRIGHTS CANADA PRESS LTD.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**KURIN AND PARTNERS LLP**  
Chartered Professional Accountants

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**INDEPENDENT AUDITOR'S REPORT**

To: The Shareholders and Directors of  
Playwrights Canada Press Ltd.

***Opinion***

We have audited the accompanying financial statements of Playwrights Canada Press Ltd (the Organization), which comprise the balance sheet as at December 31, 2023, and the statements of earnings, retained earnings, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these audited financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with the Accounting standards for Private Enterprises (ASPE).

***Basis for Opinion***

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

***Responsibilities of Management and Those Charged with Governance for the Financial Statement***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Private Enterprises 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

***Auditor's Responsibility 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.




CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Toronto, Ontario  
March 23, 2024

**PLAYWRIGHTS CANADA PRESS LTD.**

**BALANCE SHEET**

**DECEMBER 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 327,959	\$ 350,168
Accounts receivable <i>(Note 3)</i>	142,389	92,778
Inventory <i>(Note 4)</i>	143,183	157,884
Prepaid expenses and deposits	2,997	2,938
Income taxes recoverable	<u>265</u>	<u>1,593</u>
	616,793	605,361
<b>Property, Plant and Equipment</b> <i>(Note 5)</i>	<u>1,685</u>	<u>2,407</u>
	<u><b>\$ 618,478</b></u>	<u><b>\$ 607,768</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities <i>(Note 8)</i>	\$ 81,693	\$ 88,271
Royalties payable <i>(Note 6)</i>	18,085	11,797
Deferred revenue	2,187	1,791
Deferred grant revenue <i>(Note 7)</i>	<u>-</u>	<u>1,140</u>
	101,965	102,999
<b>Long-term Liability</b>		
Bank loan	<u>-</u>	<u>10,000</u>
	<u><b>101,965</b></u>	<u><b>112,999</b></u>
<b>SHAREHOLDER'S EQUITY</b>		
<b>Share Capital</b> <i>(Note 12)</i>	315,000	315,000
<b>Retained Earnings</b>	<u>201,513</u>	<u>179,769</u>
	<u>516,513</u>	<u>494,769</u>
	<u><b>\$ 618,478</b></u>	<u><b>\$ 607,768</b></u>
<b>Approved on behalf of the board of directors by:</b>		
	_____	<b>Director</b>
	_____	<b>Director</b>

**See Accompanying Notes to the Financial Statements**

**PLAYWRIGHTS CANADA PRESS LTD.**  
**STATEMENT OF RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<b>2023</b>	<b>2022</b>
Retained earnings, beginning of the year	\$ 179,769	\$ 190,401
Net income (loss) for the year	<u>21,744</u>	<u>(10,632)</u>
<b>Retained earnings, end of the year</b>	<b><u>\$ 201,513</u></b>	<b><u>\$ 179,769</u></b>

**See Accompanying Notes to the Financial Statements**

**PLAYWRIGHTS CANADA PRESS LTD.**  
**STATEMENT OF EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Sales</b>		
Canadian book sales and permissions	\$ 299,299	\$ 255,769
Other book sales	<u>68,066</u>	<u>46,745</u>
	<u>367,365</u>	<u>302,514</u>
<b>Cost of goods sold</b>		
Inventory, beginning of the year	157,906	139,819
Book purchases and production costs	<u>108,650</u>	<u>108,481</u>
	266,556	248,300
Inventory, end of the year	<u>(143,204)</u>	<u>(157,906)</u>
	<u>123,352</u>	<u>90,394</u>
<b>Gross margin</b>	<u>244,013</u>	<u>212,120</u>
<b>Other income</b>		
Grant and awards revenues <i>(Note 7)</i>	263,747	275,732
Interest and other earnings	2,269	863
Ontario Book Publishing tax credit	<u>49,380</u>	<u>34,713</u>
	<u>315,396</u>	<u>311,308</u>
<b>Total revenue</b>	559,409	523,428
<b>Expenses</b> <i>(Schedule A)</i>	<u>536,337</u>	<u>534,060</u>
<b>Income (loss) before income taxes</b>	23,072	(10,632)
<b>Income taxes</b> <i>(Note 13)</i>	<u>1,328</u>	<u>-</u>
<b>Net income (loss) for the year</b>	<u>\$ 21,744</u>	<u>\$ (10,632)</u>

**See Accompanying Notes to the Financial Statements**

**PLAYWRIGHTS CANADA PRESS LTD.**

**SCHEDULE A - EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<b>2023</b>	<b>2022</b>
Amortization	\$ 722	\$ 1,031
Bank fees and interest	2,649	2,631
Board travel and meeting	4,384	3,619
Bookkeeping	6,659	5,432
Business insurance	4,349	4,039
Computer maintenance and supplies	2,093	1,272
Distribution costs	63,518	59,842
Editorial salaries and costs	164,090	153,368
General and administration	42,572	39,578
Marketing and advertising	52,546	70,401
Marketing salaries	37,605	49,581
Memberships and professional development	5,156	4,341
Office, postage and copying	2,674	5,288
Professional fees	17,320	15,600
Rent and utilities	34,374	35,033
Royalties and permissions	86,804	74,133
Telecommunications	<u>8,822</u>	<u>8,871</u>
	<u><b>\$ 536,337</b></u>	<u><b>\$ 534,060</b></u>

**See Accompanying Notes to the Financial Statements**

**PLAYWRIGHTS CANADA PRESS LTD.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used in) the following activities:</b>		
<b>OPERATING</b>		
Net income (loss) for the year	\$ <u>21,744</u>	\$ <u>(10,632)</u>
Items not involving cash:		
Amortization of equipment	<u>722</u>	<u>1,031</u>
Changes in non-cash working capital:		
Accounts receivable	(49,609)	38,250
Inventory	14,702	(18,065)
Prepaid expenses	(58)	3,208
Accounts payable	(6,581)	(8,344)
Income taxes payable	1,328	-
Royalties payable	6,288	4,099
Deferred revenue	395	(1,864)
Deferred grant revenue	<u>(1,140)</u>	<u>(28,010)</u>
	<u>(34,675)</u>	<u>(10,726)</u>
<b>INVESTING</b>		
<b>FINANCING</b>		
Proceeds (repayment) from bank loan	<u>(10,000)</u>	<u>-</u>
<b>Change in cash and cash equivalents</b>	<b>(22,209)</b>	<b>(20,327)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>350,168</u>	<u>370,495</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>327,959</u></b>	<b>\$ <u>350,168</u></b>

**See Accompanying Notes to the Financial Statements**



**PLAYWRIGHTS CANADA PRESS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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**Nature of business**

Playwrights Canada Press Ltd. (the "Company") is incorporated under the Business Corporation Act, Ontario. It is a wholly-owned subsidiary of Playwrights Guild of Canada Inc. ("PGC"). The company is engaged in the publishing of English-Canadian drama titles and occasionally publishes history, biography, memoirs and theatre criticisms. Through these activities, the Company aims to raise the profile of Canadian playwrights and Canadian theatre practitioners.

**1. Summary of accounting policies**

**(a) Use of estimates**

The preparation of financial statements, in conformity with Canadian accounting standards for private enterprises, requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported revenue and expenses during the year. Significant areas requiring the use of significant judgment include the measurement of inventory obsolescence, bad debt provision, book publication tax credits, book returns and amortization periods of tangible assets. Actual results could differ from these estimates.

**(b) Revenue recognition**

- i) Revenues from book sales are recognized when the books are shipped, invoiced and legal title to the goods passes to the consumer.
- ii) Operating grant revenues are recognized upon receipt of funds.
- iii) Project grant revenues are recognized when the corresponding projects are completed.
- iv) Interest and other income are recognized when earned.
- v) Ontario book publishing tax credits are recognized upon receipt of funds or when the amounts of such tax credits are reasonably estimated and assured.

**(c) Deferred revenue**

Deferred revenue is recorded as amounts invoiced and received in advance of service being performed.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, short-term deposits which are highly liquid with original maturities of less than three months, and bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

**(e) Inventory**

Inventory is measured at the lower of cost and net realizable value, with cost being determined on a specific identification basis where available, otherwise on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling costs.

**PLAYWRIGHTS CANADA PRESS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**1. Summary of Accounting Policies (Continued)**

**(f) Foreign currency translation**

Foreign exchange transactions are translated using the temporal method. Using this method, all monetary items are translated into Canadian Funds at the rate of exchange prevailing at the balance sheet. Non-monetary items are translated using historical rates. Revenue and expenses are translated at the average rate of exchange for the month of each transaction. Gains and losses arising out of transactions are included in the determining of earnings for the year.

**(g) Property and equipment**

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided based on their estimated productive lives using the following methods and annual rates:

	<u>Rate</u>	<u>Method</u>
Computer equipment	30%	declining balance

**(h) Related party transactions**

Related party transactions in the normal course of business that have commercial substance, are measured at the exchange amount, except for non-monetary transactions where there is an exchange of a product or property held for sale, which are measured at the carrying amount of the asset given up, adjusted for the fair value of any monetary consideration.

Related party transactions not in the normal course of the business that have commercial substance, are 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.

**(i) Income taxes**

The Company uses the income taxes payable method of accounting for income taxes. Under this method, the Company includes only the cost or benefit of current income taxes in net income for the year, as determined in accordance with the rules established by taxation authorities.

**(j) Tax credits recoverable**

The Company submits a claim each year in respect of book publishing tax credits earned on qualifying book publishing activities

All claims made by the Company up to 2022 have been received. All claims up to and including 2022 is currently being reviewed by the Canada Revenue Agency

**PLAYWRIGHTS CANADA PRESS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. Summary of Accounting Policies (Continued)**

**(k) Government Assistance**

The Company periodically applies for financial assistance under available government incentive programs. Government assistance related to capital expenditures is accounted for as a reduction of the cost of the related assets. Government assistance related to non-capital expenditures is accounted for as a reduction of the related expense.

**2. Cash and cash equivalents**

The Company's cash and short-term investments consist of the following:

	2023	2022
Operating bank	\$ 218,183	\$ 242,517
Term deposits	<u>109,776</u>	<u>107,651</u>
	<u>\$ 327,959</u>	<u>\$ 350,168</u>

**3. Accounts receivable**

	2023	2022
Trade	\$ 89,020	\$ 88,239
Ontario book publishing tax credit receivable	49,380	-
Government remittance receivable	3,989	4,539
Allowance for doubtful accounts	<u>(118)</u>	<u>-</u>
	<u>\$ 142,389</u>	<u>\$ 92,778</u>

**4. Inventory**

Inventory consists of printed books held on consignment at various distributors' and own premises.

**5. Property, Plant and Equipment**

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$ 12,995</u>	<u>\$ 11,310</u>	<u>\$ 1,685</u>	<u>\$ 2,407</u>

During the year, the entity added \$ - (2022: \$ - ) in computer equipment.

Total amortization expense included in net income for the year is \$722 (2022: \$1,031).

**PLAYWRIGHTS CANADA PRESS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**6. Royalties payable**

Royalties payable consists of amounts owing to the various playwrights for the sales of the books from January 1, 2023 to December 31, 2023, less any advances made by the Company to the various playwrights at the signing of the contract. The advances from the Company to the various playwrights totaled \$ 13,437 and the plays will be published in future years.

**7. Deferred revenue and grant income**

Deferred revenues and grant income is recorded based on the funding received from various government agencies toward projects that sometimes span multiple years. In this case, revenues are recognized based on the expenses incurred and the remaining portion is deferred.

	2023		2022	
	Revenues	Deferred	Revenues	Deferred
Canada Council for the Arts				
Block Grant	\$ 130,000	-	\$ 130,000	-
Governor General Award	3,000	-	-	-
Reopening Fund	-	-	26,000	-
Trillium Awards	2,300	-	-	-
Ontario Arts Council				
Block Grant	58,680	-	48,680	-
Department of Canadian Heritage				
Support for Publishers component	54,883	-	65,586	-
Accessible Audiobooks	-	-	-	-
Livres Canada Books				
Foreign Rights Marketing	2,984	-	2,091	-
Government of Canada				
CEBA Loan	10,000	-	-	-
Ontario Media Development Corporation				
Export fund	1,900	-	-	1,140
Book fund	-	-	3,375	-
	<b>\$ 263,747</b>	<b>\$ -</b>	<b>\$ 275,732</b>	<b>\$ 1,140</b>

**PLAYWRIGHTS CANADA PRESS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**8. Accounts Payable**

	<b>2023</b>	<b>2022</b>
Trade	\$ 60,639	\$ 67,980
Accrued liabilities	<u>21,054</u>	<u>20,291</u>
	<u><b>\$ 81,693</b></u>	<u><b>\$ 88,271</b></u>

**9. Commitments**

The Company leases its premises and a photocopier. The company contracts its bookkeeping services to a third party. The minimum annual lease payments, net of HST, required for the next five years are as follows:

2023	\$ 40,409
2024	18,423
2025	1,403
2026	701
2027	<u>-</u>
	<u><b>\$ 60,936</b></u>

The Company has also made commitments with University of Toronto Press (UTP) where UTP will act as the exclusive logistics and fulfillment agent for all printed materials for sale by the Company. UTP will be managing the inventory and sale of the Company's books. A new agreement was signed on June 21, 2023. Both parties have agreed to continue to operate under the terms of the previous agreement with the exception that UTP will now start charging overstock fees for the Company's books. The company plans to streamline their inventory at UTP during the 2024 fiscal year to reduce any overstock fees they might be charged at the end of the year.

**10. Economic dependence**

The Company receives government grants annually (Note 7). Such support amounted to approximately 46% (2022 - 51%) of total revenues. Without such revenue it will be difficult for the company to be able to continue.

**11. Related party transactions**

The Company sold books to its parent company, Playwrights Guild of Canada in the amount of \$4,308 (2022 - \$2,519), out of which \$290 (2022 - \$105) is included in accounts receivable as at year end. This transaction was made in the normal course of business and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**PLAYWRIGHTS CANADA PRESS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**12. Share Capital**

	2023	2022
<i>Issued:</i>		
1,000 Common Shares	\$ <u>315,000</u>	\$ <u>315,000</u>

**13. Income taxes**

Income tax expense differs from the amount that would be computed by applying the Federal and Provincial statutory income tax rates to income before income taxes. The reasons for the difference are follows:

	2023	2022
Income (loss) before income taxes	\$ <u>23,072</u>	\$ <u>(10,632)</u>
Expected income tax expense at the combined tax rate of 39.50% (2022 - 39.50%)	7,198	-
Income or expenses claimed in different periods:		
- Capital cost allowance in excess of amortization	(260)	-
Taxable loss carry forward applied from prior years:		
- Application of losses carried back to prior years	(3,541)	-
Rate adjustments:		
- Small business deduction of 19.0% (2022 - 19.0%)	<u>(2,069)</u>	<u>-</u>
Income tax expense	\$ <u>1,328</u>	\$ <u>-</u>

**PLAYWRIGHTS CANADA PRESS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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**14. Financial instruments**

The significant financial risks to which the Company is exposed are interest rate risk, liquidity risk and market risk.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is mainly exposed to this risk through its accounts payable, as it is required to make specific payments on a timely basis. The entity minimizes this risk by monitoring and anticipating its operating requirements through the preparation of budgets and cash forecasts, ensuring it has sufficient funds to meet its obligations. There has been no change in the risk exposure from the prior year.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is mainly exposed to this risk through its accounts receivable as it provides credit to its customers in the normal course of its operations. The Company minimizes this risk by dealing with credit worthy customers, monitored through the use of credit rating agencies. There has been no change in the risk exposure from the prior year.

*Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is mainly exposed to this risk through accounts receivable as a portion of revenue is denominated in both US dollars and British pounds. The Company does not enter into forward contracts to minimize this risk. There has been no change in the risk exposure from the prior year.






# Playwrights Canada Press Ltd. -2023 Financial Statements

Final Audit Report

2024-03-26

Created:	2024-03-25
By:	Annie Gibson (annie@playwrightscanada.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAASsWSS6WfCp0ERBAZUyd3jKy_wTFo9jiz

## "Playwrights Canada Press Ltd. -2023 Financial Statements" History

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