IMPERIAL THEATRE INC.

FINANCIAL STATEMENTS

JUNE 30, 2026

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IMPERIAL THEATRE INC.

JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

To the Directors of Imperial Theatre Inc.

Opinion

We have audited the accompanying financial statements of Imperial Theatre Inc., which comprise the statement of financial position as at June 30, 2026 and the statements of changes in net assets, operations and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Imperial Theatre Inc. as at June 30, 2026 and the results of its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Imperial Theatre Inc. 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 those 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 these 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 Imperial Theatre Inc.'s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Theatre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Imperial Theatre Inc.'s financial reporting process.

Auditors' 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 auditors' 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 Imperial Theatre Inc.'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 Imperial Theatre Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Imperial Theatre Inc. 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.

Teed Saunders Doyle

CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, New Brunswick
October 28, 2026

IMPERIAL THEATRE INC.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Operating Fund	Building Fund	Total 2026	Total 2025
ASSETS				
CURRENT				
Cash	$ 823,119	$ 51,239	$ 874,358	$ 1,371,298
Due from Imperial Theatre Foundation Inc. (Notes 9, 10)	-	-	-	163,990
Due from Building Fund (Due to Operating Fund)	616,656	(616,656)	-	-
Accounts receivable	188,852	-	188,852	192,823
Harmonized sales tax recoverable	67,351	-	67,351	-
Inventory (Note 4)	19,362	-	19,362	18,934
Prepaid expenses	206,557	685,350	891,907	49,756
	1,921,897	119,933	2,041,830	1,796,801
CAPITAL ASSETS (Note 5)	16,583	6,990,632	7,007,215	7,465,609
	$ 1,938,480	$ 7,110,565	$ 9,049,045	$ 9,262,410
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT				
Accounts payable and accrued liabilities	$ 281,769	$ -	$ 281,769	$ 167,888
Government remittances payable	24,108	-	24,108	16,929
Harmonized sales tax payable	-	-	-	18,692
Due to Imperial Theatre Foundation Inc. (Notes 9, 10)	9,574	-	9,574	-
Unearned revenue - ticket sales	760,545	-	760,545	828,299
Unearned revenue - other	92,282	55,941	148,223	129,012
Unearned revenue - capital campaign	-	322,859	322,859	242,859
Deferred contributions - grants	88,215	14,629	102,844	112,129
	1,256,493	393,429	1,649,922	1,515,808
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Note 6)	9,281	6,719,054	6,728,335	7,167,962
NET ASSETS (DEFICIT)	672,706	(1,918)	670,788	578,640
	$ 1,938,480	$ 7,110,565	$ 9,049,045	$ 9,262,410

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

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IMPERIAL THEATRE INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2026

	Operating Fund		Building Fund		Total	
	2026	2025	2026	2025	2026	2025
NET ASSETS - BEGINNING OF YEAR	$ 563,902	$ 662,171	$ 14,738	$ 23,532	$ 578,640	$ 685,703
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	108,804	(98,269)	(16,656)	(8,794)	92,148	(107,063)
NET ASSETS (DEFICIT) - END OF YEAR	$ 672,706	$ 563,902	$ (1,918)	$ 14,738	$ 670,788	$ 578,640

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IMPERIAL THEATRE INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2026

	Operating Fund		Building Fund		Total	
	2026	2025	2026	2025	2026	2025
REVENUE						
Ticket sales and advertising - presented events	$ 511,015	$ 424,821	$ -	$ -	$ 511,015	$ 424,821
Rentals	669,481	403,996	-	-	669,481	403,996
Services (Note 10)	173,340	157,740	-	-	173,340	157,740
Sponsorships						
Cash	64,575	51,500	-	-	64,575	51,500
In-kind (Note 7)	28,425	35,248	-	-	28,425	35,248
Concessions	257,480	166,489	-	-	257,480	166,489
Other earned revenue	19,545	87,474	3,605	4,438	23,150	91,912
Foundation Grants						
Imperial Theatre Foundation Inc. (Note 10)	262,500	220,025	-	-	262,500	220,025
Other	68,760	135,444	-	-	68,760	135,444
Grants						
Municipal (Note 8)	607,478	564,775	-	-	607,478	564,775
Federal	67,500	68,300	-	-	67,500	68,300
Employment	11,291	8,525	-	-	11,291	8,525
Provincial	11,000	12,000	-	-	11,000	12,000
Fundraising events	52,283	38,148	-	-	52,283	38,148
Donations	110,280	81,246	-	-	110,280	81,246
Amortization of deferred contributions - capital assets	3,094	3,094	452,233	387,156	455,327	390,250
TOTAL REVENUE	2,918,047	2,458,825	455,838	391,594	3,373,885	2,850,419
EXPENDITURES						
Personnel	1,503,942	1,413,238	-	-	1,503,942	1,413,238
Programming	423,797	442,742	-	-	423,797	442,742
Facility and operations	235,613	197,551	-	-	235,613	197,551
Publicity, promotions and marketing	170,607	146,705	-	-	170,607	146,705
Administration	194,563	162,966	-	-	194,563	162,966
Box office	105,049	82,895	-	-	105,049	82,895
Concessions	130,132	85,665	-	-	130,132	85,665
Fundraising	41,791	17,022	-	-	41,791	17,022
Other	1,176	4,379	9,300	-	10,476	4,379
Amortization of capital assets	2,573	3,931	463,194	400,388	465,767	404,319
TOTAL EXPENDITURES	2,809,243	2,557,094	472,494	400,388	3,281,737	2,957,482
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	108,804	(98,269)	(16,656)	(8,794)	92,148	(107,063)

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IMPERIAL THEATRE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenditures	$ 92,148	$ (107,063)
Items not involving cash		
Amortization of deferred contributions - capital assets	(455,327)	(390,250)
Amortization of capital assets	465,767	404,319
	102,588	(92,994)
Changes in non-cash working capital balances		
Accounts receivable	3,971	1,266,764
Harmonized sales tax recoverable	(86,043)	142,639
Inventory	(428)	4,355
Prepaid expenses	(842,151)	38,802
Accounts payable and accrued liabilities	113,881	(1,488,746)
Government remittances payable	7,179	(13,497)
Unearned revenue - ticket sales	(67,754)	526,856
Unearned revenue - other	19,211	(10,141)
Unearned revenue - capital campaign	80,000	-
Deferred contributions - grants	(9,285)	11,276
	(678,831)	385,314
Investing activities		
Due from Imperial Theatre Foundation Inc.	173,564	57,279
Redemption of term deposits	-	360,553
Purchase of capital assets	(7,373)	(2,690,993)
Proceeds on disposal of capital assets	2,500	-
	166,191	(2,273,161)
Financing activity		
Deferred capital contributions received	15,700	2,743,693
	15,700	2,743,693
INCREASE (DECREASE) IN CASH	(496,940)	855,846
CASH AT BEGINNING OF YEAR	1,371,298	515,452
CASH AT END OF YEAR	$ 874,358	$ 1,371,298

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1. PURPOSE OF ORGANIZATION

Imperial Theatre Inc. (the "Theatre") is a charitable organization established to build and operate the Imperial Theatre in Saint John, New Brunswick.

The Theatre, which is incorporated under the laws of New Brunswick, is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Fund Accounting

The Theatre receives funding for special purposes and therefore the financial statements have been presented in a manner that segregates the following balances:

Operating Fund

This fund reflects the operating activities of the Theatre.

Building Fund

This fund reflects amounts expended on the acquisition and restoration of the land and building and new assets related to the physical plant of the Theatre.

Interfund Transfers

Interfund transfers occur at the approval of the Board of Directors.

Cash and Cash Equivalents

The Theatre considers cash on hand, temporary investments, and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be finance activities.

Inventory

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

Contributed Services

Volunteers contribute a significant amount of their time, and total hours contributed for this year was 4,016 (2025 - 10,008). Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements. The Theatre receives sponsorships and donations in kind from donors. When a value is readily available, the Theatre records it as an in kind sponsorship or donation at the fair value at the date of the contribution.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over their estimated useful lives at the following rates:

Building	5% - 10%
Computer equipment	20% - 33%
Furnishings and equipment	5% - 20%
Concert grand piano	5%
Sound system	10% - 15%
Screen and projector	33%
Lighting project	20%
Incubator project	7% - 20%
Green Energy HVAC	3% - 4%
Front Doors/Accessibility	5% - 10%
Safer Spaces	10%
Construction in process - Elevate your experience	n/a

The Theatre regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

During the year, a fully depreciated projector was sold for proceeds of $2,500. This sale was in the normal course of operations.

Revenue Recognition

The Theatre follows the restricted 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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related amortization of capital assets.

Government grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unearned revenue consists of advance ticket sales, sponsorships, advertising sales, deposits on rentals, and gift certificate sales relating to future activities, and is recognized as revenue in the period in which the related event is held.

In-kind sponsorships and donations are recorded as both revenue and expenditures at fair market value.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the recoverability of tangible assets;
- the estimated useful lives of assets; and
- the allowance for doubtful accounts.

3. FINANCIAL INSTRUMENTS

The Theatre is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Theatre's risk exposure and concentration as of June 30, 2026:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Theatre is exposed to credit risk from customers and funders. In order to reduce its credit risk, the Theatre reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Theatre does not have a significant amount of sales on credit which minimizes credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Theatre is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, harmonized sales tax receivable (payable), accounts payable and accrued liabilities, government remittances payable, and other obligations.

Currency Risk

Currency risk is the risk to the Theatre's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Theatre is exposed to foreign currency exchange risk due to its investments denominated in U.S. dollars which are held to offset the related exchange risk on purchases in U.S. dollars.

3. FINANCIAL INSTRUMENTS (cont'd)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Theatre manages exposure through its normal operating and financing activities. The Theatre is exposed to interest rate risk on its variable interest rate bearing demand facility.

4. INVENTORY

Inventory consists of the following:

	2026	2025
Concessions	$ 17,113	$ 18,934
Technical	2,249	-
	$ 19,362	$ 18,934

During the year, inventory of $126,147 (2025 - $75,963) was expensed to Concessions expenditure on the statement of operations.

5. CAPITAL ASSETS

	2026			2025
	Cost	Accumulated Amortization	Net	Net
Operating Fund				
Building	$ 27,365	$ 26,861	$ 504	$ 760
Computer equipment	16,720	16,720	-	-
Furnishings and equipment	175,187	159,108	16,079	18,396
Concert grand piano	100,907	100,907	-	-
	320,179	303,596	16,583	19,156
Building Fund				
Land	61,580	-	61,580	61,580
Building - restoration to 1994	14,831,440	14,831,440	-	-
Building - restoration after 1994	3,626,863	2,026,013	1,600,850	1,785,399
Building - Façade	1,553,338	679,585	873,753	951,420
Furnishings and equipment	1,540,329	1,355,566	184,763	210,213
Sound system	378,606	377,469	1,137	2,248
Screen and projector	122,570	122,570	-	-
Lighting project	324,109	324,109	-	-
Incubator - Streaming system	164,150	79,992	84,158	96,965
Green Energy HVAC project	3,999,580	210,814	3,788,766	3,907,922
Safer Spaces project	218,655	14,577	204,078	238,704
Front door/ accessibility project	205,716	27,428	178,288	192,002
Elevate your experience project	13,259	-	13,259	-
	27,040,195	20,049,563	6,990,632	7,446,453
	$27,360,374	$20,353,159	$ 7,007,215	$ 7,465,609

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6. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2026	2025
Balance - beginning of year	$ 7,167,962	$ 4,814,519
Deferred capital contributions received	15,700	2,743,693
Amounts amortized to revenue	(455,327)	(390,250)
Balance - end of year	$ 6,728,335	$ 7,167,962

7. SPONSORSHIPS IN-KIND

The Theatre has sponsorship arrangements with various companies to exchange materials and services equal to the fair market value of the sponsorship. Sponsorships in-kind are recorded as follows:

	2026	2025
Advertising	$ 12,500	$ 11,500
Accomodations	14,925	23,081
Computer service and support	1,000	667
	$ 28,425	$ 35,248

8. MUNICIPAL OPERATING GRANTS

The Theatre receives a municipal operating grant through the Fundy Regional Service Commission. The operating grant is awarded on a calendar year-end, and the amount of the remaining grant to be received in the 2026 year is $312,417 (2025 - $289,275).

9. IMPERIAL THEATRE FOUNDATION INC.

Imperial Theatre Foundation Inc. (the "Foundation") is incorporated under the laws of New Brunswick and is a registered charity under the *Income Tax Act* (Canada). Funds raised by the Foundation are preserved in the *Encore Performance Trust Fund* and invested.

The Foundation has the authority and sole discretion to use, apply, give, devote, accumulate or distribute funds to the Theatre as long as the Theatre: [i] is a registered charity under the *Income Tax Act* (Canada); and [ii] operates a performing arts facility for the benefit of the general public. In the absence of: [a] the dissolution of the Foundation after payment of its debts; and [b] the Theatre meeting the criteria in [i] and [ii] above at the time of such dissolution, there is no entitlement of the Theatre to any specific fund or amount from the Foundation at any time.

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10. RELATED PARTY TRANSACTIONS

During the year, the Theatre received $262,500 (2025 - $220,025) as an operating grant and $nil (2025 - $310,000) as a capital grant towards the Green Energy HVAC project from the Foundation. The Theatre also provides administrative services to the Foundation at cost. During the year, the Theatre recorded an amount of $4,300 (2025 - $4,300) as revenue related to these services. These transactions are carried in the ordinary course of business and measured at the exchange amount.

The amount due from and to the Foundation are non-interest bearing, unsecured and have no set repayment terms.

11. CREDIT FACILITY

The Theatre has a demand credit facility (the "Facility") with a Canadian chartered bank for a maximum amount of $50,000 (2025 - $50,000), bearing interest at the bank's prime rate plus 0.80%. The relevant prime rate was 4.45% (2025 - 4.95%) as at June 30, 2026. No amounts were drawn as at June 30, 2026 (2025 - $nil). The Facility is collateralized by a first fixed charge on the land and improvements of the Theatre in the amount of $50,000 (2025 - $50,000).

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