

Non-consolidated Financial Statements of

ALBERTA BALLET COMPANY

And Independent Auditors' Report thereon

Year ended August 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Alberta Ballet Company

Opinion

We have audited the non-consolidated financial statements of Alberta Ballet Company (the "Company"), which comprise:

- the non-consolidated statement of financial position as at August 31, 2024
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated 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 non-consolidated financial position of the Company as at August 31, 2024, and its non-consolidated results of operations and its non-consolidated 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 auditors' report.

We are independent of the Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Baker Tilly Catalyst LLP

Calgary, Canada
November 21, 2024

Chartered Professional Accountants

ALBERTA BALLET COMPANY

Non-consolidated Statement of Financial Position

As of August 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,988,744	\$ 4,468,309
Accounts and accrued receivables	153,278	388,303
Prepaid expenses	213,272	355,496
Inventory	121,536	103,757
Due from Alberta Ballet Foundation (note 10)	323,660	209,743
Restricted investments and cash (note 3)	2,174,454	1,873,495
	<u>6,974,944</u>	<u>7,399,103</u>
Restricted investments and cash (note 3)	6,603,876	5,466,164
Endowment investments (note 4)	526,856	692,315
Long term receivables and deposits	58,701	84,087
Leasehold improvements and equipment (note 5)	848,625	673,001
Capitalized artistic creations (note 6)	209,086	164,592
	<u>\$ 15,222,088</u>	<u>\$ 14,479,262</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 893,735	\$ 760,473
Deferred revenue (note 7)	4,529,574	4,348,047
Deposits	159,795	124,385
	<u>5,583,104</u>	<u>5,232,905</u>
Deferred contributions	43,725	45,867
Deferred capital contributions (note 8)	6,861,411	5,637,192
	<u>12,488,240</u>	<u>10,915,964</u>
Fund balances:		
Operating	288,716	1,060,151
Restricted (note 9)	1,800,000	1,690,000
Endowment (note 10)	645,132	813,147
	<u>2,733,848</u>	<u>3,563,298</u>
Commitments and contingencies (note 12)		
	<u>\$ 15,222,088</u>	<u>\$ 14,479,262</u>

See accompanying notes to the non-consolidated financial statements.

Signed "Heather Rae"

Heather Rae, Director

Signed "Jana Neal"

Jana Neal, Director

ALBERTA BALLET COMPANY

Non-consolidated Statement of Operations

Year ended August 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Performance	\$ 6,304,486	\$ 6,578,833
Grants (note 14)	3,180,251	3,394,257
Tuition	3,813,746	3,460,539
School residence	1,251,482	1,090,168
Donations (note 11)	1,086,602	895,601
Interest and investment income	174,073	160,029
Merchandising	148,787	67,247
Fundraising	148,758	156,937
Sponsorship	126,363	179,379
Amortization of deferred capital contributions (note 8)	85,910	91,112
Other income	15,821	14,625
Management fee (note 11)	10,000	10,000
	<u>16,346,279</u>	<u>16,098,727</u>
Expenses:		
Personnel	9,041,993	9,328,132
Performance	3,255,654	3,004,355
Facilities	1,445,054	1,468,526
Administration	1,143,122	1,154,150
Marketing	1,076,340	702,814
Residence food and supplies	481,784	441,606
Fundraising and development	133,786	157,303
Merchandising	79,552	75,067
Artistic and creations	47,665	54,332
Other expenses (recovery)	21,496	(2,545)
	<u>16,726,446</u>	<u>16,383,740</u>
	(380,167)	(285,013)
Amortization (notes 5 and 6)	(288,235)	(349,527)
Unrealized gain (loss) on investments	16,680	(41,064)
Foreign exchange loss	(9,713)	(6,935)
Loss on disposal of equipment	–	(500)
Deficiency of revenues over expenses	<u>\$ (661,435)</u>	<u>\$ (683,039)</u>

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Changes in Fund Balances

Year ended August 31, 2024, with comparative information for 2023

	Operating Fund	Restricted Fund (note 8)	Endowment Fund (note 9)	Total	
				2024	2023
Fund balances, beginning of year	\$ 1,060,151	\$ 1,690,000	\$ 813,147	\$ 3,563,298	\$ 4,853,704
Deficiency of revenues over expenses	(661,435)	–	–	(661,435)	(683,039)
Interfund transfer	(110,000)	110,000	–	–	–
Endowment gifts received	–	–	269,257	269,257	372,787
Endowment transferred from Alberta Ballet Foundation	–	–	305,258	305,258	451,876
Endowment gifts paid to Alberta Ballet Foundation	–	–	(742,530)	(742,530)	(1,432,030)
Fund balances, end of year	\$ 288,716	\$ 1,800,000	\$ 645,132	\$ 2,733,848	\$ 3,563,298

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Cash Flows

Year ended August 31, 2024, with comparative information for 2023

	2024	2023
Increase (decrease) in cash:		
Operations:		
Deficiency of revenues over expenses	\$ \$(661,435)	\$ (683,039)
Amortization (notes 5 and 6)	288,235	349,527
Amortization of deferred capital contributions (note 10)	(85,910)	(91,112)
Unrealized (gain) loss on investment	(16,680)	41,064
Bad debt (recovery) expense	13,844	(2,569)
Write down of inventory	–	28,440
Loss on disposal of capital assets	–	500
	<u>(461,946)</u>	<u>(357,189)</u>
Net change in non-cash operating working capital (note 15)	467,579	(480,058)
	5,633	(837,247)
Financing:		
Increase in endowment fund	(168,015)	(607,367)
Payments on capital lease obligation	–	(3,881)
	<u>(168,015)</u>	<u>(611,248)</u>
Investing:		
Increase in restricted investments	(1,755,354)	(444,564)
Deferred and capital contributions received (note 10)	1,039,033	805,882
Net investment income on		
deferred capital and deferred contributions	767,776	346,104
Decrease in long term receivables	25,386	159,339
Purchase of leasehold improvements and equipment	(267,656)	(192,642)
Purchase of capitalized artistic creations	(126,368)	(123,727)
	<u>(317,183)</u>	<u>550,392</u>
Net (decrease) increase in cash	(479,565)	(898,103)
Cash, beginning of year	4,468,309	5,366,412
Cash, end of year	<u>\$ 3,988,744</u>	<u>\$ 4,468,309</u>

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements

Year ended August 31, 2024, with comparative information for 2023

1. Nature of the business:

Alberta Ballet Company (“Alberta Ballet” or the “Company”) is Alberta’s dance company. As a major professional performing arts company with an internationally renowned ballet training institution, it is a rare artistic institution to serve a provincial mandate. For over five decades, the Company has connected audiences with world-class live dance and trained current and future generations of dancers. The Company includes a division operating as the Alberta Ballet School (the “School”). The Company focuses on supporting activity that makes ballet more approachable, accessible, and inspirational. Its vision is to ignite creativity, inspire excellence, and foster a lifelong love for dance through innovative performances, rigorous training, and inclusive education, enriching the cultural fabric of our community and beyond. The Company is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta and is a registered charity under the Income Tax Act.

2. Significant accounting policies:

The non-consolidated financial statements of the Company have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”).

Significant accounting policies are summarized below:

(a) Accounting for a related controlled entity:

The Company considers Alberta Ballet Foundation (the “Foundation”) a controlled entity. The Foundation has not been consolidated in the Company’s financial statements. Required disclosure under ASNPO is included in note 11.

(b) Fund accounting:

Revenues and expenses related to program delivery and administrative activities are reported in the operating fund.

Endowment contributions and net investment income that are required to be held in perpetuity are reported in the endowment fund.

Net investment income or losses, if restricted, are reported in restricted funds.

(c) Revenue recognition:

The Company follows the deferral method of accounting for contributions. Restricted contributions, government grants, donations received, and sponsorships are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions, government grants, donations received, merchandising, fundraising, other income and interest income, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 2

Year ended August 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Net investment income on endowment contributions, if restricted, is recorded to net assets, consistent with the original contribution. Net investment income on endowment contributions that is unrestricted, in that it is not required to be added to the principal of the original contribution or specifically restricted by the donor, is recorded in the statement of operations.

Endowment contributions are recognized as direct increases in endowment fund net assets.

(d) Deferred revenue:

The Company defers revenue from ticket sales until the date of the performance. Tuition and residence fees are deferred and recognized on a monthly basis as the classes are provided. Sponsorships and grant revenues are deferred until the related expenses are incurred.

(e) Deferred contributions:

Restricted donations the Company receives are deferred until the related expenses are incurred.

Investment income related to deferred contributions is also deferred until the related expenses are incurred.

(f) Deferred capital contributions:

Restricted donations the Company receives for capital purposes are recorded as deferred capital contributions when received or receivable and are taken into income each period in proportion to the annual amortization of the related assets for which the capital contributions were expended.

Related net investment income is also deferred if specifically required to be added to the principal balance of the contribution until utilized.

(g) Donations in-kind:

Donations in-kind of capital assets and contributed material and services are recognized at the fair value at the date of contribution. Volunteers contribute significant time in assisting the Company in a variety of areas. Due to the difficulty of determining their fair value, contributed services related to volunteer activities are not recognized in the financial statements.

(h) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, and short-term deposits with original maturities of three months or less.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 3

Year ended August 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued):

(i) Restricted investments and cash:

Investments are classified as restricted investments and cash if they have original maturities of more than three months, mature within one year from the Statement of Financial Position date, and external restrictions limiting their use.

Investments are classified as long-term restricted investment and cash if they have original maturities of more than one year from the Statement of Financial Position date, and external restrictions limiting their use.

(j) Inventory:

Inventory consisting of ballet shoes, jazz shoes, and merchandise is valued at the lower of cost on a weighted average basis, and net realizable value. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

(k) Leasehold improvements and equipment:

Leasehold improvements and equipment are recorded at cost at the time of the acquisition. Contributed leasehold improvements and equipment in use are recorded at fair value at the date of the contribution. Leasehold improvements and equipment are amortized as follows:

Leasehold improvements	Greater of 20% declining balance or straight-line over term of lease
Office furniture, fixtures and equipment	20% declining balance or straight-line over term of lease
Computers and software	30% declining balance
Production equipment	20% declining balance

(l) Capitalized artistic creations:

Capitalized artistic creations include the cost of set, props, original choreography, music scores, and costumes for major productions performed by the Company. Capitalized artistic creations are being amortized on a straight-line basis over their expected life, subject to an annual review by management.

Sets, props, original music scores, costumes and related costs for Nutcracker are amortized on a straight-line basis over 10 years, La Sylphide, Swan Lake, Sleeping Beauty and school costumes are amortized on a straight-line basis over 5 years.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 4

Year ended August 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued):

(m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments and investments that are quoted in an active market are subsequently measured at fair value and 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 effective interest rate 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 Company 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 Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(n) Long-lived assets:

The Company performs impairment testing on long-lived assets which include leasehold improvements, equipment and capitalized artistic creations, whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from use and disposal are less than the asset's carrying value. Any impairment loss is measured as the amount by which the carrying value exceeds the fair value and would be included in the statement of operations for the period.

(o) Foreign currency translation:

Transactions denominated in foreign currencies are translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities are translated at the approximate rate of exchange prevailing at the transaction date.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 5

Year ended August 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued):

(p) Use of accounting estimates:

The preparation of the financial statements in accordance with ASNPO requires management to make accounting estimates and assumptions that affect the reported amount of assets, liabilities and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful life of capitalized artistic creations and leasehold improvements and equipment, and accrued payables. Actual results could differ from and affect the results reported in these financial statements.

3. Restricted investments and cash:

	2024	2023	Restricted by
Current cash:			
Casino & raffle accounts	\$ 32,151	\$ 39,876	Alberta Gaming, Liquor & Cannabis Commission
Dancers' development fund	23,950	17,759	Donors
Repertoire fee	146,527	–	Donors
Total current cash	\$ 202,628	\$ 57,635	
Current guaranteed investment certificates:			
Base cash reserve (note 9)	\$ 1,800,000	\$ 1,690,000	Board of Directors
Security	80,000	80,000	Canadian Actors' Equity Association
Rouleau House capital reserve	62,993	45,859	City of Calgary
Repertoire fee	28,833	–	City of Calgary
	1,971,826	1,815,859	
Total current restricted investments and cash	\$ 2,174,454	\$ 1,873,495	

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 6

Year ended August 31, 2024, with comparative information for 2023

3. Restricted investments and cash (continued):

	2024	2023	Restricted by
Long-term cash:			
Barbara Palmer fund for New Works	\$ 25,058	\$ 23,161	Donors
Repertoire fee	–	55,218	Board of Directors
Flora Altieri Award for Academic Advancement Fund	–	14,439	Donors
	25,058	92,817	
Long-term guaranteed investment certificates:			
Flora Altieri Award for Academic Advancement Fund	43,725	–	Donors
Alberta Ballet building capital fund	–	1,805,870	Donors
Repertoire fee	–	424,368	Board of Directors
	43,725	2,088,408	
Long-term securities:			
Alberta Ballet building capital fund	5,876,218	2,594,616	Donors
Barbara Palmer fund for New Works	658,875	521,072	Donors
Flora Altieri Award for Academic Advancement Fund	–	27,421	Donors
	6,535,093	3,143,109	
Total long-term restricted investments and cash	\$ 6,603,876	\$ 5,466,164	

The restricted guaranteed investment certificates are held with a Canadian chartered bank and bear interest ranging from 4.15% to 4.75% (2023 – 4.75% to 5.2%) per annum, maturing between January 12, 2025 and August 1, 2025 (2023 – December 14, 2023 and June 3, 2024).

Cash and guaranteed investment certificates subject to external restrictions limiting their use beyond August 31, 2025, have been classified as long-term.

ALBERTA BALLET COMPANY

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Year ended August 31, 2024, with comparative information for 2023

4. Endowment investments:

	2024	2023	Restricted by
Cash	\$ 164,981	\$ 478,045	Donors
Securities	361,875	214,270	Donors
Total endowment investments	\$ 526,856	\$ 692,315	

5. Leasehold improvements and equipment:

		2024	2023
	Cost	Accumulated depreciation	Net book value
Production equipment	1,042,292	753,509	288,783
Leasehold improvements	1,972,659	1,731,474	241,185
Computers and software	1,218,065	992,571	225,494
Office furniture, fixtures and equipment	633,141	539,978	93,163
	\$ 4,866,157	\$ 4,017,532	\$ 848,625
			\$ 673,001

Amortization during the year totaled \$206,362 (2023 – \$211,294).

6. Capitalized artistic creations:

		2024	2023
	Cost	Accumulated depreciation	Net book value
<u>Shows in Production</u>			
La Sylphide	\$ 126,366	\$ –	\$ 126,366
The Nutcracker	122,752	42,963	79,789
Swan Lake	5,666	3,211	2,455
Sleeping Beauty	552,389	552,389	–
<u>Other</u>			
School costumes	4,752	4,276	476
	\$ 811,925	\$ 602,839	\$ 209,086
			\$ 164,592

Amortization during the year totaled \$81,873 (2023 – \$138,233).

ALBERTA BALLET COMPANY

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Year ended August 31, 2024, with comparative information for 2023

7. Deferred revenue:

The components of deferred revenue are as follows:

	2024	2023
Ticket sales	\$ 1,779,917	\$ 1,920,623
Grants	1,444,960	1,378,271
Tuition	1,239,972	979,382
AGLC funds	32,123	39,889
Deferred lease incentive	22,092	24,882
Sponsorships	10,510	5,000
	<u>\$ 4,529,574</u>	<u>\$ 4,348,047</u>

8. Deferred capital contributions:

Deferred capital contributions relate to restricted donations the Company receives that are related to the acquisition of building, leasehold improvements, equipment, and future artistic creations.

Changes in the deferred capital contributions balance are as follows:

	2024	2023
Beginning balance	\$ 5,637,192	\$ 4,535,254
Contributions received	861,006	805,882
Net investment income	449,123	387,168
Amortization of deferred capital contributions	(85,910)	(91,112)
Ending balance	<u>\$ 6,861,411</u>	<u>\$ 5,637,192</u>

9. Restricted fund:

The Restricted fund consists of a base cash reserve policy to adhere to for the Arts Professional Performing Arts Operating Grants and to ensure Alberta Ballet remains financially sustainable.

The Base Cash Reserve has been defined as an unencumbered, internally restricted cash and cash equivalents account that can only be accessed upon a resolution of the Board of Directors, approved by a majority vote.

Cash and cash equivalents removed from the Base Cash Reserve must be replenished by the last day of the fiscal year in which the Base Cash Reserve funds were utilized.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 9

Year ended August 31, 2024, with comparative information for 2023

10. Endowment fund:

The Company's endowment fund is managed and invested in accordance with the Company's policies. In accordance with Alberta Ballet's endowment and investment policies, an amount is disbursed annually to the Foundation, where endowed funds are held in perpetuity.

Changes in the endowments fund balance are as follows:

	2024	2023
Beginning balance	\$ 813,147	\$ 1,420,514
Gifts received	269,257	372,787
Transferred from Alberta Ballet Foundation	305,258	451,876
Gifts paid to Alberta Ballet Foundation	(742,530)	(1,432,030)
Ending balance	\$ 645,132	\$ 813,147

During the year ended August 31, 2024, endowment contributions of \$35,000 (2023 – \$42,000) were made by members of the Board of Directors of the Company.

11. Alberta Ballet Foundation:

The Foundation, a controlled related entity, was established to solicit funding for the sole benefit of the Company by providing financial assistance to the Company in amounts as determined by the Board of Directors of the Foundation.

The following transactions occurred between the Foundation and the Company:

	2024	2023
Donation to the Company	\$ 313,603	\$ 199,686
Management fee	10,000	10,000

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 10

Year ended August 31, 2024, with comparative information for 2023

11. Alberta Ballet Foundation (continued):

A summary of operations, financial position and cash flows based upon the audited statement of financial position and statements of operations, changes in fund balances and cash flows are provided as follows:

	2024	2023
Statement of operations:		
Revenues	\$ 334,149	\$ 225,692
Expenses	(374,589)	(249,987)
Net gain on investments	1,163,681	48,483
Excess of revenues over expenses	\$ 1,123,241	\$ 24,188

	2024	2023
Financial position:		
Total assets	\$ 9,892,671	\$ 7,779,049
Total liabilities	328,660	214,743
Capital stock and fund balances	\$ 9,564,011	\$ 7,564,306

	2024	2023
Cash flows:		
Operations	\$ 73,477	\$ 52,750
Financing	876,464	1,960,312
Investing	(901,957)	(2,001,258)
Increase in cash and restricted cash	\$ 47,984	\$ 11,804

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 11

Year ended August 31, 2024, with comparative information for 2023

12. Commitments and contingencies:

Minimum base amounts payable for premises for each of the next five fiscal years is as follows:

2025	\$ 306,021
2026	105,975
2027	103,200
2028	94,875
2029	94,875
Thereafter	309,352
	<hr/>
	\$ 1,014,298

As of August 31, 2024, the Company is actively engaged in negotiations to finalize lease terms of the school facility. Until these negotiations are concluded, the full financial impact of the new lease agreement cannot be determined. As a result, the Company is unable to reasonably estimate the future lease obligation related to this lease. Management does not currently anticipate that these ongoing negotiations will have a material adverse effect on the Company's financial position or results of operations.

13. Bank indebtedness:

The Company has an operating line of credit for \$500,000 (2023 – \$500,000) at an interest rate of bank's prime rate plus 0.75%. The Company has provided the lender a general security agreement over all assets and future acquired assets. As of August 31, 2024, the Company had not drawn this line of credit (2023 – \$nil). There is no covenant requirement on the facility agreement.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 12

Year ended August 31, 2024, with comparative information for 2023

14. Grants:

Grant revenue recognized during the year from amounts awarded to the Company are as follows:

	2024	2023
<u>Federal:</u>		
Canada Council:		
Engage and Sustain: Artistic Institutions	\$ 622,685	\$ 622,680
Canada Council Dance Films	–	77,930
Canada Council Travel Grant	–	2,250
Canada Arts Training Fund	200,000	230,500
<u>Provincial:</u>		
Alberta Foundation for the Arts:		
Professional Performing Arts Organization	1,278,276	1,342,713
Alberta Education	236,521	292,331
Community Initiatives Program	–	31,787
Alberta Job Grants	–	15,790
Alberta Minister of Culture and Tourism:		
Other Initiatives Program	79,800	–
<u>Municipal:</u>		
Calgary Arts Development Authority:		
Operating	431,419	431,426
Edmonton Arts Council Arts:		
Operating	248,100	248,100
<u>Foundations:</u>		
Shaw Family Foundation	50,000	50,000
Royal Bank of Canada Emerging Artists	30,000	30,000
Rozsa Foundation: Newcomers	250	3,750
Nickle Family Foundation	–	15,000
<u>Community Investment</u>	3,200	–
	<u>\$ 3,180,251</u>	<u>\$ 3,394,257</u>

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Year ended August 31, 2024, with comparative information for 2023

15. Net change in non-cash operating working capital:

	2024	2023
Accounts and accrued receivables	\$ 221,181	\$ 204,531
Due from Alberta Ballet Foundation	(113,917)	(76,965)
Inventory	(17,779)	57,553
Prepaid expenses	142,224	(29,927)
Accounts payable and accrued liabilities	18,933	(133,778)
Deferred revenue	(181,527)	(471,028)
Deposits	(35,410)	(30,444)
	<u>\$ 467,579</u>	<u>\$ (480,058)</u>

16. Financial instruments:

The Company's financial instruments consist of cash and cash equivalents, short-term investment, accounts and accrued receivables, grants receivable, due from the Foundation, short-term restricted investments and cash, long-term restricted investments and cash, long-term receivable, accounts payable and accrued liabilities, and deposits. The Company is not significantly exposed to interest risk as the available line of credit has not been utilized.

(a) Credit risk:

The Company is exposed to credit risk, which is the risk that a counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the Company. Credit risk is assessed by management as moderate for the Company. To mitigate this risk, the Company's cash and investments are held with Canadian financial institutions. The Company's accounts and accrued receivables, grants receivable and long-term receivable are primarily due from governments, large corporations, students and are subject to normal credit risks. The maximum credit risk exposure associated with the Company's financial assets is the carrying amount.

(b) Liquidity risk:

The Company is exposed to liquidity risk, which is the risk that the Company will be unable to generate or obtain sufficient cash to meet its obligations as they come due. Mitigation of this risk is achieved through active cash management and budgeting processes.

(c) Foreign exchange risk:

The Corporation is exposed to foreign currency fluctuations as it has purchases in U.S. dollars. The Company does not currently enter forward contracts to mitigate this risk.

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Year ended August 31, 2024, with comparative information for 2023

16. Financial instruments (continued):

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Company's loss or the value of its financial instruments. Management's objective is to control market risk exposures of its restricted investments within acceptable parameters while maximizing return. The Company manages this risk by investing in guaranteed investment certificates and engaging the services of a professional investment manager who adheres to the Company's investment policy.

(e) Concentration risk:

Concentration risk is the risk associated with a significant percent of the Company's accounts and accrued receivables balance is from a single customer and thus presents a higher risk to the Company in the event of a default by that customer. At August 31, 2024, approximately 58% (2023 – 13%) of accounts and accrued receivables related to receipts for single and subscription ticket sales collected by a third party on behalf of the Company. The Company manages this risk by engaging the services of one of the world's leading ticket sales and distribution company based in the United States.

17. Comparative figures:

Certain comparative amounts have been reclassified to conform to the current year's presentation.