Non-consolidated Financial Statements of

ALBERTA BALLET COMPANY

And Independent Auditors' Report thereon

Year ended August 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Opinion

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

- the statement of financial position as at August 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019, and its 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
November 21, 2019

ALBERTA BALLET COMPANY

Non-consolidated Statement of Financial Position

As at August 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 2,434,596	$ 2,573,427
Accounts and accrued receivables (note 3)	432,394	420,243
Grants receivable	–	213,180
Due from Alberta Ballet Foundation	70,130	86,514
Prepaid expenses	289,725	296,706
Inventory and other assets	246,362	313,366
Restricted investments and cash (note 4)	1,595,853	265,314
	5,069,060	4,168,750
Restricted investments and cash (note 4)	1,197,268	748,720
Long term receivables	51,968	50,745
Leasehold improvements and equipment (note 5)	870,364	852,016
Capitalized artistic creations (note 6)	831,672	475,512
	$ 8,020,332	$ 6,295,743
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 665,316	$ 527,262
Deferred revenue (note 8)	3,863,526	4,104,252
Deposits	100,643	169,167
Current portion of obligations under capital lease (note 9)	11,298	19,372
	4,640,783	4,820,053
Obligations under capital lease (note 9)	28,903	39,202
Deferred capital contributions (note 10)	1,862,221	886,044
	6,531,907	5,745,299
Fund balances:		
Externally restricted (note 11)	1,430,000	530,000
Operating	58,425	20,444
	1,488,425	550,444
Commitments and contingencies (note 13)		
	$ 8,020,332	$ 6,295,743

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:

Daryl Fridhandler, Director

Gerard McInnis, Director

ALBERTA BALLET COMPANY

Non-consolidated Statement of Operations

Year ended August 31, 2019, with comparative information for the fourteen months ended August 31, 2018

	Year ended August 31, 2019	Fourteen months ended August 31, 2018
Revenues:		
Performance	$ 6,386,888	$ 7,896,357
Tuition	3,663,821	3,588,421
Government grants	2,683,928	2,923,384
Donations (note 12)	771,702	840,128
School residence	847,278	648,628
Sponsorship	553,883	533,808
Merchandising	223,656	264,395
Fundraising	124,285	131,198
Amortization of deferred capital contributions (note 10)	108,532	61,058
Other income	99,916	67,972
Interest income	72,277	8,468
	15,536,166	16,963,817
Expenses:		
Personnel	8,285,051	8,310,948
Performance	1,744,861	1,692,037
Administration (note 9)	1,403,307	1,583,714
Facilities	1,258,522	1,378,525
Marketing	932,510	1,039,552
Residence food and supplies	238,411	175,578
Merchandising	135,800	127,452
Fundraising and development	108,346	140,874
Sponsorship benefits	68,638	94,019
Artistic and creations	43,275	162,342
Write down of inventory and other	18,245	32,616
Bad debts (recovery)	(53,903)	139,759
	14,183,063	14,877,416
	1,353,103	2,086,401
Amortization (notes 5 and 6)	(326,597)	(409,398)
Write down of artistic creations (note 6)	(62,551)	–
Write down of computers and software (note 5)	(15,468)	–
Foreign exchange loss	(10,506)	–
Excess of revenues over expenses	$ 937,981	$ 1,677,003

See accompanying notes to non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Changes in Fund Balances

Year ended August 31, 2019, with comparative information for the fourteen months ended August 31, 2018

	Operating	Externally Restricted Funds	2019	2018
Fund balances, beginning of period	$ 20,444	$ 530,000	$ 550,444	$ (1,126,559)
Excess of revenues over expenses	937,981	–	937,981	1,677,003
Inter fund transfer during the year (note 11)	(900,000)	900,000	–	–
Fund balances, end of period	$ 58,425	$ 1,430,000	$ 1,488,425	$ 550,444

See accompanying notes to non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Cash Flows

Year ended August 31, 2019, with comparative information for the fourteen months ended August 31, 2018

	Year ended August 31, 2019	Fourteen months ended August 31, 2018
Increase (decrease) in cash		
Operations:		
Excess of revenues over expenses	$ 937,981	$ 1,677,003
Amortization	326,597	409,398
Amortization of deferred capital contributions	(108,532)	(61,058)
Write down of artistic creations	62,551	–
Write down of computers and software	15,468	–
	1,234,065	2,025,343
Net change in non-cash operating working capital (note 16)	120,202	125,945
	1,354,267	2,151,288
Financing:		
Payments on capital lease obligation	(18,373)	(16,027)
	(18,373)	(16,027)
Investing:		
Increase in restricted investments (note 4)	(1,361,326)	(233,799)
Capital contributions received (note 10)	1,084,707	755,292
Purchase of leasehold improvements and equipment	(220,561)	(418,547)
Purchase of capitalized artistic creations	(558,562)	(384,560)
Increase in long term receivables	(1,223)	(1,491)
	(1,056,965)	(283,105)
Net increase in cash, cash equivalents and restricted cash	278,929	1,852,156
Cash, cash equivalents and restricted cash, beginning of period	3,217,663	1,365,507
Cash, cash equivalents and restricted cash, end of period	$ 3,496,592	$ 3,217,663

Cash and restricted cash is comprised of:

Cash	$ 2,434,596	$ 2,573,427
Restricted cash (note 4)	1,061,996	644,236
	$ 3,496,592	$ 3,217,663

See accompanying notes to non-consolidated financial statements.

1. Nature of the business:

As a dynamic member of the Canadian cultural community, The Alberta Ballet Company (the "Company") fosters and promotes appreciation, enjoyment and participation in classical ballet while nurturing the discerning tastes of its audience through performance of acclaimed contemporary masterpieces and new works by gifted choreographers. Through its school, Alberta Ballet Company fosters and promotes the study, participation and appreciation of dance, and provides superior academic training. Alberta Ballet 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 controlled related Company:

The Company considers its relationship with Alberta Ballet Foundation as a controlled Company. The Alberta Ballet Foundation has not been consolidated in the Alberta Ballet Company financial statements. Required disclosure under ASNPO is included in Note 12.

(b) Fund accounting:

Revenues and expenses related to program delivery, operation of the Alberta Ballet School and administrative activities are reported in the Operating Fund.

Endowment contributions and investment revenues, if restricted, are reported in the appropriate externally restricted or internally restricted fund.

(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.

(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 period being funded.

2. Significant accounting policies (continued):

(e) Deferred contributions:

Restricted donations the Company receives that are related to subsequent use and expense are deferred and recognized as earned revenue when the use and expense is 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.

(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 every period 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, short-term deposits with original maturities of three months or less or cashable after one month.

(i) 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

2. Significant accounting policies (continued):

(j) Capitalized artistic creations:

Capitalized artistic creations include the cost of set, props, original choreography and 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.

Peter Pan, Frankenstein and Unleased are currently in creation and capitalized artistic creation costs will not be amortized until they are put in use.

Sets, props, original music scores, costumes and related costs for Sleeping Beauty, All of Us, school costumes, Midsummer, Cinderella are amortized on a straight line basis over 5 years; Mix Bill series (Deviate and Caelestis) on a straight line basis over 3 years, subject to an annual review by management.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry and such financial 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 period 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.

(l) Long-lived assets:

The Company performs impairment testing on long-lived assets which include leasehold improvements and 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.

2. Significant accounting policies (continued):

(m) 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.

(n) 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. Actual results could differ from and affect the results reported in these financial statements.

3. Accounts and accrued receivables:

Included in accounts and accrued receivables are $7,480 (2018 - $37,763) of receipts for single and subscription ticket sales collected by a third party on behalf of the Company.

4. Restricted investments and cash:

	2019	2018	Restricted by
Current cash:			
Casino & Raffle accounts	$ 38,769	$ 93,824	Alberta Gaming, Liquor & Cannabis Commission
Barbara Palmer Fund for New Works	70,000	88,338	Donors
Dancers development fund	17,109	14,516	Donors
Training grant	–	–	Funder
Base cash reserve	900,000	–	Alberta Foundation for the Arts
	1,025,878	196,678	
Long term cash:			
Base cash reserve (note 11)	–	431,924	Funder
Repertoire Fee	36,118	15,633	Patron
Total restricted cash	1,061,996	644,235	
Current guaranteed investment certificates:			
Base cash reserve	534,975	26,236	Alberta Foundation for the Arts
Security	35,000	35,000	Canadian Actors' Equity Association
Training grant	–	7,400	Funder
	569,975	68,636	
Long term guaranteed investment certificates:			
Building fund	1,005,831	301,163	Donor
Repertoire Fee	155,319	–	Patron
Total guaranteed investment certificates	1,731,125	369,799	
	$ 2,793,121	$ 1,014,034	

The externally restricted guaranteed investment certificates are held with a Canadian chartered bank and bear interest at 1.5 % to 2.15 % (2018 – 1.10% to 1.55%) per annum, maturing between October 2, 2019 – August 9, 2020 (2018 – December 23, 2018 – December 30, 2019).

Cash and guaranteed investment certificates subject to external restrictions limiting their use beyond August 31, 2020 have been classified as long term.

5. Leasehold improvements and equipment:

	Cost	Accumulated depreciation	2019 Net book value	2018 Net book value
Not in Use				
Computers and software	$ 24,145	$ –	$ 24,145	$ –
In Use				
Leasehold improvements	$ 1,751,557	$ (1,325,187)	$ 426,370	$ 407,158
Office furniture, fixtures and equipment	550,789	(446,044)	104,745	119,662
Computers and software	786,701	(625,946)	160,755	195,950
Production equipment	754,192	(599,843)	154,349	129,246
	$ 3,867,384	$ (2,997,020)	$ 870,364	$ 852,016

Amortization provided for the current period totaled $186,753 (2018 - $195,561). There was a write down of computers and software during the period of $15,468 (2018 - $nil).

6. Capitalized artistic creations:

	Cost	Accumulated depreciation	2019 Net book value	2018 Net book value
Shows in Creation				
Peter Pan	$ 2,664	$ –	$ 2,664	$ –
Frankenstein	84,587	–	84,587	–
Unleashed	22,472	–	22,472	–
Shows in Production				
Sleeping Beauty	$ 552,389	$ (55,239)	$ 497,150	$ 198,230
All of Us	164,441	(52,073)	112,368	145,256
Our Canada	134,038	(134,038)	–	89,358
School costumes	74,384	(30,431)	43,953	21,715
Midsummer	49,157	(4,916)	44,241	4,500
Deviate	20,782	(3,464)	17,318	4,500
Caelestis	10,000	(8,889)	1,111	4,444
Cinderella	8,500	(2,692)	5,808	7,509
	$ 1,123,414	$ (291,742)	$ 831,672	$ 475,512

Amortization provided for the current period totaled $139,844 (2018 - $213,837). There was a write down of artistic creation during the period of $62,551 (2018 - $nil).

7. Accounts payable and accrued liabilities:

Government remittances payable total $30,586 (2018 - $nil) related to goods and services, payroll taxes and non-resident tax.

8. Deferred revenue:

Deferred revenue represents ticket sales, grants, tuition, sponsorships, and performance fees restricted to future expenditures. The components of deferred revenue are as follows:

	2019	2018
Ticket sales	$ 2,265,485	$ 2,055,381
Grants	873,942	1,317,946
Tuition	620,310	673,540
Sponsorships	63,499	46,900
Performance fees	40,290	10,485
	$ 3,863,526	$ 4,104,252

9. Obligations under capital lease:

The Company has financed computer and copier equipment by entering into capital lease arrangements. The computer contracts mature on December 15, 2019 and bear interest at 1.2% per month. The copier contract matures on September 22, 2022, and bears interest at 5.9% per annum. Computer and copier contracts are collateralized by a general security agreement of the equipment. Capital lease repayments are as follows:

2020	$ 18,407
2021	16,307
2022	16,307
2023	4,077
2024	–
Total minimum lease payments	55,098
Less amount representing interest	(14,897)
Minimum capital lease payments	40,201
Current portion of obligations under capital	11,298
	$ 28,903

9. Obligations under capital lease (continued):

Interest of $9,890 (2018 - $13,076) relating to the capital lease obligation has been included in administration expense. The total amount of equipment under capital lease is $93,561 (2018 - $93,561) with accumulated amortization of $54,838 (2018 - $35,651).

10. 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:

	2019	2018
Beginning balance	$ 886,044	$ 191,810
Contributions received	1,084,709	755,292
Less amounts recognized as revenue	(108,532)	(61,058)
Ending balance	$ 1,862,221	$ 886,044

11. Base cash reserve:

	2019	2018
Externally restricted:		
Base cash reserve	$ 1,430,000	$ 530,000

The Company established a Base Cash Reserve policy to adhere to Alberta Foundation for the Arts Professional Performing Arts Operating Grants and to ensure that Alberta Ballet remains financially sustainable in the future.

The Base Cash Reserve has been defined as an unencumbered, externally restricted cash and cash equivalents account that can only be accessed upon a resolution of the Board of Directors, approved by a majority vote, equal to 10% of average annual operating expenditures. The Company has committed to have the full Base Cash Reserve in place by the end of August 31, 2020. The Company met 94 % (2018 – 31%) of the full Base Cash Reserve at August 31, 2019.

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.

During the year ended August 31, 2019, $900,000 (2018 - $100,000) was transferred from the unrestricted fund to the base cash reserve.

12. Alberta Ballet Foundation:

The Alberta Ballet Foundation (the “Foundation”), a controlled related Company that is accounted for at cost, was established to solicit funding for the sole benefit of the Company by providing financial assistance to that organization in amounts as determined by the Board of Directors of the Foundation. The following transactions occurred between the Foundation and the Company:

	2019	2018
Donation to the Company	$ 33,294	$ 35,869

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

	2019	2018
Statement of operations:		
Revenues	$ 22,252	$ 33,637
Expenses	42,625	47,811
Deficiency of revenues over expenses	$ (20,373)	$ (14,174)

	2019	2018
Financial position:		
Total assets	$ 983,577	$ 1,018,648
Total liabilities	75,026	89,725
Capital stock and fund balances	$ 908,551	$ 928,923

12. Alberta Ballet Foundation (continued):

	Year ended August 31, 2019	Fourteen months ended August 31, 2018
Cash flows:		
Operations	$ (47,461)	$ 43,788
Investing	12,302	(10,744)
(Decrease) increase in cash and restricted cash	$ (35,159)	$ 33,044

13. Commitments and contingencies:

(a) The Alberta Ballet Studios on 18th Avenue (the "Studios") is a Government of Alberta designated Provincial Historic Resource. The building is owned by the City of Calgary and is held by the Company under a long-term lease. The lease expires December 31, 2036 and contains an irrevocable option for an additional 25 years provided no terms of the lease are violated. The lease calls for annual rental payments of $1.

Effective June 2017, the Company entered into a 7 year lease agreement with an option to terminate after 5 years for the Alberta Ballet School.

Effective July 2019, the Company entered into a 3 year lease agreement to lease warehouse space in Calgary for the purposes of building and storing sets and props expiring July 2022 with an option to extend a further 3 years.

Effective June 2019, the Company entered into a 3 year lease agreement to lease studio space in Edmonton expiring in August 2022 with an option to extend a further 3 years.

Effective June 1, 2017 the Company entered into a 3 year licensed user agreement with Ticketmaster.

Minimum base rent payable for premises, equipment leases and licensing for each of the next five fiscal years is as follows:

2020	$ 553,669
2021	576,556
2022	552,957
2023	339,738
2024 and beyond	254,805
	$ 2,277,725

13. Commitments and contingencies (continued):

(b) The Company has arranged a Letter of Guarantee in favor of The Canadian Actions Equity Association for $35,000 (2018 - $35,000) secured by a $35,000 non-redeemable GIC. The Association did not draw on this guarantee at August 31, 2019, or August 31, 2018.

14. Bank indebtedness:

The Company has an operating line of credit for $500,000 (2018 - $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. At August 31, 2019, the Company had drawn $nil on this line of credit (2018 - $nil).

15. Donations in-kind:

During the current period, the Company received donation in-kind of material and services, the fair market values that are included in the statement of operations as donations revenues and expenses as follows:

	Year ended August 31, 2019	Fourteen months ended August 31, 2018
Administration	$ 50,032	$ 99,365
Marketing	32,835	–
	$ 82,867	$ 99,365

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

	August 31, 2019	Fourteen months ended August 31, 2018
Accounts and accrued receivables	$ (12,151)	$ 239,808
Grants receivable	213,180	218,069
Due from Alberta Ballet Foundation	16,384	(56,079)
Prepaid expenses	6,981	(91,358)
Inventory and other assets	67,004	(18,619)
Accounts payable and accrued liabilities	138,054	(383,011)
Deferred revenue	(240,726)	113,082
Deposits	(68,523)	104,053
	$ 120,203	$ 125,945

17. Financial instruments:

The Company's financial instruments consist of cash and cash equivalents, accounts and accrued receivables, grants receivable, due from Alberta Ballet Foundation, restricted investments and cash, long term receivable and accounts payable, accrued liabilities and deposits. The Company is not significantly exposed to interest risk.

(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. The Company holds cash in 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. Liquidity risk is assessed by management as minimal. 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 both purchases and sales in U.S. dollars.

18. Comparative information:

Certain prior period balances have been reclassified to conform to current period's presentation.