

Non-consolidated Financial Statements of

ALBERTA BALLET COMPANY

And Independent Auditors' Report thereon

Year ended August 31, 2025

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, 2025
- 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, 2025, 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 ("ASNPO").

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 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 25, 2025

Chartered Professional Accountants

ALBERTA BALLET COMPANY

Non-consolidated Statement of Financial Position

As of August 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,343,912	\$ 3,988,744
Accounts and accrued receivables	490,242	153,278
Prepaid expenses	360,051	213,272
Inventory	62,235	121,536
Due from Alberta Ballet Foundation (note 3)	11,544	323,660
Restricted investments and cash (note 4)	2,487,600	2,174,454
	6,755,584	6,974,944
Restricted investments and cash (note 4)	6,434,045	6,603,876
Endowment investments (note 5)	540,293	526,856
Long-term receivables and deposits	59,930	58,701
Leasehold improvements and equipment (note 6)	784,322	848,625
Capitalized artistic creations (note 7)	691,456	209,086
	\$ 15,265,630	\$ 15,222,088

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 845,738	\$ 893,735
Deferred revenue (note 8)	5,860,372	4,529,574
Deposits	173,988	159,795
	6,880,098	5,583,104
Deferred contributions	41,095	43,725
Deferred capital contributions (note 9)	7,311,486	6,861,411
	14,232,679	12,488,240
Fund balances:		
Operating	(1,667,369)	288,716
Restricted (note 10)	2,020,000	1,800,000
Endowment (note 11)	680,320	645,132
	1,032,951	2,733,848
Commitments and contingencies (note 12)		
	\$ 15,265,630	\$ 15,222,088

See accompanying notes to the non-consolidated financial statements.

We, the undersigned, are directors of the organization and certify that, to the best of our knowledge, the information presented in these financial statements is true.

Signed "Heather Rae"

Heather Rae, Director

Signed "Jana Neal"

Jana Neal, Director

ALBERTA BALLET COMPANY

Non-consolidated Statement of Operations

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Revenues:		
Performance	\$ 6,764,402	\$ 6,304,486
Tuition	3,944,493	3,813,746
Grants (note 13)	3,809,442	3,180,251
School residence	1,215,192	1,251,482
Donations (note 3)	1,154,673	1,086,602
Merchandising	224,753	148,787
Management fee (note 3)	215,480	10,000
Sponsorship	144,127	126,363
Interest and investment income	137,185	174,073
Amortization of deferred capital contributions (note 9)	92,606	85,910
Fundraising	37,996	148,758
Other income	36,750	15,821
	17,777,099	16,346,279
Expenses:		
Personnel (note 14)	10,582,708	9,041,993
Performance (note 15)	3,075,306	3,202,632
Marketing	1,807,628	1,129,362
Facilities	1,468,862	1,445,054
Administration (note 16)	1,298,817	1,143,122
Residence food and supplies	484,189	481,784
Fundraising and development	279,041	133,786
Artistic and creations (note 15)	142,168	47,665
Merchandising	123,215	79,552
Other expenses	29,922	21,496
	19,291,856	16,726,446
Deficiency of revenue over expenses before other income (expenses)	(1,514,757)	(380,167)
Amortization (notes 6 and 7)	(310,333)	(288,235)
Gain on investments	107,315	16,680
Foreign exchange loss	(4,246)	(9,713)
Loss on disposal of equipment	(14,064)	—
Deficiency of revenues over expenses	\$ (1,736,085)	\$ (661,435)

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Changes in Fund Balances

Year ended August 31, 2025, with comparative information for 2024

				Total	
	Operating Fund	Restricted Fund (note 10)	Endowment Fund (note 11)	2025	2024
Fund balances, beginning of year	\$ 288,716	\$ 1,800,000	\$ 645,132	\$ 2,733,848	\$ 3,563,298
Deficiency of revenues over expenses	(1,736,085)	–	–	(1,736,085)	(661,435)
Interfund transfer	(220,000)	220,000	–	–	–
Endowment gifts received	–	–	198,582	198,582	269,257
Endowment transferred from Alberta Ballet Foundation	–	–	368,373	368,373	305,258
Endowment gifts paid to Alberta Ballet Foundation	–	–	(531,767)	(531,767)	(742,530)
Fund (deficit) balances, end of year	\$(1,667,369)	\$ 2,020,000	\$ 680,320	\$ 1,032,951	\$ 2,733,848

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Cash Flows

Year ended August 31, 2025, with comparative information for 2024

	2025	2024
Increase (decrease) in cash:		
Operations:		
Deficiency of revenues over expenses	\$(1,736,085)	\$ (661,435)
Amortization (notes 6 and 7)	310,333	288,235
Amortization of deferred capital contributions (note 9)	(92,606)	(85,910)
Unrealized gain on investment	(100,192)	(16,680)
Bad debt expense	4,667	13,844
Loss on disposal of capital assets	14,064	—
	(1,599,819)	(461,946)
Net change in non-cash operating working capital (note 18)	1,180,002	467,579
	(419,817)	5,633
Financing:		
Decrease (increase) in endowment fund	35,188	(168,015)
Investing:		
Increase in restricted investments	(159,383)	(1,755,354)
Deferred and capital contributions received	93,124	1,039,033
Net investment income on		
deferred capital and deferred contributions	549,747	767,776
(Increase) decrease in long-term receivables	(1,229)	25,386
Purchase of leasehold improvements and equipment	(157,706)	(267,656)
Purchase of capitalized artistic creations	(584,756)	(126,368)
	(260,203)	(317,183)
Net decrease in cash	(644,832)	(479,565)
Cash, beginning of year	3,988,744	4,468,309
Cash, end of year	\$ 3,343,912	\$ 3,988,744

See accompanying notes to the non-consolidated financial statements.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements

Year ended August 31, 2025, with comparative information for 2024

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 3.

(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.

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

(c) Revenue recognition:

The Company follows the deferral method of accounting for contributions. Restricted contributions, grants, fundraising, donations received, and sponsorships are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions, grants, donations received, merchandising, fundraising, other income and interest income, are

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 2

Year ended August 31, 2025, with comparative information for 2024

2. Significant accounting policies (continued):

(c) Revenue recognition (continued):

recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 under the operating fund.

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, restricted fundraising revenue, donations 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.

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Year ended August 31, 2025, with comparative information for 2024

2. Significant accounting policies (continued):

(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.

(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 investments 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 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 The Nutcracker are amortized on a straight-line basis over 10 years, La Sylphide, Swan Lake, Grimm, The Wizard of Oz, Don Quixote, and school costumes are amortized on a straight-line basis over 5 years.

Capitalized artistic creations in progress are not amortized until ready for use.

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

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.

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Notes to the Non-consolidated Financial Statements, page 5

Year ended August 31, 2025, with comparative information for 2024

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, management fees, and accrued payables. Actual results could differ from and affect the results reported in these financial statements.

3. 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:

	2025	2024
Donation to the Company	\$ 413,210	\$ 313,603
Management fee	215,480	10,000

These transactions were completed in the normal course of operations and are measured at exchange amount. There is an amount payable from the Foundation of \$11,544 (2024 - \$323,660) at year end. The amount payable from the Foundation is unsecured, non-interest bearing and have no fixed terms of repayment.

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:

	2025	2024
Statement of operations:		
Revenues	\$ 330,283	\$ 334,149
Expenses	(714,691)	(374,589)
Net gain on investments	801,116	1,163,681
Excess of revenues over expenses	\$ 416,708	\$ 1,123,241

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

3. Alberta Ballet Foundation (continued):

	2025	2024
Financial position:		
Total assets	\$11,448,806	\$ 9,892,671
Total liabilities	21,819	328,660
Capital stock and fund balances	\$11,426,987	\$ 9,564,011
	2025	2024
Cash flows:		
Operations	\$ (691,249)	\$ 73,477
Financing	1,446,268	876,464
Investing	(730,023)	(901,957)
Increase in cash and restricted cash	\$ 24,996	\$ 47,984

4. Restricted investments and cash:

	2025	2024	Restricted by
Current cash:			
Casino & raffle accounts	\$ 47,737	\$ 32,151	Alberta Gaming, Liquor & Cannabis Commission
Dancers' development fund	34,048	23,950	Donors
Repertoire fee	73,104	146,527	Board of Directors
Costume Campaign	87,283	—	Donors
Barbara Palmer fund for New Works	34,855	—	Donors
	277,027	202,628	
Current guaranteed investment certificates:			
Base cash reserve (note 10)	2,020,000	1,800,000	Board of Directors
Security	80,000	80,000	Canadian Actors' Equity Association
Barbara Palmer fund for New Works	110,573	—	Donors
Rouleau House capital reserve	—	62,993	City of Calgary
Repertoire fee	—	28,833	Board of Directors
	2,210,573	1,815,859	
Total current restricted investments and cash	\$ 2,487,600	\$ 2,174,454	

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

4. Restricted investments and cash (continued):

	2025	2024	Restricted by
Long-term guaranteed investment certificates:			
Flora Altieri Award			
for Academic Advancement Fund	\$ 41,095	\$ 43,725	Donors
Long-term cash:			
Barbara Palmer fund for New Works	–	25,058	Donors
	41,095	68,783	
Long-term securities:			
Alberta Ballet building capital fund	6,392,950	5,876,218	Donors
Barbara Palmer fund for New Works	–	658,875	Donors
	6,392,950	6,535,093	
Total long-term restricted investments and cash	\$ 6,434,045	\$ 6,603,876	

The restricted guaranteed investment certificates are held with a Canadian chartered bank and bear interest ranging from 2.4% to 2.5% (2024 – 4.15% to 4.75%) per annum, maturing between June 7, 2026, and Aug 1, 2026 (2024 – January 12, 2025, and August 1, 2025).

Cash and guaranteed investment certificates subject to external restrictions limiting their use beyond August 31, 2026, have been classified as long-term.

5. Endowment investments:

	2025	2024	Restricted by
Cash	\$ 317	\$ 164,981	Donors
Securities	539,976	361,875	Donors
Total endowment investments	\$ 540,293	\$ 526,856	

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

6. Leasehold improvements and equipment:

			2025	2024
	Cost	Accumulated depreciation	Net book value	Net book value
Production equipment	\$ 1,057,823	\$ 787,152	\$ 270,671	\$ 288,783
Computers and software	1,304,971	1,071,240	233,731	225,494
Leasehold improvements	1,266,675	1,076,152	190,523	241,185
Furniture, fixtures and equipment	648,651	559,254	89,397	93,163
	\$ 4,278,120	\$ 3,493,799	\$ 784,322	\$ 848,625

Amortization during the year totaled \$207,946 (2024 – \$206,362).

7. Capitalized artistic creations:

			2025	2024
	Cost	Accumulated depreciation	Net book value	Net book value
<u>Productions</u>				
Don Quixote	\$ 241,311	\$ 16,087	\$ 225,224	\$ –
The Wizard of Oz	177,431	17,743	159,688	\$ –
La Sylphide	181,362	37,253	144,109	\$ 126,366
The Nutcracker	161,259	67,514	93,738	79,789
Romeo & Juliet	24,882	–	24,882	–
Grimm	26,012	4,769	21,243	–
Swan Lake	21,566	4,344	17,222	2,455
<u>Other</u>				
School costumes	5,725	382	5,343	476
	\$ 839,541	\$ 146,729	\$ 691,456	\$ 209,086

Amortization during the year totaled \$102,387 (2024 – \$81,873).

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 9

Year ended August 31, 2025, with comparative information for 2024

8. Deferred revenue:

The components of deferred revenue are as follows:

	2025	2024
Ticket sales	\$ 2,223,450	\$ 1,779,917
Grants	1,778,775	1,444,960
Tuition	1,756,129	1,239,972
Fundraising	44,834	32,123
Deferred lease incentive	19,301	22,092
Sponsorships	22,883	10,510
Deferred donation	5,000	—
Deferred revenue	\$ 5,860,372	\$ 4,529,574

9. 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:

	2025	2024
Beginning balance	\$ 6,861,411	\$ 5,637,192
Contributions received	90,947	861,006
Net investment income	451,734	449,123
Amortization of deferred capital contributions	(92,606)	(85,910)
Ending balance	\$ 7,311,486	\$ 6,861,411

10. Restricted fund:

The Restricted fund consists of a base cash reserve policy to adhere to for the Alberta Foundation for the Arts: Professional Performing Arts Operating Grant 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 10

Year ended August 31, 2025, with comparative information for 2024

11. 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:

	2025	2024
Beginning balance	\$ 645,132	\$ 813,147
Gifts received	198,582	269,257
Transferred from Alberta Ballet Foundation	368,373	305,258
Gifts paid to Alberta Ballet Foundation	(531,767)	(742,530)
Ending balance	\$ 680,320	\$ 645,132

During the year ended August 31, 2025, endowment contributions of \$70,500 (2024 – \$35,000) were made by members of the Board of Directors of the Company.

The Company also established the Canadian Heritage and Matching endowment funds, the Garry C. Johnson QC endowment fund and the Crystal T. Lacey endowment fund (collectively, the "Funds") with Alberta Ballet Foundation, which are held and administered by the Foundation in perpetuity for the benefit of the Company. Since the Company only receives the annual income from the Funds, these endowments are not shown in these statements. The Funds earn investment income in accordance with the Foundation's investment policy and distributions from the Funds are determined by the Foundation's endowment spending policy.

Certain contributions received into the Funds have been matched by the Canada Cultural Investment Fund ("CCIF") established by the Minister of Canadian Heritage. During the year, the Foundation received \$1,146,827 (2024 – \$744,450) of endowment gifts into the Funds and \$667,814 (2024 – \$437,272) from CCIF and transferred \$368,373 (2024 – \$305,258) to the Company. The aggregate of the original donations and matching funds totaled \$1,814,641 in 2025 (2024 – \$1,181,722) and must be retained in perpetuity by the Foundation or the Company.

As of August 31, 2025, the Funds had a market value of \$10,575,083 (2024 – \$9,423,400).

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 11

Year ended August 31, 2025, with comparative information for 2024

12. Commitments and contingencies:

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

2026	\$ 334,411
2027	103,190
2028	103,115
2029	103,115
2030	103,115
Thereafter	206,228
	<hr/>
	\$ 984,309

As of August 31, 2025, 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.

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

13. Grants:

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

	2025	2024
<u>Federal:</u>		
Canada Council:		
Engage and Sustain: Artistic Institutions	\$ 622,685	\$ 622,685
Prairies Performing Arts Initiative	608,170	—
Canada Arts Training Fund	200,000	200,000
<u>Provincial:</u>		
Alberta Foundation for the Arts:		
Professional Performing Arts Organization	1,278,276	1,278,276
Alberta Education	239,840	236,521
Alberta Minister of Culture and Tourism:		
Other Initiatives Program	48,379	79,800
<u>Municipal:</u>		
Calgary Arts Development Authority:		
Operating	431,426	431,419
Edmonton Arts Council Arts:		
Operating	248,100	248,100
City of Calgary: Community Outreach	8,146	—
<u>Foundations:</u>		
Shaw Family Foundation	50,000	50,000
Royal Bank of Canada Emerging Artists	30,000	30,000
Rozsa Foundation: Audience Development	29,000	—
Calgary Foundation: Centre for Newcomers	15,420	—
Edmonton Community Foundation: Community investment	—	3,200
Rozsa Foundation: Newcomers	—	250
	\$ 3,809,442	\$ 3,180,251

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

14. Personnel:

	2025	2024
Employee wages and salaries	\$ 8,311,692	\$ 7,253,033
Employee benefits	1,144,750	1,004,549
Consultants and non-employee compensation	856,000	573,963
Recruitment, workers compensation and other	270,266	210,448
Personnel expenses	\$ 10,582,708	\$ 9,041,993

During the year, the Company paid \$263,062 (2024 – \$168,203) in total remuneration, including wages, salaries and benefits, to employees whose principal duties involved fundraising.

15. Performance, and Artistic and creations:

	2025	2024
Theatre rental and technical crew	\$ 1,172,472	\$ 1,259,672
Artist, design, choreography	578,476	624,399
Travel and transportation	759,670	562,570
Sets, props, wardrobe, shoes	325,748	377,409
Music	301,148	328,314
Other	79,960	97,934
Performance expenses	\$ 3,217,474	\$ 3,250,298

16. Administration:

	2025	2024
Ticketing and processing fees	\$ 539,083	\$ 436,326
Information technology and communication	220,014	240,286
Professional fees	166,747	160,145
Insurance	137,355	130,977
Other	235,618	175,388
Administration	\$ 1,298,817	\$ 1,143,122

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Year ended August 31, 2025, with comparative information for 2024

16. Bank indebtedness:

The Company has an operating line of credit for \$500,000 (2024 – \$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, 2025, the Company had not drawn this line of credit (2024 – \$nil). There is no covenant requirement on the facility agreement.

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

	2025	2024
Accounts and accrued receivables	\$ (341,631)	\$ 221,181
Due from Alberta Ballet Foundation	312,116	(113,917)
Inventory	59,301	(17,779)
Prepaid expenses	(146,779)	142,224
Accounts payable and accrued liabilities	(47,996)	18,933
Deferred revenue	1,330,798	181,527
Deposits	14,193	35,410
	<u>\$ 1,180,002</u>	<u>\$ 467,579</u>

19. Financial instruments:

The Company's financial instruments consist of cash and cash equivalents, accounts and accrued receivables, amounts due from the Alberta Ballet Foundation, short-term restricted investments and cash, long-term restricted investments and cash, long-term receivables, endowment investments, and accounts payable and accrued liabilities. 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 receivables 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.

ALBERTA BALLET COMPANY

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Year ended August 31, 2025, with comparative information for 2024

19. Financial instruments (continued):

(c) Foreign exchange risk:

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

(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. On August 31, 2025, approximately 67% (2024 – 58%) 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.

20. Comparative figures:

Certain comparative amounts have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.