



A Solid Foundation

ANNUAL REPORT

2016.17

AB

ALBERTA BALLET

CANADA



“Alberta Ballet is the only provincial arts organization to call two cities home and is proud to be a community leader both on and off the stage.”

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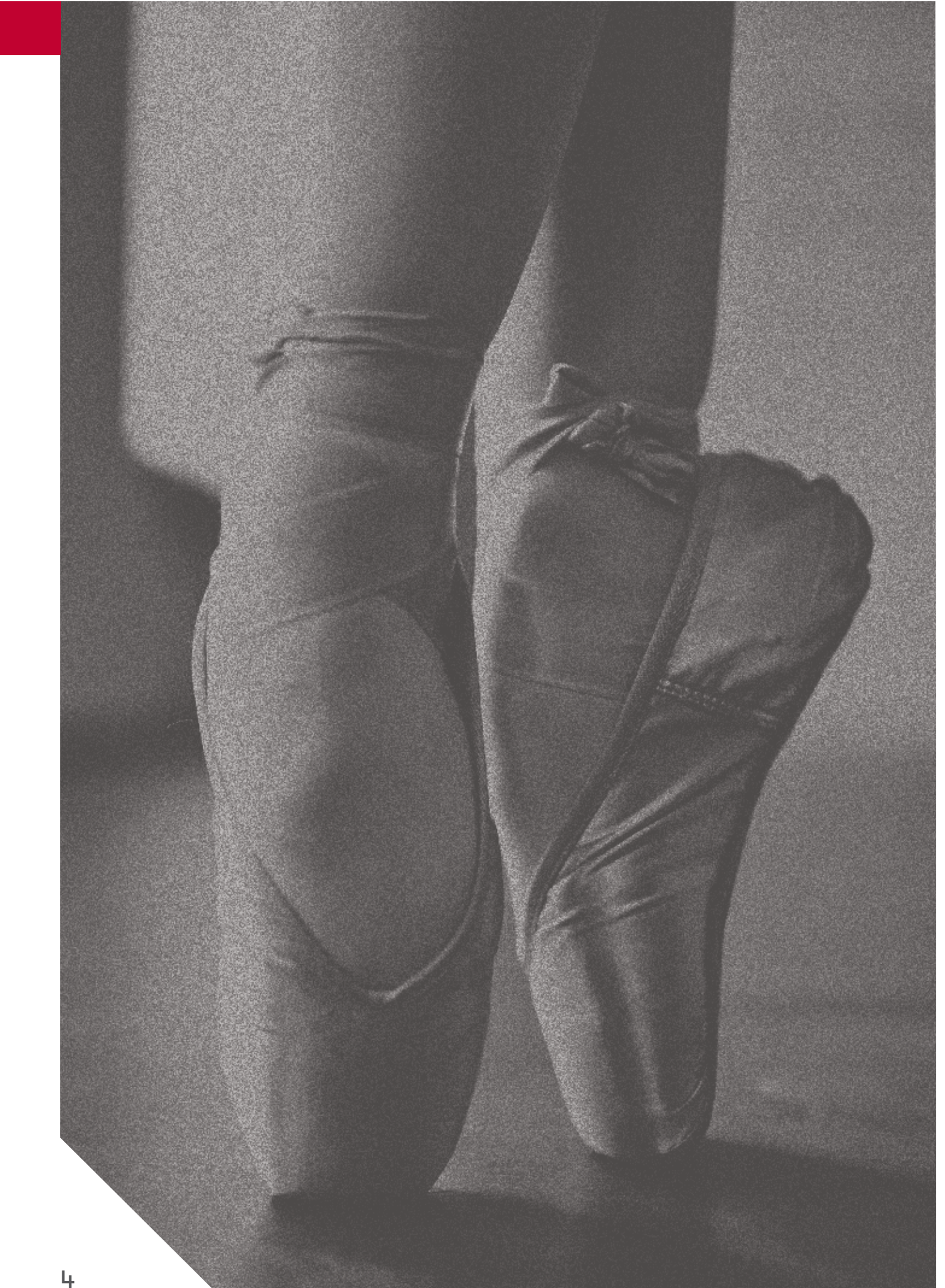
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ALBERTA BALLET

Photo Credits:

p 2 - Charles Hope

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All other photos are from the historical exhibit generously compiled by Provincial Archives of Alberta on the occasion of Alberta Ballet's 50th anniversary.

ABOUT

Telling an authentic Alberta story, Alberta Ballet is committed to sharing the magic of live ballet performance.



MESSAGE FROM THE CHAIR

It is a genuine pleasure to report to the community on the successes of Alberta Ballet's 50th season.

A strong community rallied behind Alberta Ballet through its anniversary year. There were significant challenges before the organization, but thanks to our supporters, volunteers and staff, Alberta Ballet charted a course to overcome these challenges with optimism and determination.

Artistic Director Jean Grand-Maître and his team produced a season of dance at the excellent caliber that our audiences know and love from Alberta Ballet. Behind-the-scenes, Alberta Ballet set its sights on a foundation for its future. We welcomed Chris George as our new Executive Director and developed a strategic plan to address a cumulating trend of deficits.

In the performing arts, government grants and ticket sales do not typically generate sufficient support for their operations, especially as organizations strive to offer a ticket price that is accessible to a broad range of individuals and families.

Donor support and corporate sponsorships are essential for the arts to thrive. And yet competition for this support grows daily.

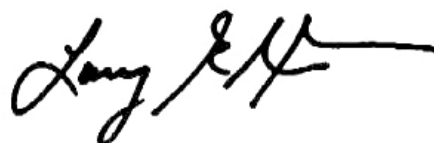
Those of us closely engaged with the operations of Alberta Ballet know that the performing arts are essential in a vibrant and world-class community. They are economic generators and contribute to overall quality of life.

We had a heady task to establish the right framework to fund the artistic aspirations of Alberta's ballet company. And our community efforts saw much success.

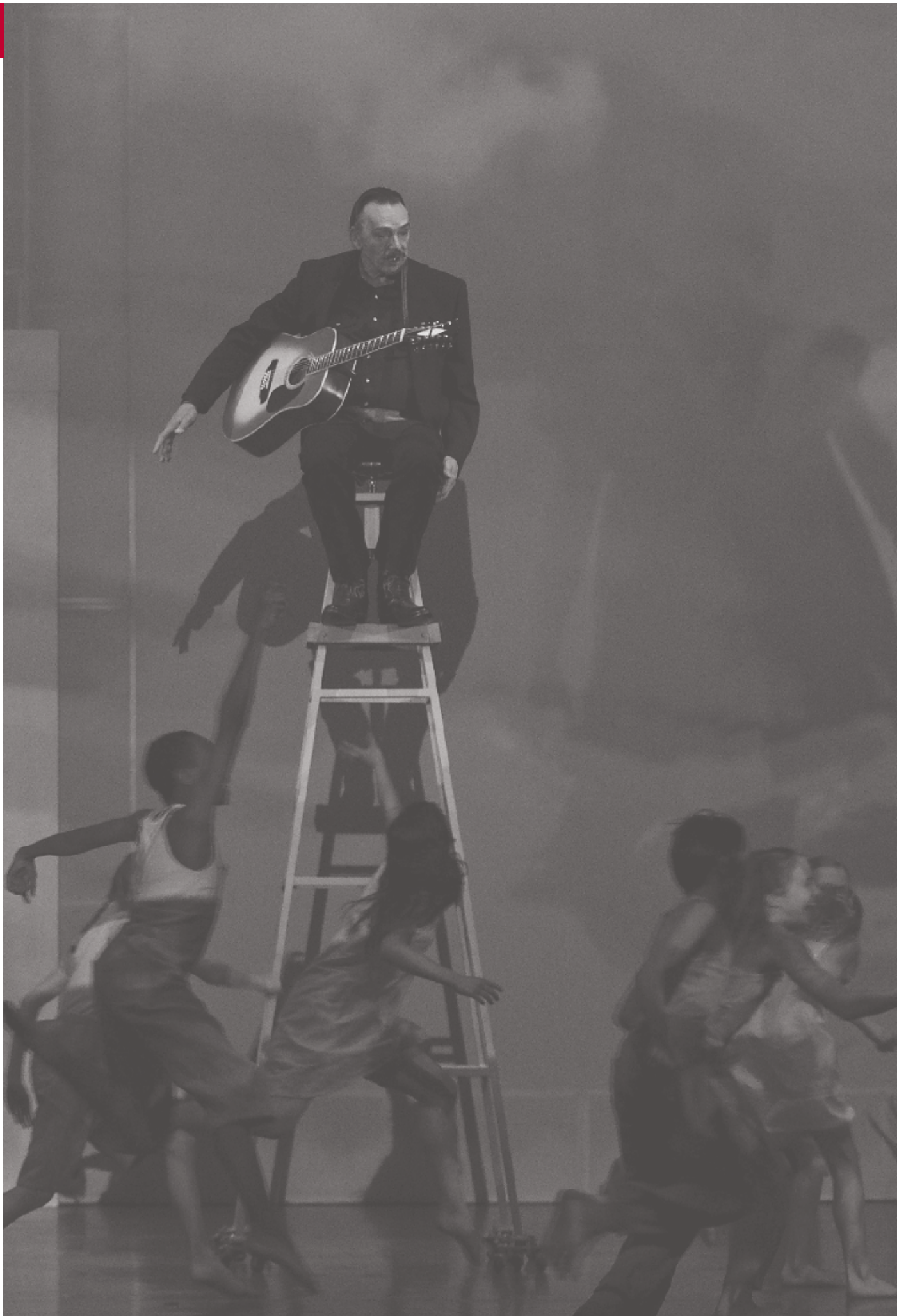
In 2016.17 we took initial steps to establish a stronger foundation. Looking back over the year, it's evident that this course will continue to create returns for the Company. In addition to closing the year with a surplus, we are seeing from many different audiences support for our artistic vision. Our 17.18 season announcement generated an enthusiasm that resonated across the country. A new generation of talent from our School attracted international accolades at the Cecchetti Competition in Italy. And our donors continue to rally behind the New Works fund as we all look forward to the creations to come.

With the successes of this past season, Alberta Ballet's supporters, volunteers and advocates can look ahead with renewed energy and optimism. I sincerely thank my colleagues on the Board and at the Alberta Ballet Foundation. Their support has been instrumental in the year's accomplishments.

The community behind Alberta Ballet can be proud of the hard work undertaken. The local and international talent at the heart of Alberta Ballet adds a richness to our communities that is of immeasurable intrinsic value.



Larry E. Clausen



MESSAGE FROM THE ARTISTIC DIRECTOR



Even while facing one of the most extraordinary economic downturns in our province's history, Alberta Ballet—its staff, Board Members, stakeholders, volunteers and talented artists—still succeeded in offering a thrilling season of world class performances.

From the most demanding classical choreography to edgy contemporary creations, we remained vital, relevant and groundbreaking. We showcased an eclectic repertoire: from family favorites to legendary collaborations to a prestigious commission for Ottawa's National Arts Centre sesquicentennial project, Encounters. We toured the country twice, celebrated our 50th Anniversary with panache and strengthened our relationships with our communities and our partners.

Our television version of *Balletlujah* won highly coveted awards and was broadcast internationally. More than 100,000 spectators attended our Calgary Stampede Grandstand

performances where we paid tribute to Leonard Cohen - and tens of thousands more were thrilled by our artistry on our home stages across Alberta and Canada. For the fifth year in a row Alberta Ballet disseminated its vision of dance to more than a million spectators.

We successfully presented acclaimed international guest companies from the UK and the US who showcased brand new esthetics and giving our audiences a deeper understanding and love for other forms of dance.

All in all, even though our 50th season was a year of intense re-structuring and re-envisioning, we still succeeded in preserving the high quality of our product.

It is comforting to realize that the most important pillars of our artistic vision survived the surging of the storm. As custodians of a complex, expensive and very fragile art form, we managed to carry this organisation to the next phase of its history.

Thank you all the artists, volunteers, staff members, school staff and all stakeholders. The tree was not blown down by the high winds because we all stood together to embrace it.

Congratulations to all!

Jean Grand-Maître





MESSAGE FROM EXECUTIVE DIRECTOR

Our 2016.17 season was a stand-out year for Alberta Ballet. We tackled some difficult objectives while celebrating Alberta Ballet's 50th year with our tremendous community supporters. We have worked hard to ensure Alberta Ballet is prepared with the talent, the community support, and the vision to launch the next 50 years of exciting dance.

We ended the season with a \$262K surplus. This was the first year that the Alberta Ballet Company has had a financial surplus since 2013. The strategies and partnerships that helped the Ballet achieve this milestone are the foundation for a long-term vision of success.

We have plenty of reasons to celebrate. Our accumulated deficit continues to be a concern, but we are confident in the strategic direction guiding our staff, our artists, our teachers and our board.

Stakeholder relationships were key in 2016.17. We undertook a thoughtful reassessment of Alberta Ballet's responsibility to steward our community. We implemented new ways of connecting donors to art, with programs such as the New Works Fund and Dancer Development. We have also undertaken a renewed effort to broaden and deepen our connections with arts partners throughout the province and created new relationships with Edmonton and Calgary Economic Development, Edmonton and Calgary Chambers of Commerce, ATB, the Jubilee Auditoria, Workers' Compensation Board, Momentum Health, the University of Calgary, Dr. Arun Gupta, Alberta Foundation for the Arts, Edmonton Arts Council, Calgary Arts Development Authority, and of course, our donors and patrons.

It takes a village to support an arts company. It's in partnership with others that we are able to reach broader networks and tell more robust and compelling stories. This helps everyone achieve success. Our Corporate Partners are a prime example of these relationships. We paid careful focus to how the Ballet's story works with our partners' stories to engage audiences in ways that benefit both parties. The strategic approach also encouraged us to engage more industry sectors. We are proud of the exciting work we were able to do together and are looking forward to building on those relationships with great enthusiasm.

We know that the future looks bright. Alberta Ballet continues to reassess processes and strategies, make decisions based in smart data, and to partner with organizations that can offer expert insight into running a successful provincial arts company, driven to ensure that we are the most exciting live dance company in Canada.

Chris George

YEAR IN REVIEW

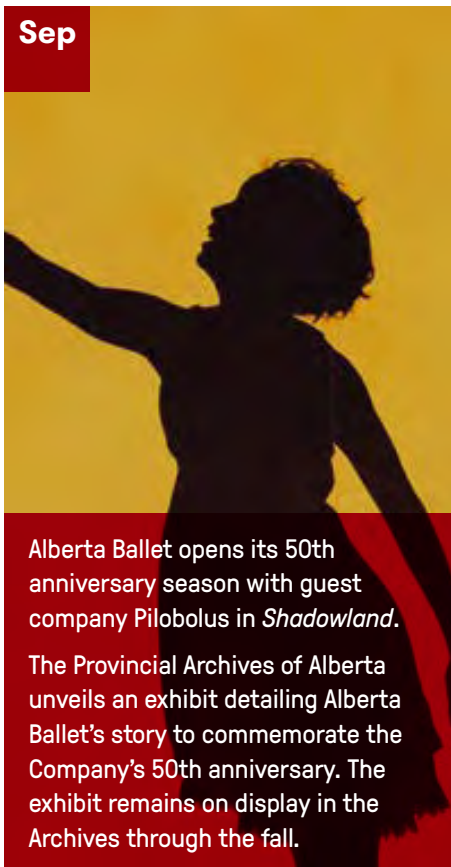
Watch www.albertaballet.com/financials for the complete 2016.17 Annual Report.

Aug



School of Alberta Ballet student Tate McRae is in the spotlight on American hit TV show *So You Think You Can Dance*. Audiences across the United States vote to keep her in the running right up until the final episodes of the 2016 season.

Sep



Alberta Ballet opens its 50th anniversary season with guest company Pilobolus in *Shadowland*.

The Provincial Archives of Alberta unveils an exhibit detailing Alberta Ballet's story to commemorate the Company's 50th anniversary. The exhibit remains on display in the Archives through the fall.

Oct



Alberta Ballet works with Sir Ben Stevenson of Texas Ballet Theatre to present *Dracula*.

Nov



Alberta Ballet tours to Ottawa with *The Nutcracker*.

Dec

Snowstorms prompt a highway closure at the Saskatchewan-Manitoba border, leaving Alberta Ballet trucks stopped for over 24 hours when transporting *The Nutcracker* sets from Ottawa to Edmonton. Trucks arrive in Edmonton at midnight. The production team and IATSE Local 210 complete load-in in time for dancers to rehearse on stage at 2:00 pm, keeping everything on track for opening night.

Between Ottawa, Edmonton and Calgary, over 250 dance students ranging in age from 8 through to 17 dance as part of the children's cast in Edmund Stripe's *The Nutcracker*.

Jan



Alberta Ballet hosts New York's Les Ballets Trockadero de Monte Carlo.

Feb



Alberta Ballet hosts London, England's *Ballet Boyz*.

Alberta Ballet tours *Love Lies Bleeding* to Winnipeg.

Mar



Alberta Ballet performs Edmund Stripe's *Alice in Wonderland*.

Alberta Ballet and the University of Calgary celebrate the Dance Science partnership between the Company and the University. This research partnership is the only one of its kind in North America, and one of five worldwide.

Apr

In honour of Alberta Ballet's milestone anniversary, Alberta MLA Annie McKittrick uses her Member Statement in the Legislative Assembly to shine a spotlight on Alberta Ballet.

Alberta Ballet tours to Ottawa to participate in NAC's *Encount3rs*, a mixed bill where three leading choreographers partner with three leading composers for a series of new works in celebration of Canada's 150th.

Alberta Ballet announces its 17.18 season which includes two new works: *Cinderella* and a ballet featuring the music of The Tragically Hip.

Director of Touring and Production Harry Paterson retires, closing a 26-year career with Alberta Ballet.

May



Alberta Ballet premieres Jean Grand-Maitre's *Our Canada*, featuring the music of Gordon Lightfoot. The production features guest artist Eugene Stickland in the role of Gordon Lightfoot.

Alberta Ballet closes its 50th anniversary by opening the studio to the public with an exhibit of paintings of Alberta Ballet dancers as created by Artist Gordon Milne over the past 25 years.

Jun



12 Alberta Ballet dancers tour to Trois-Rivières Quebec to perform in *DansEncore*.

The School of Alberta Ballet presents year end performances in Calgary and in Edmonton.

The School of Alberta Ballet celebrates graduation ceremonies. Of the graduating class, 12 students go on to accept professional dance contracts. Three students accept contracts with Alberta Ballet; others accept contracts with companies such as National Norwegian Ballet and Austria's Opera Graz.

Jul



The School of Alberta Ballet sends six students to the 2017 Cecchetti International Ballet Competition. Four students progress to the finals, and Akane Kogure brings home one of the competition's three top prizes.

Alberta Ballet closes the year a surplus. As the first surplus in four years and one managed even despite a challenging economy across the province, the achievement marks a significant turn-around for the organization.

SEASON SNAPSHOT

Throughout the 16.17 season, each time Alberta Ballet was on stage with a season performance, students from the School of Alberta Ballet joined the Company dancers.

16

The number of student dancers that were cast in the roles of brides, flying brides and villagers in the performance of *Dracula*.

Student dancers which rounded out *The Nutcracker* children's cast.

100



In *Alice in Wonderland*, the roles of the hedgehog and the bunny were played by students.

Students from the School of Alberta Ballet danced roles in *Our Canada*.

48

+19,000

JUBILEE
AUDITORIUM
ATTENDANCE

APPROX.
160,000
ATTENDANCE IN OTHER
ALBERTA VENUES

745

NUMBER OF
VOLUNTEERS

4,730

VOLUNTEER
HOURS

+23,000

ATTENDANCE ON
CANADIAN TOUR
(OTTAWA, WINNIPEG,
TROIS-RIVIÈRES).

77

NUMBER OF
WORKING ARTISTS

28

DANCERS

ADDITIONAL PERFORMANCES



Alberta Ballet presents Pilobolus in *Shadowland*

“Visually extraordinary” –*The Gateway Online* (Sept 29)

Alberta Ballet in Sir Ben Stevenson’s *Dracula*

“...behind all the glitter and presumed gore of Stevenson’s *Dracula*, there lurks an actual ballet bedecked in Romantic-era borrowings from *Giselle* to *Swan Lake*.”

–*Calgary Herald* (Oct 28)

Alberta Ballet in Edmund Stripe’s *The Nutcracker*

“This year’s *The Nutcracker* ... captured the magical highs and lows of the popular holiday adventure.” –*The Wanderer Online* (Dec)

Alberta Ballet presents *Les Ballets Trockadero de Monte Carlos*

“The shows are not really about addressing issues of gender or sexuality... We really try to focus on our stage personalities and being funny. Our show is geared towards everyone. Even children.” –*Chase Johnsey, “Trock” quoted in the Edmonton Journal* (Jan 11)

Alberta Ballet presents BalletBoyz in *Life*

“The boyz demonstrate their physical strength, hanging from the bar and falling from it repeatedly, in choreography that is staccato and fluid simultaneously.”

–*Jenna Shummoogum* (Feb 18)

Alberta Ballet in Edmund Stripe’s *Alice in Wonderland*

“By all rights, this Edmund Stripe masterpiece is a fitting monument to Alberta Ballet innovation, and really, this *Alice* choreography ... ought to tour.” –*Calgary Herald*, (Mar 18)

Alberta Ballet in Jean Grand-Maître’s *Our Canada*, featuring the music of Gordon Lightfoot

“I appreciate very much the work ethic involved in dance, and I am thrilled that a new contemporary ballet, featuring my music, will part of Canada’s 150th birthday celebration.” –*Gordon Lightfoot*

*Thank you to the
generous Albertans
for their time, talent
and commitment
to the success of
Alberta Ballet.*



RECOGNITION

BOARD OF DIRECTORS 2016.17

OFFICERS & EXECUTIVE COMMITTEE

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Board Chair

GEORGE GOLDHOFF
Vice Chair

FRANK MOLNAR
Corporate Secretary

CHANDRA A. HENRY
Chair, Audit Committee & Treasurer

KEVIN KRAUSERT
Chair, Development Committee

RON R. BRYANT
Chair, Governance & Nominating Committee

JOHN W. MASTERS
Chair, School Committee

DAVID BOOMER
Director

JOSH BILYK
Director

KELLIE DOHERTY
Director

MATIAS GRUM
Director

JANE MCCAIG
Director

GERARD MCINNIS
Director

MARCO SIMONELLI
Director

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Chair

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Secretary/Treasurer

ROSA MCDONALD
Director

SHARON WATKINS
Director

MARCO SIMONELLI
Director

ALBERTA BALLET FOUNDERS



DR. RUTH CARSE



MURIEL TAYLOR

Ruth Carse and Muriel Taylor dreamed of celebrating ballet across this province. Lifelong friends who met in a dance class in Edmonton in 1933, they pursued their vision with passion and determination. In 1966, they oversaw the expansion of their ballet company to found Alberta Ballet.

Today, Ruth and Muriel's dream lives on through the artists, employees, stakeholders and volunteers who each have come to Alberta Ballet with a **belief that art can change the world.**

DONORS

The creative success of Alberta Ballet would not be possible without the generous support of our donors. Your support allows us to present exceptional seasons of dance by enhancing opportunities to create and perform diverse and exciting repertoire. *(Donations made from July 1, 2016 to March 31, 2017.)*

\$50,000+

Anonymous Donors

\$25,000 TO \$49,999

Kellie Doherty
The Palmer Family Foundation
Annie Freeze
Clarice Siebens
Sharon Watkins and Alan Kane

\$10,000 TO \$24,999

Alberta Ballet Foundation
Walter and Irene DeBoni
The Lindsay Rachel Giacomelli
Memorial Fund
Kevin Krausert
John and Christel Seto
Richard Waller and Jane McCaig
Don Wilson and Debra Wanchulak
Peter and Carol Ann Williams

\$5,000 TO \$9,999

Douglas and Linda Black
John C. Bonnycastle
Ian and Heather Bourne
THE Downtown Sports Clinics
Giftfunds Canada
Grosvenor Canada Limited
Chris George
D'Arcy Levesque
Alison Mele
Doug Myhre
Pratch Family Foundation
Susan Rose
Mary Rozsa de Coquet
Barry and Maureen Schloss
Marco Simonelli
Alfred Sorensen
Rod and Betty Wade

\$1,500 TO \$4,999

Dr. Hilary and Jussi Alto
R.R. Andrews
Laura Cillis and Leonard Arcovio
Pamela Fitzgerald and Robert Arts
Stephen and Aisling Baird
Gordon and Cheryl Barefoot

Tony and Valerie Barlott
Laurie Bayda
Drs. Barb and Jim Beck
Joan Bedard
Pearl Beecroft
George and Colleen Bezaire
Josh Bilyk
Nolan and Carol Blades
Shawn Blitz
Julia Boberg
David Boomer
Kelly Bourassa
Irene Brandschwei
Chris and Hanita Brungs Simard
Andrea Brussa
Ron and Kim Bryant
BMO - Nesbitt Burns
Robert and Ann Calvert
Dr. Miriam Carey and Errol Lee Fullen
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Larry Clausen and Myron Story
Elaine M. Coachman
Proof Cocktail Bar Inc
In Memory of Dr. Martha Cohen
Edmonton Community Foundation
on behalf of Maggie Mitchell
Potash Corporation of
Saskatchewan Inc.
Judy and John Cosco
J. Susan Davis and Stuart Cowen
Dr. Andrew Daly
Jessica Davies
Laura DiStefano
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Darin H Grisdale
Matias Grum and Amy Martin
David Haigh
Candice Harris and Gary Pettit
Colleen Hartley

Deborah Hawkwood
Chandra and Tom Henry
Dr. Elena Hernandez-Kucey
Jose-Carlos Herrero and
Nicole Herrero-Langlais
Ayana Hirakawa
John and Susan Hokanson
Gary Holland and Kim Kroetsch
Lynn Hult
Corinne Bleakley and Lindsay Hyndman
Craig and Valerie Johnstone
Jo Ann Jones
Dr. Adrian Jones
J'Adore Dance
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Andrew and Alison Love
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Richard Mah
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The Mar Family
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Tannis McElroy and Cali McElroy
Dr. Janice Heard and Bruce McFarlane
Gerard Mcinnis
Roderick J. McKay
Denise McMullen
Yolanda Van Wachem and Hugh McPhail
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Arliss Miller
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Julie Moylan
Alan and Geri Moon
Kathy Ruth Morgan
Jennifer and Torval Mork
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 Annette L. Willoughby
 Dorothy Woolstencroft
 Ian Young and Catherine Barrett
 Hon. June Ross and Barry Zalmanowitz
 Tani Zeidler
 Lezli Rae Zimmerman

OUR 50 COMMUNITY

In 2016.17, over 300 Albertans donated to the Our 50 Community. Members of Our 50 Community gave \$50 as a show of support for Alberta Ballet’s vision for its next 50 years!

You can recognize Our 50 Community members by the Alberta Ballet 50 pin!

2016.17 GOVERNMENT PARTNERS



Canada Council
for the Arts

Conseil des Arts
du Canada



THE CITY OF
CALGARY
Proudly serving a great city



Alberta
Foundation
for the Arts



calgaryarts
development




edmonton
arts council



CALGARY
FOUNDATION
FOR COMMUNITY, FOREVER



FINANCIAL STATEMENTS



Non-consolidated Financial Statements of

ALBERTA BALLET COMPANY

Year ended June 30, 2017



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Calgary AB
T2P 4B9
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Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying non-consolidated financial statements of Alberta Ballet Company, which comprise the non-consolidated statement of financial position as at June 30, 2017, the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Alberta Ballet Company as at June 30, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

November 16, 2017
Calgary, Canada

ALBERTA BALLET COMPANY

Non-consolidated Statement of Financial Position

June 30, 2017, with comparative information for 2016

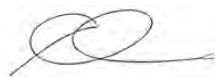
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 850,087	\$ 374,962
Accounts and accrued receivables (note 3)	660,051	326,943
Grants receivable	431,249	326,075
Due from Alberta Ballet Foundation (note 13)	30,435	21,748
Prepaid expenses	205,348	77,600
Inventory and other assets	294,747	217,388
Restricted investments and cash (note 4)	146,420	63,405
	<u>2,618,337</u>	<u>1,408,121</u>
Restricted investments and cash (note 4)	505,000	430,000
Long term receivables	49,254	47,784
Leasehold improvements and equipment (note 5)	629,029	642,210
Capitalized artistic creations (note 6)	304,789	309,815
	<u>\$ 4,106,409</u>	<u>\$ 2,837,930</u>

Liabilities and Fund Balances

Current liabilities:		
Payables and accrued liabilities (note 8)	\$ 910,273	\$ 532,383
Deferred revenue (note 9)	3,991,170	3,515,846
Deposits	65,114	–
Current portion of obligations under capital lease (note 10)	14,524	7,190
	<u>4,981,081</u>	<u>4,055,419</u>
Obligations under capital lease (note 10)	60,077	22,467
Deferred capital contributions (note 11)	191,810	148,744
	<u>5,232,968</u>	<u>4,226,630</u>
Fund balances:		
Internally restricted (note 12)	430,000	430,000
Operating	(1,556,559)	(1,818,700)
	<u>(1,126,559)</u>	<u>(1,388,700)</u>
Commitments and contingencies (note 14)		
Subsequent event (note 14)		
	<u>\$4,106,409</u>	<u>\$ 2,837,930</u>

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:



Chris George
Executive Director



Chandra Henry
Chair, Audit Committee

ALBERTA BALLET COMPANY

Non-consolidated Statement of Operations

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Performance	\$ 5,700,324	\$ 5,856,674
Tuition	3,390,122	3,032,880
Government grants	2,604,282	2,317,821
Donations (note 13)	825,091	925,862
School residence	783,333	811,105
Sponsorship	527,331	660,757
Merchandising	272,562	280,533
Fundraising events	99,759	119,701
Other	57,644	83,976
Amortization of deferred capital contributions (note 11)	31,934	206,830
	<u>14,292,382</u>	<u>14,296,139</u>
Expenses:		
Personnel	6,673,157	7,056,890
Performance	2,716,066	2,821,669
Facilities (note 14)	1,479,604	1,230,903
Administration (note 10)	1,067,726	1,045,031
Marketing	788,263	1,178,643
Residence food and supplies	264,601	199,289
Merchandising	228,220	162,432
Artistic and creations	221,571	160,060
Fundraising and development	122,349	115,652
Bad debts expense (recovery)	61,570	(39,635)
Loss on foreign exchange	7,880	46,343
	<u>13,631,007</u>	<u>13,977,277</u>
	<u>661,375</u>	<u>318,862</u>
Amortization (notes 5 and 6)	(361,989)	(534,709)
Loss on disposal of furniture and fixtures (note 5)	(37,245)	-
Write down of new building (notes 5 and 7)	-	(455,886)
Write down of artistic creations (note 6)	-	(193,434)
Write down of leasehold improvements (note 5)	-	(77,270)
Excess (deficiency) of revenues over expenses	<u>\$ 262,141</u>	<u>\$ (942,437)</u>

See accompanying notes to non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Changes in Fund Balances

Year ended June 30, 2017, with comparative information for 2016

	Operating	Internally Restricted Funds	Total 2017	Total 2016
Fund balances, beginning of year	\$(1,818,700)	\$ 430,000	\$(1,388,700)	\$ (446,263)
Excess (deficiency) of revenues over expenses	262,141	–	262,141	(942,437)
Fund balances, end of year	\$(1,556,559)	\$ 430,000	\$(1,126,559)	\$(1,388,700)

See accompanying notes to non-consolidated financial statements.

ALBERTA BALLET COMPANY

Non-consolidated Statement of Cash Flows

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Increase (decrease) in cash		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 262,141	\$ (942,437)
Amortization	361,989	534,709
Amortization of deferred capital contributions	(31,934)	(206,830)
Impaired assets written off	–	725,923
Loss on disposal of furniture and fixtures	37,245	–
	629,441	111,365
Net change in non-cash operating working capital (note 17)	266,252	(455,184)
	895,693	(343,819)
Financing:		
Capital lease agreements to purchase equipment	56,193	18,087
Payments on capital lease obligation	(11,250)	(6,099)
	44,943	11,988
Investing:		
(Increase) decrease in restricted investments	(101,000)	–
Capital contributions received	75,000	27,408
Purchase of leasehold improvements and equipment	(220,463)	(93,423)
Purchase of capitalized artistic creations	(160,563)	(59,109)
Increase in long term receivables	(1,470)	(8,739)
	(408,496)	(133,863)
Net increase (decrease) in cash, cash equivalents and restricted cash	532,140	(465,694)
Cash, cash equivalents and restricted cash, beginning of year	833,367	1,299,061
Cash, cash equivalents and restricted cash, end of year	\$ 1,365,507	\$ 833,367

See accompanying notes to non-consolidated financial statements.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements

Year ended June 30, 2017, with comparative information for 2016

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) Fund accounting:

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

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

(b) Revenue recognition:

The Company follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Deferred revenue:

The Company defers revenue from ticket sales until the date of the performance. Tuition 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.

(d) 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.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 2

Year ended June 30, 2017, with comparative information for 2016

2. Significant accounting policies (continued):

(e) 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 year in proportion to the annual amortization of the related assets for which the capital contributions were expended.

(f) 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 year 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.

(g) 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.

(h) Leasehold improvements and equipment:

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

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

(i) Capitalized artistic creations:

Capitalized artistic creations include the cost of set, props, original music scores and costumes for major productions performed by the Company. Sets, props, original music scores, costumes, and related costs for all productions, 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 and school costumes are amortized on a straight line basis over 5 years, subject to an annual review by management.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 3

Year ended June 30, 2017, with comparative information for 2016

2. Significant accounting policies (continued):

(j) 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 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.

(k) 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 year.

(l) 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 year end exchange rate. Non-monetary assets and liabilities are translated at the approximate rate of exchange prevailing at the transaction date.

(m) Accounting for controlled related entity:

The Company has elected to account for its controlled related entity, the Alberta Ballet Foundation, at cost.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 4

Year ended June 30, 2017, with comparative information for 2016

2. Significant accounting policies (continued):

(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 \$549,454 (2016 - \$65,703) of receipts for single and subscription ticket sales collected by a third party on behalf of the Company.

4. Restricted investments and cash:

	2017	2016	Restricted by
Current cash:			
Raffle accounts	\$ 37,315	\$ 28,405	Alberta Gaming & Liquor Commission
Dancers development fund	24,313	-	Donors
Training grant	23,792	-	Funder
	85,420	28,405	
Long term cash:			
Working capital reserve (note 12)	430,000	430,000	Funder
	515,420	458,405	
Current guaranteed investment certificates:			
All of Us production	26,000	-	Donor
Security	35,000	35,000	Canadian Actors' Equity Association
Long term guaranteed investment certificates:			
Building fund	75,000	-	Donor
	136,000	35,000	
	\$ 651,420	\$ 493,405	

The externally restricted guaranteed investment certificates are held with a Canadian chartered bank and bear interest at 0.90% to 1.55% (2016 - 0.9%) per annum, maturing on December 23, 2017 (2016 - December 23, 2016).

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 5

Year ended June 30, 2017, with comparative information for 2016

5. Leasehold improvements and equipment:

			2017	2016
	Cost	Accumulated depreciation	Net book value	Net book value
Leasehold improvements	\$ 1,421,018	\$ 1,186,953	\$ 234,065	\$ 265,147
Office furniture, fixtures and equipment	507,190	389,135	118,055	119,023
Computers and software	660,953	502,975	157,978	130,402
Production equipment	654,485	535,554	118,931	127,638
	\$ 3,243,646	\$ 2,614,617	\$ 629,029	\$ 642,210

Amortization provided for the current year totaled \$196,401 (2016 - \$195,750). A total of \$nil (2016 - \$455,886) of new building costs and \$nil (2016 - \$77,270) of leasehold improvements have been written off during the year. There was a loss on disposal of furniture and fixtures during the year of \$37,245 (2016 - \$nil).

6. Capitalized artistic creations:

			2017	2016
	Cost	Accumulated depreciation	Net book value	Net book value
Set, props and costumes:				
The Nutcracker	\$ 1,147,651	\$ 1,010,188	\$ 137,463	\$ 252,228
Our Canada	134,037	13,404	120,633	–
Dangerous Liaison	60,309	48,246	12,063	42,216
School costumes	36,254	9,957	26,297	15,371
Caelestis	10,000	1,667	8,333	–
	\$ 1,388,251	\$ 1,083,462	\$ 304,789	\$ 309,815

Amortization provided for the current year totaled \$165,588 (2016 - \$338,959) and a total of \$nil (2016 - \$193,434) of capitalized artistic creations has been written off during the year.

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 6

Year ended June 30, 2017, with comparative information for 2016

7. Existing studios and new building:

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 but 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.

In 2013, the Board of Directors authorized the Company to undertake the renovation of an adjacent building (Rouleau House), and to begin the planning for the construction of a new building to house both the Company and the School of Alberta Ballet. During the year ended June 30, 2016, as a result of management's annual impairment assessment, \$455,887 of capitalized costs incurred for the feasibility and design of the new building were written off in 2016 as there were no plans to continue with the new building.

8. Payables and accrued liabilities:

Government remittances payable total \$27,290 (2016 - \$22,856) related to goods and services and payroll taxes.

9. Deferred revenue:

Deferred revenue represents ticket sales, tuition fees, performance fees applicable to the 2018 season, government grants, and sponsorship restricted to future expenditures. The components of deferred revenue are as follows:

	2017	2016
Ticket sales	\$ 1,537,071	\$ 1,517,164
Tuition fees	1,095,073	1,199,234
Government grants	1,277,209	770,495
Sponsorships	69,817	–
Raffle	–	19,020
Service charges	–	5,933
Performance fees	12,000	4,000
	<u>\$ 3,991,170</u>	<u>\$ 3,515,846</u>

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 7

Year ended June 30, 2017, with comparative information for 2016

10. Obligations under capital lease:

The Company has financed computer and copier equipment by entering into capital lease arrangements. The computer contracts mature on August 15 and December 15, 2019 and bear interest at 1.1% and 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:

2018	\$ 27,275
2019	27,275
2020	21,884
2021	16,307
2022	16,307
2023	4,077
Total minimum lease payments	113,125
Less amount representing interest	38,524
Minimum capital lease payments	74,601
Current portion of obligations under capital leases	14,524
	\$ 60,077

Interest of \$3,755 (2016 - \$4,088) relating to the capital lease obligation has been included in administration expense. The total amount of equipment under capital lease is \$93,561 (2016 - \$37,368) with accumulated amortization of \$10,522 (2016 - \$10,522).

11. Deferred capital contributions:

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

Changes in the deferred capital contributions balance are as follows:

	2017	2016
Beginning balance	\$ 148,744	\$ 328,166
Contributions received	75,000	27,408
Less amounts recognized as revenue in the year	(31,934)	(206,830)
Ending balance	\$ 191,810	\$ 148,744

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 8

Year ended June 30, 2017, with comparative information for 2016

12. Fund balances:

	2017	2016
Internally restricted:		
Working capital reserve	\$ 430,000	\$ 430,000

The Company is required to maintain a working capital reserve under Alberta Foundation for the Arts ("AFA") guidelines. As required by the AFA, the working capital reserve may be used to fund operations during the fiscal period as defined in the agreement and must be refunded in accordance with AFA requirements. The stated desire of the AFA is that the Company seek to increase the cash reserve fund over time to a target of 10% of total revenue.

13. Alberta Ballet Foundation:

The Alberta Ballet Foundation, a controlled related entity 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 Foundation has not been consolidated in the Alberta Ballet Company financial statements. The following transactions occurred between the Alberta Ballet Foundation and the Company:

For the year ended June 30	2017	2016
Donation to the Alberta Ballet Company	\$ 29,468	\$ 21,748

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 for the June 30 year end, are provided as follows:

For the year ended June 30	2017	2016
Statement of operations:		
Revenues	\$ 25,630	\$ 509,241
Expenses	(79,679)	(26,121)
(Deficiency) excess of revenues over expenses	\$ (54,049)	\$ 483,120

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 9

Year ended June 30, 2017, with comparative information for 2016

13. Alberta Ballet Foundation (continued):

As at June 30	2017	2016
Financial position:		
Total assets	\$ 1,063,503	\$ 1,108,764
Total liabilities	34,035	25,248
Capital stock and fund balances	\$ 1,029,468	\$ 1,083,516
For the year ended June 30	2017	2016
Cash flows:		
Operations	\$ (138,221)	\$ 502,836
Investing	(768,743)	442,820
(Decrease) increase in cash, cash equivalents and restricted cash	\$ (906,964)	\$ 945,656

14. Commitments and contingencies:

- (a) Effective June 2017, the Company entered into a 7 year lease agreement with an option to terminate after 5 years for the School of Alberta Ballet. The Company leases studio space in Edmonton expiring in August 2019. The lease for office space in Edmonton was terminated in June 2017. The Company was required to pay \$43,510 under the lease surrender agreement which was included in facilities expense with \$18,510 being paid on June 1, 2017 and \$25,000 on July 31, 2017. The Company also leases warehouse space in Calgary for the purposes of building and storing sets and props expiring July 2019.

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:

2018	\$ 586,460
2019	461,429
2020	391,424
2021	337,484
2022	336,991
2023 and beyond	651,167
	<u>\$ 2,764,955</u>

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 10

Year ended June 30, 2017, with comparative information for 2016

14. Commitments and contingencies (continued):

- (b) The Company has arranged a Letter of Guarantee in favor of The Canadian Actions Equity Association for \$35,000 (2016 - \$35,000) secured by a \$35,000 non-redeemable GIC. The Association has not drawn on this guarantee at June 30, 2017 or 2016.

15. Bank indebtedness:

The Company has an operating line of credit for \$500,000 (2016 - \$500,000). As security, the Company has provided the lender a general security agreement over all assets and future acquired assets. At June 30, 2017, the Company had drawn \$nil on this line of credit (2016 - \$ nil).

16. Donations in-kind:

During the current year, 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:

	2017	2016
Development	\$ –	\$ 14,724
Marketing	–	24,910
Production	545	8,095
Administration	40,788	106,204
	<u>\$ 41,333</u>	<u>\$ 153,933</u>

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

	2017	2016
Accounts and accrued receivables	\$ (333,108)	\$ (79,387)
Grants receivable	(105,174)	(71,807)
Due from Alberta Ballet Foundation	(8,687)	(17,784)
Prepaid expenses	(127,748)	65,390
Inventory and other assets	(77,359)	(8,267)
Payables and accrued liabilities	377,890	(87,159)
Deposits	65,114	–
Deferred revenue	475,324	(256,170)
	<u>\$ 266,252</u>	<u>\$ (455,184)</u>

ALBERTA BALLET COMPANY

Notes to the Non-consolidated Financial Statements, page 11

Year ended June 30, 2017, with comparative information for 2016

18. 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 and payables and accruals. 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 minimal for the Company. The Company's accounts and accrued receivables, and grants receivable are primarily due from governments and large corporations and are subject to normal credit risks. The Company's cash and cash equivalents, and restricted cash are held with a Canadian chartered bank and are subject to credit risk. 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 both purchases and sales in U.S. dollars. There were no exchange rate contracts in place as at June 30, 2017.

19. Comparative information:

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



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