Financial Statements

Alberta Ballet Company

June 30, 2013

ALBERTA BALLET
CANADA

Contents

Independent Auditor's Report

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To the Board of Directors of

Alberta Ballet Company

We have audited the accompanying financial statements of the Alberta Ballet Company (the "Company"), which comprise the statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of operations, changes in fund balances and cash flows for the years ended June 30, 2013 and June 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 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 financial statements present fairly, in all material respects, the financial position of the Alberta Ballet Company as at June 30, 2013, June 30, 2012 and July 1, 2011 and its financial performance and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Calgary, Alberta
September 27, 2013

Grant Thornton LLP
Chartered Accountants

Alberta Ballet Company
Statement of Operations

Year Ended June 30	2013	2012
Revenues		
Performance	$ **5,157,794**	$ 6,046,811
Government grants	**2,104,209**	1,930,577
Donations	**1,760,721**	1,208,169
Sponsorship	**903,250**	529,750
Fundraising events	**579,274**	213,699
Tuition	**1,678,175**	1,276,090
School Residence	**491,241**	122,444
Merchandising	**175,843**	122,178
Amortization of deferred capital contributions (Note 11)	**66,633**	53,843
Other	**81,877**	114,442
GST recovered	**109,356**	152,061
	13,108,373	11,770,064
Expenses		
Personnel	**5,552,637**	4,458,259
Performance	**2,728,860**	3,049,784
Administration	**1,114,926**	926,935
Facilities	**1,079,059**	1,072,117
Marketing	**1,050,030**	1,242,455
Amortization and depreciation (Note 4 and Note 5)	**613,467**	761,307
Fundraising and development	**465,231**	176,353
Artistic and creations	**119,120**	169,014
Merchandising	**117,318**	73,946
Bad debts & loss on foreign exchange	**8,832**	12,918
(Recovery) allowance against investment in preferred shares (Note 9)	**(39,385)**	79,860
Non-recoverable GST	**134,749**	155,452
	12,944,844	12,178,400
Excess of revenues over expenses (expenses over revenues)	$ **163,529**	$ (408,336)

The accompanying notes are an integral part of these financial statements.

Alberta Ballet Company
Statement of Changes in Fund Balances
Year Ended June 30, 2013

	Operating	Externally Restricted Funds	Internally Restricted Funds	**Total 2013**	Total 2012
Fund balances, beginning of year	$ 153,684	$ 8,752	$ 893,841	**$ 1,056,277**	$ 1,464,613
Excess of revenues over expenses (expenses over revenues)	163,529	-	-	**163,529**	(408,336)
Interest earned by restricted fund (Note 12)	-	-	136	**136**	-
Transfer to restricted fund (Note 12)	(100,000)	-	100,000	**-**	-
Fund balances, end of year (Note 12)	$ 217,213	$ 8,752	$ 993,977	**$ 1,219,942**	$ 1,056,277

The accompanying notes are an integral part of these financial statements.

Alberta Ballet Company
Statement of Financial Position

	June 30, 2013	June 30, 2012	July 1, 2011
Assets			
Current			
Cash and cash equivalents	**$ 1,162,579**	$ 968,734	$ 1,247,654
Short term investments	**537,464**	535,818	554,185
Receivables	**260,079**	133,064	180,566
Grants receivable	**186,084**	256,500	154,500
Prepaid expenses	**431,155**	660,461	377,262
Other assets	**298,429**	225,427	264,148
	2,875,790	2,780,004	2,778,315
Investment in preferred shares (Note 9)	**-**	-	82,663
Other long term investments	**8,752**	8,752	10,081
Long term receivables	**39,045**	39,045	-
Leasehold improvements and equipment (Note 4)	**1,110,340**	962,813	699,842
Capitalized artistic creations (Note 5)	**855,359**	852,926	1,293,308
	$ 4,889,286	$ 4,643,540	$ 4,864,209
Liabilities			
Current			
Payables and accruals (Note 7)	**$ 400,267**	$ 573,575	$ 606,569
Deferred revenue (Note 8)	**2,732,409**	2,701,856	2,501,575
Deferred contributions (Note 9)	**-**	-	7,250
	3,132,676	3,275,431	3,115,394
Deferred stabilization grant (Note 10)	**85,023**	85,023	85,023
Deferred donations	**5,000**	5,000	10,727
Deferred capital contributions (Note 11)	**446,645**	221,809	188,452
	3,669,344	3,587,263	3,399,596
Fund balances			
Externally restricted (Note 12)	**8,752**	8,752	8,752
Internally restricted (Note 12)	**993,977**	893,841	900,135
Operating	**217,213**	153,684	555,726
	1,219,942	1,056,277	1,464,613
	$ 4,889,286	$ 4,643,540	$ 4,864,209

Commitments and contingencies (Note 14)

On behalf of the Board

Martin Bragg,
Executive Director

Jeff Fortin,
Chair, Audit Committee

The accompanying notes are an integral part of these financial statements.

Alberta Ballet Company
Statement of Cash Flows

Year Ended June 30		2013		2012
Increase (decrease) in cash and cash equivalents				
Operating				
Excess of revenues over expenses (expenses over revenues)	**$**	**163,529**	$	(408,336)
Amortization and depreciation		**613,467**		761,307
Amortization of deferred capital contributions		**(66,633)**		(53,843)
Allowance against investment in preferred shares		**-**		79,860
Net change in non-cash operating working capital		**(43,050)**		(183,711)
		667,313		195,277
Funding and investing activities				
(Increase) decrease in other investments		**(1,646)**		19,696
Capital contributions received		**291,469**		87,200
Interest earned in Restricted Fund		**136**		-
Purchase of leasehold improvements and equipment		**(381,413)**		(468,442)
Purchase of capitalized artistic creations		**(382,014)**		(115,454)
Redemption of investment in preferred shares		**-**		2,803
		(473,468)		(474,197)
Net increase (decrease) in cash and cash equivalents		**193,845**		(278,920)
Cash and cash equivalents,				
Beginning of year		**968,734**		1,247,654
End of year	**$**	**1,162,579**	$	968,734

The accompanying notes are an integral part of these financial statements.

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

1. Purpose of Organization

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 fosters and promotes the study, participation and appreciation of dance, and provides superior academic training. Alberta Ballet 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. First-time adoption of Canadian Accounting Standards For Not-For-Profit Organizations

These financial statements are the Company's first financial statements prepared using new Canadian accounting standards for Not-for-Profit Organizations ("ASNPO"). The date of transition to the new accounting standards is July 1, 2012.

The accounting policies presented in Note 3 and resulting from the application of ASNPO were used to prepare the financial statements for the year ended June 30, 2013, the comparative information and the opening statement of financial position as at the date of transition.

Exemptions relating to first-time adoption

Section 1501, "First-time Adoption by Not-for-profit Organizations", contains exemptions to full retrospective application which the Company may use upon transition. The Company did not apply any optional exemptions.

Impact of transition on net assets as at July 1, 2012

The impact of the transition to ASNPO on the Company's net assets at the date of transition, that is July 1, 2012 is $nil.

Reconciliation of excess of expenses over revenues for the year ended June 30, 2012

The excess of expenses over revenues for the year ended June 30, 2012 determined using ASNPO is equivalent to that determined using the previous accounting standards (pre-changeover accounting standards).

Statement of cash flows

Accounting standards regarding cash flows included in the new accounting standards are similar to those included in the previous accounting standards. The Company has not made any major adjustment to the statement of cash flows.

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

3. Summary of significant accounting policies

The financial statements of the Company have been prepared by management in accordance with ASNPO. Significant accounting policies are summarized below:

The Alberta Ballet Company (the "Company") follows the deferral method of accounting for contributions.

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.

Revenue recognition

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.

Deferred revenue

The Company defers revenue from ticket sales until the date of the performance and tuition fees until the date classes begin. Sponsorships and grant revenues are deferred until the period being funded.

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.

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.

Donations in-kind

Donations in-kind of capital assets and contributed materials 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. Because of the difficulty of determining their fair value, contributed services related to volunteer activities are not recognized in the financial statements.

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

3. Summary of significant accounting policies (Continued)

Cash and cash equivalents

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

Amortization

Office furniture, fixtures and equipment and production equipment are recorded at cost and are amortized on the declining balance method at a rate of 20% annually. Leasehold improvements are amortized on the declining balance method at a rate of 20% annually. Computer equipment and the CRM system are amortized on the declining balance method at a rate of 25% annually.

Capitalized artistic creations

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

Financial instruments

The Company's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

For financial assets measured at amortized cost, the Company regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Company determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements.

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

3. Summary of significant accounting policies (Continued)

Long-lived assets

The Company performs impairment testing on long-lived assets 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.

Foreign currencies

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.

4. Leasehold improvements and equipment

	Cost	Accumulated Amortization	**2013 Net Book Value**
Leasehold improvements	$ 1,310,189	$ 870,973	**$ 439,216**
Office furniture, fixtures and equipment	410,953	314,167	**96,786**
Computers and phone equipment	423,645	341,765	**81,880**
Production equipment	601,499	407,519	**193,980**
CRM system	504,286	344,888	**159,398**
New buildings (Note 6)	139,080	-	**139,080**
Nat Christie Centre (Note 6)	1,714,923	1,714,923	**-**
	$ 5,104,575	$ 3,994,235	**$ 1,110,340**

	Cost	Accumulated Amortization	2012 Net Book Value
Leasehold improvements	$ 1,120,338	$ 782,628	$ 337,710
Office furniture, fixtures and equipment	392,976	292,218	100,758
Computers and phone equipment	399,273	318,534	80,739
Production equipment	591,366	360,291	231,075
CRM system	504,286	291,755	212,531
Nat Christie Centre (Note 6)	1,714,923	1,714,923	-
	$ 4,723,162	$ 3,760,349	$ 962,813

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

4. Leasehold improvements and equipment (Continued)

	Cost	Accumulated Amortization	2011 Net Book Value
Leasehold improvements	$ 888,590	$ 727,169	$ 161,421
Office furniture, fixtures and equipment	343,834	273,169	70,665
Computers and phone equipment	372,434	296,094	76,340
Production equipment	430,652	322,611	108,041
CRM system	504,286	220,911	283,375
Nat Christie Centre (Note 6)	1,714,923	1,714,923	-
	$ 4,254,719	$ 3,554,877	$ 699,842

Depreciation provided for the current year totalled $233,886 (2012 - $205,471).

5. Capitalized artistic creations

	Cost	Accumulated Amortization	**2013 Net Book Value**
Sets, props and costumes			
Seven Deadly Sins	$ 129,797	$ 129,797	**$ -**
Carmina Burana	63,904	63,904	**-**
Songs of a Wayfarer	105,603	105,603	**-**
The Fiddle and the Drum	137,427	137,427	**-**
Othello	293,190	293,190	**-**
Requiem	83,584	83,584	**-**
Romeo and Juliet	143,206	143,206	**-**
Vigil of Angels	71,590	71,590	**-**
Fumbling Towards Ecstasy	235,685	235,685	**-**
Cinderella	186,179	175,332	**10,847**
Love Lies Bleeding	752,572	724,934	**27,638**
Balletlujah	310,724	103,575	**207,149**
Upper Room	37,211	12,404	**24,807**
Pomp Without Circumstance	34,079	11,360	**22,719**
The Nutcracker	1,113,326	551,127	**562,199**
	$ 3,698,077	$ 2,842,718	**$ 855,359**

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

5. Capitalized artistic creations (Continued)

	Cost	Accumulated Amortization	2012 Net Book Value
Sets, props and costumes			
Seven Deadly Sins	$ 129,797	$ 129,797	$ -
Carmina Burana	63,904	63,904	-
Songs of a Wayfarer	105,603	105,603	-
The Fiddle and the Drum	137,427	137,427	-
Othello	293,190	293,190	-
Requiem	83,584	83,584	-
Romeo and Juliet	143,206	143,206	-
Vigil of Angels	71,590	47,726	23,864
Fumbling Towards Ecstasy	235,685	157,123	78,562
Cinderella	186,179	164,486	21,693
Love Lies Bleeding	752,572	697,296	55,276
The Nutcracker	1,113,326	439,795	673,531
	$ 3,316,063	$ 2,463,137	$ 852,926

	Cost	Accumulated Amortization	2011 Net Book Value
Sets, props and costumes			
Seven Deadly Sins	$ 129,797	$ 86,531	$ 43,266
Carmina Burana	63,904	63,904	-
Songs of a Wayfarer	105,603	70,402	35,201
The Fiddle and the Drum	137,427	137,427	-
Othello	293,190	293,190	-
Requiem	83,584	83,584	-
Romeo and Juliet	143,206	143,206	-
Vigil of Angels	71,590	23,863	47,727
Fumbling Towards Ecstasy	235,685	78,562	157,123
Cinderella	153,639	153,639	-
Love Lies Bleeding	669,657	444,530	225,127
The Nutcracker	1,113,326	328,462	784,864
	$ 3,200,608	$ 1,907,300	$ 1,293,308

Sets, props, original music scores, costumes and related costs for all productions with the exception of The Nutcracker, are being amortized on a straight line basis over 3 years, 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, subject to an annual review by management.

Amortization provided for the current year totalled $379,581 (2012 - $555,836).

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

6. New buildings and Nat Christie Centre

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. Feasibility studies and other preliminary work are currently underway, with an anticipated capital cost of $125,000,000.

Deferred capital contributions in the amount of $125,000 have been received towards the renovation of Rouleau House. Amortization provided for the current year totalled $Nil.

The Nat Christie Centre is a Government of Alberta designated Provincial Historic Resource and a City of Calgary owned registered historic site that 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.

The investment in significant leasehold improvements to the Centre was amortized over 20 years on a straight-line basis. Amortization provided for the current year totalled $Nil (2012 - $Nil). Amortization of deferred capital contributions related to Nat Christie Centre for the current year totalled $Nil (2012 - $Nil).

7. Payables and accruals

Government remittances (other than income taxes) payable total $92,267 as at June 30, 2013 (2012 - $93,565, 2011 - $104,727).

8. Deferred revenue

Deferred revenue represents ticket sales and tuition fees applicable to the 2013 - 2014 season and sponsorships and grants restricted to future expenditures. The components of deferred revenue are as follows:

	2013	2012	2011
Ticket sales	**$ 1,712,102**	$ 1,607,754	$ 1,615,286
Tuition fees	**547,232**	322,795	158,658
Government grants	**428,935**	675,547	658,831
Sponsorships	**15,000**	60,000	50,000
Dance circle	**29,140**	35,760	18,800
	$ 2,732,409	$ 2,701,856	$ 2,501,575

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

9. Deferred contributions

Deferred contributions relate to restricted donations the Company receives that are related to the future development of specific productions.

Changes in the deferred contributions balance are as follows:

		2013		2012
Beginning balance	**$**	**-**	$	7,250
Contributions received		**137,431**		43,750
Less amounts recognized as revenue in the year		**(137,431)**		(51,000)
Ending balance	**$**	**-**	$	-

The Artistic Director's Circle of Creation (formerly Guild of Creation) is a group of Albertans who support the Company and provide directed funding for designated projects. Funds raised have been invested in the television production "The Secret of the Nutcracker" and for the artistic creation of new stage productions of The Nutcracker, Love Lies Bleeding and Fumbling Towards Ecstasy.

During the year, the Company received donations of $137,431 (2012 – $43,750) from the Artistic Director's Circle of Creation.

Investment

In 2007, the Company made a $275,000 investment in Class A redeemable shares and $1 in one Class B participating share of Nutcracker Productions Inc., a single purpose entity producing a television special currently entitled "The Secret of the Nutcracker". The $275,000 investment in Class A redeemable shares are redeemable for cash upon successful production. The Class B participating share entitles the Company to a 13% interest in Additional Production Revenue as defined in the contract. During the current year, the Company redeemed 39,385 (2012 – 2,803) Class A shares for $1 per share in exchange for services provided.

Due to the uncertainty in collecting the remaining amount owed, an allowance of $79,860 was taken against the balance of the investment in 2012. In exchange for work performed on behalf of the Company in 2013, $39,385 was reversed from this allowance in 2013. The remaining amount of the investment is fully provided against.

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

10. Deferred Stabilization (formerly A.P.A.S.F.) grant

In 2009, the Company received $9,000 from the Alberta Foundation for the Arts ("AFA") to be added to the working capital reserve of $403,000 previously provided. As required under the Funding Agreement the working capital reserve may be used for unforeseen operating deficits as defined in the agreement. The stated desire of the AFA is that the Company seek to maintain a working capital reserve equal to the funds advanced for this purpose under the Funding Agreement.

During the year, $Nil (2012 - $Nil) of the Deferred Stabilization grant was recognized as revenue in accordance with the terms of the Funding Agreement.

11. Deferred capital contributions

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

Changes in the deferred capital contributions balance are as follows:

		2013		2012
Beginning balance	**$**	**221,809**	$	188,452
Contributions received		**291,469**		87,200
Less amounts recognized as revenue in the year		**(66,633)**		(53,843)
Ending balance	**$**	**446,645**	$	221,809

Components of the deferred capital contributions balance are as follows:

Leasehold improvements and equipment	**$**	**446,645**	$	221,809

Alberta Ballet Company

Notes to the Financial Statements

June 30, 2013

12. Fund balances

		2013		2012		2011
Externally Restricted:						
Endowment Fund - Crysta T. Lacey	**$**	**8,752**	$	8,752	$	8,752
Internally Restricted:						
Ruth Carse Fund	**$**	**8,954**	$	8,818	$	8,696
Barbara Moore Coffey Fund		**25,000**		25,000		26,903
Education Fund		**85,000**		85,000		89,513
New Repertoire (new sets, props and costumes)		**463,023**		363,023		363,023
Working Capital reserve		**412,000**		412,000		412,000
	$	**993,977**	$	893,841	$	900,135

The income derived from the externally restricted fund is awarded annually to the School of Alberta Ballet to support student tuition excused.

The Board of Directors has internally restricted resources to establish the Ruth Carse Fund, the Barbara Moore Coffey Fund, the Education Fund and the New Repertoire Fund as well as to maintain a Working Capital reserve as required in relation to A.P.A.S.F. funding. The income derived from the Ruth Carse Fund is rolled into the fund until it reaches $10,000, after which it will be awarded to the School of Alberta Ballet. The income derived from the investments related to the Barbara Moore Coffey and Education Funds are awarded annually to the School of Alberta Ballet to support student tuition excused.

During the year, $136 in interest was earned by the Ruth Carse Fund (2012 – $122).

13. Alberta Ballet Foundation

The Alberta Ballet Foundation, a controlled related party 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 Alberta Ballet Foundation and the Company:

		2013		2012
Donations to the Alberta Ballet Company	**$**	**4,000**	$	3,450

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

13. Alberta Ballet Foundation (Continued)

A summary of operations, financial position and cash flows based upon the audited statement of financial position and statements of operations, changes in net assets and cash flows for the June 30 year end, are provided as follows:

	Year Ended June 30, 2013	Year Ended June 30, 2012
Statement of operations		
Revenues	**$ 13,090**	$ 9,315
Expenses	**(4,158)**	(3,559)
Donation to Alberta Ballet Company	**(4,000)**	(3,450)
Excess of revenues over expenses	**$ 4,932**	$ 2,306
Statement of financial position		
Current assets	**$ 196,566**	$ 156,294
Restricted cash	**392,291**	427,231
	$ 588,857	$ 583,525
Current liabilities	**$ 3,331**	$ 2,931
Fund balances		
Capital stock	**2**	2
Restricted	**563,296**	563,296
Unrestricted	**22,228**	17,296
	585,526	580,594
	$ 588,857	$ 583,525
Statement of cash flows		
Cash increase from operations	**$ 5,332**	$ 2,237
Cash increase from financing and investing activities	**-**	-
Increase in cash and term deposits	**$ 5,332**	$ 2,237

Alberta Ballet Company
Notes to the Financial Statements
June 30, 2013

14. Commitments and contingencies

a) Effective June 2011, the Company entered into an 8-year lease agreement for space to house the School of Alberta Ballet. This lease has been increased effective September 2012 to include space for the academic business unit of the School. The Company leases an office in Edmonton expiring in August 2014. The Company leases warehouse space in Calgary for the purpose of building and storing sets and props. The Company also leases a retail and office location in Calgary expiring October 2014. Minimum base rent payable for premises and equipment leases for each of the next five fiscal years is as follows:

2014	$	366,068
2015		325,480
2016		335,246
2017		334,720
2018		269,555
	$	1,631,069

b) The Company has arranged an operating line of credit for $500,000 (2012 - $500,000). As security, the Company has provided the lender a general security agreement over all assets and future acquired assets. At June 30, 2013 and June 30, 2012, the Company has not drawn on this line.

c) The Company has arranged a Letter of Guarantee in favour of The Canadian Actors Equity Association for $28,000 (2012 - $28,000) utilizing the same security as per 14 b) above. At June 30, 2013 and June 30, 2012, the Association has not drawn on this guarantee.

15. Donations in-kind

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

		2013		2012
Marketing	**$**	**101,496**	$	59,092
Production		**35,476**		15,634
Administration		**137,232**		80,692
	$	**274,204**	$	155,418

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16. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, short term investments, receivables, grants receivable, investment in preferred shares, other long term investments and payables and accruals.

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 receivable are primarily due from governments and large corporations and are subject to normal credit risks. The maximum credit risk exposure associated with the Company's financial assets is the carrying amount.

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. Liquidity risk is assessed by management as minimal for the Company.

17. Comparative information

Certain 2012 comparative figures have been reclassified to conform to the current year's presentation.

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