

Financial Statements of

ALBERTA BALLET FOUNDATION

And Independent Auditors' Report thereon

Year ended August 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Alberta Ballet Foundation

Opinion

We have audited the financial statements of Alberta Ballet Foundation (the "Foundation"), which comprise:

- the statement of financial position as at August 31, 2024;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2024, and its results of operations, changes in fund balances, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

Baker Tilly Catalyst LLP

CALGARY, ALBERTA
NOVEMBER 4, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

ALBERTA BALLET FOUNDATION

Statement of Financial Position

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

	2024	2023
Assets		
Current assets:		
Cash	\$ 63,661	\$ 15,677
Internally restricted cash (note 3)	400,000	1,557
	463,661	17,234
Externally restricted investments and cash (note 3)	9,423,400	7,621,855
Internally restricted investments (note 3)	5,610	139,960
	\$ 9,892,671	\$ 7,779,049

Liabilities, Capital Stock and Fund Balances

Current liabilities:		
Due to Alberta Ballet Company (note 6)	\$ 323,660	\$ 209,743
Accounts payable and accrued liabilities	5,000	5,000
	328,660	214,743
Capital stock and fund balances:		
Capital stock (note 4)	2	2
Unrestricted fund	515,090	(344,058)
Internally restricted:		
Stabilization fund	405,610	141,517
Externally restricted:		
Endowment fund (note 5)	8,643,309	7,766,845
	9,564,011	7,564,306
	\$ 9,892,671	\$ 7,779,049

See accompanying notes to financial statements.

On behalf of the Board:

Signed "Peter Johnson"

Peter Johnson, Secretary-Treasurer

Signed "Alfred Sorensen"

Alfred Sorensen, Chair

ALBERTA BALLET FOUNDATION

Statement of Operations

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

	2024	2023
Revenue:		
Donations	\$ 55,753	\$ 12,790
Interest, dividends and trust unit distributions	278,396	212,902
	334,149	225,692
Expenses:		
Donations to Alberta Ballet Company (note 6)	313,603	199,686
General and administration	60,986	50,301
	374,589	249,987
Other:		
Unrealized gain on investments	(1,185,357)	(275,341)
Realized loss on investments	21,676	226,858
	(1,163,681)	(48,483)
Excess of revenues over expenses	\$ 1,123,241	\$ 24,188

See accompanying notes to financial statements.

ALBERTA BALLET FOUNDATION

Statement of Changes in Fund Balances

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

				Total	
	Unrestricted	Externally Restricted Endowment Fund	Internally Restricted Stabilization Fund	2024	2023
Fund balances, beginning of year	\$ (344,058)	\$ 7,766,845	\$ 141,517	\$ 7,564,304	\$ 5,579,804
Excess of revenues over expenses	1,123,241	–	–	1,123,241	24,188
Endowment gifts received (note 6)	–	1,181,722	–	1,181,722	2,412,186
Endowment transferred to Alberta Ballet Company (note 6)	–	(305,258)	–	(305,258)	(451,874)
Interfund transfers	(264,093)	–	264,093	–	–
Fund balances, end of year	\$ 515,090	\$ 8,643,309	\$ 405,610	\$ 9,564,009	\$ 7,564,304

See accompanying notes to financial statements.

ALBERTA BALLET FOUNDATION

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in)		
Operations:		
Excess of revenue over expenses	\$ 1,123,241	\$ 24,188
Non-cash items:		
Unrealized gain on investments	(1,185,357)	(275,341)
Realized loss on investments	21,676	226,858
	(40,440)	24,295
Net change in non-cash working capital (note 7)	113,917	77,045
	73,477	52,750
Financing:		
Endowment gifts received (note 5)	1,181,722	2,412,186
Endowment transferred to Alberta Ballet Company (note 5)	(305,258)	(451,874)
	876,464	1,960,312
Investing:		
Increase in restricted investments	(901,957)	(2,001,258)
	(901,957)	(2,001,258)
Increase in cash	47,984	11,804
Cash, beginning of year	15,677	3,873
Cash, end of year	\$ 63,661	\$ 15,677

See accompanying notes to financial statements.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements

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

1. Nature of the business:

The Alberta Ballet Foundation (the "Foundation") was incorporated under the Companies Act of Alberta in 1994. The Foundation is registered as a Part IX company, is subject to the restrictions thereto and is a registered charity for income tax purposes. As a registered charity under section 149 of the Income Tax Act, the Foundation is not subject to the payment of income taxes.

The Foundation has been established to solicit funding for the sole benefit of the Alberta Ballet Company (the "Company") by providing financial assistance to that organization in amounts as determined by the Board of Directors of the Foundation.

2. Significant accounting policies:

The financial statements of the Foundation have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organization ("ASNPO").

Significant accounting policies are summarized below:

(a) Endowment Fund:

The Endowment Fund reports the specified gift contributions received by the Foundation as per note 5.

Endowment contributions and net investment income, if restricted, are reported in the appropriate externally restricted or internally restricted fund and are held in perpetuity by the Foundation. Some endowment contributions may be retained in perpetuity by either the Foundation or the Company.

(b) Unrestricted Fund:

The Unrestricted Fund accounts for the Foundation's administrative activities. This Fund reports the unrestricted resources of the organization.

(c) Stabilization Fund:

The internally restricted Stabilization Fund was created using the unrealized gain on restricted investments. The stabilization fund shall be used to cover endowment pay-out shortfalls in any given year and on expenses approved by the Foundation's Board of Directors. The balance of the stabilization fund shall not exceed 14% of the endowment balance at any given time. Any excess shall be paid out to Alberta Ballet Company.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 2

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

2. Significant accounting policies (continued):

(d) Revenue recognition:

The Alberta Ballet Foundation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the period when the related expenses are incurred.

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

Net investment income on endowment contributions that is 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.

(e) Donations in-kind:

Donations in-kind of contributed material and services are recognized at the fair value at the date of contribution. Volunteers contribute significant time every period in assisting the Foundation 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.

(f) 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.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 3

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

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

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 Foundation 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 Foundation 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.

(g) 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items subject to estimates and assumptions include accrued liabilities. Actual results could differ from and affect the results reported in the financial statements.

(h) Cash:

Cash includes cash on hand and balances with banks. Cash equivalents are short-term deposits with original maturities of three month or less and readily convertible to cash. The Foundation currently does not have any cash equivalents.

(i) Short term and long-term investment:

Investments are classified as short-term investments if they have original maturities of more than three months and mature within one year from the Statement of Financial Position date.

Investments are classified as short-term 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 are subject to 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 are subject to external restrictions limiting their use.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 4

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

3. Externally and internally restricted investments and cash:

	2024	2023	Restricted by
Cash:			
Canadian Heritage and Matching Endowment funds	\$ 34,376	\$ 10,712	Donors and Canadian Heritage
Crystal T. Lacey Fund	369	81	Donor
Securities:			
Canadian Heritage and Matching Endowment Funds	9,377,741	7,601,580	Donors and Canadian Heritage
Crystal T. Lacey Fund	10,914	9,482	Donor
Externally restricted investments and cash	9,423,400	7,621,855	
Unrealized (gain) loss on restricted investments	(780,091)	144,990	Board
Externally restricted endowment fund (note 5)	\$ 8,643,309	\$ 7,766,845	
	2024	2023	Restricted by
Cash:			
Stabilization fund	\$ 400,000	\$ 1,557	Board
Securities:			
Stabilization fund	5,610	139,960	Board
Internally restricted investments and cash	\$ 405,610	\$ 141,517	

In accordance with the Foundation's endowment spending policy, net investment income on its endowment funds are internally restricted for the payment of the annual endowment payout, with excess funds to the Foundation's stabilization fund. The stabilization fund may be used upon approval by the Foundation's Board of Directors.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 5

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

4. Capital stock:

	2024	2023
Alberta Ballet Company	\$ 2	\$ 2
	\$ 2	\$ 2

One share of the Foundation is held by the Company, and the remaining share is issued and held by a nominee of the Company, as Trustee for the Company, which nominee shall be designated from time to time by the Chairman of the Board of the Company.

5. Endowment fund:

	2024	2023
Externally restricted endowments:		
Canadian Heritage and Matching Endowment Funds		
Unspecified	\$ 8,615,580	\$ 7,739,116
Garry C Johnson QC Fund	18,977	18,977
	8,634,557	7,758,093
Endowment Fund – Crystal T. Lacey	8,752	8,752
	\$ 8,643,309	\$ 7,766,845

Certain contributions received from benefactors have been matched by the Canadian Arts and Heritage Sustainability Program ("Program") established by the Minister of Canadian Heritage. During the year, the Foundation received \$744,450 (2023 – \$1,432,030) of endowment gifts and \$437,272 (2023 – \$980,156) from the Program, and transferred \$305,258 (2023 – \$451,874) to the Company. The aggregate of the original donations and matching funds total \$1,181,722 in 2024 (2023 – \$2,412,186) and must be retained in perpetuity by the Foundation or the Company.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 6

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

6. Related parties:

The Alberta Ballet Foundation is controlled by Alberta Ballet Company by the ability to elect the majority of the Board of Directors. During the year, the Foundation made a donation of \$313,603 (2023 - \$199,686) and a management fee payment of \$10,000 (2023 - \$10,000) to the Alberta Ballet Company, of which \$323,660 (2023 - \$209,686) remains payable at year-end.

During the year, the Foundation received endowment donations of various securities at a total fair market value of \$742,530 (2023 - \$1,432,030) from the Company and \$1,920 (2023 - \$nil) from a member of the Board of Directors.

The Foundation's investment manager is related to a member of the Alberta Ballet Company's Board of Directors.

Payables to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. These transactions were completed in the normal course of operations and are measured at exchange amount.

7. Net change in non-cash working capital:

	2024	2023
Due to Alberta Ballet Company	\$ 113,917	\$ 76,965
Accounts payable and accrued liabilities	—	80
Net change in non-cash working capital	\$ 113,917	\$ 77,045

8. Financial instruments:

The Foundation's financial instruments consist of cash, interest receivable, restricted investments and cash, due to Alberta Ballet Company and accounts payable and accrued liabilities. The Foundation is not significantly exposed to foreign exchange risk.

(a) Liquidity risk:

The Foundation is exposed to liquidity risk, which is the risk that the Foundation will be unable to generate or obtain 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 not significant for the Foundation.

ALBERTA BALLET FOUNDATION

Notes to the Financial Statements, page 7

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

8. Financial instruments (continued):

(b) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments held by the Foundation. Interest rate risk is assessed by management as minimal for the Foundation as it does not hold any interest-bearing debt financial instruments.

(c) Credit risk:

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from cash and investments held at financial institutions and the credit rating of its issuer. The risk is mitigated by the Foundation's investment policy, which specifies that investments and cash are held with Canadian financial institutions, restricts investment in securities considered high risk and requires the services a professional investment manager for the Foundation's investments.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Foundation'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 Foundation manages this risk by engaging the services of a professional investment manager who adheres to its investment policy.

8. Comparative figures:

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