Doane Grant Thornton

Financial Statements

The National Ballet of Canada

June 30, 2026

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16

Doane Grant Thornton

Independent auditor's report

Doane Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Members of
The National Ballet of Canada

Opinion

We have audited the financial statements of The National Ballet of Canada (the "Company"), which comprise the statement of financial position as at June 30, 2026, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2026, and its results of operations and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

© Doane Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

Auditor's 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 auditor's 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Doane Grant Thornton LLP

Toronto, Canada
September 28, 2026

Chartered Professional Accountants
Licensed Public Accountants

© Doane Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

The National Ballet of Canada

Statement of Financial Position

(Dollars in thousands)
June 30

	2026				2025
		Restricted Funds			
	Operating Fund	Gretchen Ross Production Centre	Walter Carsen Centre	Total	Total
Assets					
Current					
Cash and cash equivalents (note 3)	$ 2,187	$ -	$ -	**$ 2,187**	$ 2,818
Accounts receivable (note 4)	2,331	-	-	**2,331**	2,335
Prepaid expenses (note 5)	1,553	-	62	**1,615**	691
Inter-fund receivable (payable)	(679)	703	(24)	**-**	-
	5,392	703	38	**6,133**	5,844
Investments (note 6)	-	-	2,346	**2,346**	2,237
Prepaid expenses (note 5)	1,969	-	-	**1,969**	3,405
Employee future benefit asset (note 7)	2,572	-	-	**2,572**	1,982
Intangible assets (note 8)	275	-	-	**275**	272
Capital assets (note 9)	437	2,349	677	**3,463**	3,645
	$ 10,645	$ 3,052	$ 3,061	**$ 16,758**	$ 17,385
Liabilities					
Current					
Accounts payable and accrued liabilities (note 4)	$ 1,947	$ -	$ 7	**$ 1,954**	$ 2,469
Deferred revenue (note 10)	6,837	-	-	**6,837**	7,475
	8,784	-	7	**8,791**	9,944
Long-term deferred revenue (note 10)	-	-	-	**-**	141
	8,784	-	7	**8,791**	10,085
Fund balances					
Unrestricted funds	1,861	-	-	**1,861**	1,639
Externally restricted funds	-	3,052	3,054	**6,106**	5,661
	1,861	3,052	3,054	**7,967**	7,300
	$ 10,645	$ 3,052	$ 3,061	**$ 16,758**	$ 17,385

Commitments (note 11)

On behalf of the Board:

Director

Director

See accompanying notes to the financial statements.

The National Ballet of Canada

Statement of Operations

(Dollars in thousands)
Year ended June 30

	2026				2025
		Restricted Funds			
	Operating Fund	Gretchen Ross Production Centre	Walter Carsen Centre	Total	Total
Revenue					
Box office					
Four Seasons Centre	$ 15,173	$ -	$ -	**$ 15,173**	$ 16,667
Touring	200	-	-	**200**	852
Fundraising (note 12)	12,832	500	-	**13,332**	10,510
Grants (note 13)	6,864	-	-	**6,864**	6,968
Donation from The National Ballet of Canada, Endowment Foundation	6,869	-	-	**6,869**	5,987
Other income (note 14)	2,404	-	-	**2,404**	1,990
Unrealized gain on investments	-	-	133	**133**	254
Investment income	84	-	13	**97**	115
	44,426	500	146	**45,072**	43,343
Expenditures					
Performance					
Artistic	15,269	-	-	**15,269**	14,909
Production and technical	12,382	-	-	**12,382**	11,239
Marketing and publicity	4,723	-	-	**4,723**	4,727
General administration	4,497	-	11	**4,508**	3,905
Fundraising and development	3,464	-	-	**3,464**	3,708
Sets, costumes and creative costs	2,592	-	-	**2,592**	2,519
Facilities	1,094	110	80	**1,284**	1,305
Education and community outreach	920	-	-	**920**	824
	44,941	110	91	**45,142**	43,136
Excess / (deficiency) of revenue over expenditures	$ (515)	$ 390	$ 55	**$ (70)**	$ 207

See accompanying notes to the financial statements.

The National Ballet of Canada

Statement of Changes in Fund Balances

(Dollars in thousands)
Year ended June 30

	2026				2025
		Restricted Funds			
	Operating Fund	Gretchen Ross Production Centre	Walter Carsen Centre	Total	Total
Fund balances, beginning of year	$ 1,639	$ 2,662	$ 2,999	**$ 7,300**	$ 6,896
Excess / (deficiency) of revenue over expenditures	(515)	390	55	**(70)**	207
Pension re-measurements (note 7)	737	-	-	**737**	197
Fund balances, end of year	$ 1,861	$ 3,052	$ 3,054	**$ 7,967**	$ 7,300

See accompanying notes to the financial statements.

The National Ballet of Canada
Statement of Cash Flows
(Dollars in thousands)

Year ended June 30	2026	2025
Operating activities		
Excess / (deficiency) of revenue over expenditures	**$ (70)**	$ 207
Amortization of intangible assets	**45**	45
Amortization of capital assets	**310**	312
Unrealized gain on investments	**(133)**	(254)
Realized capital gains on investments	**(13)**	(10)
Employee future benefits	**147**	84
Prepaid expenses, long-term	**1,436**	(422)
Deferred revenue, long-term	**(141)**	71
Change in non-cash operating working capital (note 15)	**(2,073)**	952
	(492)	985
Investing activities		
Investments sold	**38**	38
Capital assets acquired	**(149)**	(63)
Intangible assets acquired	**(28)**	-
	(139)	(25)
(Decrease) / increase in cash and cash equivalents	**(631)**	960
Cash and cash equivalents, beginning of year	**2,818**	1,858
Cash and cash equivalents, end of year	**$ 2,187**	$ 2,818
Cash and cash equivalents comprise:		
Cash	**$ 2,027**	$ 2,658
Term deposits	**160**	160
	$ 2,187	$ 2,818

See accompanying notes to the financial statements.

1. Purpose of the organization

The National Ballet of Canada (the "Company"), a performing dance company, was incorporated in 1951 under the Canada Corporations Act as a not-for-profit organization and is a charitable organization under the Income Tax Act (Canada). The Company continued under the Canada Not-for-profit Corporations Act in 2014.

The Company's mission is to create and present exceptional dance that sparks imagination, inspires dialogue and brings people together. Through pioneering 21st-century dance, the reimagining of ballet and artistic innovation, the Company seeks to engage and inspire audiences in Canada and around the world.

The Company is committed to creating a distinctive and relevant repertoire; expanding access to ballet through performance, education and sustained community engagement; and fostering an inclusive, people-centered organization in which artists and staff can realize their full potential. The Company also seeks to expand its national presence and global reach, contributing to Canada's cultural identity and to the international dance community.

The Company's vision is to be a world leader in artistic and performance innovation and development, advancing the art form and shaping the future of ballet.

2. Significant accounting policies

Basis of presentation

The Company has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following is a summary of significant accounting policies adopted by the Company in the preparation of the financial statements.

Fund accounting

(a) Operating Fund

The Operating Fund reports unrestricted resources and restricted operating grants.

(b) Restricted Funds

Externally restricted donations, and capital assets related to the Gretchen Ross Production Centre and the Walter Carsen Centre are reported in their respective funds. The Gretchen Ross Production Centre is the production and storage facility for the Company's sets, props and theatrical equipment. The Walter Carsen Centre is home to the Company's rehearsal, instructional and administrative functions.

Revenue recognition

(i) Donations, contributions and grants:

The Company follows the restricted fund method of accounting, whereby:

(a) Unrestricted donations and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Externally restricted contributions reported in the Operating Fund are deferred and recognized as revenue in the year in which the related expenses are recognized.

(c) Externally restricted contributions reported in the Restricted Funds are recognized as revenue when received or receivable.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

(ii) Performance-related activities:

Revenue and expenses from performance-related activities are recognized at the time of the related performance. This revenue includes subscription and sponsorship revenue, performance ticket sales, and touring grants. Accordingly, amounts received in advance of the performance to which they relate are recorded as deferred revenue.

(iii) Investment income consists of interest, dividends, income distributions from pooled funds and realized gains and losses and is recorded on an accrual basis. Investment income and unrealized gains and losses earned on restricted resources are recognized as revenue of the applicable fund. Unrestricted investment income is recognized as revenue of the Operating Fund when earned.

Contributed services

These financial statements do not reflect the substantial value of services contributed by volunteers and other interested parties.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and term deposits, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

Prepaid expenses

Prepaid expenses include sets, costumes and creative costs incurred for new productions and for the major refurbishment of existing productions, which are expensed at the date of the first performance.

Capital assets

Capital assets are recorded at cost less accumulated amortization and separated into their component parts when estimates can be made of the lives of the separate components. Amortization is determined on a straight-line basis over the following periods:

Gretchen Ross Production Centre building, improvements and equipment	30 years
Walter Carsen Centre building, improvements and equipment	10 - 20 years
Furniture and equipment	3 - 10 years

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Intangible asset

The Company's website, an intangible asset, is recorded at cost and is amortized over it's expected useful life of 7 years.

2. Summary of significant accounting policies (continued)

Employee future benefits

The Company maintains a pension plan for its permanent administrative employees, who participate in either a defined benefit component or a defined contribution component of the plan.

The cost of defined benefit employee future benefits is actuarially determined using the accrued benefit actuarial cost method and management's best estimates of plan performance, salary escalation, and length of service.

The Company has elected to use an actuarial valuation prepared for funding purposes to measure the defined benefit obligation of its defined benefit plan and an actuarial valuation prepared for accounting purposes to measure the defined benefit obligation of its supplemental defined benefit plan. The total defined benefit obligation for its defined benefit plan and its supplemental plan reflects the aggregate of the components that make up the valuations, including any required provision for adverse deviations.

The current service costs and the finance cost related to the defined pension plans' benefits are expensed in the statement of operations each period. Re-measurements and other items for the period, which include actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments, are recorded directly in the statement of changes in fund balances.

The cost of the defined contribution component is based on required employer contributions and are expensed in the statement of operations each period.

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.

At each reporting date, the Company subsequently measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except that the Company has irrevocably elected to measure its investments in pooled funds at fair value. All changes in fair value of the Company's investments in pooled funds are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, accounts receivable and accounts payable.

For financial assets measured at cost or 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

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenditures. Actual results could differ from these estimates.

Balances subject to significant management estimates include accounts receivables, employee future benefits, capital assets, intangible assets, and accrued liabilities.

3. Credit facility

The Company has provided letters of credit of $160 (2025 - $160) under the terms of certain agreements. The Company has pledged $160 (2025 - $160) of its cash as collateral for the letters of credit.

4. Related party balances

Accounts receivable includes amounts owing from the Eric Bruhn Prize Trust of $18 (2025 - $12) and from the National Ballet of Canada, Endowment Foundation of $nil (2025 - $19). The National Ballet of Canada and the Eric Bruhn Prize Trust are related by virtue of common management.

5. Prepaid expenses

	2026	2025
Deferred production costs	**$ 2,778**	$ 3,532
Subscriptions and other administrative costs	**260**	116
Shoe supplies	**247**	261
Ballet Boutique costs	**227**	166
Deposits	**10**	10
	3,522	4,085
Less: long-term deferred production costs	**(1,969)**	(3,405)
	$ 1,553	$ 680
Add: Walter Carsen Centre refurbishment costs	**62**	11
	$ 1,615	$ 691

6. Investments at fair value

Investments consist of one pooled fund with the following asset mix:

	2026	2025
Cash and short-term investments	**1%**	1%
Bonds	**29%**	30%
Canadian equities	**20%**	19%
U.S. equities	**24%**	25%
International equities	**26%**	25%

7. Employee future benefits

The Company's pension plan includes, for its permanent employees, a defined benefit pension plan, a supplemental pension agreement, and a defined contribution plan. For the defined benefit plan, the date of the most recent complete actuarial valuation was December 31, 2025. Membership data from the December 31, 2025, valuation results were rolled forward to June 30, 2026.

In January 2026 the Company, in its role as administrator of the pension plan, purchased buy-out annuities from Co-Operators Life Insurance Company for $4,688,721 to provide pensions for all retired and deferred vested members of the defined benefit component of the plan. Co-Operators Life Insurance Company assumed pension payments starting on February 1, 2026.

Requirements under section 43.1 of the Ontario Pension Benefits Act and Ontario Regulation 193/18 were fulfilled and the Company applied to the Financial Services Regulatory Authority of Ontario for a discharge of liabilities for all retired and deferred vested members, for whom buy-out annuities were purchased.

The reconciliation of the funded status of the defined benefit plans to the amounts recorded in the financial statements is as follows:

	2026	2025
Fair value of plan assets	**$ 7,299**	$ 11,465
Accrued benefit obligation	**4,727**	9,483
Funded status, employee future benefit asset	**$ 2,572**	$ 1,982
Net benefit expense for the pension plan	**$ 209**	$ 177
Pension re-measurement	**$ 737**	$ 197
Benefits paid	**$ 182**	$ 289
Contributions to the defined benefit plan during the year are as follows:		
Employees	**$ 39**	$ 38
Employer - regular	**$ 30**	$ 60

8. Intangible asset

			2026	2025
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Operating Fund				
Website development costs	$ 366	$ (91)	**$ 275**	$ 272

9. Capital assets

	Cost	Accumulated Amortization	**2026 Net Book Value**	2025 Net Book Value
Operating Fund				
Furniture and equipment	$ 3,894	$ (3,457)	**$ 437**	$ 432
Gretchen Ross Production Centre				
Land	853	-	**853**	853
Building and improvements	3,207	(1,711)	**1,496**	1,603
Equipment	41	(41)	**-**	-
	4,101	(1,752)	**2,349**	2,456
Walter Carsen Centre				
Building and improvements	12,304	(11,791)	**513**	513
Furniture and equipment	1,196	(1,032)	**164**	244
	13,500	(12,823)	**677**	757
	$ 21,495	$ (18,032)	**$ 3,463**	$ 3,645

10. Deferred revenue

	2026	2025
Box office and In Studio sales	**$ 3,938**	$ 3,839
Operating and tour grants	**1,500**	2,554
Fundraising and sponsorships	**1,399**	1,223
	6,837	7,616
Less: current portion	**6,837**	7,475
	$ -	$ 141

11. Commitments

The Company has minimum annual lease payments for office equipment, expiring September 2028, as follows:

2027	$ 33
2028	33
2029	8
	$ 74

The Company had a premises lease that expired on June 30, 2026. The Company is in the process of negotiating an extension. Lease payments in fiscal 2026 amounted to $1,949.

12. Fundraising

	2026	2025
Individuals	$ 7,453	$ 6,384
New production sponsorships	3,672	2,392
Special events	969	878
Corporate	667	752
American Friends of the National Ballet of Canada (note 19)	71	104
	12,832	10,510
Gretchen Ross Production Centre	$ 500	-
	$ 13,332	$ 10,510

Included in individual fundraising is a special donation from The Volunteer Committee, The National Ballet of Canada ("Ballet Boutique") in the amount of $48 (2025 - $444). Effective July 1, 2024, operations of the Ballet Boutique continued under the Company.

13. Grants

	2026	2025
Operating:		
Canada Council	$ 3,160	$ 3,160
Ontario Arts Council	2,243	2,243
Toronto Arts Council	1,390	1,390
Other:		
Special projects	71	175
	$ 6,864	$ 6,968

14. Other income

	2026	2025
Education, outreach and dance classes	$ 1,120	$ 902
Ballet Boutique sales	582	592
Rental and sale of sets and costumes	441	185
Events and miscellaneous	261	311
	$ 2,404	$ 1,990

15. Supplementary cash flow information

	2026	2025
Change in non-cash operating working capital		
Accounts receivable	$ 4	$ (689)
Prepaid expenses - current	(924)	(150)
Deferred revenue - current	(638)	2,027
Accounts payable and accrued liabilities	(515)	(236)
	$ (2,073)	$ 952

16. Erik Bruhn Prize Trust

The Erik Bruhn Prize Trust (the "Trust") was established on April 1, 1986, arising from the will of Erik Bruhn, which provided for a competition to promote the art of ballet and encourage and support each new generation of young ballet dancers. The Trust has two trustees and is a registered charity, designated as a private foundation, with effect from January 11, 1993.

The two trustees of the Trust include the Company's artistic director and one member of the Company's board of directors resulting in the Company having control over the Trust.

A financial summary of the Trust as at June 30 and for the year then ended is as follows:

	2026	2025
Total assets	**$ 2,292**	$ 2,157
Total liabilities	**(28)**	(20)
Net assets	**$ 2,264**	$ 2,137
Total revenue	**$ 143**	$ 246
Total expenses	**(16)**	(15)
Excess of revenue over expenses	**$ 127**	$ 231

17. The National Ballet of Canada, Endowment Foundation

The National Ballet of Canada, Endowment Foundation (the "Endowment Foundation") was federally incorporated in 1999 and is a registered charity under the Income Tax Act (Canada). These financial statements do not include the net assets and revenue and expenditures of the Endowment Foundation, as it is a separate legal entity and under separate control. Its purpose is to acquire endowment funds, the earned investment income of which is to benefit the Company. The Company provides administrative and fundraising services to the Endowment Foundation at no cost.

18. Canada Cultural Investment Fund

The Company, through the Endowment Foundation, participates in the Endowment Incentives component of the Canada Cultural Investment Fund administered by Canadian Heritage, which encourages arts organizations to build long-term financial stability. Under this program, the Company may apply for federal contributions in respect of eligible donations raised for its endowment purposes. Donations and related federal contributions received by the Endowment Foundation are held in perpetuity and invested in accordance with the Endowment Foundation's investment policies. Distributions to the Company from the Endowment Foundation are determined by the distribution policy of the Foundation, which is currently 5% of adjusted book value.

During the current year, the Endowment Foundation applied for the maximum amount eligible under the program of $250 (2025 - $250) and received a matching federal contribution of $128 (2025 - $161). Since the program's inception in 2001, the Foundation has received $18,369 (2025 - $18,241) from the Canada Cultural Investment Fund. As at June 30, 2026, the market value of these funds was $30,238 (2025 - $29,850).

19. American Friends of the National Ballet of Canada Inc.

American Friends of the National Ballet of Canada, Inc. is a separate corporation without share capital and with its own Board of Directors. Its purpose is to foster and support ballet endeavours in the U.S. and Canada. The corporation was incorporated in 2012 and was granted exemption from Federal income tax under section 501 (c) (3) of the Internal Revenue Code on August 8, 2014. American Friends can accept donations, gifts, legacies and bequests and issue U.S. charitable donation receipts. Donations of $71 (2025 - $104) were received from American Friends of the National Ballet of Canada, Inc.

20. UK Friends of the National Ballet of Canada

UK Friends of the National Ballet of Canada is a separate registered charity with its own Board of Directors. Its purpose is to foster and support ballet endeavours in the U.K. and Canada. The charity was registered for tax purposes in line with Paragraph 1 of Schedule 6 Finance Act 2010, effective November 15, 2016. UK Friends of the National Ballet of Canada can accept donations, gifts, legacies and bequests and issue U.K. charitable donation receipts. There have been no donations received from UK Friends of the National Ballet of Canada.

21. Financial instrument risk

Transactions in financial instruments may result in the Company assuming or transferring to another party one or more of the financial risks described below. This required disclosure provides information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes in these risks over the prior year.

Credit risk

Credit risk arises from cash equivalents and credit exposures on outstanding accounts receivable and bonds within the pooled fund. Cash and cash equivalents are held at major financial institutions minimizing any potential exposure to credit risk. It is management's opinion that the risk related to accounts receivable is minimal since the Company only deals with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance. Credit risk is also minimized by investing surplus funds in financial institutions that maintain a high credit rating or in entities that are considered as being financially sound.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, currency risk, and interest rate risk.

i. Other price risk

The Company is subject to other price risk on the investments carried at fair value. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Company manages this risk by using professional portfolio managers and maintaining a diversified portfolio with a mix of bonds and equity funds.

ii. Currency risk

Currency exposure arises from the Company's holdings of foreign currency denominated investments. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. The Company manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

21. Financial instrument risk (continued)

Market risk (continued)

iii. Interest rate risk

The Company's earnings are exposed to the interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest rate risk. The Company manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

Liquidity risk

The Company manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations. As a result, it is management's opinion that the Company is not exposed to significant liquidity risk arising from its financial instruments.