Doane Grant Thornton

Financial Statements

The National Ballet of Canada, Endowment Foundation

June 30, 2025

Contents

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, Endowment Foundation

Opinion

We have audited the financial statements of The National Ballet of Canada, Endowment Foundation (the “Foundation”), which comprise the statement of financial position as at June 30, 2025, and the statements of operations and 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 Foundation as at June 30, 2025, 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 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 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 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.

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 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 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 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.

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
October 31, 2025

Chartered Professional Accountants
Licensed Public Accountants

The National Ballet of Canada, Endowment Foundation

Statement of Financial Position

(Dollars in thousands)
June 30

	2025				2024
		Restricted Funds			
	General Fund	Expendable Fund	Endowment Fund	Total	Total
Assets					
Current					
Cash	$ 3,438	$ 8,879	$ -	**$ 12,317**	$ 13,818
Due from The National Ballet of Canada	-	-	-	-	850
Accounts receivable	-	135	-	**135**	105
	3,438	9,014	-	**12,452**	14,773
Investments, at fair value (note 3)	-	35,627	73,336	**108,963**	100,444
	$ 3,438	$ 44,641	$ 73,336	**$ 121,415**	$ 115,217
Liabilities					
Current					
Accounts payable and accrued liabilities	$ -	$ 106	$ -	**$ 106**	$ 97
Due to The National Ballet of Canada	-	19	-	**19**	49
	-	125	-	**125**	146
Fund balances					
Unrestricted	3,438	-	-	**3,438**	4,135
Restricted (note 4)					
Internally	-	36,625	-	**36,625**	33,780
Externally		7,891	-	**7,891**	6,870
Endowment (note 5)	-	-	73,336	**73,336**	70,286
	3,438	44,516	73,336	**121,290**	115,071
	$ 3,438	$ 44,641	$ 73,336	**$ 121,415**	$ 115,217

On behalf of the Board:

David Macdonald ____ Director ____ Director

See accompanying notes to financial statements.

The National Ballet of Canada, Endowment Foundation

Statement of Operations and Changes in Fund Balances

(Dollars in thousands)
Year ended June 30

	2025				2024
		Restricted Funds			
	General Fund	Expendable Fund	Endowment Fund	**Total**	Total
Revenue					
Contributions	$ 5	$ 100	$ 3,050	**$ 3,155**	$ **9,190**
Interest income	153	430	-	**583**	**396**
Investment income – unrealized	-	1,385	-	**1,385**	**8,608**
Investment income – gain on sale of investment	-	7,475	-	**7,475**	**700**
	158	9,390	3,050	**12,598**	**18,894**
Expenditures					
Administrative fees	5	39	-	**44**	**98**
Investment management fees	-	348	-	**348**	**352**
Donation to The National Ballet of Canada	850	5,137	-	**5,987**	**4,534**
	855	5,524	-	**6,379**	**4,984**
(Deficiency) / excess of revenue over expenditures	(697)	3,866	3,050	**6,219**	**13,910**
Fund balances, beginning of year	4,135	40,650	70,286	**115,071**	**101,161**
Fund balances, end of year	$ 3,438	$ 44,516	$ 73,336	**$ 121,290**	$ **115,071**

See accompanying notes to financial statements.

The National Ballet of Canada, Endowment Foundation

Statement of Cash Flows

(Dollars in thousands)

Year ended June 30	2025	2024
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditures	**$ 6,219**	$ 13,910
Investment income – unrealized	**(1,385)**	(8,608)
Investment income – gain on sale of investment	**(7,475)**	(700)
	(2,641)	4,602
Change in non-cash operating working capital		
Due from The National Ballet of Canada	**850**	(850)
Accounts receivable	**(30)**	4
Accounts payable and accrued liabilities	**9**	9
Due to The National Ballet of Canada	**(30)**	-
	(1,842)	3,765
Investing activities		
Proceeds on sale of investments	**88,872**	1,808
Purchase of investments	**(88,531)**	-
	341	1,808
(Decrease) / increase in cash	**(1,501)**	5,573
Cash, beginning of year	**13,818**	8,245
Cash, end of year	**$ 12,317**	$ 13,818

See accompanying notes to financial statements.

1. Purpose of the Foundation

The National Ballet of Canada, Endowment Foundation (the "Foundation") was incorporated, without share capital, on September 28, 1999 under the Canada Corporations Act and is a registered charity designated as a Public Foundation under the Income Tax Act (Canada). The Foundation continued under the Canada Not-for-profit Corporations Act in 2014. The purpose of the Foundation is to acquire, hold in trust and donate funds to The National Ballet of Canada, which is a related entity by virtue of common management.

The Foundation is exempt from income taxes under Section 149(1) (l) of the Income Tax Act (Canada).

2. Significant accounting policies

Basis of presentation

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

Fund accounting

The Foundation follows the restricted fund method of accounting. Accordingly, the following funds have been established to account for the activities described below.

The **General Fund** represents resources that are not required to be maintained by the Foundation in perpetuity and are not purpose restricted.

The **Expendable Fund** (note 4) comprises internally and externally restricted funds:

(a) Internally restricted expendable funds represent (i) current and accumulated undistributed investment income from endowment funds that the Board of Directors (the “Board”) have internally restricted for a specific purpose and (ii) principal amounts and related accumulated undistributed investment income that are internally restricted (“Karen Kain Financial Resiliency”). As an internal restriction, these amounts can be unrestricted by the Board at any time.

(b) Externally restricted expendable funds represent (i) current and accumulated undistributed investment income from endowment funds that are externally restricted and (ii) principal amounts and related accumulated undistributed investment income that are externally restricted (“Spend Down Funds”).

2. Significant accounting policies (continued)

The **Endowment Fund** (note 5) represents the lesser of:

(a) The fair market value of all of the endowment funds comprising the Endowment Fund, and

(b) The aggregate of:
  i. The historic dollar value of gifts made to the Foundation, where the donor has stipulated that the gift amount is required to be maintained by the Foundation in perpetuity (externally endowed);
  ii. The historic value of amounts which have been permanently restricted under the terms of matching government grant agreements, and
  iii. The current and accumulated undistributed net income earned on funds that are not permitted under applicable donor agreements or law to be allocated to a related Expendable Fund.

If the fair market value of the Endowment Fund is in excess of its book value, the excess will be allocated to the Expendable Fund.

If the fair market value of the Endowment Fund is less than its book value, no allocation will be made from the Endowment Fund until the fair market value of the Endowment Fund has been restored to its book value as defined in (b) above.

Revenue recognition

Contributions for all funds are recognized as revenue in the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income earned for all funds is recognized as revenue in the year received or receivable.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds and gains on sale of investments and unrealized capital gains and losses.

Donation to The National Ballet of Canada

The donation to The National Ballet of Canada comprises: (i) an amount approved by the Board for disbursement in accordance with the Foundation's disbursement policy and (ii) Spend Down Fund amounts stipulated to be granted in the year under the applicable donor agreement.

Contributed services

Contributed services are not recognized in the financial statements.

(Dollars in thousands)

2. Significant accounting policies (continued)

Financial instruments

The Foundation'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 Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Foundation has elected to measure its investments in pooled funds at fair value. All changes in fair value of the Foundation's investments in pooled funds are recorded in the statement of operations. All other financial instruments are measured at amortized cost.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation 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 Foundation'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.

3. Investments, at fair value

	2025	2024
Burgundy Global Equity Foundation Fund	**$ 39,249**	-
Burgundy Focus Canadian Equity Fund	**18,742**	$ -
Burgundy Canadian Bond Fund	**29,784**	-
Burgundy Balanced Foundation Fund	-	32,717
Burgundy Foundation Trust Fund	**-**	42,722
	87,776	75,439
Turtle Creek Equity Fund	**21,187**	25,005
	$ 108,963	$ 100,444

(Dollars in thousands)

3. Investments, at fair value (continued)

The Foundation's investments in pooled funds with Burgundy Asset Management Limited are allocated as follows:

	2025	2024
Cash and short-term investments	**2%**	1%
Bonds	**34%**	30%
Canadian equities	**20%**	20%
US equities	**25%**	25%
International equities	**19%**	24%

The Foundation's investments in pooled funds with Turtle Creek Asset Management Incorporated are not publicly disclosed. The pooled funds are invested in Canadian and US equities, and money market funds.

4. Expendable Fund

		Externally restricted			
	Internally restricted	**Purpose restricted**	**Spend Down**	**2025 Total**	2024 Total
General	$ 13,151	$ -	$ -	**$ 13,151**	$ 12,146
The Canadian Arts and Heritage Sustainability Program	11,609	-	-	**11,609**	10,673
National Ballet Arts Endowment Fund	5,633	-	-	**5,633**	5,257
Dancer	2,565	1,348	-	**3,913**	3,580
New creations	-	3,794	-	**3,794**	3,215
Karen Kain Financial Resiliency Fund	2,169	-	-	**2,169**	1,994
Touring	-	1,204	-	**1,204**	1,130
Walter Carsen Centre Fund	973	-	-	**973**	909
Education and outreach	-	964	-	**964**	874
Karen Kain Artistic Innovation Fund	525	-	-	**525**	423
The Orchestra Fund	-	284	-	**284**	241
Director Fund	-	297	-	**297**	208
	$ 36,625	$ 7,891	$ -	**$ 44,516**	$ 40,650

(Dollars in thousands)

5. Endowment Fund

The Endowment Fund consists of the following:

	2025	2024
The Canadian Arts and Heritage Sustainability Program	**$ 18,241**	18,080
General	**17,185**	$ 21,578
New creations	**15,950**	9,945
Dancer	**5,542**	5,423
National Ballet Arts Endowment Fund	**4,850**	4,850
Director Fund	**3,520**	2,520
Karen Kain Artistic Innovation Fund	**2,989**	2,889
Education and outreach	**1,734**	1,724
The Orchestra Fund	**1,243**	1,205
Touring	**1,082**	1,072
Walter Carsen Centre Fund	**1,000**	1,000
	$ 73,336	$ 70,286

6. Financial instruments risk

Transactions in financial instruments may result in the Foundation 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, credit exposures on outstanding accounts receivable and bonds. Cash is 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 Foundation 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.

6. Financial instruments risk (continued)

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 Foundation 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 Foundation manages this risk by using professional portfolio managers and maintaining a diversified portfolio with a mix of bonds and equity funds.

ii. Currency risk

Foreign currency exposure arises from the Foundation'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 Foundation manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

iii. Interest rate risk

The Foundation'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 Foundation does not use derivative instruments to reduce its exposure to interest rate risk. The Foundation manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

Liquidity risk

The Foundation 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 Foundation is not exposed to significant liquidity risk arising from its financial instruments.