

Financial Statements of

**CANADA'S NATIONAL  
BALLET SCHOOL**

And Independent Auditors' Report thereon

Year ended August 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of Canada's National Ballet School and  
the Superintendent of Private Career Colleges

### ***Opinion***

We have audited the financial statements of Canada's National Ballet School (the Entity), which comprise:

- the balance sheet as at August 31, 2020
- the statement of operations and 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 Entity as at August 31, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.



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- 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 Entity'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 Entity 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

November 25, 2020

# CANADA'S NATIONAL BALLET SCHOOL

Balance Sheet  
(In thousands of dollars)

August 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,057	\$ 5,755
Receivables and prepaid expenses (notes 3, 5 and 10)	2,080	1,769
Inventory	746	764
	<u>9,883</u>	<u>8,288</u>
Accrued pension asset (note 6)	150	—
Capital assets (note 4)	65,016	63,289
	<u>\$ 75,049</u>	<u>\$ 71,577</u>

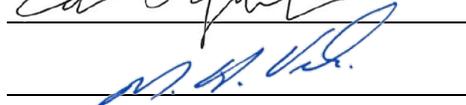
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,131	\$ 2,036
Deferred revenue	3,942	2,355
Current portion of long-term debt (note 7)	431	948
	<u>6,504</u>	<u>5,339</u>
Accrued pension liability (note 6)	—	30
Long-term debt (note 7)	7,008	4,452
Fund balances:		
Pension remeasurements and other items	625	215
Capital Fund	58,169	58,636
Reserve Fund	2,743	2,905
	<u>61,537</u>	<u>61,756</u>
Commitments (note 12)		
Subsequent event (note 14)		
	<u>\$ 75,049</u>	<u>\$ 71,577</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# CANADA'S NATIONAL BALLET SCHOOL

Statement of Operations and Changes in Fund Balances  
(In thousands of dollars)

Year ended August 31, 2020, with comparative information for 2019

	Operating Funds		Restricted Funds		2020	2019
	Operating Fund	Pension remeasurements and other items	Capital Fund	Reserve Fund	Total	Total
<b>Revenue:</b>						
Government grants:						
Department of Canadian Heritage	\$ 5,658	\$ -	\$ 62	\$ -	\$ 5,720	\$ 5,700
Ontario Arts Council	642	-	-	-	642	697
City of Toronto	225	-	-	-	225	225
Public Health Agency of Canada (note 10)	1,157	-	-	-	1,157	1,209
Ontario Sport and Recreation Communities Fund	119	-	-	-	119	135
Other (note 3)	2,884	-	-	-	2,884	53
	10,685	-	62	-	10,747	8,019
Self-generated revenue:						
Tuition fees	6,497	-	-	-	6,497	8,607
Donations	3,103	-	13	-	3,116	3,461
Contribution from related parties (note 5)	2,008	-	1,000	-	3,008	2,624
Retail and ancillary	1,673	-	-	-	1,673	2,403
Investment	32	-	1	37	70	102
	13,313	-	1,014	37	14,364	17,197
	23,998	-	1,076	37	25,111	25,216
<b>Expenses:</b>						
Operating (note 9)	22,856	-	-	-	22,856	23,810
Amortization of capital assets	-	-	2,884	-	2,884	2,881
	22,856	-	2,884	-	25,740	26,691
Excess of revenue over expenses (expenses over revenue)	1,142	-	(1,808)	37	(629)	(1,475)
Pension remeasurements and other items (note 6)	-	410	-	-	410	(2,580)
Transfer from Operating Fund to Capital Fund to fund purchases of capital assets and repayment of long-term debt (note 11)	(1,341)	-	1,341	-	-	-
	(199)	410	(467)	37	(219)	(4,055)
Transfer to Operating Fund from Reserve Fund (note 11)	199	-	-	(199)	-	-
Net changes to fund balances	-	410	(467)	(162)	(219)	(4,055)
Fund balances, beginning of year	-	215	58,636	2,905	61,756	65,811
Fund balances, end of year	\$ -	\$ 625	\$ 58,169	\$ 2,743	\$ 61,537	\$ 61,756

See accompanying notes to financial statements.

# CANADA'S NATIONAL BALLET SCHOOL

Statement of Cash Flows  
(In thousands of dollars)

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in) operating activities:		
Excess of expenses over revenue	\$ (629)	\$ (1,475)
Employer defined benefit pension plan contributions	(440)	(480)
Items not involving cash:		
Amortization of capital assets	2,884	2,881
Defined benefit pension plan expense	670	610
Change in non-cash operating working capital:		
Receivables and prepaid expenses	(311)	(240)
Inventory	18	(86)
Deferred revenue	1,587	(331)
Accounts payable and accrued liabilities	95	776
	<u>3,874</u>	<u>1,655</u>
Cash flows from (used in) financing activities:		
Repayment of long-term debt	(961)	(906)
Proceeds from long-term debt	3,000	—
	<u>2,039</u>	<u>(906)</u>
Cash flows used in investing activities:		
Purchases of capital assets	(4,611)	(700)
Increase in cash and cash equivalents	1,302	49
Cash and cash equivalents, beginning of year	5,755	5,706
Cash and cash equivalents, end of year	<u>\$ 7,057</u>	<u>\$ 5,755</u>

See accompanying notes to financial statements.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements  
(In thousands of dollars)

Year ended August 31, 2020

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Canada's National Ballet School ("NBS") trains and educates the next generation of elite ballet dancers, choreographers, teachers, and artistic directors for the Canadian and international dance scene. NBS also delivers a broader range of community programs than any other professional ballet school in the world. The excellence of the Professional Ballet Program informs all NBS programs. As an international leader in ballet training, NBS shares its knowledge and expertise to make dance accessible to as many people as possible. Funding for these initiatives is provided by grants from the public sector, donations from the private sector and tuition fees. NBS is incorporated without share capital under the laws of the Province of Ontario. NBS is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

## 1. **Basis of presentation:**

NBS follows the restricted funds method of accounting for contributions and related investment income.

The Operating Fund reflects NBS' program delivery and administrative activities. This fund reports unrestricted resources and restricted operating contributions.

The Capital Fund reflects the transactions associated with acquisition, construction, disposal and improvement of capital assets owned by NBS, including repayment of associated long-term debt.

The Reserve Fund is an internally restricted fund, the purpose of which is to provide funds that can be used to stabilize activity in the Operating Funds and to provide a source of funds that the Board of Directors may choose to draw upon for any other reason.

Interfund transfers are subject to Board of Directors' approval. Internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 2. Significant accounting policies:

The following financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations:

### (a) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Contributions restricted for capital purposes are recognized as revenue in the Capital Fund. Restricted contributions for which a separate restricted fund has not been established are deferred in the Operating Fund and recognized as revenue in the Operating Fund in the same year as the related expenses are recognized.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Tuition fee revenue is recognized in the Operating Fund on an accrual basis in the year relating to the educational year of NBS.

For the Restricted Funds, where the investment income has been externally restricted for a specific purpose, the income is recognized as revenue of either the Operating Fund or appropriate Restricted Funds, depending on the purpose. Unrestricted investment income is recognized as revenue of the Operating Fund when earned.

Revenue from retail and ancillary operations is recognized as revenue of the Operating Fund at point of sale.

### (b) Government assistance:

NBS has applied for financial assistance under available government incentive programs. Government assistance related to current expense is recognized as revenue during the year.

### (c) Cash and cash equivalents:

Cash and cash equivalents are defined as cash and short-term investments with maturity dates of less than 90 days.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 2. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. NBS has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, NBS 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 NBS 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.

### (e) Inventory:

The Shoe Room® inventory of pointe shoes, dancewear and dance-related items is recorded at the lower of actual cost and net realizable value.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 2. Significant accounting policies (continued):

### (f) Capital assets:

Purchased and constructed capital assets are recorded in the Capital Fund at cost. Donated capital assets are recorded in the Capital Fund at the fair value at the date of contribution. Any capitalized purchases which are financed by operating cash are funded by a transfer from the Operating Fund to the Capital Fund. Amortization is recorded as an expense in the Capital Fund and is recorded on a straight-line basis over the assets' estimated useful lives. Building improvements are componentized according to their useful life. Useful lives are as follows:

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Buildings	25 - 40 years
Building improvements	10 - 25 years
Furniture and equipment	2 - 10 years

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Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to NBS' ability to provide goods and services, or that the value of future economic benefits or service potential associated with the long lived assets are less than their net carrying amounts.

### (g) Deferred revenue:

Tuition fees and grants received prior to August 31 in respect of the following school year are deferred for recognition in revenue in the subsequent year.

### (h) Donated materials and services:

Certain donated goods and services of \$1,383 (2019 - \$828) are recorded in these financial statements as both a revenue and an expense item at the fair value of the item at the time of receipt. Included in donations in the statement of operations and changes in fund balances is \$131 (2019 - \$372) of donated shares. Included in receivables and prepaid expenses and deferred revenue is \$133 (2019 - nil) of donated goods for items not utilized in the current year.

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 2. Significant accounting policies (continued):

### (i) Employee future benefits:

NBS has a defined benefit pension plan covering its employees. The benefits are based on years of service and final average salary. Effective September 30, 2013, the defined benefit plan is closed to new employees and a defined contribution plan was established effective October 1, 2014. New employees are eligible to join the defined contribution plan after one year of service.

The actuarial determination of the accrued benefit obligation for the defined benefit plan is based on the August 31, 2020 accounting valuation. The measurement date of the plan assets and accrued benefit obligation coincides with NBS' fiscal year.

NBS accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension. The actuarial determination of the accrued benefit obligations for the pension uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

Actuarial gains (losses) on plan assets, which arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period, are immediately recognized as pension remeasurements and other items in the statement of operations and changes in fund balances. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation, which arise from differences between actual and expected experience and from the changes in the actuarial assumptions used to determine the accrued benefit obligation, are immediately recognized as pension remeasurements and other items in the statement of operations and changes in fund balances. Past service costs arising from plan amendments are recognized as pension remeasurements and other items immediately in the statement of operations and changes in fund balances.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

## 2. Significant accounting policies (continued):

### (j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets and assets and liabilities related to employee future benefits. Actual results could differ from those estimates.

## 3. Government wage subsidy:

NBS applied for and received government assistance in the form of Canada Emergency Wage Subsidy ("CEWS"). Total CEWS recorded as government wage subsidy in the statement of operations and changes in fund balances amounts to \$2,884, of which \$769 is included in accounts receivable as at year-end. Management believes that it is in compliance with all eligibility criteria under the CEWS program.

## 4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 5,077	\$ –	\$ 5,077	\$ 1,425
Buildings	94,683	36,908	57,775	59,817
Building improvements	12,649	11,166	1,483	1,427
Furniture and equipment	5,958	5,277	681	620
	<u>\$ 118,367</u>	<u>\$ 53,351</u>	<u>\$ 65,016</u>	<u>\$ 63,289</u>

During the year, NBS entered into an agreement of purchase and sale to acquire a property at 410 Jarvis Street, adjoining NBS's existing properties. The purchase price and other acquisition costs were \$4,180, and were funded with a contribution of \$1,000 to the Capital Fund from Canada's National Ballet School Foundation (the "Foundation") (note 5(a)), a term loan of \$3,000 maturing on June 11, 2025 (note 7), and working capital. 2757113 Ontario Inc., a nominee corporation, holds legal title to the property (included in land and buildings) in trust for NBS as beneficial owner.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 5. Related party transactions:

### (a) Canada's National Ballet School Foundation:

The Foundation was incorporated in 1999 under the Canada Corporations Act and in 2012 received its certificate of continuance under the Canada Not-for-Profit Corporations Act. The Foundation is a registered charity under the Income Tax Act (Canada). These financial statements do not include the fund balances and income for the year of the Foundation, as the Foundation is a separate legal entity with its own Board of Directors. Its purpose is to receive, maintain, manage, invest and apply funds and the income earned on those funds for the benefit of NBS.

The fund balances of the Foundation as at August 31, 2020 were \$68,087 (2019 - \$62,480).

During the year, the Foundation made contributions to NBS' Operating Fund in the amount of \$1,942 (2019 - \$2,611). In addition, in 2020 the Foundation contributed \$1,000 to the NBS' Capital Fund. All contributions are from net investment income earned on endowed funds held by the Foundation. NBS invoices the Foundation for certain services rendered by NBS personnel. These services are measured at the exchange amount and totalled \$100 for 2020 (2019 - \$100). Included in receivables is \$6 (2019 - \$739) due from the Foundation.

### (b) Friends of Canada's National Ballet School:

The Friends of Canada's National Ballet School (the "Friends") was incorporated in 2005 under the Commonwealth of Virginia laws and in 2006 under the Corporations Act (Ontario). These financial statements do not include the fund balances and income for the year of the Friends, as the Friends is a separate legal entity with its own Board of Directors. Its purpose is to receive U.S. dollar donations to support the general charitable purposes carried out by NBS and the Foundation.

The fund balance of the Friends as at August 31, 2020, expressed in U.S. dollars, was \$81 (2019 - \$66).

During the year, the Friends made contributions to NBS' Operating Fund in the amount of \$66 (2019 - \$13) from donations received.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

## 6. Employee future benefits:

The accrued pension asset (liability) is as follows:

	2020	2019
Accrued benefit obligation	\$ 28,870	\$ 28,240
Fair value of plan assets	29,020	28,210
	\$ 150	\$ (30)

Continuity of the accrued pension asset (liability) is as follows:

	2020	2019
Balance, beginning of year	\$ (30)	\$ 2,680
Benefit expense	(670)	(610)
Employer contributions	440	480
Pension remeasurements and other items	410	(2,580)
Balance, end of year	\$ 150	\$ (30)

Employee future benefit costs recognized during the year are as follows:

	2020	2019
Defined benefit plan	\$ 670	\$ 610
Defined contribution plan	124	123
	\$ 794	\$ 733

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

## 7. Long-term debt:

	2020	2019
Term loan with monthly payments, maturing June 11, 2025, bearing interest at 3.08%	\$ 2,987	\$ –
Debenture with bi-annual payments, maturing April 15, 2030, bearing interest at 5.18%	4,452	4,784
Debenture with bi-annual payments, maturing April 15, 2020, bearing interest at 4.25%	–	616
	7,439	5,400
Less amount due within one year	431	948
	\$ 7,008	\$ 4,452

Principal repayments are as follows:

2021	\$ 431
2022	451
2023	474
2024	496
2025	3,078
Thereafter	2,509
	\$ 7,439

NBS is required to comply with various financial and non-financial covenants. As at August 31, 2020, NBS was in compliance with all covenants. The following security applies:

- a general security agreement constituting a security interest in all personal property of NBS;
- with respect to the term loan maturing June 11, 2025 and the credit facilities (note 8), a first mortgage charge and security interest over the real property of NBS in the principal sum equal to the amount of outstanding indebtedness under the term loan, not to exceed \$6,250; and
- with respect to the debenture maturing April 15, 2030, a second mortgage charge and security interest over the real property of NBS in the principal sum equal to the amount of outstanding indebtedness under the debenture, not to exceed \$4,452.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

## 8. Credit facilities:

NBS has access to credit facilities for operations for up to \$2,000. The credit facilities bear interest at the bank's prime rate plus 0.5% and are repayable upon demand. These credit facilities, together with the term loan maturing June 11, 2025 (note 7), are secured by a first mortgage charge and security interest over the real property of NBS in the principal sum equal to the amount of outstanding indebtedness under the credit facilities, not to exceed \$6,250.

As at August 31, 2020 and 2019, NBS had no amounts drawn on these lines of credit, other than to issue standby letters of credit in the amount of \$93 (2019 - \$93).

## 9. Operating Fund operating expenses:

	2020	2019
Salaries and benefits	\$ 11,237	\$ 11,027
Student assistance	2,899	3,423
Property and operations	1,905	2,089
Special projects	1,922	1,377
Project eligible expenses - Public Health Agency of Canada (note 10)	1,157	1,209
Administrative	840	909
Pension (note 6)	794	733
Retail and ancillary	598	889
Marketing and development	555	829
Residence and food services	386	633
Financing costs	266	290
Artistic and performance	257	332
Academic	40	70
	\$ 22,856	\$ 23,810

## 10. Public Health Agency of Canada:

On December 1, 2016, NBS entered into a multi-year contribution agreement with Public Health Agency of Canada ("PHAC") in support of its Sharing Dance programs. Under the terms of the agreement, PHAC will provide up to \$4,978 of funding under certain conditions, including NBS securing an equivalent amount of matching funding, including both cash and in-kind. The funds from PHAC will be provided as reimbursement of specific eligible expenses, and NBS is obliged to expend an additional equivalent amount, including both cash and in-kind expenditures, on approved related activities.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 10. Public Health Agency of Canada (continued):

During the year, NBS incurred eligible operating expenditures of \$1,157 (2019 - \$1,209) and recorded revenue of \$1,157 (2019 - \$1,209) as reimbursement of those expenditures. Included in eligible operating expenditures is \$577 (2019 - \$518) of salaries and benefits expense. Salaries and benefits expenses are allocated to the project based on agreed budgeted percentages for NBS personnel who work on specific project deliverables within the overall project. Included in receivables is \$444 (2019 - \$485) due from PHAC.

## 11. Interfund transfers:

The Board of Directors approved the transfer of \$199 (2019 - \$263) from the internally restricted Reserve Fund to the Operating Fund. The use of the Reserve Fund is set out in note 1. A transfer of \$1,341 (2019 - \$1,528) was made from the Operating Fund to the Capital Fund to fund purchases of certain capital assets and repayment of long-term debt. Internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

## 12. Commitments:

NBS is committed to operating leases for office equipment. The future minimum payments are as follows:

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2021	\$ 58
2022	44
	<hr/> \$ 102 <hr/>

## 13. Financial risk management:

Liquidity risk:

Liquidity risk is the risk that NBS will be unable to fulfill its obligations on a timely basis or at a reasonable cost. NBS manages its liquidity risk by monitoring its operating requirements. NBS prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

It is management's opinion that the NBS is not exposed to significant interest, currency, market or credit risks arising from financial instruments.

# CANADA'S NATIONAL BALLET SCHOOL

Notes to Financial Statements (continued)  
(In thousands of dollars)

Year ended August 31, 2020

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## 14. Subsequent event:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to operations including cancellation of events and programs, reduced capacity in the school and residence and movement of some activities to on-line instruction. During the year, NBS was eligible and applied for CEWS government funding, as described in note 3 and received an additional contribution of \$1,400 from the Department of Canadian Heritage that is included in deferred revenue for use in fiscal 2021. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts, if prolonged, could result in potential future decreases in donations and income and further increases in operating expenses.