

**Edmonton Opera Association**  
**Financial Statements**  
*June 30, 2023*

## Management's Responsibility

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To the Members of Edmonton Opera Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance and Audit Committee are composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Finance and Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Finance and Audit Committee is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance and Audit Committee and management to discuss their audit findings.

October 18, 2023

*signed by "Sue Fitzsimmons"*

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Executive Director

*signed by "Debra King"*

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To the Members of Edmonton Opera Association:

## Qualified Opinion

We have audited the financial statements of Edmonton Opera Association (the "Association"), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, changes in net assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect and possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many not-for-profit organizations, the Edmonton Opera Association derives revenue from the general public in the form of donations and sponsorships, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Edmonton Opera Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and sponsorships revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and June 30, 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

As discussed in Note 7 to the financial statements, accounts receivable includes COVID subsidies receivable in the amount of \$146,071. During the 2023 fiscal year, CRA has disputed this receivable and collectability is uncertain. The Association has not recorded an allowance for the receivable, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. Had an allowance been recorded, accounts receivable, government subsidies revenue, and net assets would be reduced by \$146,071.

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 Association 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 qualified 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Edmonton, Alberta

October 18, 2023

*MNP LLP*

Chartered Professional Accountants

# Edmonton Opera Association

## Statement of Financial Position

*As at June 30, 2023*

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	232,664	418,298
Internally restricted cash (Note 3)	272,626	171,214
Accounts receivable (Note 7), (Note 10)	564,429	690,866
Prepaid expenses	36,840	23,834
	1,106,559	1,304,212
<b>Capital assets (Note 4)</b>	<b>196,526</b>	<b>139,952</b>
<b>Restricted cash and term deposits (Note 5)</b>	<b>349,937</b>	<b>348,687</b>
	1,653,022	1,792,851
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	97,688	77,460
Asset retirement obligation (Note 4)	406,980	406,980
Current portion of CEBA loan (Note 7)	40,000	-
	544,668	484,440
Deferred revenue	568,191	267,693
Deferred grant revenue (Note 5), (Note 8)	641,497	728,359
	1,754,356	1,480,492
<b>CEBA loan (Note 7)</b>	<b>-</b>	<b>40,000</b>
<b>Deferred capital contributions (Note 4), (Note 9)</b>	<b>66,728</b>	<b>74,274</b>
	1,821,084	1,594,766
<b>Commitments (Note 12)</b>		
<b>Net Assets</b>		
Unrestricted	(163,505)	368,172
Internally restricted	272,626	171,214
Invested in capital assets	(277,183)	(341,301)
	(168,062)	198,085
	1,653,022	1,792,851
<b>Approved on behalf of the Board</b>		
<i>signed by "Thomas Bradley"</i>	<i>signed by "Ken Keenleyside"</i>	
<b>Director</b>	<b>Director</b>	

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

**Edmonton Opera Association**  
**Statement of Operations**  
*For the year ended June 30, 2023*

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Donations and sponsorships <i>(Note 10), (Note 11), (Note 14)</i>	<b>1,278,286</b>	1,161,406
Grant revenue <i>(Note 8), (Note 9)</i>	<b>1,239,066</b>	1,355,294
Ticket sales	<b>537,512</b>	389,699
Special events	<b>300,796</b>	289,430
Set rentals and other	<b>38,729</b>	11,340
	<b>3,394,389</b>	3,207,169
<b>Expenses</b>		
Production costs	<b>2,269,098</b>	2,094,648
General and administrative	<b>669,977</b>	560,139
Promotion and advertising	<b>285,597</b>	322,075
Special events and development	<b>376,174</b>	305,475
Government rent subsidy <i>(Note 7)</i>	-	(71,488)
Government wage subsidy <i>(Note 7)</i>	-	(257,168)
	<b>3,600,846</b>	2,953,681
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(206,457)</b>	253,488
<b>Amortization expense</b>	<b>2,404</b>	101,663
<b>Excess (deficiency) of revenue over expenses from operations</b>	<b>(208,861)</b>	151,825
<b>Other expense</b>		
Foreign exchange loss	<b>(2,608)</b>	(2,433)
<b>Excess (deficiency) of revenue over expenses before the following:</b>	<b>(211,469)</b>	149,392
<b>Expenses for extraordinary facility expenditures</b>		
Write-down of capital assets <i>(Note 4)</i>	-	(1,174,680)
Asset retirement obligation expense <i>(Note 4)</i>	-	(406,980)
Extraordinary operational expenses <i>(Note 4)</i>	<b>(154,678)</b>	-
	<b>(154,678)</b>	(1,581,660)
<b>Deficiency of revenues over expenses</b>	<b>(366,147)</b>	(1,432,268)

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

**Edmonton Opera Association**  
**Statement of Changes in Net Assets (Debt)**  
*For the year ended June 30, 2023*

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Invested in Capital Assets</i>	<b>2023</b>	2022
<b>Net assets beginning of year</b>	368,172	171,214	(341,301)	<b>198,085</b>	1,630,353
<b>Excess (deficiency) of revenues over expenses</b>	(371,287)	-	5,140	<b>(366,147)</b>	(1,432,268)
<b>Net investment in capital assets</b>	(58,978)	-	58,978	-	-
<b>Interfund transfer</b>	(101,412)	101,412	-	-	-
<b>Net assets (debt), end of year</b>	<b>(163,505)</b>	<b>272,626</b>	<b>(277,183)</b>	<b>(168,062)</b>	198,085

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

**Edmonton Opera Association**  
**Statement of Cash Flows**  
*For the year ended June 30, 2023*

	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from patrons, donors, and grantors	3,720,629	3,009,174
Cash paid to suppliers and employees	(3,747,137)	(3,377,196)
Interest paid	(3,774)	(2,107)
Interest received	6,288	4,255
	<b>(23,994)</b>	<b>(365,874)</b>
<b>Investing</b>		
Increase of restricted cash and term deposits, net	(1,250)	(46)
Purchase of capital assets	(58,978)	(117,980)
	<b>(60,228)</b>	<b>(118,026)</b>
<b>Decrease in cash resources</b>	<b>(84,222)</b>	<b>(483,900)</b>
<b>Cash resources, beginning of year</b>	<b>589,512</b>	<b>1,073,412</b>
<b>Cash resources, end of year</b>	<b>505,290</b>	<b>589,512</b>
<b>Cash resources are composed of:</b>		
Cash	232,664	418,298
Internally restricted cash	272,626	171,214
	<b>505,290</b>	<b>589,512</b>

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



# Edmonton Opera Association

## Notes to the Financial Statements

For the year ended June 30, 2023

### 1. Incorporation and operations

The Edmonton Opera Association (the "Association") was formed under the Societies Act (Alberta) in 1963 with the general purpose of presenting Opera to northern Alberta. The Association is a not-for-profit organization and accordingly, exempt from income tax in accordance with Section 149(1)(l) of the Canadian Income Tax Act and Section 35 of the Alberta Corporate Income Tax Act.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Revenue recognition**

The Association follows the deferral method of accounting for contributions.

Unrestricted donations are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Sponsorships are recognized over the term of the related agreement.

Ticket and special events revenue are recognized when the event has occurred.

Grants are recognized as revenue in the fiscal year to which they relate, or as deferred capital contributions when related to the cost of a capital asset.

Rental revenue from set rentals is recognized over the term of the rental agreement.

#### **Donated materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

Volunteers contribute significant amounts of time to the activities of the Association without compensation. The financial statements do not reflect those contributed services as no reliable basis exists for determining their fair value.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Cash and term deposits held for other than current purposes are classified as long-term assets.

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

The Association regularly reviews its capital assets to write off obsolete items.

	<b>Method</b>	<b>Rate</b>
Computer equipment	straight-line	5-10 years
Production assets - sets	straight-line	4-10 years
Music equipment	straight-line	20 years

**2. Significant accounting policies** *(Continued from previous page)*

***Long-lived assets***

Long-lived assets consist of capital assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. Assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

***Asset retirement obligation***

An asset retirement obligation is recognized at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date when the liability for an asset retirement obligation is incurred and a reasonable estimate of the obligation is determinable. The best estimate of the asset retirement obligation is the present value of the amount the Association would rationally pay to settle the obligation, or transfer it to a third party, at the statement of financial position date.

When a liability is recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related asset. The asset retirement cost is amortized over the estimated useful life of the related asset.

The Association recognizes changes to the liability due to the passage of time in operating expenses, as accretion. Changes due to passage of time are calculated by applying an interest method of allocation using the discount rate used in the original calculation of the asset retirement obligation. The Association recognizes changes to the liability arising from revisions to the timing amount of expected undiscounted cash flows or discount rate as an increase or decrease to the carrying amounts of the asset retirement obligation and the related asset retirement capitalized cost.

***Foreign currency translation***

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess (deficiency) of revenues over expenses for the current period.

***Financial instruments***

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

***Arm's length financial instruments***

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**2. Significant accounting policies** *(Continued from previous page)*

**Related party financial instruments**

The Association initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Association has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in deficiency of revenues over expenses.

**Financial asset impairment**

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenues over expenses in the year the reversal occurs.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. The asset retirement obligation involves estimates as noted above.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

**3. Internally restricted cash**

	<b>2023</b>	2022
Deferred ticket subscriptions	<b>70,038</b>	70,008
Other	<b>202,588</b>	101,206
	<b>272,626</b>	171,214

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# Edmonton Opera Association

## Notes to the Financial Statements

*For the year ended June 30, 2023*

#### 4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Computer equipment	452,577	365,309	87,268	62,509
Production assets - sets	-	-	-	(28,178)
Music equipment	162,657	53,399	109,258	105,621
Asset retirement obligation	406,980	406,980	-	-
	<b>1,022,214</b>	<b>825,688</b>	<b>196,526</b>	<b>139,952</b>

In the prior fiscal year, as part of an ongoing renovation project, the Association determined that the previous production facility and rehearsal hall was no longer useable due to structural deficiencies with the building. As a result, the Association recorded a provision to write-down capital assets in the amount of \$1,174,680.

During the year, the Association terminated its lease of the former production facility space and moved to a new location. As part of the former lease agreement, upon exiting the lease, the Association is required to remove certain leasehold improvements. The Association has recorded an asset retirement obligation in the amount of \$406,980 in respect of this removal. As at June 30, 2023 the Association has not paid any related expense to the asset retirement obligation.

Additionally, as a result of the circumstances described above, the Association incurred extraordinary operational expenses in the amount of \$154,678.

#### 5. Restricted cash and term deposits

	<i>2023</i>	<i>2022</i>
Alberta Foundation for the Arts working capital reserve & operating loan reserve	300,000	300,000
Reserve for credit card	46,647	46,372
Accrued interest on funds	3,290	2,315
	<b>349,937</b>	<b>348,687</b>

The Association maintains restricted term deposits in the amount of \$46,647 (2022 - \$46,372) as security for corporate credit cards.

For the purposes of a working capital reserve, the Association, as required by the Alberta Foundation for the Arts, has recognized \$231,500 (2022 - \$231,500) as deferred grant revenue (Note 8), and an additional \$68,500 (2022 - \$68,500) of cash is included in long-term cash and term deposits as part of the assets associated with this reserve. The working capital reserve has been established to meet the requirements of an Alberta Foundation for the Arts grant program and may not be expended without a resolution from the Board of Directors.

#### 6. Authorized operating loan facility

The Association has a \$300,000 (2022 - \$300,000) operating loan facility that is due on demand, bears interest at the bank's prime rate and is secured by an assignment of monies on deposit and an assignment of deposit certificate. Drawings on the operating loan facility at year-end are \$nil (2022 - \$nil).

The operating loan facility is subject to certain non-financial covenants which the Association was in compliance with at year end.

# Edmonton Opera Association

## Notes to the Financial Statements

*For the year ended June 30, 2023*

### 7. COVID-19 government assistance

During the 2020 and 2021 years, the Association obtained a Canada Emergency Benefit Account (CEBA) loan totaling \$60,000. Repaying the balance of the loan on or before December 31, 2023, will result in loan forgiveness of \$20,000. As it is the intention of the government to forgive a portion of the loan, that amount has been recognized in previous years.

The loan is non-interest bearing, with no payments required until the balance is due on December 31, 2023. Any remaining balance after December 31, 2023 will be converted into a three-year term loan, bearing interest at 5%.

In addition to CEBA, the Association applied for the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS). Under the CEWS and CERS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages, deductions and rent payments paid during those periods. For the year ended June 30, 2023, the Association claimed aggregate subsidies under these programs of \$nil (2022 - \$328,656), of which \$146,071 (2022 - \$256,386) remained in accounts receivable at year-end.

### 8. Deferred grant revenue

	2022	Amounts received	Amounts recognized as revenue	2023
Canada Council	-	383,400	383,400	-
Province of Alberta - working capital reserve	231,500	-	-	<b>231,500</b>
Province of Alberta - operating fund	367,810	350,160	367,810	<b>348,882</b>
Province of Alberta - CIP grant audio/visual	50,000	-	50,000	-
Province of Alberta - CIP grant Jubilee auditorium rental	42,750	-	42,750	-
Edmonton Arts Council	-	350,000	350,000	-
Edmonton Community Foundation - Understudy grant	36,299	-	35,182	<b>1,115</b>
Royal Bank of Canada - Emerging Artists Grant	-	30,000	-	<b>30,000</b>
Azrieli Foundation - Emerging Artists Grant	-	30,000	-	<b>30,000</b>
	728,359	1,143,560	1,229,142	<b>641,497</b>

### 9. Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized portion of restricted contributions that were used to fund the production facility improvements, production sets, rehearsal hall and pianos. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. The changes in deferred capital contribution balance are as follows:

	2023	2022
Balance, beginning of year	<b>74,274</b>	218,336
Recognized as revenue	<b>(7,546)</b>	(144,062)
Balance, end of year	<b>66,728</b>	74,274

**Edmonton Opera Association**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2023*

**10. Endowments**

The Association has several endowment funds held by the Edmonton Community Foundation totaling \$20,418,909 as of December 31, 2022 (December 31, 2021 - \$20,014,061). The endowment funds include several family funds along with the Edmonton Opera Endowment Fund and the Irving Guttman Opera Endowment Fund.

Donation revenue of \$786,858 (2022 - \$683,439) was recorded in the fiscal year from the above noted funds, of which \$408,368 (2022 - \$390,280) remains in accounts receivable.

**11. Donations and sponsorships**

	<b>2023</b>	<b>2022</b>
Edmonton Community Foundation donations ( <i>Note 10</i> )	<b>786,858</b>	683,439
Edmonton Opera Association donations	<b>491,428</b>	464,826
Rob Hood Fund	-	13,141
	<b>1,278,286</b>	1,161,406

All donations received by the Edmonton Community Foundation in the year were contributed to the Edmonton Opera Endowment Fund.

Donations and sponsorships includes contributions from corporate, foundation and individual donors.

Included in donations and sponsorships is \$875 (2022 - \$25,430) which represents the fair value of materials and services provided to the Association. The corresponding amounts have been charged to expenses.

**12. Commitments**

The Association entered into a two-year lease agreement of the production facility space as of April 15, 2023. The estimated lease payments for all leases for the next 2 years are as follows:

2024	146,435
2025	122,029
	268,464

Expenditures are committed for the services of conductors, principals, directors and various designs for the upcoming season. As at June 30, 2023 the commitment is estimated to be approximately \$TO BE UPDATED (2022 - \$858,737).

**13. Financial instruments**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through purchasing securities with fixed interest rates and short term maturities. The Association is exposed to interest rate risk primarily relating to its term deposits, which are at fixed interest rates and mature within one year as described in Note 5, and its operating loan which bears interest at a floating rate as described in Note 6.

***Liquidity risk***

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the collection of accounts receivable.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association enters into transactions to purchase and sell to various vendors denominated in US Dollar currency for which the related revenues and expenses are subject to exchange rate fluctuations. As at June 30, 2023, the following items are denominated in US Dollar currency:

	<b>2023</b>	<b>2022</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Cash	<b>5,498</b>	12,637

**14. Economic dependence**

The Association's primary source of revenue is received from government grants and various donors. The Association's ability to continue viable operations is dependent on maintaining equivalent funding from these sources.