

HERITAGE CALGARY
Financial Statements
Year Ended December 31, 2023

HERITAGE CALGARY
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Heritage Calgary

Opinion

We have audited the financial statements of Heritage Calgary, (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets 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 organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 organization in accordance with 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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:

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Independent Auditor's Report to the Members of Heritage Calgary (continued)

- 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 organization'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 organization'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 organization 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.

April 12, 2024



Chartered Professional Accountants

HERITAGE CALGARY
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 3)	\$ 98,006	\$ 109,270
Accounts receivable (Note 4)	24,064	-
Guaranteed investment certificates	5,198	5,125
Inventory	691	751
Goods and services tax recoverable	6,196	5,677
Prepaid expenses	3,342	3,342
	137,497	124,165
PROPERTY, PLANT AND EQUIPMENT (Note 5)	6,476	10,303
	\$ 143,973	\$ 134,468
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 29,718	\$ 21,788
Deferred contributions (Note 6)	7,978	12,500
	37,696	34,288
NET ASSETS		
General Fund	1,801	9,877
Funds invested in Capital Assets	6,476	10,303
Operating Reserve Fund (Note 3)	88,000	70,000
Project and Program Development Fund (Note 3)	10,000	10,000
	106,277	100,180
	\$ 143,973	\$ 134,468

ON BEHALF OF THE BOARD


 Christine Leppard (Apr 22, 2024 08:26 MDT) _____ Director


 Paula Overguard (Apr 19, 2024 19:40 MDT) _____ Director

HERITAGE CALGARY
Statement of Operations
Year Ended December 31, 2023

	2023	2022
REVENUES		
Civic partner operating grant	\$ 518,540	\$ 343,000
Reserve fund transfers (<i>Note 7</i>)	30,000	210,000
City of Calgary other funding	209,363	115,846
Other grants and donations	45,406	27,246
	<u>803,309</u>	<u>696,092</u>
EXPENSES		
Employee expenses	493,882	396,776
Programs	141,654	152,006
Administration	86,005	86,223
Consulting fees	16,275	14,500
Professional fees	11,475	11,475
Miscellaneous	7,299	5,677
Amortization	5,086	5,633
Communication	3,776	5,021
Advertising and promotion	3,836	3,979
Insurance	1,625	2,634
Board & committee expenses	25,297	2,215
Interest and bank charges	1,184	1,208
	<u>797,394</u>	<u>687,347</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	5,915	8,745
OTHER INCOME		
Interest from other sources	182	95
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 6,097</u>	<u>\$ 8,840</u>

HERITAGE CALGARY
Statement of Changes in Net Assets
Year Ended December 31, 2023

	General Fund	Funds invested in Capital Assets	Operating Reserve Fund	Project and Program Development Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 9,877	\$ 10,303	\$ 70,000	\$ 10,000	\$ 100,180	\$ 91,340
Excess (deficiency) of revenues over expenses	6,097	-	-	-	6,097	8,840
Interfund transfers - Board approved	(14,173)	(3,827)	18,000	-	-	-
NET ASSETS - END OF YEAR	\$ 1,801	\$ 6,476	\$ 88,000	\$ 10,000	\$ 106,277	\$ 100,180

HERITAGE CALGARY
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 6,097	\$ 8,840
Item not affecting cash:		
Amortization of property, plant and equipment	5,086	5,633
	<u>11,183</u>	<u>14,473</u>
Changes in non-cash working capital:		
Accounts receivable	(24,064)	570
Inventory	60	-
Accounts payable	7,930	(6,696)
Goods and services tax payable	(519)	2,314
Deferred contributions	(4,522)	(22,336)
	<u>(21,115)</u>	<u>(26,148)</u>
Cash flow used by operating activities	<u>(9,932)</u>	<u>(11,675)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,259)	(1,316)
Guaranteed investment certificates	(73)	-
Cash flow used by investing activities	<u>(1,332)</u>	<u>(1,316)</u>
DECREASE IN CASH FLOW	(11,264)	(12,991)
Cash - beginning of year	<u>109,270</u>	<u>122,261</u>
CASH - END OF YEAR <i>(Note 13)</i>	\$ 98,006	\$ 109,270

HERITAGE CALGARY
Notes to Financial Statements
Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Heritage Calgary (the "organization") is a not-for-profit organization of Alberta. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization advises Council on all matters relating to Calgary's Heritage; evaluate potential historic sites, maintain Calgary's inventory of Evaluated Historic Resources and promotes public awareness of our shared heritage.

Heritage Calgary was incorporated in 1985 as the Calgary Municipal Heritage Properties Authority under the Calgary Municipal Heritage Properties Authority Act (Alberta) (the "1985" Act"). In 2000 the Calgary Municipal Heritage Properties Authority Amendment Act made amendments to the 1985 Act including to its title which was amended to the Calgary Heritage Authority Act (Alberta) and it then became known as The Calgary Heritage Authority. In 2022 the Act was amended to change the legal name of the organization to Heritage Calgary and other aspects of the act were modernized to enhance our governance. The Act received Royal Assent on May 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills or GIC's with original maturities of 3 months or less or are redeemable and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days or are redeemable.

Internally restricted cash

Internally restricted cash includes cash restricted for use for specific programs and purposes, as well as cash restricted according to the internal reserve policy.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method
Website development cost	5 years	straight-line method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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HERITAGE CALGARY
Notes to Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue recognition

Heritage Calgary follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost which include cash and cash equivalents, GIC's, accounts receivable, bank indebtedness, accounts payable and deferred contributions, are tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include determining accounts payable and amortization are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Goods and services tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Government and other grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

HERITAGE CALGARY
Notes to Financial Statements
Year Ended December 31, 2023

3. CASH

	2023	2022
Operating reserve fund	\$ 88,000	\$ 55,000
Project and program development reserve fund	10,000	10,000
Inventory listing cleanup project	1	1
Interest on restricted cash	5	80
	\$ 98,006	\$ 65,081

Included in cash are certain restricted cash amount which are maintained and kept internally restricted for the use related to two operating reserves.

In 2019, the Board of Directors adopted an internal reserve fund policy that set out the guidelines for the two ongoing reserves. Both reserves have been initially funded with unrestricted net assets and will continue to be funded with surplus unrestricted operating funds. These reserve funds will be available for use by the organization to fulfill its mission.

For the Operating Reserve Fund, the organization will target a cash reserve that comprises of between 50% and 100% of the annual operating expenses of the organization, based upon an average of the past six to twelve months of the organization's operations. As at December 31, 2023, Heritage Calgary has not yet met the target range.

For the Project and Program Development Fund, the organization will target a cash reserve with a value between \$10,000 and \$20,000. As at December 31, 2023 and 2022, Heritage Calgary did meet the \$10,000 minimum target.

Funds borrowed from reserve funds will be replenished with a prescribed repayment schedule if they are outstanding for more than three months.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of \$18,500 due from the City of Calgary for reimbursement of professional services and the remaining balance consists of normal trade receivables.

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 9,823	\$ 7,878	\$ 1,945	\$ 2,295
Furniture and fixtures	6,698	4,229	2,469	3,086
Leasehold improvements	7,942	6,552	1,390	2,978
Website development	6,360	5,688	672	1,944
	\$ 30,823	\$ 24,347	\$ 6,476	\$ 10,303

6. DEFERRED CONTRIBUTIONS

	Opening balance	Contributions	Utilized	2023 closing balance
Calgary Foundation	\$ 10,000	\$ -	\$ 10,000	\$ -
Marda Loop Project	2,500	-	2,500	-
City of Calgary, DEI project	-	67,340	59,362	7,978
	\$ 12,500	\$ 67,340	\$ 71,862	\$ 7,978

HERITAGE CALGARY
Notes to Financial Statements
Year Ended December 31, 2023

7. RESERVE FUND TRANSFERS

Reserve fund transfers from the City of Calgary to Heritage Calgary totalled \$30,000 in 2023 (2022-\$210,000). The purpose of these reserve funds is to provide financial operating resources for the overall activities and responsibilities of Heritage Calgary. The funds can be used at the sole discretion of Heritage Calgary to support their activities. The reserve will maintain a minimum balance of \$1,338,000, the full amount of principal and investment income on those funds are reflected on the books of the City of Calgary and are therefore only recorded in Heritage Calgary once the transfers are received. The reserve fund balance as at December 31, 2023 is \$1,392,455 (2022-\$1,376,717).

8. CREDIT FACILITY

The organization has a credit facility with ATB, which includes an approved operating line that can be drawn upon to a maximum of \$30,000, which bears interest at prime plus 4.70% and is secured by real property and a General Security Agreement. At the statement of financial position date, the amount owing, which is due on demand, was \$0 (2022: \$0).

9. HERITAGE CALGARY ENDOWMENT FUND

In 2021, Heritage Calgary established an endowment fund with the Calgary Foundation, all capital contributions in the fund are to be held by the Calgary Foundation in perpetuity for Heritage Calgary, the fund balance at year end was \$63,232 (2022 - \$62,220). Final authority over the disbursement of all amounts relating to this fund rests with the Calgary Foundation, as a result the total funds amount is not recorded in the financial statements of Heritage Calgary.

10. COMMITMENTS

The organization is committed to lease its office space for a five-year term, expiring on September 30, 2024. The minimum lease payments over the next five years are as follows. The amounts include base rent of \$1,476 per month plus 1045 additional rent per month, and do not include any additional operating cost that may become payable

Contractual obligation repayment schedule:

2024	\$ <u>22,694</u>
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11. ECONOMIC DEPENDENCE

Heritage Calgary's primary source of funding is from the City of Calgary which accounts for 94% (2022-96%) of its revenue and its ability to continue as a viable entity is dependent on receiving this funding.

HERITAGE CALGARY
Notes to Financial Statements
Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Heritage Calgary is not exposed to significant credit risk as a majority of funds are received from the City of Calgary or in accordance with signed contracts.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, obligations.

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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Additional risk

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

13. CASH

	<u>2023</u>	<u>2022</u>
Cash	\$ 98,116	\$ 109,270
Guaranteed investment certificates	5,198	5,125
Bank indebtedness	(110)	-
	<u>\$ 103,204</u>	<u>\$ 114,395</u>
