

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Financial Statements

Year Ended December 31, 2021

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

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WELLER & ZIMARO

CHARTERED PROFESSIONAL ACCOUNTANTS*

INDEPENDENT AUDITOR'S REPORT

To the Members of The Calgary Heritage Authority (o/a Heritage Calgary)

Opinion

We have audited the financial statements of The Calgary Heritage Authority (o/a Heritage Calgary) (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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, 2021, 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.

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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 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.

Calgary, Alberta
March 11, 2022

Weller & Zimaro Professional Corporation
Weller & Zimaro Professional Corporation (Mar 23, 2022 08:47 CDT)
CHARTERED PROFESSIONAL ACCOUNTANTS

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Statement of Financial Position

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 22,301	\$ 87,048
Restricted cash (Note 3)	99,960	215,042
Accounts receivable	570	-
Inventory	751	751
Goods and services tax recoverable	7,991	4,094
Prepaid expenses and deposits	3,342	4,342
	134,915	311,277
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 4)	14,622	18,690
LONG TERM INVESTMENT (Note 5)	5,125	-
	\$ 154,662	\$ 329,967
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 20,395	\$ 13,129
Vacation payable	8,091	-
Deferred contributions (Note 6)	34,836	225,000
	63,322	238,129
NET ASSETS		
General Fund	11,719	8,148
Funds Invested in Capital Assets	14,621	18,690
Operating Reserve Fund (Note 3)	55,000	55,000
Project and Program Development Fund (Note 3)	10,000	10,000
	91,340	91,838
	\$ 154,662	\$ 329,967

ON BEHALF OF THE BOARD

Janet McCready
Janet McCready (Mar 22, 2022 15:37 MDT) Director

Paula Overguard
Paula Overguard (Mar 22, 2022 20:07 MDT) Director

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)**Statement of Revenues and Expenditures****Year Ended December 31, 2021**

	2021	2020
REVENUES		
Civic partner operating grant	\$ 343,000	\$ 343,000
Other grants and donations	298,231	18,413
Reserve fund transfers	150,000	75,000
	<u>791,231</u>	<u>436,413</u>
EXPENSES		
Salaries and wages	300,678	219,723
Programs and services	296,160	58,366
Employee benefits	38,290	16,693
Rental	27,604	29,430
Consulting fees	26,000	14,430
General and administrative	24,764	13,042
Board and committee expenses	20,000	10,000
Professional fees	14,050	14,900
Office and supplies	8,323	5,789
Amortization	6,023	5,792
Advertising and promotion	5,619	13,547
Utilities	4,118	3,696
Dues and subscriptions	3,730	3,340
Travel	3,451	3,618
Sponsorship	3,000	4,000
Insurance	2,991	1,432
Training	2,947	3,524
Repairs and maintenance	2,001	1,438
Meals and entertainment	1,754	626
	<u>791,503</u>	<u>423,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(272)</u>	<u>13,027</u>
OTHER INCOME		
Loss on disposal of property, plant and equipment	(484)	-
Interest from other sources	258	105
	<u>(226)</u>	<u>105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (498)</u>	<u>\$ 13,132</u>

THE CALGARY HERITAGE AUTHORITY (OIA HERITAGE CALGARY)
Statement of Changes in Net Assets
Year Ended December 31, 2021

	General Fund	Funds Invested in Capital Assets	Operating Reserve Fund	Project and Program Development Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 8,148	\$ 18,690	\$ 55,000	\$ 10,000	\$ 91,838	\$ 78,706
DEFICIENCY OF REVENUES OVER EXPENSES	(498)	-	-	-	(498)	13,132
INTERFUND TRANSFERS	4,069	(4,069)	-	-	-	-
NET ASSETS - END OF YEAR	\$ 11,719	\$ 14,621	\$ 55,000	\$ 10,000	\$ 91,340	\$ 91,838

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (498)	\$ 13,132
Items not affecting cash:		
Amortization of property, plant and equipment	6,023	5,792
Loss on disposal of property, plant and equipment	484	-
	<u>6,009</u>	<u>18,924</u>
Changes in non-cash working capital:		
Accounts receivable	(570)	-
Inventory	-	90
Accounts payable and accrued liabilities	7,265	1,788
Prepaid expenses and deposits	1,000	(1,000)
Goods and services tax payable	(3,897)	(1,735)
Wages payable	8,091	-
Deferred contributions	(190,164)	225,000
	<u>(178,275)</u>	<u>224,143</u>
Cash flow from (used by) operating activities	<u>(172,266)</u>	<u>243,067</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,438)	(3,792)
Purchase of long term investment	(5,125)	-
Cash flow used by investing activities	<u>(7,563)</u>	<u>(3,792)</u>
INCREASE (DECREASE) IN CASH FLOW	(179,829)	239,275
Cash - beginning of year	<u>302,090</u>	<u>62,815</u>
CASH - END OF YEAR	\$ 122,261	\$ 302,090

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements Year Ended December 31, 2021

1. ORGANIZATION AND PURPOSE

The Calgary Heritage Authority o/a Heritage Calgary ("CHA") 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.

The Calgary Heritage Authority o/a 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). As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act

Under the Act, the Authority is to operate exclusively for the charitable purposes and not for profit, without purpose of gain or profit of its members and ensure that all assets and income of the Authority are used only to carry out its powers and meet its expenses.

COVID-19:

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, national and global economies. The duration and potential impacts of COVID-19 are unknown at this time. As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include operating cash and term deposits that are redeemable or with maturities of less than three months. Cash and cash equivalents subject to restrictions are presented as restricted cash.

RESTRICTED CASH

Restricted cash includes cash restricted for use for specific programs and purposes, as well as cash restricted according to the internal reserve fund 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 & EQUIPMENT

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

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

(continues)

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements Year Ended December 31, 2021

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

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

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

REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Restricted contributions for specific programs are deferred and recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount received can be reasonably determined and collection is reasonably assured.

Investment and other income are recognized as revenue when earned.

DONATED GOODS AND SERVICES

Donated goods and services are recorded at their fair market value at the time of the donation if that can be reasonably estimated.

VACATION PAY

Vacation pay is included in salary, and is paid out on a semi-monthly basis unless the employee requests to have their vacation pay accrued. No severance pay is accrued.

OPERATING AND CAPITAL RESERVES

Reserves are established at the discretion of the Board of Directors of CHA, to set aside funds for operating and for capital purposes. Such reserves are appropriations of unrestricted net assets.

FINANCIAL INSTRUMENT POLICY

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, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

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 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.

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THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements Year Ended December 31, 2021

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

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) requires management to make estimates that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as revenues and expenses during the period. Management reviews its estimates on an ongoing basis, particularly as they relate to the reserve contingency fund, and are based on its best knowledge of current events and actions that the company may undertake in the future. Actual results could differ from these estimates.

GOODS AND SERVICES TAX

Goods and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as part of general and administration expense with the rebate treated as a receivable.

GOVERNMENT AND OTHER GRANTS

Government and other grants are recorded when there is a reasonable assurance that CHA had complied with and will continue to comply with, all the necessary conditions to obtain the grants. They are then either deferred and recognized as deferred contributions or recognized in revenue if the related expenditures have been incurred.

3. RESTRICTED CASH AND OPERATING RESERVES

	<u>2021</u>	<u>2020</u>
Operating reserve fund	\$ 55,000	\$ 55,000
Project and program development reserve fund	10,000	10,000
Inventory listing cleanup project	34,908	150,000
Interest on restricted cash	53	42
	<u>\$ 99,961</u>	<u>\$ 215,042</u>

Restricted cash and cash equivalents are maintained and kept restricted for use on two operating reserves and on the inventory listing cleanup projected funded by the City of Calgary.

In the prior year, 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. The Board can require that a specific revenue source be used to fund a reserve. 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, 2021, CHA has not yet met the target range.

For the Project & Program Development Reserve, the organization will target a cash reserve with a value between \$10,000 and \$20,000. As at December 31, 2021 and 2020, CHA did meet the \$10,000 minimum target.

In August 2020, the City of Calgary provided the CHA with \$150,000, to be spent making the City's list of historical property more accurate. The funds are not to be used for any other purpose. As of December 31, 2021, \$34,908 (2020 - \$150,000) of the provided funds has not been spent.

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

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements

Year Ended December 31, 2021

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 7,249	\$ 4,268	\$ 2,981	\$ 3,323
Office furniture and equipment	6,698	2,840	3,858	4,823
Leasehold improvements	7,942	3,375	4,567	6,155
Website development	6,360	3,144	3,216	4,389
	<u>\$ 28,249</u>	<u>\$ 13,627</u>	<u>\$ 14,622</u>	<u>\$ 18,690</u>

No capital assets were expended in 2021.

5. LONG TERM INVESTMENT

The long term investment is a non-redeemable Guaranteed Investment Certificate (GIC), earning interest at 0.95%, and maturing on March 10, 2023.

6. DEFERRED CONTRIBUTIONS

	2021	2020
Inventory listing cleanup project	\$ 34,836	\$ 150,000
Reserve fund transfer	-	75,000
	<u>\$ 34,836</u>	<u>\$ 225,000</u>

Deferred contributions include \$34,836 (2020 - \$150,000) related to the inventory listing cleanup project, funded by the City of Calgary. The remaining funding is expected to be spent over the next 12 months.

Deferred contributions in 2020 also included \$75,000 of reserve fund transfers requested for 2021, which was received in 2020. The full amount was recognized as revenue in 2021.

7. RESERVE FUND TRANSFERS

CHA received reserve fund transfers from the City of Calgary totalling \$150,000 in 2021 (2020 - \$75,000). The purpose of these reserve funds is to provide financial operating resources for the overall activities and responsibilities of CHA. The funds can be used at the sole discretion of CHA to support their activities. The reserve will maintain a minimum protected balance of \$1,338,000. The full amount of any principal and investment income on those funds are reflected on the books of the City of Calgary and is therefore only recorded in CHA once the transfers are received. Once received the transfers are either recorded to revenue or deferred contributions, as applicable, in CHA.

8. PLAQUE ENDOWMENT FUND

In 2021, CHA established an endowment fund with The Calgary Foundation. The contributions to this fund made in 2021 totalled \$62,000.

All capital contributions in the fund are to be held by the Calgary Foundation in perpetuity for CHA. Final authority over the disbursement of all amounts relating to this fund rests with the Calgary Foundation. As a result, the total fund amount is not recorded in the financial statements of CHA.

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements

Year Ended December 31, 2021

9. COMMITMENTS

The organization is committed to lease its office space for a five-year term, commencing on October 1, 2019 and expiring on September 30, 2024. The minimum annual lease payments for the next five years are as follows. The amounts include base rent of \$1,476 per month plus \$1,045.50 additional rent per month, and do not include any additional operating cost that may become payable.

Commitment schedule:

2022	\$	30,258
2023		30,258
2024		22,694
		<hr/>
	\$	83,210

10. ECONOMIC DEPENDENCE

CHA's primary source of funding is from the City of Calgary and its ability to continue as a viable entity is dependent on this funding.

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive 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, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The CHA 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, and accounts payable.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk as all funds are held in Canadian dollars.

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 to the extent that the carrying value of its investments are at floating interest rates.

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.

THE CALGARY HERITAGE AUTHORITY (O/A HERITAGE CALGARY)

Notes to Financial Statements

Year Ended December 31, 2021

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
