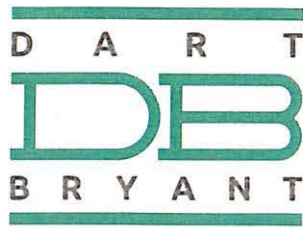


**HERITAGE CALGARY**  
***(Formerly The Calgary Heritage Authority)***  
**Financial Statements**  
**Year Ended December 31, 2022**

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**  
**Index to Financial Statements**  
**Year Ended December 31, 2022**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Heritage Calgary (formerly The Calgary Heritage Authority)

### *Opinion*

We have audited the financial statements of Heritage Calgary (formerly The Calgary Heritage Authority), (the organization), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

### *Other Matter*

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 11, 2022.

### *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.

(continues)

*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.

March 31, 2023

*Dart Bryant LLP*  
Chartered Professional Accountant

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**  
**Statement of Financial Position**  
**December 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 29,189	\$ 22,301
Internally restricted cash (Note 3)	80,081	99,960
Accounts receivable	-	570
Guaranteed investment certificates	5,125	-
Inventory	751	751
Goods and services tax recoverable	5,677	7,991
Prepaid expenses	3,342	3,342
	124,165	134,915
PROPERTY, PLANT AND EQUIPMENT (Note 4)	10,303	14,622
GUARANTEED INVESTMENTS CERTIFICATES	-	5,125
	\$ 134,468	\$ 154,662
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 21,788	\$ 28,486
Deferred contributions (Note 5)	12,500	34,836
	34,288	63,322
<b>NET ASSETS</b>		
General Fund	9,877	11,719
Funds invested in Capital Assets	10,303	14,621
Operating Reserve Fund	70,000	55,000
Project and Program Development Fund	10,000	10,000
	100,180	91,340
	\$ 134,468	\$ 154,662

**ON BEHALF OF THE BOARD**

*Paula Overguard*

Paula Overguard (Apr 12, 2023 03:59 MDT)

Director

*Christine Leppard*

Christine Leppard (Apr 12, 2023 08:08 MDT)

Director

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2022**

	2022	2021
<b>REVENUES</b>		
Civic partner operating grant	\$ 343,000	\$ 343,000
Reserve fund transfers	210,000	150,000
City of Calgary other funding	115,846	222,869
Other grants and donations	27,246	75,362
	<u>696,092</u>	<u>791,231</u>
<b>EXPENSES</b>		
Employee expenses	396,777	338,969
Programs	152,005	296,160
Administration	86,223	60,721
Consulting fees	14,500	25,000
Professional fees	11,475	14,050
Miscellaneous	5,677	16,561
Amortization	5,633	6,023
Communication	5,021	3,423
Advertising and promotion	3,979	4,846
Insurance	2,634	2,991
Board & committee expenses	2,215	21,744
Interest and bank charges	1,208	1,015
	<u>687,347</u>	<u>791,503</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>8,745</u>	<u>(272)</u>
<b>OTHER INCOME</b>		
Loss on disposal of property, plant and equipment	-	(484)
Interest from other sources	95	258
	<u>95</u>	<u>(226)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 8,840</u>	<u>\$ (498)</u>

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2022**

	General Fund	Funds invested in Capital Assets	Operating Reserve Fund	Project and Program Development Fund	2022	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 11,719	\$ 14,621	\$ 55,000	\$ 10,000	\$ 91,340	\$ 91,838
Excess (deficiency) of revenues over expenses	8,840	-	-	-	8,840	(498)
Interfund transfers	(10,682)	(4,318)	15,000	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 9,877</b>	<b>\$ 10,303</b>	<b>\$ 70,000</b>	<b>\$ 10,000</b>	<b>\$ 100,180</b>	<b>\$ 91,340</b>

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 8,840	\$ (498)
Items not affecting cash:		
Amortization of property, plant and equipment	5,633	6,023
Loss on disposal of property, plant and equipment	-	484
	<u>14,473</u>	<u>6,009</u>
Changes in non-cash working capital:		
Accounts receivable	570	(570)
Accounts payable	(6,696)	15,356
Prepaid expenses	-	1,000
Goods and services tax payable	2,314	(3,897)
Deferred contributions	(22,336)	(190,164)
	<u>(26,148)</u>	<u>(178,275)</u>
Cash flow used by operating activities	<u>(11,675)</u>	<u>(172,266)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,316)	(2,438)
Purchase of guaranteed investment certificates	-	(5,125)
Cash flow used by investing activities	<u>(1,316)</u>	<u>(7,563)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(12,991)</b>	<b>(179,829)</b>
Cash - beginning of year	<u>122,261</u>	<u>302,090</u>
<b>CASH - END OF YEAR</b>	<b>\$ 109,270</b>	<b>\$ 122,261</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 29,189	\$ 22,301
Internally restricted cash	80,081	99,960
	<u>\$ 109,270</u>	<u>\$ 122,261</u>



**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**

**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**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.

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**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 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.

*(continues)*

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**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**

**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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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, accounts receivable, 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.

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**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**

**Notes to Financial Statements**  
**Year Ended December 31, 2022**

**3. RESTRICTED CASH AND OPERATING RESERVES**

	<b>2022</b>	<b>2021</b>
Operating reserve fund	\$ 70,000	\$ 55,000
Project and program development reserve fund	10,000	10,000
Inventory listing cleanup project	1	34,908
Interest on restricted cash	80	53
	<b>\$ 80,081</b>	<b>\$ 99,961</b>

Restricted cash and cash equivalents are maintained and kept restricted for use on 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, 2022, Heritage Calgary 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, 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. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Computer equipment	\$ 8,564	\$ 6,269	\$ 2,295	\$ 2,981
Furniture and fixtures	6,698	3,612	3,086	3,858
Leasehold improvements	7,942	4,964	2,978	4,567
Website development	6,360	4,416	1,944	3,216
	<b>\$ 29,564</b>	<b>\$ 19,261</b>	<b>\$ 10,303</b>	<b>\$ 14,622</b>

**5. DEFERRED CONTRIBUTIONS**

	Opening balance	Contributions	Expensed	<b>2022 closing balance</b>
Inventory listing cleanup project	\$ 34,836	\$ -	\$ 34,836	\$ -
Inventory evaluations	-	35,000	35,000	-
Calgary Foundation	-	20,000	10,000	10,000
NRCR Project	-	46,010	46,010	-
Marda Loop Project	-	6,500	4,000	2,500
	<b>\$ 34,836</b>	<b>\$ 107,510</b>	<b>\$ 129,846</b>	<b>\$ 12,500</b>

**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**

**Notes to Financial Statements**

**Year Ended December 31, 2022**

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**6. RESERVE FUND TRANSFERS**

Heritage Calgary reserve fund transfers from the City of Calgary totalled \$210,000 in 2022 (2021-\$150,000). 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 principle 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.

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**7. 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 (2021: \$0).

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**8. PLAQUE 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, fund balance at year end \$62,220 (2021 - \$62,000). 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.

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**9. 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:

2023	\$	30,258
2024		<u>22,694</u>
	\$	<u>52,952</u>

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**10. ECONOMIC DEPENDENCE**

Heritage Calgary'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.

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**HERITAGE CALGARY**  
**(Formerly The Calgary Heritage Authority)**

**Notes to Financial Statements**  
**Year Ended December 31, 2022**

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**11. 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, 2022.

**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.

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**12. PANDEMIC**

Previously the World Health Organization categorized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has lead to a number of public health and emergency measures which have been put in place by various levels of government to attempt to combat the spread of the virus. At this time, the duration and potential impact of COVID-19 is unknown and it is not possible to reliably estimate the impact these events may have on the financial results and condition of the organization in future periods.

During the last part of the year the majority of public health measures were lifted in Alberta and management has implemented appropriate actions to return to more normal operations in fiscal 2023.

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**13. COMPARATIVE FIGURES**

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

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