

THE CALGARY HERITAGE AUTHORITY
Financial Statements
Year Ended December 31, 2019

THE CALGARY HERITAGE AUTHORITY

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Calgary Heritage Authority

Opinion

We have audited the financial statements of The Calgary Heritage Authority, which comprise the statement of financial position as at December 31, 2019, 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, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1. to the financial statements which describes that The Calgary Heritage Authority adopted Canadian accounting standards for not-for-profit organizations on January 1, 2019 with a transition date of January 1, 2018. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2018 and January 1, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended December 31, 2018 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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:

- 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.

DocuSigned by:
Weller & Zimaro Chartered Accountants
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Calgary, Alberta
March 9, 2020

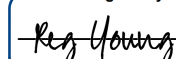
CHARTERED ACCOUNTANTS

THE CALGARY HERITAGE AUTHORITY**Statement of Financial Position****December 31, 2019**

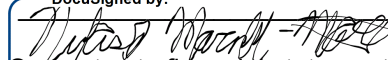
	<i>December 31</i> 2019	(Unaudited) <i>December 31</i> 2018	(Unaudited) <i>January 1</i> 2018
ASSETS			
CURRENT			
Cash and cash equivalents	\$ 62,815	\$ 29,857	\$ 67,848
Restricted cash (Note 4)	-	22,350	24,850
Inventory (Note 5)	840	871	930
Goods and services tax recoverable	2,359	1,956	827
Prepaid expenses and deposits	3,342	-	-
	69,356	55,034	94,455
CAPITAL ASSETS (Note 6)	20,690	232	515
	\$ 90,046	\$ 55,266	\$ 94,970
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities	\$ 11,340	\$ 3,136	\$ 2,757
Deferred contributions (Note 4)	-	22,350	24,850
	11,340	25,486	27,607
NET ASSETS			
Unrestricted funds	58,016	29,548	66,848
Funds invested in capital assets	20,690	232	515
	78,706	29,780	67,363
	\$ 90,046	\$ 55,266	\$ 94,970

ON BEHALF OF THE BOARD

DocuSigned by:


 _____ Director

DocuSigned by:


 _____ Director

See notes to financial statements

THE CALGARY HERITAGE AUTHORITY
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018 <i>(Unaudited)</i>
REVENUES		
Civic partner operating grant	\$ 193,000	\$ -
Reserve fund transfers <i>(Note 7)</i>	150,000	48,000
Other grants and donations	29,252	155,274
	<u>372,252</u>	<u>203,274</u>
EXPENSES		
Salaries and wages	175,447	147,384
Programs and services	47,141	3,780
Professional fees	19,469	13,564
Rental	17,465	12,800
Employee benefits	14,565	1,954
Consulting fees	14,360	35,200
General and administrative	5,621	5,050
Office and supplies	4,909	6,246
Sponsorship	4,184	-
Training	4,138	6,457
Dues and subscriptions	3,914	2,397
Advertising and promotion	3,063	2,203
Utilities	2,112	-
Amortization	2,067	283
Insurance	1,741	1,496
Repairs and maintenance	1,401	-
Travel	1,342	-
Meals and entertainment	473	2,130
	<u>323,412</u>	<u>240,944</u>
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES FROM OPERATIONS	48,840	(37,670)
OTHER INCOME	86	87
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES	\$ 48,926	\$ (37,583)

THE CALGARY HERITAGE AUTHORITY**Statement of Changes in Net Assets****Year Ended December 31, 2019**

	Unrestricted Funds	Funds Invested In Capital Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 29,548	\$ 232	\$ 29,780	\$ 67,363
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES	50,993	(2,067)	48,926	(37,583)
INTERFUND TRANSFERS	(22,525)	22,525	-	-
NET ASSETS - END OF YEAR	\$ 58,016	\$ 20,690	\$ 78,706	\$ 29,780

See notes to financial statements

THE CALGARY HERITAGE AUTHORITY**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
excess (deficiency) of revenues over expenses	\$ 48,926	\$ (37,583)
Items not affecting cash:		
Amortization of capital assets	2,067	283
Donated capital assets <i>(Note 6)</i>	<u>(2,930)</u>	-
	<u>48,063</u>	<u>(37,300)</u>
Changes in non-cash working capital:		
Inventory	30	59
Accounts payable and accrued liabilities	8,205	379
Prepaid expenses and deposits	(3,342)	-
Goods and services tax payable	(403)	(1,129)
Deferred contributions	<u>(22,350)</u>	<u>(2,500)</u>
	<u>(17,860)</u>	<u>(3,191)</u>
Cash flow from (used by) operating activities	<u>30,203</u>	<u>(40,491)</u>
INVESTING ACTIVITY		
Additions to capital assets	<u>(19,595)</u>	-
FINANCING ACTIVITY		
Reduction in restricted cash	-	<u>2,500</u>
INCREASE (DECREASE) IN CASH FLOW	10,608	(37,991)
Cash and cash equivalents - beginning of year	<u>52,207</u>	<u>67,848</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 62,815	\$ 29,857

See notes to financial statements

THE CALGARY HERITAGE AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2019

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year, the organization adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at January 1, 2018 or revenues and expenditures or cash flows for the year ended December 31, 2018 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. ACCOUNTING ENTITY

The Calgary Heritage Authority ("CHA") 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).

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.

The Calgary Heritage Authority meets the requirements for charitable registration under the Income Tax Act and is therefore a Canadian registered charity. The Charity is designated as a Charitable Organization.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

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 may include term deposits with a maturity date greater than three months from the year end date. It may also include cash restricted for use for specific programs and purposes.

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.

(continues)

THE CALGARY HERITAGE AUTHORITY**Notes to Financial Statements****Year Ended December 31, 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*CAPITAL ASSETS

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives 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

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets 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.

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.

(continues)

THE CALGARY HERITAGE AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2019

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

FINANCIAL INSTRUMENT POLICY

CHA recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction.

At initial recognition, CHA may irrevocably elect to subsequently measure any financial instrument at fair value. The board has not made such an election during the year.

CHA subsequently measures all financial assets and liabilities 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 the surplus (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

CHA's financial instruments consist of cash and cash equivalents, restricted cash and accounts payable and accrued liabilities. It is management's opinion that CHA is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

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.

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.

THE CALGARY HERITAGE AUTHORITY**Notes to Financial Statements****Year Ended December 31, 2019****4. RESTRICTED CASH AND DEFERRED CONTRIBUTIONS**

Restricted cash in the prior year was restricted for the CIP Chinatown project which was fully spent in the current year. The funding of \$24,850 was received in December 2017, and was recorded as a deferred contribution until the related expenses were incurred between 2018 - \$2,500 and 2019 - \$22,350, at which time it was recorded as revenue.

5. INVENTORY

Inventory is made up of books written by a past board member. CHA received a grant to write the book called Concrete Centenarian about a grain elevator in Ogden that was demolished. The cost was paid by the City of Calgary and donated to CHA. The books are sold by CHA and also sold at the Glenbow Museum. CHA receives a portion of the proceeds from the sales from the Glenbow Museum and all the proceeds from its own sales.

6. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 2,610	\$ 1,334	\$ 1,276	\$ 232
Office furniture and equipment	6,698	670	6,028	-
Leasehold improvements	7,942	199	7,743	-
Website development	6,270	627	5,643	-
	\$ 23,520	\$ 2,830	\$ 20,690	\$ 232

During the year, CHA received a donation of office furniture with an estimated fair market value of \$2,930 at the time of donation. This donation has been fully recognized as revenue in the year.

7. RESERVE FUND TRANSFERS

CHA received reserve fund transfers from the City of Calgary totalling \$150,000 in 2019 (2018 - \$48,000). 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 total principal of the fund at the beginning of the year was \$1,771,000 and the end of the year balance is not yet available from the City of Calgary. 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 recorded to revenue in CHA.

THE CALGARY HERITAGE AUTHORITY**Notes to Financial Statements****Year Ended December 31, 2019**

8. 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 and does not include any additional operating cost that may become payable.

Commitment schedule:

2020	\$	17,712
2021		17,712
2022		17,712
2023		17,712
2024		<u>13,284</u>
	\$	<u>84,132</u>

9. 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.

10. COMPARATIVE FIGURES

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