

The Parks Foundation, Calgary
(As agent for the City of Calgary)

Financial Statements
For the year ended December 31, 2020





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Independent Auditor's Report

To the Members of The Parks Foundation, Calgary:
(as agent for the City of Calgary)

Opinion

We have audited the financial statements of The Parks Foundation, Calgary (as agent for the City of Calgary) ("Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statement of income, expenses and change in fund balances and statement of 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 Foundation as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian 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 Foundation 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
March 10, 2021

The Parks Foundation, Calgary

Statement of Financial Position

As at December 31,

	Managed Funds		Operating Fund		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (Note 4)	3,441,027	6,780,751	1,241,797	639,614	4,682,824	7,420,365
Accounts receivable	161,064	89,946	141,022	314,719	302,086	404,665
Prepaid expenses	-	-	15,269	14,260	15,269	14,260
Due to (from) funds (Note 6)	97,392	(212,759)	(97,392)	212,759	-	-
	<u>3,699,483</u>	<u>6,657,938</u>	<u>1,300,696</u>	<u>1,181,352</u>	<u>5,000,179</u>	<u>7,839,290</u>
Investments (Note 4)	26,211,541	24,829,167	913,486	829,668	27,125,027	25,658,835
Capital assets (Note 7)	-	-	87,065	83,446	87,065	83,446
	<u>29,911,024</u>	<u>31,487,105</u>	<u>2,301,247</u>	<u>2,094,466</u>	<u>32,212,271</u>	<u>33,581,571</u>
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	-	-	76,741	76,173	76,741	76,173
	<u>-</u>	<u>-</u>	<u>76,741</u>	<u>76,173</u>	<u>76,741</u>	<u>76,173</u>
Fund balances (Note 9)						
Unrestricted	-	-	1,109,752	992,233	1,109,752	992,233
Internally restricted	9,658,287	8,455,663	1,027,689	942,614	10,685,976	9,398,277
Internally restricted - invested in capital assets	-	-	87,065	83,446	87,065	83,446
Externally restricted	20,252,737	23,031,442	-	-	20,252,737	23,031,442
	<u>29,911,024</u>	<u>31,487,105</u>	<u>2,224,506</u>	<u>2,018,293</u>	<u>32,135,530</u>	<u>33,505,398</u>
	<u>29,911,024</u>	<u>31,487,105</u>	<u>2,301,247</u>	<u>2,094,466</u>	<u>32,212,271</u>	<u>33,581,571</u>
Nature of organization (Note 1)						
Composition of managed funds (Note 3)						
Multi-year sponsorship commitments (Note 5)						
Commitments (Note 14)						
Subsequent events (Note 17)						
Covid 19 (Note 18)						

Signed on behalf of the Board of Governors

David Inhaber
David Inhaber, Chair

Brian MacInnis
Brian MacInnis, Treasurer

The accompanying notes are an integral part of these financial statements

The Parks Foundation, Calgary
Statement of Income, Expenses and Changes in Fund Balances
For the year ending December 31,

	Managed Funds		Operating Fund		Total Fund	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Income						
Contributions (Note 11)	4,212,297	8,850,226	233,656	211,542	4,445,953	9,061,768
Investment income - realized	1,663,216	1,129,680	192,187	193,245	1,855,403	1,322,925
Investment income - unrealized	559,693	1,436,998	60,533	83,006	620,226	1,520,004
Other income	(2,000)	79,802	213,424	304,338	211,424	384,140
	<u>6,433,206</u>	<u>11,496,706</u>	<u>699,800</u>	<u>792,131</u>	<u>7,133,006</u>	<u>12,288,837</u>
Expenses						
Project costs	7,526,738	8,218,436	-	-	7,526,738	8,218,436
Saddledome grants	-	343,337	-	-	-	343,337
Administration	-	-	959,048	942,258	959,048	942,258
Amortization	-	-	17,088	20,379	17,088	20,379
	<u>7,526,738</u>	<u>8,561,773</u>	<u>976,136</u>	<u>962,637</u>	<u>8,502,874</u>	<u>9,524,410</u>
(Deficiency) excess of income over expenses	<u>(1,093,532)</u>	<u>2,934,933</u>	<u>(276,336)</u>	<u>(170,506)</u>	<u>(1,369,868)</u>	<u>2,764,427</u>
Fund transfers and allocations						
Administration	(295,376)	(376,088)	295,376	376,088	-	-
Management	(240,964)	(240,670)	240,964	240,670	-	-
Transfers	53,791	706,533	(53,791)	(706,533)	-	-
	<u>(482,549)</u>	<u>89,775</u>	<u>482,549</u>	<u>(89,775)</u>	<u>-</u>	<u>-</u>
(Deficiency) excess of income after transfers	<u>(1,576,081)</u>	<u>3,024,708</u>	<u>206,213</u>	<u>(260,281)</u>	<u>(1,369,868)</u>	<u>2,764,427</u>
Fund balance, beginning of year	<u>31,487,105</u>	<u>28,462,397</u>	<u>2,018,293</u>	<u>2,278,574</u>	<u>33,505,398</u>	<u>30,740,971</u>
Fund balance, end of year	<u>29,911,024</u>	<u>31,487,105</u>	<u>2,224,506</u>	<u>2,018,293</u>	<u>32,135,530</u>	<u>33,505,398</u>

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

The Parks Foundation, Calgary

Statement of Cash Flows

For the year ending December 31,

	2020	2019
	\$	\$
Excess of income over expenses		
Operating activities		
Excess (deficiency) of income over expenses after transfers		
Project Fund	(2,669,918)	1,203,923
Capital Sustainment Fund	395,801	322,081
Endowment Fund	698,036	1,498,704
Operating Fund	206,213	(260,281)
	<u>(1,369,868)</u>	<u>2,764,427</u>
Items not affecting cash		
Amortization	17,088	20,379
Investment income - unrealized	(620,226)	(1,520,004)
Net change in non-cash working capital items affecting operations		
(Increase)/decrease in accounts receivable	102,579	(148,128)
Increase in prepaid expenses	(1,009)	(423)
(Decrease)/increase in unearned revenue	-	(12,500)
(Decrease)/increase in accounts payable	568	(113,154)
	<u>(1,870,868)</u>	<u>990,597</u>
Net cash from (used in) operating activities		
Investing activities		
Purchase of investments	(845,966)	(980,413)
Purchase of capital assets	(20,707)	(13,484)
Net cash used in investing activities	<u>(866,673)</u>	<u>(993,897)</u>
Decrease in cash and cash equivalents	<u>(2,737,541)</u>	<u>(3,300)</u>
Cash and cash equivalents, beginning of year	<u>7,420,365</u>	<u>7,423,665</u>
Cash and cash equivalents, end of year	<u>4,682,824</u>	<u>7,420,365</u>

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

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

1 Nature of Organization

The Parks Foundation, Calgary (the "Foundation") was incorporated as a company on February 12, 1985 under the Companies Act of Alberta. In 1995, the Articles of Association were updated to extend the responsibility of the Foundation to include the Amateur Sport Fund and the Calgary River Valleys Committee. As of December 31, 2009, the contract with the River Valleys Committee expired. On June 27, 2018, the Articles of Association were updated and ratified by the membership. The objectives of the Foundation are:

- to promote and encourage the co-operative effort of government, private and community sector involvement toward the enhancement of the quality of parks, recreation and open space in the City of Calgary; and
- to solicit funds, assets, property and rights and to administer receipt of same for the benefit of the City of Calgary as agent for and on behalf of the City of Calgary.

All financial transactions and balances disclosed in these financial statements have been entered into and are being held by the Foundation as agent for the City of Calgary ("City"). The Foundation operates under a Memorandum of Agreement with the City, expiring December 31, 2022. The Foundation leases the land and building from which it operates from the City at an annual lease in the amount of \$1,297.67 which expires on July 17, 2022, with an option to renew for another term of five years in length, subject to an increase pegged on the Consumer Price Index. As of November 30, 2018 the City Council for the City of Calgary adopted the One Calgary 2019-2022 budget in which City Council has included an operational funding allocation for the Foundation of \$200,000 for four years commencing in fiscal 2019 and ceasing December 31, 2022. During the course of the 2019 Fiscal year, the City of Calgary reduced this amount to \$193,000 as part of broader spending reduction due to budgetary concerns. There was no similar funding in 2018 but in the years 2017 and prior there was similar funding from other City of Calgary programs.

The Foundation is a not-for-profit organization as defined under paragraph 149(1) (l) of the Income Tax Act, and therefore, is not subject to income tax. The Foundation is classified as a municipal corporation and as such is entitled to a 100% GST rebate.

Basis of accounting

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The more significant estimates in these financial statements relate to management's estimates of the collectability of accounts receivables, pledges receivables and the estimated useful lives of capital assets. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The Operating Fund reports the assets, liabilities, income and expenses related to the Foundation's administrative activities.

The Managed Funds presented on the Statement of Financial Position and Statement of Income, Expenses and Changes in Fund Balances represent the consolidated totals of the Project Fund, the Capital Sustainment Fund and the Endowment Fund as presented in Note 3.

The Project Fund reports the assets, liabilities, income and expenses related to the Foundation's projects and the maintenance of certain endowment projects. Contributions to this Fund are externally restricted with the exception of certain accounts funded internally by the Foundation and investment income which is reported in the Project Fund as there are internal restrictions stating that this income must be used for Foundation projects.

The Capital Sustainment Fund (formally referred to as the "Maintenance Fund") reports the assets, liabilities, income and expenses related to specific Foundation projects. Inter-fund transfers to this Fund are internally restricted. Investment income is reported in the Project Fund as there are internal restrictions that this income must be used for the Foundation's projects.

The Endowment Fund reports resources contributed for endowments. Both original contributions and unrealized investment income may be both internally or externally restricted. All unrealized investment income is reported in the Endowment Fund. When this income is realized, the unrealized income accrual is reversed and the realized investment income earned on resources of the Endowment Fund is reported in the Project fund, Operating Fund or the Endowment Fund dependent on whether it is internally or externally restricted.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash consists of cash on hand, in the bank, and certain investments in a money market fund or a bond pooled fund.

Financial instruments

A financial asset or a financial liability is recognized when the Foundation becomes a party to the contractual provisions of the financial instrument. All financial instruments are initially measured at fair value and subsequently at cost or amortized cost, except for equities which are required to be measured at fair value, or financial instruments which are designated at fair value. The Foundation has designated all bonds, guaranteed investment certificates and other financial assets within the investment portfolio, into the fair value category. Unrealized gains and losses on financial instruments are measured at fair value and reported in the Statement of Income, Expenses and Changes in Fund Balances.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition and sale of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Investments

Investments are comprised of all funds invested with a portfolio manager, irrespective of whether the funds are invested in cash and cash equivalents, short or long term investments, or equities, as these investments are held for the purpose of long-term capital growth. Portions of the unrealized investment income on the Endowment Fund portfolios are externally restricted. Realized investment income on the Endowment Fund and Capital Sustainment Fund is internally restricted by Board approval with consideration to the terms of the agreements. Realized investment income from these two portfolios is recorded in the Project Fund and is classified as investment until it is transferred to specific project accounts for the purpose of meeting short-term cash commitments and for recovering some costs of those project's operations incurred by the Foundation. Investment income of the other portfolios is held within their investment components. A specific condition, applying to the Saddledome Amateur Sport Fund, a project fund, requires that the equity portion up to \$500,000 be restricted and not be made available for expenditure.

Investment income realized consists of interest, dividends and capital gains/(losses). Income on investments is reported net of investment management, banking and custodial fees of \$81,574 for 2020 (2019 - \$79,523).

Capital assets

The Foundation records all donated assets at fair market value at the date of the donation. All other acquisitions are recorded at cost. These assets are amortized over their useful lives using the declining balance method of amortization taking one-half year amortization in the year of acquisition. Amortization rates are 30% for office equipment, 20% for furniture and fixtures, 50% on computer hardware and software and 10% for leasehold improvements. Amortization expense is recorded in the Operating Fund.

Capital assets are tested for impairment where impairment indicators are present. This would occur if a capital asset no longer contributes to the Foundation's ability to provide services. Any excess of the capital asset's carrying value with no long-term service potential over its residual value is recognized as an expense of the period.

Revenue recognition

Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund. Contributions for endowment are recognized as revenue of the Endowment Fund, upon receipt of contributions. Investment income, net of portfolio manager fees, and other income is recognized as revenue when earned on the accrual basis. Investment income reflects gains and losses on sale of investments. Unrealized income or loss reflects re-measurement of investments to fair value.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

Contributed materials and services

The Foundation receives various contributions in the forms of materials and services to carry out its objectives. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

Project administration

The Foundation charges an administration allocation of 2% to all projects, 1.0% - 1.5% to all endowment funds managed by the Foundation and 5% of capital funds raised which are available for granting to communities. The Foundation grants the 2% administration allocation to community projects that qualify under the PartnerParks Administration Costs Allocation Granting Program. Management has the discretion to charge administration costs allocation to recover costs from projects which do not qualify under the PartnerParks Administration Costs Allocation Granting Program and under special circumstances.

In addition, the Foundation receives management costs allocation to assist certain projects during the fundraising or development stages, or to administer grants on behalf of other non-for-profit organizations, or to manage projects construction.

Administration costs allocations are collected monthly based on either the contributions received or the bank balances. Management costs allocations for projects initiated by the Foundation are collected based on percentage of completion, determined on the basis of project and associated costs incurred, without jeopardizing the completion of the project. Where it is difficult to place a value on the costs incurred, revenue shall be recognized on a straight line basis over the term of the project.

Administration and management costs allocations are reflected as fund transfers and allocations from the Project Fund to the Operating Fund; and fund transfers and allocations within the Operating Fund.

Unless designated as a maintenance fund, any residual fund remaining two years after the completion of any projects will revert back to the Foundation and will be utilized at the discretion of the Board of Governors. Residual funds can upon written request be converted into an endowment fund dedicated for maintenance of the project.

Allocated remuneration costs

In the course of its operations, the management of the Foundation allocates remuneration costs to its different funds, based on management's best estimate of the time spent by each employee in each area.

Pledges receivable

Pledges receivable are recorded in the financial statements when the following criteria are met:

- Signed letter from the donor stating pledged amount with no outstanding conditions;
- The project is confirmed to proceed on a given date or has already commenced construction;
- Their fair value can be reasonably estimated; and
- Collection is reasonably assured.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

2 Financial Instruments

The Foundation holds various forms of financial instruments. The nature of these instruments and the Foundation's operations exposes the Foundation to various risks. Except as disclosed elsewhere, the Foundation's financial instruments have the following risks:

(i) Interest rate risk

Interest rate risk is the risk that the value of interest bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The fixed income investments are also subject to cash flow risk, arising from the reinvestment of cash flow at varying interest rates.

The Foundation is exposed to interest rate risk arising from the fluctuations in interest rates on its investments. The Foundation mitigates these risks through investment guidelines approved by the Foundation's Board.

At December 31, 2020, the Foundation had \$13,287,080 (2019 - \$12,271,272) of investments exposed to interest rate risk.

(ii) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. To mitigate equity price risk, the Foundation has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits.

The Foundation has an upper limit on equities of 50% (0% for the Short Term Projects account). The portfolio manager has an internal constraint of no more than 20% of its net assets in a particular industry (i.e. sub-sector) as classified by the Global Industry Classification Standards ("GICS") to reduce concentration risk. The portfolio manager limits the magnitude of any one asset mix shift to 5% per quarter to reduce timing risk. The portfolio manager also limits the investment in any one corporation to no more than 10% of the equity component.

The Fund's equity holdings are in all eleven GICS sectors and are most heavily weighted to industrials (23% of the equity weight), financials (17%) and information technology (19%). The combined exposure to all three sectors is 59%.

At December 31, 2020, the Foundation had \$10,431,186 (2019 - \$9,598,018) of investments exposed to equity price risk.

(iii) Credit risk

Substantially all of the Foundation's cash and cash equivalents and investments are held within a chartered financial banking institution and their custodian. As such, the Foundation is exposed to the credit risks of these entities.

The Foundation's accounts receivable consists of GST receivable from the government. Accordingly, the Foundation and the Canadian government views credit risk on GST receivable as minimal.

The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of the debt securities held within the investments represents the maximum credit risk exposure as at December 31, 2020.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

Credit risk arising on debt instruments is mitigated by investing primarily in rated instruments or instruments issued by rated counterparties of credit ratings of at least BBB. The average credit quality of the Canadian Bond Pooled Fund as at December 31, 2020 was AA (2019 – AA).

(iv) Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Foundation's functional currency. The Foundation is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The exposure to currency risk is primarily through investment in mutual funds with foreign equity holdings. Equities trading in foreign markets are also exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. Generally the Foundation holds its cash and cash equivalents in Canadian dollars.

As at December 31, 2020, the Foundation had \$7,733,550 (2019 - \$7,028,801) of investments exposed to currency risk.

(v) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. This includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable. The Foundation has reserve funds from prior year surpluses to mitigate the liquidity risk, and monitors their cash flows on a regular basis.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

3 Composition of Managed Funds

PARKS FOUNDATION CALGARY Statement of Financial Position								
	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents (Note 4)	3,441,027	6,780,751	-	-	-	-	3,441,027	6,780,751
Accounts receivable	160,752	89,466	-	-	312	480	161,064	89,946
Due to (from) funds (Note 6)	(471,703)	(425,938)	515,245	415,245	53,850	(202,066)	97,392	(212,759)
	<u>3,130,076</u>	<u>6,444,279</u>	<u>515,245</u>	<u>415,245</u>	<u>54,162</u>	<u>(201,586)</u>	<u>3,699,483</u>	<u>6,657,938</u>
Investments	7,056,288	6,412,003	4,107,661	3,811,860	15,047,592	14,605,304	26,211,541	24,829,167
	<u>10,186,364</u>	<u>12,856,282</u>	<u>4,622,906</u>	<u>4,227,105</u>	<u>15,101,754</u>	<u>14,403,718</u>	<u>29,911,024</u>	<u>31,487,105</u>
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	-
Fund balances (Note 9)								
Internally restricted	2,839,206	2,360,542	4,622,906	4,227,105	2,196,175	1,868,016	9,658,287	8,455,663
Externally restricted	7,347,158	10,495,740	-	-	12,905,579	12,535,702	20,252,737	23,031,442
	<u>10,186,364</u>	<u>12,856,282</u>	<u>4,622,906</u>	<u>4,227,105</u>	<u>15,101,754</u>	<u>14,403,718</u>	<u>29,911,024</u>	<u>31,487,105</u>
	<u>10,186,364</u>	<u>12,856,282</u>	<u>4,622,906</u>	<u>4,227,105</u>	<u>15,101,754</u>	<u>14,403,718</u>	<u>29,911,024</u>	<u>31,487,105</u>

PARKS FOUNDATION CALGARY Statements of Income, Expenses and Changes in Managed Fund Balances For the period ended December 31,

	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Contributions (Note 11)	4,212,297	8,850,226	-	-	-	-	4,212,297	8,850,226
Investment income - realized	1,250,478	967,356	56,938	27,824	355,801	134,500	1,663,217	1,129,680
Investment income (loss) - unrealized	50,473	102,717	128,014	294,257	381,205	1,040,024	559,692	1,436,998
Other income	(2,000)	79,802	-	-	-	-	(2,000)	79,802
	<u>5,511,248</u>	<u>10,000,101</u>	<u>184,952</u>	<u>322,081</u>	<u>737,006</u>	<u>1,174,524</u>	<u>6,433,206</u>	<u>11,496,706</u>
Expenses								
Project costs (Note 12)	7,524,738	8,218,436	-	-	2,000	-	7,526,738	8,218,436
Saddledome grants	-	343,337	-	-	-	-	-	343,337
	<u>7,524,738</u>	<u>8,561,773</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>7,526,738</u>	<u>8,561,773</u>
(Deficiency) excess of income over expenses	(2,013,490)	1,438,328	184,952	322,081	735,006	1,174,524	(1,093,532)	2,934,933
Fund transfers and allocations (Note 15)								
Administration (Note 13)	(294,556)	(375,334)	-	-	(820)	(754)	(295,376)	(376,088)
Management	(240,964)	(240,670)	-	-	-	-	(240,964)	(240,670)
Transfers	(120,908)	381,599	210,849	-	(36,150)	324,934	53,791	706,533
	<u>(656,428)</u>	<u>(234,405)</u>	<u>210,849</u>	<u>-</u>	<u>(36,970)</u>	<u>324,180</u>	<u>(482,549)</u>	<u>89,775</u>
(Deficiency) excess of income after transfers	(2,669,918)	1,203,923	395,801	322,081	698,036	1,498,704	(1,576,081)	3,024,708
Fund balance, beginning of year								
	12,856,282	11,652,359	4,227,105	3,905,024	14,403,718	12,905,014	31,487,105	28,462,397
Fund balance, end of year (Note 9)	<u>10,186,364</u>	<u>12,856,282</u>	<u>4,622,906</u>	<u>4,227,105</u>	<u>15,101,754</u>	<u>14,403,718</u>	<u>29,911,024</u>	<u>31,487,105</u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

4 Cash and Cash Equivalents and Investments

As at December 31, the Foundation held the following cash and investments:

	2020		2019	
	Market Value	Cost	Market Value	Cost
	\$	\$	\$	\$
Cash and cash equivalents	4,682,824	4,640,389	7,420,365	7,413,900
Investments	27,125,027	23,500,574	25,658,835	22,618,637
Total	31,807,851	28,140,963	33,079,200	30,032,537

Cash and cash equivalents and investments are allocated to the following:

	Managed Funds		Operating Fund		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	3,441,027	6,780,751	1,241,797	639,614	4,682,824	7,420,365
Investments	3,441,027	6,780,751	1,241,797	639,614	4,682,824	7,420,365
Money market fund and T-bill securities	2,407,919	2,626,154	52,357	55,520	2,460,276	2,681,674
Bond pooled fund and fixed income securities	7,953,936	7,244,282	248,838	214,738	8,202,774	7,459,020
Balanced pooled fund	15,849,686	14,958,731	612,291	559,410	16,461,977	15,518,141
	26,211,541	24,829,167	913,486	829,668	27,125,027	25,658,835
Total market value	29,652,568	31,609,918	2,155,283	1,469,282	31,807,851	33,079,200
Decrease/(increase) over historical cost	(3,502,558)	(2,942,870)	(164,330)	(103,793)	(3,666,888)	(3,046,663)
Cost	26,150,010	28,667,048	1,990,953	1,365,489	28,140,963	30,032,537

The funds listed in the above summary as Managed Funds are comprised of the following individual funds:

	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	3,441,027	6,780,751	-	-	-	-	3,441,027	6,780,751
Investments	3,441,027	6,780,751	-	-	-	-	3,441,027	6,780,751
Money market fund and T-bill securities	2,183,812	2,411,104	-	-	224,107	215,050	2,407,919	2,626,154
Bond pooled fund and fixed income securities	3,899,639	3,116,145	625,776	668,058	3,428,521	3,460,079	7,953,936	7,244,282
Balanced pooled fund	972,837	884,754	3,481,885	3,143,802	11,394,964	10,930,175	15,849,686	14,958,731
	7,056,288	6,412,003	4,107,661	3,811,860	15,047,592	14,605,304	26,211,541	24,829,167
Total market value	10,497,315	13,192,754	4,107,661	3,811,860	15,047,592	14,605,304	29,652,568	31,609,918
Decrease/(increase) over historical cost	(282,772)	(232,301)	(693,168)	(546,977)	(2,526,618)	(2,163,592)	(3,502,558)	(2,942,870)
Cost	10,214,543	12,960,453	3,414,493	3,264,883	12,520,974	12,441,712	26,150,010	28,667,048

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

5 Multi-year Sponsorship Commitments

In 2019, there were multi-year commitments for \$50,000 from donors for the Building Communities Program Projects. In 2020, there were no similar commitments, arrangements or contracts in place. These sponsorship commitments were not recorded as pledges receivable as they were provided as commitments to the Foundation. However, the specific projects to which they were to be applied was not identified.

6 Due to (from) Funds

The accumulated net investment income of \$722,636 (2019 - \$654,770) of the Repsol Operating Fund is owed to the Repsol Project Fund. The net investment income excludes the fair value adjustments earned by the Repsol Endowment Capital Fund.

In 2020, management fees for the three months ended December 31 were accrued for the amounts of:

- a) The Greenway Project \$525 (2019 – \$272),
- b) 4th Avenue Flyover Park \$27,989 (2019 – \$nil), and
- c) The Dedication Program \$23,550 (2019 - \$10,800).

In 2020, management fees for the three months ended December 31 were accrued for the Saddledome Fund in the amount of \$4,395 (2019 – \$nil).

Annually, the surplus of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December 31 are accrued for the Dedication Program Maintenance Reserve Fund. In 2020, there was no money transferred (2019 – \$5,458 surplus accrued and still outstanding).

A 10% portion of all funds donated to the Rotary/Mattamy Greenway is allocated to a Capital Sustainment Fund. In 2019, the amount of \$409,787 and was still outstanding in 2020.

In 2020, the Operating Fund was entitled to a portion of investment earnings from the Operating Endowment Fund as calculated using a defined method per the Memorandum of Agreement between the City of Calgary and the Foundation. The calculated transfer due was \$236,150. As at December 31, 2020, \$90,000 had been transferred to the Operating Fund which left a residual balance due of \$146,150 (2019 - \$202,066).

In 2020, the Foundation transferred \$300,000 (2019 - \$1,000,000) of funds received from various sources of revenue earned and retained in the Operating Fund to the following funds:

- a) The Founders' Legacy operating Endowment Fund for \$100,000 (2019 - \$733,500),
- b) The Mario Stella Estate Fund, which funds the Mario Stella Conceptual Drawing Grants and the PartnerParks Administration Fee Granting Fund, for \$100,000 (2019 – 133,500), and
- c) The Project Capital Sustainment Fund for \$100,000 (2019 - \$133,000), which at December 31, 2020, is nominally segregated in the Project Fund. In 2020, these funds will be transferred to the appropriate managed investment fund. In 2020, these funds had not yet been transferred and were still outstanding at December 31, 2020. In 2019, cash transfers had been made by year end.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

7 Capital Assets

Capital assets are comprised of the following:

	As at December 31, 2020		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	18,152	14,518	3,634
Furniture and fixtures	29,881	28,392	1,489
Leasehold improvements	339,438	272,882	66,556
Computers	58,283	47,898	10,385
Artwork	5,001	-	5,001
	<u>450,755</u>	<u>363,690</u>	<u>87,065</u>

	As at December 31, 2019		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	18,152	12,960	5,192
Furniture and fixtures	29,882	28,020	1,862
Leasehold improvements	322,041	266,454	55,587
Computers	54,973	39,169	15,804
Artwork	5,001	-	5,001
	<u>430,049</u>	<u>346,603</u>	<u>83,446</u>

8 Greenway Credit Facility

This line of credit bears interest at prime plus 0.5% and is secured by an encumbrance upon the PartnerParks Endowment Fund administered by the portfolio manager up to a maximum of \$1,000,000, and is payable on demand. As at December 31, 2020, \$nil was drawn from the credit facility (2019 – \$nil).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

9 Fund Balances

a) Project Fund

The Project Fund comprises the fund balances of the following projects under administration:

	As at December 31,	
	2020	2019
	\$	\$
Rotary/Mattamy Greenway	523,049	1,096,987
Flyover Park	387,269	2,085,986
Quinterra Legacy Garden	265,765	360,058
Dedication Program	166,579	231,611
Various other foundation project	1,153,664	855,183
Saddledome Fund (Amateur Sport Granting Program)	1,510,081	1,784,402
Repsol Access Advantage Fund - Distribution Account	771,268	703,228
John Currie Endowment Fund	699,880	700,764
Mills Park ING013	102,383	102,383
Ramsay Community Rink	116,482	111,527
Parkdale Outdoor Rink	105,377	257,120
Calgary Community Bridge League	141,145	141,145
Schooner Playground	5,008	211,132
Elboya School Playground	-	260,663
Mario Stella Cash Account	254,487	16,172
Ramsay Playground RAM415	251,682	115,481
Gerry Shaw Gardens	104,492	103,729
St. Pius X School Playground	-	220,487
Riverbend	11,249	210,672
Various other community projects	777,298	927,010
Externally restricted projects	<u>7,347,158</u>	<u>10,495,740</u>
PartnerParks Administration Fee Granting Fund	85,132	144,054
Building Playgrounds and Communities	588,560	520,358
Stella Conceptual Drawing Fund	79,362	31,102
Project maintenance	<u>2,086,152</u>	<u>1,665,028</u>
Internally restricted projects	<u>2,839,206</u>	<u>2,360,542</u>
	<u><u>10,186,364</u></u>	<u><u>12,856,282</u></u>

The project maintenance balance represents the net interest income of the PartnerParks Endowment Portfolio. The Project Fund represents the net assets of the fund to operate the Foundation's various projects and programs.

According to the funding agreement between The City of Calgary and the Foundation, the fund balance maintained in the Saddledome Amateur Sport Fund shall not be permitted to drop below \$500,000. As per above, this fund balance significantly exceeds this minimum.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

Certain accounts within this fund are internally restricted given that the disposition of the fund is at the discretion of the Board.

b) Endowment Fund

Endowment Fund comprises the fund balances of the endowment projects under administration:

	As at December 31,	
	2020	2019
	\$	\$
Repsol Access Advantage Endowment Fund	3,694,558	3,614,038
Operating Endowment Fund	2,885,475	2,828,898
PartnerParks Endowment Fund	2,933,790	2,837,274
Art Smith Amateur Sport Endowment	2,852,084	2,739,358
Mario Stella Estate Fund	1,261,808	1,110,322
Founders' Legacy Operating Endowment Fund	934,367	757,694
Police & Fire Endowment Fund	192,963	183,338
Heritage Escarpment Endowment Fund	160,822	151,513
Legion Tree Endowment Fund	78,183	74,622
Patterson Homestead Park	66,225	64,651
Jack Leslie Youth Environment Award	41,479	42,010
	<u>15,101,754</u>	<u>14,403,718</u>

In 2020, \$823,735 (2019 - \$613,360) of investment income earned on the Endowment Capital Fund is reported under the Project Fund.

c) Capital Sustainment Fund

The Capital Sustainment Fund comprises the fund balances of reserves held for the maintenance of specific Foundation projects.

	As at December 31,	
	2020	2019
	\$	\$
Rotary/Mattamy Greenway Reserve Fund	3,500,641	3,373,601
Project Capital Sustainment Fund	230,043	-
Bench Reserve Fund	591,859	565,097
Building Communities Fund	300,363	288,407
	<u>4,622,906</u>	<u>4,227,105</u>

In 2020, \$299,016 (2019 - \$223,670) of investment income earned on the Capital Sustainment Fund is reported under the Project Fund.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

d) Operating Fund

The Operating Fund comprises the fund balances for administration and operating fiscal stability reserve fund.

	As at December 31,	
	2020	2019
	\$	\$
Administration - other than capital assets	1,109,752	992,233
Administration - capital assets	87,065	83,446
Operating Fiscal Stability Reserve Fund	<u>1,027,689</u>	<u>942,614</u>
	<u>2,224,506</u>	<u>2,018,293</u>
Operating Fiscal Stability Reserve Fund		
Beginning balance	942,614	833,422
Investment income	60,512	56,164
Adjustment for fair market value	<u>24,563</u>	<u>53,028</u>
Total	<u>1,027,689</u>	<u>942,614</u>

The Operating Fiscal Stability Reserve Fund was created following a motion passed by the Board of Governors on September 30, 2010, with an initial amount transferred from the Greening a Great City Legacy campaign residual fund. The amount to be internally restricted each year is at the discretion of the Board.

Between 2010 and 2017, the Board approved the transfer of \$754,400 from the Operating Administration surplus to the internally restricted Operating Fiscal Stability Reserve Fund. During 2020 and 2019, no similar transfer was made to this fund. In the event of a deficit in Operating Administration, the Operating Fiscal Stability Reserve Fund can be made available for operating administration by approval of the Executive and the Board.

10 Members' Limited Liability

The liability of the members is limited to the guarantee given by each member to contribute a maximum of \$1 in the event the Foundation is wound-up.

11 Contributions by Source

During the years ending December 31, contributions were received from the following sources:

	2020	2019
	\$	\$
Government	1,064,124	3,037,673
Corporations	174,121	444,585
Individuals	952,359	814,188
Other not-for-profit	<u>2,255,349</u>	<u>4,765,322</u>
	<u>4,445,953</u>	<u>9,061,768</u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2020

12 Related Party Transactions

Related party balances and transactions not otherwise disclosed in these financial statements consist of legal fees of \$7,019 (2019 – \$nil) were paid to a corporation related to a director of the Foundation, with regard to an estate donation to be contributed to an Endowment Fund with the Foundation.

These transactions were in the normal course of operation and are recorded at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

13 Fundraising Expenses

As required under Section 7(2) of the Charitable Fund-Raising Act of Alberta, the Foundation discloses the following:

- a) Expenses incurred for the purposes of soliciting contributions in 2020 were \$15,147 (2019 - \$10,342).
- b) In 2020, \$186,812 (2019 – \$190,025) was paid as remuneration to employees whose principal duties involve fundraising and is recorded in the administration expense of the operating fund. The fundraising remuneration costs were determined by management, by allocating total remuneration of the employees involved in fundraising, using their best estimate of time spent by each employee.

14 Commitments

Under the terms of the Saddledome Amateur Sports Grant contracts, the Foundation is committed to pay out \$391,860 (2019 - \$841,206) of grants, subject to the conditions of the grants being satisfied. The funds for these commitments are in the externally restricted project fund.

Under the terms of contracts with project partners related to the Building Communities Program, the Foundation is committed to pay out \$291,971 (2019 - \$265,008) of grants, subject to the conditions of the grants being satisfied. The funds for these commitments are in the externally restricted project fund.

Prior to 2018, the Foundation entered into a series of agreements with a group of related vendors to provide internet, voice over internet telephone service (VOIP), telephone equipment and IT support. These contracts were for 2 to 5 year durations and represent the following commitment:

	2020	2021	2022	2023	Total
	\$	\$	\$	\$	\$
IT Service Contract Renewal	30,000	30,000	17,500	-	77,500
Internet Access	10,451	10,451	10,451	4,355	35,708
Cell Phone Contracts	4,372	4,866	3,738	93	13,069
	<u>44,823</u>	<u>45,317</u>	<u>31,689</u>	<u>4,448</u>	<u>126,277</u>

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Notes to Financial Statements

For the year ending December 31, 2020

15 Inter-fund Transfers

Annually, the surplus of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December 31 are accrued for the Dedication Program Maintenance Reserve Fund. In 2019 and 2020, there was a deficit so no moneys were transferred.

The Foundation transferred \$236,150 (2019 - \$292,066) from the Operating Endowment Fund to the Operating Fund in 2020 to cover operating costs as per the agreement with the City.

The Foundation transferred \$295,376 (2019 - \$376,089) from the Project Fund to the Operating Fund in 2020 which represented administration fees based on funds received as per the agreements with the various projects.

In 2019, the Foundation transferred \$100,000 from the Mario Stella Estate Endowment Fund \$50,000 and the PartnerParks Endowment Fund \$50,000 to the Project Fund to be granted under the Conceptual Drawing Granting Program. No such transfer was made in 2020.

In 2019, the Foundation transferred \$200,000 from the Mario Stella Estate Endowment Fund to the Project Fund. The funds were allocated to the accounts nominally segregated for the Project Support Program (formally the Administration Grant Program). No such transfer was made in 2020.

The Foundation transferred a net \$329,415 (2019 - \$223,071) for the accounts belonging to Repsol Access Advantage Program from the Endowment Maintenance Accounts in the Project Fund to the Project Fund to fund the Repsol Access Advantage Program per agreement.

In 2020, the Foundation transferred \$300,000 (2019 - \$1,000,000) of funds received from various sources of revenue earned and retained in the Operating Fund to the following funds:

- a) The Founders' Legacy operating Endowment Fund for \$100,000 (2019 - \$733,500),
- b) The Mario Stella Estate Fund, which funds the Mario Stella Conceptual Drawing Grants and the PartnerParks Administration Fee Granting Fund, for \$100,000 (2019 - \$133,500), and
- c) The Project Capital Sustainment Fund for \$100,000 (2019 - \$133,000), which at December 31, 2020, is nominally segregated in the Project Fund. In 2020, these funds will be transferred to the appropriate managed investment fund.

Further in 2020, \$110,849 was transferred to the Project Capital Sustainment Fund from the accounts nominally segregated for the Building Communities Program within the Project Fund, no similar transfers from this fund were approved by the Board of Governors.

In 2020, the Foundation transferred \$206,141 (2019 - \$273,974) from the PartnerParks Endowment Fund to the Project Fund. In both cases, the funds were allocated to the accounts nominally segregated for the Building Communities Program.

In 2020, management fees for the year ended December 31 were transferred for the amounts of:

- a) The Greenway Project \$14,697 (2019 - \$58,252),
- b) 4th Avenue Flyover Park \$85,581 (2019 - \$651) and,
- c) The Dedication Program \$109,350 (2019 - \$123,600).

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Notes to Financial Statements

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In 2020, management fees for the year ended December 31 were transferred for the Saddledome Fund in the amount of \$31,336 (2019 – \$58,167).

In 2019, funds were transferred from the Jack Leslie Youth Environment Endowment Fund (specifically the maintenance fund accounts) to the related project granting accounts for \$2,000. In 2020, the funds were paid directly from the endowment to the grant recipients. The transfers were done to facilitate the distributions of grants as authorized by the fund's granting body.

In 2018, it became apparent that a certain project had deficiencies in the design and construction of the park and repairs that were required would be the liability of the Foundation. Management established an allowance of \$101,401 for the funds that would be required for these reparations. Further, it was determined funding would come from the Operating Fund accounts and will eventually be recognised in the Project Fund accounts. In 2019, an unused \$1,401 was returned to the Operating Fund.

16 Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to the current year's presentation. This reclassification has no impact on the statement of income, expenses and change in fund balances.

17 Subsequent Events

Subsequent to year-end, the Foundation received payment from the City of Calgary of \$2,047,500 which represents advance payment of funding for four community projects being developed in cooperation with the City of Calgary and community partners. These projects and the funding received is as follows:

- Evanston Community Hub Project \$400,000;
- Vivo Inclusive Playground Project \$463,500;
- Ted Harrison Inclusive Playground Project \$434,000;
- Parkdale Community Hub Project \$750,000

The projects will be developed and completed over the course of the 2021 fiscal period.

18 Covid 19 Pandemic

The outbreak of the novel strain coronavirus, specifically identified as "COVID-19", resulted in worldwide emergency measures which have caused disruptions to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. The Foundation has seen decreases to donations received, grant streams paused and delays to certain project builds. It is not possible to reliably estimate the length or effects of these developments, including the impact on the financial results of the Foundation in future periods.