

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

Financial Statements
For the year ended December 31, 2021





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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, 2021, 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, 2021, 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 14, 2022

The Parks Foundation, Calgary

Statement of Financial Position

As at December 31,

	Managed Funds		Operating Fund		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (Note 4)	6,921,732	3,441,027	1,170,325	1,241,797	8,092,057	4,682,824
Accounts receivable	194,594	161,064	210,651	141,022	405,245	302,086
Prepaid expenses	-	-	16,302	15,269	16,302	15,269
Due to (from) funds (Note 5)	(35,589)	97,392	35,589	(97,392)	-	-
	<u>7,080,737</u>	<u>3,699,483</u>	<u>1,432,867</u>	<u>1,300,696</u>	<u>8,513,604</u>	<u>5,000,179</u>
Investments (Note 4)	26,730,952	26,211,541	970,593	913,486	27,701,545	27,125,027
Capital assets (Note 6)	-	-	86,270	87,065	86,270	87,065
	<u>33,811,689</u>	<u>29,911,024</u>	<u>2,489,730</u>	<u>2,301,247</u>	<u>36,301,419</u>	<u>32,212,271</u>
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	-	-	47,275	76,741	47,275	76,741
	-	-	47,275	76,741	47,275	76,741
Fund balances (Note 8)						
Unrestricted	-	-	1,270,616	1,109,752	1,270,616	1,109,752
Internally restricted	10,195,541	9,658,287	1,085,569	1,027,689	11,281,110	10,685,976
Internally restricted - invested in capital assets	-	-	86,270	87,065	86,270	87,065
Externally restricted	23,616,148	20,252,737	-	-	23,616,148	20,252,737
	<u>33,811,689</u>	<u>29,911,024</u>	<u>2,442,455</u>	<u>2,224,506</u>	<u>36,254,144</u>	<u>32,135,530</u>
	<u>33,811,689</u>	<u>29,911,024</u>	<u>2,489,730</u>	<u>2,301,247</u>	<u>36,301,419</u>	<u>32,212,271</u>

Nature of organization (Note 1)

Composition of managed funds (Note 3)

Commitments (Note 13)

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	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Income						
Contributions (Note 10)	14,742,970	4,212,297	231,411	233,656	14,974,381	4,445,953
Investment income - realized	1,836,454	1,663,217	144,714	192,187	1,981,168	1,855,404
Investment (loss) income - unrealized	(499,683)	559,692	(77,968)	60,533	(577,651)	620,225
Other income	190,000	(2,000)	309,617	213,424	499,617	211,424
	<u>16,269,741</u>	<u>6,433,206</u>	<u>607,774</u>	<u>699,800</u>	<u>16,877,515</u>	<u>7,133,006</u>
Expenses						
Project costs	11,075,229	6,931,039	-	-	11,075,229	6,931,039
Saddledome grants	499,862	595,699	-	-	499,862	595,699
Administration	-	-	1,165,914	959,048	1,165,914	959,048
Amortization	-	-	17,896	17,088	17,896	17,088
	<u>11,575,091</u>	<u>7,526,738</u>	<u>1,183,810</u>	<u>976,136</u>	<u>12,758,901</u>	<u>8,502,874</u>
Excess (deficiency) of income over expenses	<u>4,694,650</u>	<u>(1,093,532)</u>	<u>(576,036)</u>	<u>(276,336)</u>	<u>4,118,614</u>	<u>(1,369,868)</u>
Fund transfers and allocations (Note 14)						
Administration	(564,618)	(531,526)	564,618	531,526	-	-
Management	(529,367)	(240,964)	529,367	240,964	-	-
Transfers	300,000	289,941	(300,000)	(289,941)	-	-
	<u>(793,985)</u>	<u>(482,549)</u>	<u>793,985</u>	<u>482,549</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of income after transfers	<u>3,900,665</u>	<u>(1,576,081)</u>	<u>217,949</u>	<u>206,213</u>	<u>4,118,614</u>	<u>(1,369,868)</u>
Fund balance, beginning 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>
Fund balance, end of year	<u>33,811,689</u>	<u>29,911,024</u>	<u>2,442,455</u>	<u>2,224,506</u>	<u>36,254,144</u>	<u>32,135,530</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,

	2021	2020
	\$	\$
Excess of income over expenses		
Operating activities		
Excess (deficiency) of income over expenses after transfers		
Project Fund	3,747,726	(2,669,918)
Capital Sustainment Fund	84,557	395,801
Endowment Fund	68,382	698,036
Managed Funds	3,900,665	(1,576,081)
Operating Fund	217,949	206,213
	<u>4,118,614</u>	<u>(1,369,868)</u>
Items not affecting cash		
Amortization	17,896	17,088
Investment income - unrealized	577,651	(620,226)
Net change in non-cash working capital items affecting operations		
(Increase)decrease in accounts receivable	(103,159)	102,578
Increase in prepaid expenses	(1,033)	(1,009)
Increase (decrease) in accounts payable	(29,466)	568
Net cash from (used in) operating activities	<u>4,580,503</u>	<u>(1,870,869)</u>
Investing activities		
Purchase of investments	(1,154,169)	(845,966)
Purchase of capital assets	(17,101)	(20,706)
Net cash used in investing activities	<u>(1,171,270)</u>	<u>(866,672)</u>
Increase(decrease) in cash and cash equivalents	<u>3,409,233</u>	<u>(2,737,541)</u>
Cash and cash equivalents, beginning of year	<u>4,682,824</u>	<u>7,420,365</u>
Cash and cash equivalents, end of year	<u>8,092,057</u>	<u>4,682,824</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, 2021

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 rights and to administer receipts of the 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. The City of Calgary reduced this amount to \$193,000 during the 2019 fiscal year.

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, pledge 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, 2021

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 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 requiring 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 unrestricted, 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.

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.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2021

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-term 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.

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, and 50% on computers. Leasehold improvements are amortized over the life of the building lease and the extension available to the Foundation. The Foundation has certain artwork in its possession which is treated as a nondepreciable asset. 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 contributed 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, 2021

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 Project Support Program. Management has the discretion to charge administration costs allocation to recover costs from projects which do not qualify under the Project Support 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 project 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 based on 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 or Endowment Fund to the Operating Fund.

Unless designated as a maintenance fund, any residual fund remaining two years after the completion of any projects will revert 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, 2021

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.

On December 31, 2021, the Foundation had \$12,281,973 (2020 - \$13,287,080) 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 (ie. 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 Global Industry Classification Standard sectors and are most heavily weighted to industrials (20.8% of the equity weight), financials (21.2%) and information technology (20.0%). The combined exposure to all three sectors is 62.0%.

On December 31, 2021, the Foundation had \$11,459,864 (2020 - \$10,431,186) of investments exposed to equity price risk.

(iii) Credit risk

Substantially all 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 Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2021

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, 2021.

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, 2021 was AH (2020 – AAL).

(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 of December 31, 2021, the Foundation had \$7,869,354 (2020 - \$7,733,550) 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, 2021

3 Composition of Managed Funds

PARKS FOUNDATION CALGARY								
Statement of Financial Position								
For the period ended December 31,								
	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents (Note 4)	6,921,732	3,441,027	-	-	-	-	6,921,732	3,441,027
Accounts receivable	194,288	160,752	-	-	306	312	194,594	161,064
Due to (from) funds (Note 5)	(711,010)	(471,703)	515,245	515,245	160,176	53,850	(35,589)	97,392
	<u>6,405,010</u>	<u>3,130,076</u>	<u>515,245</u>	<u>515,245</u>	<u>160,482</u>	<u>54,162</u>	<u>7,080,737</u>	<u>3,699,483</u>
Investments								
	<u>7,529,080</u>	<u>7,056,288</u>	<u>4,192,218</u>	<u>4,107,661</u>	<u>15,009,654</u>	<u>15,047,592</u>	<u>26,730,952</u>	<u>26,211,541</u>
	<u>13,934,090</u>	<u>10,186,364</u>	<u>4,707,463</u>	<u>4,622,906</u>	<u>15,170,136</u>	<u>15,101,754</u>	<u>33,811,689</u>	<u>29,911,024</u>
Fund balances (Note 9)								
Internally restricted	3,042,191	2,839,206	4,707,463	4,622,906	2,445,887	2,196,175	10,195,541	9,658,287
Externally restricted	10,891,899	7,347,158	-	-	12,724,249	12,905,579	23,616,148	20,252,737
	<u>13,934,090</u>	<u>10,186,364</u>	<u>4,707,463</u>	<u>4,622,906</u>	<u>15,170,136</u>	<u>15,101,754</u>	<u>33,811,689</u>	<u>29,911,024</u>
	<u>13,934,090</u>	<u>10,186,364</u>	<u>4,707,463</u>	<u>4,622,906</u>	<u>15,170,136</u>	<u>15,101,754</u>	<u>33,811,689</u>	<u>29,911,024</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	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Contributions (Note 10)	14,742,970	4,212,297	-	-	-	-	14,742,970	4,212,297
Investment income - realized	1,376,551	1,250,478	53,444	38,761	406,459	373,978	1,836,454	1,663,217
Investment (loss) income - unrealized	(22,542)	50,473	(68,887)	146,191	(408,254)	363,028	(499,683)	559,692
Other income	190,000	(2,000)	-	-	-	-	190,000	(2,000)
	<u>16,286,979</u>	<u>5,511,248</u>	<u>(15,443)</u>	<u>184,952</u>	<u>(1,795)</u>	<u>737,006</u>	<u>16,269,741</u>	<u>6,433,206</u>
Expenses								
Project costs	11,075,229	6,929,039	-	-	-	2,000	11,075,229	6,931,039
Saddledome grants	499,862	595,699	-	-	-	-	499,862	595,699
	<u>11,575,091</u>	<u>7,524,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>11,575,091</u>	<u>7,526,738</u>
(Deficiency) excess of income over expenses	4,711,888	(2,013,490)	(15,443)	184,952	(1,795)	735,006	4,694,650	(1,093,532)
Fund transfers and allocations (Note 14)								
Administration	(434,795)	(294,556)	-	-	(129,823)	(236,970)	(564,618)	(531,526)
Management	(529,367)	(240,964)	-	-	-	-	(529,367)	(240,964)
Transfers	-	(120,908)	100,000	210,849	200,000	200,000	300,000	289,941
	<u>(964,162)</u>	<u>(656,428)</u>	<u>100,000</u>	<u>210,849</u>	<u>70,177</u>	<u>(36,970)</u>	<u>(793,985)</u>	<u>(482,549)</u>
(Deficiency) excess of income after transfers	3,747,726	(2,669,918)	84,557	395,801	68,382	698,036	3,900,665	(1,576,081)
Fund balance, beginning of year	10,186,364	12,856,282	4,622,906	4,227,105	15,101,754	14,403,718	29,911,024	31,487,105
Fund balance, end of year (Note 8)	<u>13,934,090</u>	<u>10,186,364</u>	<u>4,707,463</u>	<u>4,622,906</u>	<u>15,170,136</u>	<u>15,101,754</u>	<u>33,811,689</u>	<u>29,911,024</u>

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Notes to Financial Statements

For the year ending December 31, 2021

4 Cash and Cash Equivalents and Investments

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

	Managed Funds		Operating Fund		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	6,921,732	3,441,027	1,170,325	1,241,797	8,092,057	4,682,824
Money market fund and T-bill securities	2,423,784	2,407,919	51,969	52,357	2,475,753	2,460,276
Bond fund and fixed income securities	7,864,448	7,953,936	259,813	248,838	8,124,261	8,202,774
Balanced pooled fund	16,442,720	15,849,686	658,811	612,291	17,101,531	16,461,977
Total market value	33,652,684	29,652,568	2,140,918	2,155,283	35,793,602	31,807,851
Cost	30,649,808	26,150,010	2,054,558	1,990,953	32,704,366	28,140,963

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

	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	6,921,732	3,441,027	-	-	-	-	6,921,732	3,441,027
Money market fund and T-bill securities	2,210,523	2,183,812	-	-	213,261	224,107	2,423,784	2,407,919
Bond fund and fixed income securities	4,245,286	3,899,639	336,111	625,776	3,283,051	3,428,521	7,864,448	7,953,936
Balanced pooled fund	1,073,271	972,837	3,856,107	3,481,885	11,513,342	11,394,964	16,442,720	15,849,686
Total market value	14,450,812	10,497,315	4,192,218	4,107,661	15,009,654	15,047,592	33,652,684	29,652,568
Cost	14,190,581	10,214,543	3,567,937	3,414,493	12,891,290	12,520,974	30,649,808	26,150,010

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 \$85,599 for 2021 (2020 - \$81,574).

5 Due to (from) Funds

As at December 31, 2021, the Foundation has a balance of \$295,766 (2020 - \$56,281) due to the Operations Fund from the Project Fund for management fees which were accrued for management of various Foundation capital projects and programs ended.

As at December 31, 2021, the Foundation has a balance of \$39,824 (2020 - \$146,150) due to the Operations Fund from the Endowment Fund for the outstanding 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. As at December 31, 2021, the Foundation has a balance of \$5,458 (2020 - \$5,458) due to the Capital Sustainment Fund from the Project Fund. The value represents surpluses in the Dedication Program accrued and still outstanding.

As at December 31, 2021, the Foundation has a balance of \$409,787 (2020 - \$409,787) due to the Capital Sustainment Fund from the Project Fund. The value represents a 10% portion of all funds donated to the Rotary/Mattamy Greenway and is allocated to the Capital Sustainment Fund.

As at December 31, 2021, the Foundation has a balance of \$200,000 (2020 - \$200,000) due to the Endowment Fund from the Operating Fund of funds received from various sources of revenue earned in excess of expenses.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2021

As at December 31, 2021, the Foundation has a balance of \$100,000 (2020 - \$100,000) due to the Capital Sustainment Fund from the Operating Fund of funds received from various sources of revenue earned in excess of expenses.

6 Capital Assets

Capital assets are comprised of the following:

	As at December 31			
	2021	2021	2021	2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office equipment	19,352	15,788	3,564	3,634
Furniture and fixtures	29,881	28,690	1,191	1,489
Leasehold improvements	355,840	284,018	71,822	66,556
Computers	58,283	53,091	5,192	10,385
Artwork	4,501	-	4,501	5,001
	<u>467,857</u>	<u>381,587</u>	<u>86,270</u>	<u>87,065</u>

7 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, 2021, \$nil was drawn from the credit facility (2020 – \$nil).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2021

8 Fund Balances

a) Project Fund

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

	As at December 31,	
	2021	2020
	\$	\$
Rotary/Mattamy Greenway	478,148	523,049
Flyover Park	270,665	387,269
Quinterra Legacy Park	57,008	265,765
Dedication Program	145,109	166,579
Various other foundation project	1,011,103	1,133,664
Saddledome Fund (Amateur Sport Granting Program)	1,727,856	1,510,081
Repsol Access Advantage Fund - Distribution Account	847,154	771,268
John Currie Endowment Fund	691,049	699,880
Shouldice Park Dome	1,800,000	-
Hawkwood Outdoor Flex Space	595,656	2,500
Centre for Child and Adolescent Mental Health Park	514,490	20,000
Stella Fund	254,487	254,487
Parkdale Hub	233,371	-
Peter Lougheed School	203,737	-
Ramsay Playground RAM415	96,099	251,682
Flames Fund	160,500	204,500
Various other community projects	1,805,467	1,156,434
Externally restricted Projects	<u>10,891,899</u>	<u>7,347,158</u>
PartnerParks Administration Fee Granting Fund	80,733	85,130
Building Playgrounds and Communities	543,208	588,560
Stella Conceptual Drawing Fund	32,966	79,362
Project maintenance	<u>2,385,284</u>	<u>2,086,154</u>
Internally restricted projects	<u>3,042,191</u>	<u>2,839,206</u>
	<u><u>13,934,090</u></u>	<u><u>10,186,364</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.

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Notes to Financial Statements

For the year ending December 31, 2021

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:

	2021	2020
	\$	\$
Repsol Access Advantage Endowment Fund	3,594,268	3,694,558
Operating Endowment Fund	2,921,289	2,885,475
PartnerParks Endowment Fund	2,873,035	2,933,790
Art Smith Amateur Sport Endowment	2,802,621	2,852,084
Mario Stella Estate Fund	1,336,509	1,261,808
Founders' Legacy Operating Endowment Fund	1,109,380	934,367
Police & Fire Endowment Fund	190,708	192,963
Heritage Escarpment Endowment Fund	158,638	160,822
Legion Tree Endowment Fund	77,347	78,183
Patterson Homestead Park	65,509	66,225
Jack Leslie Youth Environment Award	40,832	41,479
	<u>15,170,136</u>	<u>15,101,754</u>

In 2021, \$893,246 (2020 - \$823,735) 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.

	2021	2020
	\$	\$
Rotary/Mattamy Greenway Reserve Fund	3,461,062	3,500,641
Project Capital Sustainment Fund	343,327	230,043
Quinterra Legacy Pk Sustainment Fund	20,713	-
Bench Reserve Fund	585,043	591,859
Building Communities Fund	297,318	300,363
	<u>4,707,463</u>	<u>4,622,906</u>

In 2021, \$370,472 (2020 - \$299,016) of investment income earned on the Capital Sustainment Fund is reported under the Project Fund.

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Notes to Financial Statements

For the year ending December 31, 2021

d) Operating Fund

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

	2021	2020
	\$	\$
Administration - other than capital assets	1,270,616	1,109,752
Administration - capital assets	86,270	87,065
Operating Fiscal Stability Reserve Fund	1,085,569	1,027,689
	<u>2,442,455</u>	<u>2,224,506</u>
Operating Fiscal Stability Reserve Fund		
Beginning balance	1,027,689	833,422
Investment income	42,644	169,704
Adjustment for fair market value	15,236	24,563
Total	<u>1,085,569</u>	<u>1,027,689</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.

As per Foundation policy, the Board may approve the transfer of funds from the Operating Administration surplus to the internally restricted Operating Fiscal Stability Reserve Fund. During 2021 and 2020, no transfer was made. 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.

9 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.

10 Contributions by Source

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

	2021	2020
	\$	\$
Government	9,185,926	1,064,124
Corporations	194,571	174,121
Individuals	894,965	952,359
Other not-for-profit	4,698,919	2,255,349
	<u>14,974,381</u>	<u>4,445,953</u>

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Notes to Financial Statements

For the year ending December 31, 2021

11 Related Party Transactions

Related party balances and transactions not otherwise disclosed in these financial statements consist of legal fees of \$nil (2020 – \$7,019) 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.

12 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 2021 were \$12,169 (2020 - \$15,147).
- b) In 2021, \$220,747 (2020 - \$186,812) 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.

13 Commitments

Under the terms of the Saddledome Amateur Sports Grant contracts, the Foundation is committed to pay out \$919,163 (2020 - \$391,860) 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 \$547,241 (2020 - \$292,001) 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 certain sport related programs, the Foundation is committed to pay out \$120,000 (2020 - \$nil) 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 services (VOIP), telephone equipment and IT support. These contracts were for 2 to 5 year durations and represent the following commitment:

	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$
Total Annual Commitment	49,144	31,144	11,332	4,355	95,975

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2021

14 Inter-fund Transfers

During 2021, the Foundation transferred \$529,367 (2020 - \$295,376) to the Operating Fund from the Project Fund for management fees which were accrued for management of various Foundation capital projects and programs ended.

During 2021, the Foundation transferred \$434,795 (2020 - \$240,964) to the Operating Fund from the Project Fund for administrative fees which were accrued for administration of various Foundation Managed Funds for endowments, capital projects and programs ended.

During 2021, the Foundation transferred \$129,823 (2020 - \$236,150) to the Operating Fund from the Endowment Fund for the outstanding 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.
to a Capital Sustainment Fund.

During 2021, the Foundation transferred \$200,000 (2020 - \$200,000) from the Operating Fund to the Endowment Fund of funds received from various sources of revenue earned in excess of expenses.

During 2021, the Foundation transferred \$100,000 (2020 - \$100,000) from the Operating Fund to the Capital Sustainment Fund of funds received from various sources of revenue earned in excess of expenses.

During 2020, the Foundation transferred \$120,908 to the Capital Sustainment Fund. This consisted of funds from the Project Fund to the Capital Sustainment Fund (\$110,849) and the Operating Fund (\$10,059) which were funds received for projects but not used. Similar transfers were not required in 2021.

15 Reclassification

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.

16 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 currently. In 2021, the Foundation has seen significant increases in funding which was largely due to the presence of stimulus funding provided by various levels of government. This allowed several larger projects to move forward to completion. However, in other areas, 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.