

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

Financial Statements
For the year ended December 31, 2022





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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, 2022, 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, 2022, 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 24, 2023

The Parks Foundation, Calgary

Statement of Financial Position

As at December 31,

	Managed Funds		Operating Fund		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (Note 4)	6,911,604	6,921,732	1,218,313	1,170,325	8,129,917	8,092,057
Accounts receivable	53,714	194,594	267,275	210,651	320,989	405,245
Prepaid expenses	-	-	25,807	16,302	25,807	16,302
Due to (from) funds (Note 5)	(52,846)	(35,589)	52,846	35,589	-	-
	<u>6,912,472</u>	<u>7,080,737</u>	<u>1,564,241</u>	<u>1,432,867</u>	<u>8,476,713</u>	<u>8,513,604</u>
Investments (Note 4)	23,123,462	26,730,952	861,886	970,593	23,985,348	27,701,545
Capital assets (Note 6)	-	-	110,683	86,270	110,683	86,270
	<u>30,035,934</u>	<u>33,811,689</u>	<u>2,536,810</u>	<u>2,489,730</u>	<u>32,572,744</u>	<u>36,301,419</u>
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	-	-	44,719	47,275	44,719	47,275
	-	-	44,719	47,275	44,719	47,275
Fund balances (Note 8)						
Unrestricted	-	-	1,402,206	1,270,616	1,402,206	1,270,616
Internally restricted	8,807,842	10,195,541	979,202	1,085,569	9,787,044	11,281,110
Internally restricted - invested in capital assets	-	-	110,683	86,270	110,683	86,270
Externally restricted	21,228,092	23,616,148	-	-	21,228,092	23,616,148
	<u>30,035,934</u>	<u>33,811,689</u>	<u>2,492,091</u>	<u>2,442,455</u>	<u>32,528,025</u>	<u>36,254,144</u>
	<u>30,035,934</u>	<u>33,811,689</u>	<u>2,536,810</u>	<u>2,489,730</u>	<u>32,572,744</u>	<u>36,301,419</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	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Income						
Contributions (Note 10)	11,279,288	14,289,504	235,219	231,411	11,514,507	14,520,915
Investment income - realized	1,276,003	1,836,454	234,281	144,714	1,510,284	1,981,168
Investment (loss) income - unrealized	(3,948,487)	(499,683)	(351,659)	(77,968)	(4,300,146)	(577,651)
Other income	5,545	190,000	434,632	309,617	440,177	499,617
	<u>8,612,349</u>	<u>15,816,275</u>	<u>552,473</u>	<u>607,774</u>	<u>9,164,822</u>	<u>16,424,049</u>
Expenses						
Project costs	11,247,608	11,001,229	-	-	11,247,608	11,001,229
External grants	252,711	120,396	-	-	252,711	120,396
Administration	4,720	-	1,354,961	1,165,914	1,359,681	1,165,914
Amortization	-	-	30,943	17,896	30,943	17,896
	<u>11,505,039</u>	<u>11,121,625</u>	<u>1,385,904</u>	<u>1,183,810</u>	<u>12,890,943</u>	<u>12,305,435</u>
(Deficiency) excess of income over expenses	<u>(2,892,690)</u>	<u>4,694,650</u>	<u>(833,431)</u>	<u>(576,036)</u>	<u>(3,726,121)</u>	<u>4,118,614</u>
Fund transfers and allocations (Note 14)						
Administration	(563,885)	(564,618)	563,885	564,618	-	-
Management	(319,180)	(529,367)	319,180	529,367	-	-
Transfers	-	300,000	-	(300,000)	-	-
	<u>(883,065)</u>	<u>(793,985)</u>	<u>883,065</u>	<u>793,985</u>	<u>-</u>	<u>-</u>
(Deficiency) excess of income after transfers	<u>(3,775,755)</u>	<u>3,900,665</u>	<u>49,634</u>	<u>217,949</u>	<u>(3,726,121)</u>	<u>4,118,614</u>
Fund balance, beginning of year	<u>33,811,689</u>	<u>29,911,024</u>	<u>2,442,457</u>	<u>2,224,506</u>	<u>36,254,146</u>	<u>32,135,530</u>
Fund balance, end of year	<u>30,035,934</u>	<u>33,811,689</u>	<u>2,492,091</u>	<u>2,442,455</u>	<u>32,528,025</u>	<u>36,254,144</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,

	2022	2021
	\$	\$
Excess of income over expenses		
Operating activities		
(Deficiency) excess of income over expenses after transfers		
Project Fund	(67,545)	3,747,726
Capital Sustainment Fund	(802,621)	84,557
Endowment Fund	(2,905,589)	68,382
Managed Funds	(3,775,755)	3,900,665
Operating Fund	49,634	217,949
	<u>(3,726,121)</u>	<u>4,118,614</u>
Items not affecting cash		
Amortization	30,943	17,896
Investment loss - unrealized	4,300,146	577,651
Net change in non-cash working capital items affecting operations		
Decrease (increase) in accounts receivable	84,258	(103,159)
Increase in prepaid expenses	(9,505)	(1,033)
Decrease in accounts payable	(2,556)	(29,466)
	<u>677,165</u>	<u>4,580,503</u>
Net cash from operating activities		
Investing activities		
Purchase of investments	(583,949)	(1,154,169)
Purchase of capital assets	(55,356)	(17,101)
	<u>(639,305)</u>	<u>(1,171,270)</u>
Net cash used in investing activities		
	<u>37,860</u>	<u>3,409,233</u>
Increase in cash and cash equivalents		
Cash and cash equivalents, beginning of year	8,092,057	4,682,824
Cash and cash equivalents, end of year	<u>8,129,917</u>	<u>8,092,057</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, 2022

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 Memorandum of Agreement was renegotiated with the City, expiring December 31, 2028 with two renewal options of 5 years. The Foundation leases the land and building from which it operates from the City at an annual lease in the amount of \$1,521.96 which expires on July 31, 2027, 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 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. During the Regular Meeting of Council - November 8, 2022, the City Council for the City has allocated the following over the four-year period:

1. Year one - \$201,000
2. Year two - \$208,000
3. Year three - \$216,000
4. Year four - \$223,000.

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, 2022

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, 2022

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, 2022

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 funds raised which are available for distribution to communities in certain granting programs. 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. 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, 2022

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, 2022, the Foundation had \$11,578,938 (2021 - \$12,281,973) 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 (19.8% of the equity weight), financials (21.8%) and information technology (15.5%). The combined exposure to all three sectors is 57.1%.

On December 31, 2022, the Foundation had \$8,531,170 (2021 - \$11,459,864) 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 Canadian 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, 2022

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, 2022.

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, 2022 was AH (2021 – AH).

(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, 2022, the Foundation had \$5,828,181 (2021 - \$7,869,354) 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, 2022

3 Composition of Managed Funds

Statement of Financial Position in Managed Funds
For the year ended December 31, 2022

	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents (Note 4)	6,911,604	6,921,732	-	-	-	-	6,911,604	6,921,732
Accounts receivable	53,426	194,288	-	-	288	306	53,714	194,594
Due to (from) funds (Note 5)	(432,075)	(711,010)	415,245	515,245	(36,016)	160,176	(52,846)	(35,589)
	<u>6,532,955</u>	<u>6,405,010</u>	<u>415,245</u>	<u>515,245</u>	<u>(35,728)</u>	<u>160,482</u>	<u>6,912,472</u>	<u>7,080,737</u>
Investments	<u>7,333,590</u>	<u>7,529,080</u>	<u>3,489,597</u>	<u>4,192,218</u>	<u>12,300,275</u>	<u>15,009,654</u>	<u>23,123,462</u>	<u>26,730,952</u>
	<u><u>13,866,545</u></u>	<u><u>13,934,090</u></u>	<u><u>3,904,842</u></u>	<u><u>4,707,463</u></u>	<u><u>12,264,547</u></u>	<u><u>15,170,136</u></u>	<u><u>30,035,934</u></u>	<u><u>33,811,689</u></u>
Fund balances (Note 8)								
Internally restricted	3,040,913	3,042,191	3,904,842	4,707,463	1,862,087	2,445,887	8,807,842	10,195,541
Externally restricted	<u>10,825,632</u>	<u>10,891,899</u>	<u>-</u>	<u>-</u>	<u>10,402,460</u>	<u>12,724,249</u>	<u>21,228,092</u>	<u>23,616,148</u>
	<u>13,866,545</u>	<u>13,934,090</u>	<u>3,904,842</u>	<u>4,707,463</u>	<u>12,264,547</u>	<u>15,170,136</u>	<u>30,035,934</u>	<u>33,811,689</u>
	<u><u>13,866,545</u></u>	<u><u>13,934,090</u></u>	<u><u>3,904,842</u></u>	<u><u>4,707,463</u></u>	<u><u>12,264,547</u></u>	<u><u>15,170,136</u></u>	<u><u>30,035,934</u></u>	<u><u>33,811,689</u></u>

Statements of Income, Expenses and Changes in Managed Fund Balances
For the year ended December 31, 2022

	Project Fund		Capital Sustainment Fund		Endowment Fund		Managed Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Contributions (Note 10)	11,279,288	14,289,504	-	-	-	-	11,279,288	14,289,504
Investment income - realized	1,058,601	1,376,551	5,401	53,444	212,001	406,459	1,276,003	1,836,454
Investment (loss) income - unrealized	(273,891)	(22,542)	(933,022)	(68,887)	(2,741,574)	(408,254)	(3,948,487)	(499,683)
Other income	5,545	190,000	-	-	-	-	5,545	190,000
	<u>12,069,543</u>	<u>15,833,513</u>	<u>(927,621)</u>	<u>(15,443)</u>	<u>(2,529,573)</u>	<u>(1,795)</u>	<u>8,612,349</u>	<u>15,816,275</u>
Expenses								
Project costs	10,972,608	11,001,229	25,000	-	250,000	-	11,247,608	11,001,229
External grants	252,711	120,396	-	-	-	-	252,711	120,396
Administration	4,720	-	-	-	-	-	4,720	-
	<u>11,230,039</u>	<u>11,121,625</u>	<u>25,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>11,505,039</u>	<u>11,121,625</u>
(Deficiency) excess of income over expenses	<u>839,504</u>	<u>4,711,888</u>	<u>(952,621)</u>	<u>(15,443)</u>	<u>(2,779,573)</u>	<u>(1,795)</u>	<u>(2,892,690)</u>	<u>4,694,650</u>
Fund transfers and allocations (Note 14)								
Administration	(437,869)	(434,795)	-	-	(126,016)	(129,823)	(563,885)	(564,618)
Management	(319,180)	(529,367)	-	-	-	-	(319,180)	(529,367)
Transfers	(150,000)	-	150,000	100,000	-	200,000	-	300,000
	<u>(907,049)</u>	<u>(964,162)</u>	<u>150,000</u>	<u>100,000</u>	<u>(126,016)</u>	<u>70,177</u>	<u>(883,065)</u>	<u>(793,985)</u>
(Deficiency) excess of income after transfers	<u>(67,545)</u>	<u>3,747,726</u>	<u>(802,621)</u>	<u>84,557</u>	<u>(2,905,589)</u>	<u>68,382</u>	<u>(3,775,755)</u>	<u>3,900,665</u>
Fund balance, beginning of year	<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 balance, end of year (Note 8)	<u><u>13,866,545</u></u>	<u><u>13,934,090</u></u>	<u><u>3,904,842</u></u>	<u><u>4,707,463</u></u>	<u><u>12,264,547</u></u>	<u><u>15,170,136</u></u>	<u><u>30,035,934</u></u>	<u><u>33,811,689</u></u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

4 Cash and Cash Equivalents and Investments

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

	Managed Funds		Operating Fund		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	6,911,604	6,921,732	1,218,313	1,170,325	8,129,917	8,092,057
Money market fund and T-bill securities	2,196,698	2,423,784	48,680	51,969	2,245,378	2,475,753
Bond fund and fixed income securities	6,977,154	7,864,448	227,944	259,813	7,205,098	8,124,261
Balanced pooled fund	13,949,610	16,442,720	585,262	658,811	14,534,872	17,101,531
Total Investments	23,123,462	26,730,952	861,886	970,593	23,985,348	27,701,545
Total market value	30,035,066	33,652,684	2,080,199	2,140,918	32,115,265	35,793,602
Cost	30,980,677	30,649,808	2,345,498	2,054,558	33,326,175	32,704,366

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	6,911,604	6,921,732	-	-	-	-	6,911,604	6,921,732
Money market fund and T-bill securities	2,002,834	2,210,523	-	-	193,864	213,261	2,196,698	2,423,784
Bond fund and fixed income securities	4,574,208	4,245,286	64,270	336,111	2,338,676	3,283,051	6,977,154	7,864,448
Balanced pooled fund	756,548	1,073,271	3,425,327	3,856,107	9,767,735	11,513,342	13,949,610	16,442,720
Total Investments	7,333,590	7,529,080	3,489,597	4,192,218	12,300,275	15,009,654	23,123,462	26,730,952
Total market value	14,245,194	14,450,812	3,489,597	4,192,218	12,300,275	15,009,654	30,035,066	33,652,684
Cost	14,258,854	14,190,581	3,798,338	3,567,937	12,923,485	12,891,290	30,980,677	30,649,808

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 \$81,625 for 2022 (2021 - \$85,599).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

5 Due to (from) Funds

As at December 31, 2022, the Foundation has a balance of \$22,288 (2021 - \$295,766) due to the Operations Fund from the Project Fund for management fees which were accrued for management of various Foundation capital projects and programs.

As at December 31, 2022, the Foundation has a balance of \$36,016 (2021 - \$39,824) 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, 2022, the Foundation has a balance of \$5,458 (2021 - \$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, 2022, the Foundation has a balance of \$409,787 (2021 - \$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.

6 Capital Assets

Capital assets are comprised of the following:

	As at December 31			
	2022	2022	2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office equipment	19,352	16,857	2,495	3,564
Furniture and fixtures	29,881	28,928	953	1,191
Leasehold improvements	355,840	296,882	58,958	71,822
Computers	99,000	55,224	43,776	5,192
Artwork	4,501	-	4,501	4,501
	<u>508,574</u>	<u>397,891</u>	<u>110,683</u>	<u>86,270</u>

7 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, 2022, \$nil was drawn from the credit facility (2021 - \$nil).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

8 Fund Balances

a) Project Fund

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

	As at December 31,	
	2022	2021
	\$	\$
Rotary/Mattamy Greenway	474,872	478,148
Flyover Park	249,649	26,464
Brawn Family Foundation Rotary Park Dedication Program	627,733	514,490
Various other Foundation projects	126,862	145,109
Saddledome Fund (Amateur Sport Granting Program)	134,217	797,822
Repsol Access Advantage Fund - Distribution Account	1,528,183	1,727,856
John Currie Endowment Fund	1,026,825	847,154
Shouldice Park Dome	693,544	691,049
Hawkwood Outdoor Flex Space	-	1,800,000
Stella Estate Fund	160,956	595,656
Sunalta Commons	254,487	254,487
Grant MacEwan School Playground	1,657,837	28,304
Evanston Community Park	258,885	-
Flames Fund	233,077	32,832
Various other community projects	338,500	160,500
Externally restricted Projects	<u>3,060,004</u>	<u>2,792,028</u>
	10,825,631	10,891,899
PartnerParks Administration Fee Granting Fund	130,736	80,733
Building Playgrounds and Communities	291,337	543,208
Stella Conceptual Drawing Fund	2,255	32,966
Project maintenance	<u>2,616,586</u>	<u>2,385,284</u>
Internally restricted projects	3,040,914	3,042,191
	<u>13,866,545</u>	<u>13,934,090</u>

The project maintenance balance represents the net investment 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.

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

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

b) Endowment Fund

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

	As at December 31,	
	2022	2021
	\$	\$
Repsol Access Advantage Endowment Fund	2,896,765	3,594,268
Operating Endowment Fund	2,466,893	2,921,289
PartnerParks Endowment Fund	2,312,723	2,873,035
Art Smith Amateur Sport Endowment	2,319,420	2,802,621
Mario Stella Estate Fund	865,733	1,336,509
Founders' Legacy Operating Endowment Fund	996,355	1,109,380
Police & Fire Endowment Fund	146,171	190,708
Heritage Escarpment Endowment Fund	115,503	158,638
Legion Tree Endowment Fund	60,845	77,347
Patterson Homestead Park	50,701	65,509
Jack Leslie Youth Environment Award	33,438	40,832
	<u>12,264,547</u>	<u>15,170,136</u>

In 2022, \$625,935 (2021 - \$893,246) 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,	
	2022	2021
	\$	\$
Rotary/Mattamy Greenway Reserve Fund	2,812,238	3,461,062
Project Capital Sustainment Fund	294,543	343,327
Quinterra Legacy Pk Sustainment Fund	116,491	20,713
Dedication Program Reserve Fund	446,238	585,043
Building Communities Fund	235,332	297,318
	<u>3,904,842</u>	<u>4,707,463</u>

In 2022, \$291,478 (2021 - \$370,472) 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, 2022

d) Operating Fund

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

	As at December 31,	
	2022	2021
	\$	\$
Administration - other than capital assets	1,402,206	1,270,616
Administration - capital assets	110,683	86,270
Operating Fiscal Stability Reserve Fund	979,202	1,085,569
	<u>2,492,091</u>	<u>2,442,455</u>
Operating Fiscal Stability Reserve Fund		
Beginning balance	1,085,569	1,027,689
Investment income	(265,777)	42,644
Adjustment for fair market value	159,410	15,236
Total	<u>979,202</u>	<u>1,085,569</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 2022 and 2021, 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:

	2022	2021
	\$	\$
Government	3,079,423	9,185,926
Corporations	198,317	194,571
Individuals	1,080,917	894,965
Other not-for-profit	7,155,849	4,245,453
	<u>11,514,506</u>	<u>14,520,915</u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

11 Related Party Transactions

Related party balances and transactions not otherwise disclosed in these financial statements consist of contracted fees of \$8,250 (2021 – \$nil) were paid to a corporation, related to a director of the Foundation, to act as a consultant to the Foundation management.

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 2022 were \$31,538 (2021 - \$12,169).
- b) In 2022, \$234,976 (2021 - \$220,747) 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 \$689,156 (2021 - \$919,163) 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 \$541,348 (2021 - \$547,241) 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 \$108,120 (2021 - \$120,000) of grants, subject to the conditions of the grants being satisfied. The funds for these commitments are in the externally restricted project fund.

In the course of business, the Foundation has 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:

	2023	2024	2025	2026	2027	Total
	\$	\$	\$	\$	\$	\$
Total Annual Commitment	27,949	11,356	1,521	1,521	887	43,234

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

14 Inter-fund Transfers

During 2022, the Foundation transferred \$319,180 (2021 - \$529,367) to the Operating Fund from the Project Fund for management fees which were accrued for management of various Foundation capital projects and programs.

During 2022, the Foundation transferred \$437,869 (2021 - \$434,795) 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.

During 2022, the Foundation transferred \$126,016 (2021 - \$129,823) 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.

During 2022, the Foundation transferred \$150,000 from the Project Fund to the Capital Sustainment Fund. This consisted of residual funds from the Quinterra Legacy Garden Project set aside for this purpose. Similar transfers were not required in 2021.

During 2021, the Foundation transferred \$200,000 from the Operating Fund to the Endowment Fund of funds received from various sources of revenue earned in excess of expenses. A similar transfer was not made in 2022.

During 2021, the Foundation transferred \$100,000 from the Operating Fund to the Capital Sustainment Fund of funds received from various sources of revenue earned in excess of expenses. A similar transfer was not made in 2022.

15 Granted Funds

The Foundation granted a total of \$1,306,673 in 2022 (2021 - \$573,862) to community projects and organizations. Of this total, \$252,710 (2021 - \$120,396) was granted to external organizations and \$1,053,963 (2021 - \$453,466) was granted internally to organizations participating in the Project Support Program.

16 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.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2022

17 Subsequent Events

Subsequent to year-end, the Foundation executed two contracts with the City of Calgary for the combined sum of \$5,500,000 of which:

- a) The first, consists of payment of \$1,500,000 over four years to provide operation use of funds broken down into:
 - i) Provision of targeted support community projects being developed in cooperation with the City of Calgary and equity-seeking groups as community partners, and
 - ii) Funds will support existing programs to ensure sustainability in the coming years,
- b) The second, consists of payment of \$4,000,000 for the planning, design, development and construction of at least six public garden spaces in conjunction with the Green Line portion of the City of Calgary's light rapid transit system to be developed in the area from 16th Avenue N. to 126th Avenue SE. The projects will be developed and completed over the course of the construction of the Green Line which is expected to be completed over 4-6 Years.