

The Parks Foundation, Calgary

(as agent for the City of Calgary)

Financial Statements

For the year ended December 31, 2017





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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Parks Foundation, Calgary (as agent for the City of Calgary), which comprise the statement of financial position as at December 31, 2017 and the statement of income, expenses and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Parks Foundation, Calgary (as agent for the City of Calgary) as at December 31, 2017 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 4, 2018

The Parks Foundation, Calgary

Statement of Financial Position

As at December 31,

	Managed Funds		Operating Fund		Total	Total
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (Note 4)	7,639,637	5,911,092	1,153,325	851,994	8,792,962	6,763,086
Accounts receivable	83,000	83,434	178,040	82,634	261,040	166,068
Grants receivable	-	-	50,000	50,000	50,000	50,000
Prepaid expenses	-	-	9,147	9,214	9,147	9,214
Due to (from) funds (Note 6)	(118,354)	(145,443)	118,354	145,443	-	-
	7,604,283	5,849,083	1,508,866	1,139,285	9,113,149	6,988,368
Investments	23,534,507	22,041,090	724,620	564,789	24,259,127	22,605,879
Capital assets (Note 7)	-	-	106,827	119,382	106,827	119,382
	31,138,790	27,890,173	2,340,313	1,823,456	33,479,103	29,713,629
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	77,794	(452)	99,863	67,188	177,657	66,736
Fund balances (Note 9)						
Unrestricted	-	-	1,300,201	964,392	1,300,201	964,392
Internally restricted	6,334,417	5,523,010	833,422	672,494	7,167,839	6,195,504
Internally restricted - invested in capital assets	-	-	106,827	119,382	106,827	119,382
Externally restricted	24,726,579	22,367,615	-	-	24,726,579	22,367,615
	31,060,996	27,890,625	2,240,450	1,756,268	33,301,446	29,646,893
	31,138,790	27,890,173	2,340,313	1,823,456	33,479,103	29,713,629

Nature of organization (Note 1)

Composition of managed funds (Note 3)

Multi-year sponsorship commitments (Note 5)

Commitments (Note 14)

Signed on behalf of the Board of Governors

Don Baird
Don Baird, Chair

David Inhaber
David Inhaber, 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	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Income						
Contributions (Note 11)	12,096,407	8,173,161	205,196	215,790	12,301,603	8,388,951
Investment income - realized	1,272,691	996,258	97,736	73,686	1,370,427	1,069,944
Investment income - unrealized	275,701	(360,440)	17,211	(34,087)	292,912	(394,527)
Other income	-	-	310,712	103,185	310,712	103,185
	13,644,799	8,808,979	630,855	358,574	14,275,654	9,167,553
Expenses						
Project costs	9,183,346	5,577,482	-	139	9,183,346	5,577,621
Saddledome grants	526,434	1,048,095	-	-	526,434	1,048,095
Administration	-	-	885,166	887,591	885,166	887,591
Amortization	-	-	26,155	23,631	26,155	23,631
	9,709,780	6,625,577	911,321	911,361	10,621,101	7,536,938
Excess of income over expenses	3,935,019	2,183,402	(280,466)	(552,787)	3,654,553	1,630,615
Fund transfers and allocations						
Administration	(419,733)	(308,766)	419,733	308,766	-	-
Management	(202,688)	(237,682)	202,688	237,682	-	-
Transfers	(142,227)	(159,454)	142,227	159,454	-	-
	(764,648)	(705,902)	764,648	705,902	-	-
Excess of income after transfers	3,170,371	1,477,500	484,182	153,115	3,654,553	1,630,615
Fund balance, beginning of year	27,890,625	26,413,125	1,756,268	1,603,153	29,646,893	28,016,278
Fund balance, end of year	31,060,996	27,890,625	2,240,450	1,756,268	33,301,446	29,646,893

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,

	2017	2016
	\$	\$
Excess of income over expenses		
Operating activities		
Excess of income over expenses after transfers		
Project Fund	2,016,257	613,591
Maintenance Fund	502,805	263,414
Endowment Fund	651,309	600,495
Operating Fund	484,182	153,115
	3,654,553	1,630,615
Items not affecting cash		
Amortization	26,155	23,631
Investment income - unrealized	(292,912)	394,527
Net change in non-cash working capital items affecting operations		
Decrease (increase) in accounts receivable	(94,971)	(50,613)
Increase in prepaid expenses	67	(1,662)
Decrease (increase) in accounts payable	110,921	940
Net cash from operating activities	3,403,813	1,997,438
Investing activities		
Purchase of investments	(1,360,337)	(1,280,179)
Purchase of capital assets	(13,600)	(31,536)
Net cash used in investing	(1,373,937)	(1,311,715)
Increase in cash and cash equivalents	2,029,876	685,723
Cash and cash equivalents, beginning of year	6,763,086	6,077,363
Cash and cash equivalents, end of year	8,792,962	6,763,086

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, 2017

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 and the Articles of Association have yet to be updated. The objectives of the Foundation are:

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

All financial transactions and balances disclosed in these financial statements have been entered into and are being held by the Foundation as agent for the City of Calgary ("City"). The Foundation operates under a Memorandum of Agreement with the City, expiring December 31, 2022. The Foundation leases the land and building from which it operates from the City at an annual lease in the amount of \$1,297.67 which expires on July 17, 2022, with an option to renew for another term of five years in length, subject to an increase pegged on the Consumer Price Index. No member of the Foundation is entitled to any distribution from the Foundation by virtue of membership in the Foundation. During the year, the Foundation received an operating grant from the City's Enmax Legacy Fund for \$200,000 (2016 - \$200,000) to support its operations. The Enmax Legacy Fund annual grant of \$200,000 was committed for five years commencing in fiscal 2013 and ceasing December 31, 2017.

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

Basis of accounting

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

Use of estimates

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

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

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

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

Cash and cash equivalents

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

Financial instruments

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

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, 2017

Investments

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

Investment income realized consists of interest, dividends and capital gains (losses). Income on investments is reported net of investment management, banking and custodial fees of \$77,285 for 2017 (2016 - \$77,986).

Capital assets

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

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

Revenue recognition

Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. 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.

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.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

Project administration

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

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

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

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

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

Allocated remuneration costs

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

Pledges receivable

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

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

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

2 Financial Instruments

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

(i) Interest rate risk

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

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

At December 31, 2017, the Foundation had \$12,358,504 (2016 - \$11,707,628) of investments exposed to interest rate risk.

(ii) Equity price risk

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

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

The Fund's equity holdings are in nine of ten GICS sectors and are most heavily weighted to financials (24% of the equity weight), industrials (18%) and information technology (17%). The combined exposure to all three sectors is 59%.

At December 31, 2017, the Foundation had \$9,419,817 (2016 - \$8,251,903) of investments exposed to equity price risk.

(iii) Credit risk

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

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

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

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, 2017.

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, 2017 was AA (2016 – AA).

(iv) Currency risk

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

As at December 31, 2017, the Foundation had \$6,791,707 (2016 - \$6,020,294) 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.

3 Composition of Managed Funds

PARKS FOUNDATION CALGARY
Statement of Financial Position

	Project Fund		Maintenance Fund		Endowment Fund		Managed Funds	
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents (Note 4)	7,639,637	5,911,092	-	-	-	-	7,639,637	5,911,092
Accounts receivable	82,761	83,187	-	-	239	247	83,000	83,434
Due to (from) funds (Note 6)	(462,632)	(455,995)	396,505	340,532	(52,227)	(29,980)	(118,354)	(145,443)
	<u>7,259,766</u>	<u>5,538,284</u>	<u>396,505</u>	<u>340,532</u>	<u>(51,988)</u>	<u>(29,733)</u>	<u>7,604,283</u>	<u>5,849,083</u>
Investments	<u>6,144,136</u>	<u>5,771,115</u>	<u>3,396,131</u>	<u>2,949,299</u>	<u>13,994,240</u>	<u>13,320,676</u>	<u>23,534,507</u>	<u>22,041,090</u>
	<u>13,403,902</u>	<u>11,309,399</u>	<u>3,792,636</u>	<u>3,289,831</u>	<u>13,942,252</u>	<u>13,290,943</u>	<u>31,138,790</u>	<u>27,890,173</u>
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	77,794	(452)	-	-	-	-	77,794	(452)
Fund balances (Note 9)								
Internally restricted	1,853,250	1,600,395	3,792,636	3,289,831	688,531	632,784	6,334,417	5,523,010
Externally restricted	11,472,858	9,709,456	-	-	13,253,721	12,658,159	24,726,579	22,367,615
	<u>13,326,108</u>	<u>11,309,851</u>	<u>3,792,636</u>	<u>3,289,831</u>	<u>13,942,252</u>	<u>13,290,943</u>	<u>31,060,996</u>	<u>27,890,625</u>
	<u>13,403,902</u>	<u>11,309,399</u>	<u>3,792,636</u>	<u>3,289,831</u>	<u>13,942,252</u>	<u>13,290,943</u>	<u>31,138,790</u>	<u>27,890,173</u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

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

	Project Fund		Maintenance Fund		Endowment Fund		Managed Funds	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Contributions (Note 11)	12,081,707	7,553,476	-	-	14,700	619,685	12,096,407	8,173,161
Investment income - realized	1,018,358	731,834	25,100	38,253	229,233	226,171	1,272,691	996,258
Investment income (loss) - unrealized	(7,330)	(11,784)	81,200	(115,371)	201,831	(233,285)	275,701	(360,440)
	13,092,735	8,273,526	106,300	(77,118)	445,764	612,571	13,644,799	8,808,979
Expenses								
Project costs (Note 12)	9,181,346	5,577,482	-	-	2,000	-	9,183,346	5,577,482
Saddledome grants	526,434	1,048,095	-	-	-	-	526,434	1,048,095
	9,707,780	6,625,577	-	-	2,000	-	9,709,780	6,625,577
Excess of income over expenses	3,384,955	1,647,949	106,300	(77,118)	443,764	612,571	3,935,019	2,183,402
Fund transfers and allocations (Note 15)								
Administration (Note 13)	(418,904)	(307,933)	-	-	(829)	(833)	(419,733)	(308,766)
Management	(202,688)	(237,682)	-	-	-	-	(202,688)	(237,682)
Transfers	(747,106)	(488,743)	396,505	340,532	208,374	(11,243)	(142,227)	(159,454)
	(1,368,698)	(1,034,358)	396,505	340,532	207,545	(12,076)	(764,648)	(705,902)
Excess of income after transfers	2,016,257	613,591	502,805	263,414	651,309	600,495	3,170,371	1,477,500
Fund balance, beginning of year	11,309,851	10,696,260	3,289,831	3,026,417	13,290,943	12,690,448	27,890,625	26,413,125
Fund balance, end of year (Note 9)	13,326,108	11,309,851	3,792,636	3,289,831	13,942,252	13,290,943	31,060,996	27,890,625

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

4 Cash and Cash Equivalents and Investments

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

	December 31, 2017		December 31, 2016	
	Market Value	Cost	Market Value	Cost
	\$	\$	\$	\$
Cash and cash equivalents	8,792,962	8,806,376	6,763,086	6,773,126
Investments	24,259,127	21,441,050	22,605,879	18,051,759
Total	33,052,089	30,247,427	29,368,965	24,824,885

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

	Managed Funds		Operating Fund		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	7,639,637	5,911,092	1,153,325	851,994	8,792,962	6,763,086
Investments	7,639,637	5,911,092	1,153,325	851,994	8,792,962	6,763,086
Money market fund and T-bill securities	1,892,081	1,826,328	31,195	24,928	1,923,276	1,851,256
Bond pooled fund and fixed income securities	7,367,434	7,014,691	206,957	162,015	7,574,391	7,176,706
Balanced pooled fund	14,274,992	13,200,071	486,468	377,846	14,761,460	13,577,917
	23,534,507	22,041,090	724,620	564,789	24,259,127	22,605,879
Total market value	31,174,144	27,952,182	1,877,945	1,416,783	33,052,089	29,368,965
Decrease (increase) over historical cost	(2,737,034)	(4,493,672)	(67,627)	(50,409)	(2,804,662)	(4,544,080)
Cost	28,437,109	23,458,510	1,810,318	1,366,374	30,247,427	24,824,885

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

	Project Fund		Maintenance Fund		Endowment Fund		2017	2016
	2017	2016	2017	2016	2017	2016		
	\$	\$	\$	\$	\$	\$	\$	
Cash and cash equivalents	7,639,637	5,911,092	-	-	-	-	7,639,637	5,911,092
Investments	7,639,637	5,911,092	-	-	-	-	7,639,637	5,911,092
Money market fund and T-bill securities	1,787,057	1,722,356	-	-	105,024	103,972	1,892,081	1,826,328
Bond pooled fund and fixed income securities	3,375,411	3,161,456	782,871	735,696	3,209,152	3,117,539	7,367,434	7,014,691
Balanced pooled fund	981,668	887,303	2,613,260	2,213,603	10,680,064	10,099,165	14,274,992	13,200,071
	6,144,136	5,771,115	3,396,131	2,949,299	13,994,240	13,320,676	23,534,507	22,041,090
Total market value	13,783,773	11,682,207	3,396,131	2,949,299	13,994,240	13,320,676	31,174,144	27,952,182
Decrease (increase) over historical cost	(260,227)	(2,299,896)	(435,342)	(354,142)	(2,041,465)	(1,839,634)	(2,737,034)	(4,493,672)
Cost	13,523,546	9,382,311	2,960,789	2,595,157	11,952,775	11,481,042	28,437,109	23,458,510

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Notes to Financial Statements

For the year ending December 31, 2017

5 Multi-year Sponsorship Commitments

There are multi-year commitments from various donors for the Rotary/Mattamy Greenway ("Greenway") project. These sponsorship commitments are not recorded as pledges receivable as they are provided as commitments to the Foundation, which are revocable, best efforts, or construction of sponsored sites that will be completed in subsequent years.

6 Due to (from) Funds

The accumulated net investment income of \$704,808 (2016 - \$726,724) of the Repsol Operating Fund is owed to the Repsol Project Fund. The net investment income excludes the fair value adjustments earned by the Repsol Endowment Capital Fund.

The Foundation transferred \$30,000 in 2014 from the PartnerParks Endowment Fund to the Bio-Energy Project as a repayable loan approved by the Board of Governors. The loan was determined to be uncollectable and forgiven as at December 31, 2017.

In 2017, management fees for the three months ended December 31 were accrued for the Greenway project and the bench program in the amounts of \$48,338 and \$16,800 respectively (2016 - \$68,063 and \$38,400 respectively).

In 2017, management fees for the three months ended December 31 were accrued for the Saddledome Fund in the amount of \$6,000 (2016 – \$9,000).

In 2017, the portion of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December 31 were accrued for the Bench Maintenance Reserve Fund in the amount of \$5,458 (2016 – \$63,261).

In 2017, a 10% portion of all funds donated to the Rotary-Mattamy Greenway were allocated to a maintenance reserve in the amount of \$391,047 (2016 – \$277,271).

In 2017, the Operating Fund was entitled to a portion of investment earnings from the Operating Endowment Fund as calculated using a defined method per the Memorandum of Agreement between the City of Calgary and PFC. The calculated transfer due was \$142, 227. As at December 31, 2017, \$90,000 had been transferred to the Operating Fund which left a residual balance due of \$52,227.

In 2017, in the normal course of receiving donations from outside parties, \$5,012 of deposits were received in the Operating Fund accounts that were for the Project Fund accounts.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

7 Capital Assets

Capital assets are comprised of the following:

	As at December 31, 2017		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	18,152	7,556	10,596
Furniture and fixtures	29,266	27,050	2,216
Leasehold improvements	322,041	253,414	68,627
Computers	48,554	28,215	20,339
Artwork	5,049	-	5,049
	423,062	316,235	106,827

	As at December 30, 2016		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	133,090	116,062	17,028
Furniture and fixtures	24,730	24,616	114
Leasehold improvements	322,203	246,416	75,787
Computers	31,537	7,884	23,653
Artwork	2,800	-	2,800
	514,360	394,978	119,382

8 Greenway Credit Facility

This line of credit bears interest at prime plus 0.5% and is secured by an encumbrance upon the PartnerParks Endowment Fund administered by the portfolio manager up to a maximum of \$1,000,000, and is payable on demand. As at December 31, 2017, \$nil was drawn from the credit facility (2016 – \$nil).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

9 Fund Balances

a) Project Fund

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

	As at December 31,	
	2017	2016
	\$	\$
Rotary/Mattamy Greenway	4,174,984	2,517,675
Connaught Community Park	416,147	418,143
PartnerParks Administration Fee Granting Fund	163,643	263,507
Building Playgrounds and Communities	122,193	165,550
Canada 150 Event	(14,389)	80,500
Bench Dedication Program	276,008	298,832
Various other foundation project	189,807	198,191
Saddledome Fund (Amateur Sport Granting Program)	1,915,699	1,831,455
CKE Community Centre	1,162,000	263,905
Repsol Access Advantage Fund - Distribution Account	753,962	776,620
John Currie Endowment Fund	688,821	685,716
David Richardson Disc Golf Park	377,079	272,109
Ramsay Community Rink	95,713	36,664
Riverdale Avenue Lighting	89,983	89,983
Calgary Community Bridge League	141,145	141,145
Haysboro Community Park - Phase 2	61,131	-
Mills Park ING013	148,580	128,543
Inglewood Bird Sanctuary	54,445	54,445
Gerry Shaw Gardens	98,740	91,476
Scimitar Westchester Playground	54,156	473
Stanley Park Diamond Upgrade	253	464,362
Various other community projects	780,199	1,193,668
Project maintenance	1,575,809	1,336,889
	<u>13,326,108</u>	<u>11,309,851</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.

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, 2017

b) Endowment Fund

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

	As at December 31,	
	2017	2016
	\$	\$
Repsol Access Advantage Endowment Fund	3,592,200	3,418,738
Operating Endowment Fund	2,886,014	2,812,880
PartnerParks Endowment Fund	2,781,276	2,720,538
Art Smith Amateur Sport Endowment	2,697,787	2,654,986
Mario Stella Estate Fund	1,206,156	709,434
Building Communities Fund	278,563	497,358
Police & Fire Endowment Fund	177,100	173,450
Heritage Escarpment Endowment Fund	145,558	142,020
Legion Tree Endowment Fund	72,343	70,990
Patterson Homestead Park	63,955	63,455
Jack Leslie Youth Environment Award	41,300	27,094
	<u>13,942,252</u>	<u>13,290,943</u>

In 2017, \$669,802 (2016 - \$583,702) of investment income earned on the Endowment Capital Fund is reported under the Project Fund.

c) Maintenance Fund

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

	As at December 31,	
	2017	2016
	\$	\$
Rotary/Mattamy Greenway Reserve Fund	3,249,692	2,771,314
Bench Reserve Fund	542,944	518,517
	<u>3,792,636</u>	<u>3,289,831</u>

In 2017, \$186,103 (2016 - \$128,175) of investment income earned on the Maintenance Fund is reported under the Project Fund.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2017

d) Operating Fund

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

	As at December 31,	
	2017	2016
	\$	\$
Administration - other than capital assets	1,300,201	964,390
Administration - capital assets	106,827	119,382
Operating Fiscal Stability Reserve Fund	833,422	672,496
	<u>2,240,450</u>	<u>1,756,268</u>
Operating Fiscal Stability Reserve Fund		
Beginning balance	672,496	661,960
Investment income	40,335	29,202
Adjustment for fair market value	20,591	(18,666)
Transfer from Operating Administration surplus	100,000	-
Total	<u>833,422</u>	<u>672,496</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.

In 2017, the Board approved the transfer of \$100,000 from the Operating Administration surplus to the internally restricted Operating Fiscal Stability Reserve Fund. During 2014 to 2016, no similar transfer was made to this fund. In the event of a deficit in Operating Administration, the Operating Fiscal Stability Reserve Fund can be made available for operating administration by approval of the Executive and the Board.

10 Members' Limited Liability

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

11 Contributions by Source

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

	2017	2016
	\$	\$
Government	5,030,727	1,442,063
Corporations	485,834	770,096
Individuals	2,627,855	3,655,021
Other not-for-profit	4,157,188	2,521,771
	<u>12,301,604</u>	<u>8,388,951</u>

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Notes to Financial Statements

For the year ending December 31, 2017

12 Related Party Transactions

Related party balances and transactions not otherwise disclosed in these financial statements consist of:

- a) Legal fees of \$9,800 (2016 – \$50,985) 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.
- b) Insurance policies amounting to \$16,084 (2016 - \$15,114) were brokered through a corporation related to a director of the Foundation. The policies cover property, crime, commercial liability, cyber liability and directors' and officers' liability.

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

13 Fundraising Expenses

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

- a) Expenses incurred for the purposes of soliciting contributions in 2017 were \$7,538 (2016 – \$720).
- b) In 2017, \$174,500 (2016 – \$231,326) 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 on fundraising activities during the year.

14 Commitments

Under the terms of the Saddledome Amateur Sports Grant contracts, the Foundation is committed to pay out \$1,223,610 (2016 - \$691,066) of grants, subject to the conditions of the grants being satisfied. The funds for these commitments are in the externally restricted project fund.

In 2016, the Foundation entered into a series of agreements with a group of related vendors to provide internet, voice over internet telephone service (VOIP) and IT support. These contracts were for 2 to 5 year durations and represent the following commitment:

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
IT Service Contract	30,000	8,750	-	-	38,750
Internet Access	10,451	10,451	10,451	5,226	36,579
VOIP Telephone System	2,040	-	-	-	2,040
	42,491	19,201	10,451	5,226	77,369

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Notes to Financial Statements

For the year ending December 31, 2017

15 Inter-fund Transfers

As part of the Greenway project agreement, the Board is allowed to transfer up to 10% of the total funds raised in the Project Fund to the Maintenance Fund for the Rotary/Mattamy Greenway. During 2017, there was a transfer of \$391,047 (2016 - \$277,752) for this purpose.

In 2017, the portion of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December were transferred to the Bench Maintenance Reserve Fund in the amount of \$5,457 (2016 – \$63,261).

The Foundation transferred \$142,227 (2016 - \$159,454) from the Operating Endowment Fund to the Operating Fund in 2017 to cover operating costs as per the agreement with the City.

The Foundation transferred \$419,733 (2016 - \$308,766) from the Project Fund to the Operating Fund in 2017 which represented administration fees based on funds received as per the agreements with the various projects.

In 2017, the Foundation transferred \$nil (2016 - \$50,000) from the Partner Parks Endowment Fund to the Project Fund to be granted under the Architectural Granting Program.

The Foundation transferred back a \$30,000 due to the Partner Parks Endowment Fund from the Project Fund for the defunct Bio Energy Park. The funds were granted as a loan to the project to conduct initial research and drawings and were to be returned if the project went to full funding. The project did not go to full funding and subsequently it has been determined that the loan is uncollectable.

The Foundation transferred \$271,299 (2016 - \$296,000) for the accounts belonging to Repsol Access Advantage Program from the Endowment Maintenance Accounts in the Project Fund to the Project Fund to fund the Repsol Access Advantage Program per agreement. Further, an adjusting entry was made to transfer \$126,234 from Endowment Maintenance Accounts in the Project Fund to the Endowment Fund.

In 2017, the Foundation transferred \$424,367 of funds received from the Mario Stella Estate held in the Projects Fund to the PartnerParks Endowment Fund. In 2016, transfers were made \$1,462,748 of funds received from the Mario Stella Estate held in the Projects Fund to the PartnerParks Endowment Fund (\$630,000) and the Rotary/Mattamy Greenway Operating Fund (\$832,748) as approved by the Board of Governors.

In 2016, the Foundation transferred \$936,820 of funds received from the PartnerParks Endowment Fund to the Building Communities Fund (\$436,820 fair market value of \$513,000) and the Rotary/Mattamy Greenway Operating Fund (\$500,000) as approved by the Board of Governors. These funds represented historic earnings received from investments. No similar transfer was made in 2017.

In 2017, the Foundation transferred \$200,000 from the PartnerParks Endowment Fund to the Project Fund. In both cases, the funds were allocated to the accounts nominally segregated for the Building Communities Program. No similar transfer was made in 2016.

In 2017, the Foundation transferred management fees for the year ended December 31 for the Greenway project and the bench program in the amounts of \$94,687 and \$72,000 respectively (2016 - \$96,082 and \$105,600 respectively).

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Notes to Financial Statements

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In 2017, the Foundation transferred management fees for the year ended December 31 for the Saddledome Fund in the amounts of \$36,000 (2016 – \$36,000).

16 City of Calgary and Calgary Foundation Funding of Rotary Mattamy Greenway

During the year, the Foundation Received grant funding from the City of Calgary in the amount of \$1,500,000 and equivalent funds from the Calgary Foundation of \$1,500,000. The funding was received to supplement funding already in place for the construction of the Rotary Mattamy Greenway Project. During 2017, construction and related costs for the project were \$1,579,275.