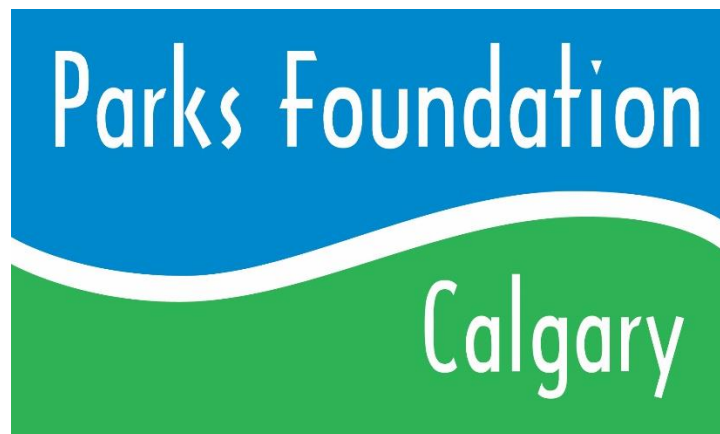


The Parks Foundation, Calgary

(As agent for the City of Calgary)

Financial Statements

For the year ended December 31, 2018





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BDO Canada LLP
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Canada

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) ("Entity"), which comprise the statement of financial position as at December 31, 2018, 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 Entity as at December 31, 2018, and its financial performance 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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants

Calgary, Alberta
February 20, 2019

The Parks Foundation, Calgary

Statement of Financial Position

As at December 31,

	Managed Funds		Operating Fund		Total	Total
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and cash equivalents (Note 4)	6,020,583	7,639,637	1,403,082	1,153,325	7,423,665	8,792,962
Accounts receivable	124,178	83,000	132,359	178,040	256,537	261,040
Grants receivable	-	-	-	50,000	-	50,000
Prepaid expenses	-	-	13,837	9,147	13,837	9,147
Due to (from) funds (Note 6)	(7,352)	(118,354)	7,352	118,354	-	-
	6,137,409	7,604,283	1,556,630	1,508,866	7,694,039	9,113,149
Investments	22,426,389	23,534,507	732,029	724,620	23,158,418	24,259,127
Capital assets (Note 7)	-	-	90,341	106,827	90,341	106,827
	28,563,798	31,138,790	2,379,000	2,340,313	30,942,798	33,479,103
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	101,401	77,794	87,926	99,863	189,327	177,657
Unearned revenue	-	-	12,500	-	12,500	-
	101,401	77,794	100,426	99,863	201,827	177,657
Fund balances (Note 9)						
Unrestricted	-	-	1,345,484	1,300,201	1,345,484	1,300,201
Internally restricted	6,600,379	6,334,417	842,749	833,422	7,443,128	7,167,839
Internally restricted - invested in capital assets	-	-	90,341	106,827	90,341	106,827
Externally restricted	21,862,018	24,726,579	-	-	21,862,018	24,726,579
	28,462,397	31,060,996	2,278,574	2,240,450	30,740,971	33,301,446
	28,563,798	31,138,790	2,379,000	2,340,313	30,942,798	33,479,103

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	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Income						
Contributions (Note 11)	6,242,275	12,096,407	15,701	205,196	6,257,976	12,301,603
Investment income - realized	1,431,661	1,272,691	135,286	97,736	1,566,947	1,370,427
Investment income - unrealized	(1,231,164)	275,701	(46,830)	17,211	(1,277,994)	292,912
Other income	24,960	-	205,274	310,712	230,234	310,712
	6,467,732	13,644,799	309,431	630,855	6,777,163	14,275,654
Expenses						
Project costs	7,479,798	9,183,346	60	-	7,479,858	9,183,346
Saddledome grants	979,584	526,434	-	-	979,584	526,434
Administration	-	-	856,260	885,166	856,260	885,166
Amortization	-	-	21,936	26,155	21,936	26,155
	8,459,382	9,709,780	878,256	911,321	9,337,638	10,621,101
Excess of income over expenses	(1,991,650)	3,935,019	(568,825)	(280,466)	(2,560,475)	3,654,553
Fund transfers and allocations						
Administration	(322,818)	(419,733)	322,818	419,733	-	-
Management	(257,626)	(202,688)	257,626	202,688	-	-
Transfers	(26,505)	(142,227)	26,505	142,227	-	-
	(606,949)	(764,648)	606,949	764,648	-	-
Excess of income after transfers	(2,598,599)	3,170,371	38,124	484,182	(2,560,475)	3,654,553
Fund balance, beginning of year	31,060,996	27,890,625	2,240,450	1,756,268	33,301,446	29,646,893
Fund balance, end of year	28,462,397	31,060,996	2,278,574	2,240,450	30,740,971	33,301,446

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,

	2018	2017
	\$	\$
Excess of income over expenses		
Operating activities		
Excess of income over expenses after transfers		
Project Fund	(1,673,749)	2,016,257
Maintenance Fund	112,388	502,805
Endowment Fund	(1,037,238)	651,309
Operating Fund	38,124	484,182
	(2,560,475)	3,654,553
Items not affecting cash		
Amortization	21,936	26,155
Investment income - unrealized	1,277,994	(292,912)
Net change in non-cash working capital items affecting operations		
Decrease (increase) in accounts receivable	54,503	(94,971)
(Increase) decrease in prepaid expenses	(4,690)	67
Increase in unearned revenue	12,500	-
Increase in accounts payable	11,670	110,921
Net cash from operating activities	(1,186,562)	3,403,813
Investing activities		
Purchase of investments	(177,285)	(1,360,337)
Purchase of capital assets	(5,450)	(13,600)
Net cash used in investing activities	(182,735)	(1,373,937)
Increase in cash and cash equivalents	(1,369,297)	2,029,876
Cash and cash equivalents, beginning of year	8,792,962	6,763,086
Cash and cash equivalents, end of year	7,423,665	8,792,962

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, 2018

1 Nature of Organization

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

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

All financial transactions and balances disclosed in these financial statements have been entered into and are being held by the Foundation as agent for the City of Calgary ("City"). The Foundation operates under a Memorandum of Agreement with the City, expiring December 31, 2022. The Foundation leases the land and building from which it operates from the City at an annual lease in the amount of \$1,297.67 which expires on July 17, 2022, with an option to renew for another term of five years in length, subject to an increase pegged on the Consumer Price Index. 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 \$nil (2017 - \$200,000) to support its operations. The Enmax Legacy Fund annual grant of \$200,000 was committed for three years commencing in fiscal 2015 and ceasing December 31, 2017. As of November 30, 2018 the City Council for the City of Calgary adopted the One Calgary 2019-2022 budget in which City Council has included an operational funding allocation for the Foundation of \$200,000 for four years commencing in fiscal 2019 and ceasing December 31, 2022.

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, 2018

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 Project Fund as there are internal restrictions that this income must be used for the Foundation's projects.

The Endowment Fund reports resources contributed for endowments. Both original contributions and unrealized investment income 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, 2018

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 \$70,059 for 2018 (2017 - \$77,285).

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, 2018

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, 2018

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, 2018, the Foundation had \$11,961,211 (2017 - \$12,358,504) 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, 2018, the Foundation had \$7,764,396 (2017 - \$9,419,817) of investments exposed to equity price risk.

(iii) Credit risk

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

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

The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of the debt securities held within the investments represents the maximum credit risk exposure as at December 31, 2018.

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2018

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, 2018 was AA (2017 – 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, 2018, the Foundation had \$5,787,091 (2017 - \$6,791,707) 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, 2018

3 Composition of Managed Funds

PARKS FOUNDATION CALGARY								
Statement of Financial Position								
	Project Fund		Maintenance Fund		Endowment Fund		Managed Funds	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents (Note 4)	6,020,583	7,639,637	-	-	-	-	6,020,583	7,639,637
Accounts receivable	123,939	82,761	-	-	239	239	124,178	83,000
Due to (from) funds (Note 6)	(384,691)	(462,632)	415,245	396,505	(37,906)	(52,227)	(7,352)	(118,354)
	<u>5,759,831</u>	<u>7,259,766</u>	<u>415,245</u>	<u>396,505</u>	<u>(37,667)</u>	<u>(51,988)</u>	<u>6,137,409</u>	<u>7,604,283</u>
Investments	<u>5,993,929</u>	<u>6,144,136</u>	<u>3,489,779</u>	<u>3,396,131</u>	<u>12,942,681</u>	<u>13,994,240</u>	<u>22,426,389</u>	<u>23,534,507</u>
	<u>11,753,760</u>	<u>13,403,902</u>	<u>3,905,024</u>	<u>3,792,636</u>	<u>12,905,014</u>	<u>13,942,252</u>	<u>28,563,798</u>	<u>31,138,790</u>
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	101,401	77,794	-	-	-	-	101,401	77,794
Fund balances (Note 9)								
Internally restricted	1,944,515	1,853,250	3,905,024	3,792,636	750,840	688,531	6,600,379	6,334,417
Externally restricted	9,707,844	11,472,858	-	-	12,154,174	13,253,721	21,862,018	24,726,579
	<u>11,652,359</u>	<u>13,326,108</u>	<u>3,905,024</u>	<u>3,792,636</u>	<u>12,905,014</u>	<u>13,942,252</u>	<u>28,462,397</u>	<u>31,060,996</u>
	<u>11,753,760</u>	<u>13,403,902</u>	<u>3,905,024</u>	<u>3,792,636</u>	<u>12,905,014</u>	<u>13,942,252</u>	<u>28,563,798</u>	<u>31,138,790</u>

PARKS FOUNDATION CALGARY								
Statements of Income, Expenses and Changes in Managed Fund Balances								
For the period ended December 31,								
	Project Fund		Maintenance Fund		Endowment Fund		Managed Funds	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Income								
Contributions (Note 11)	6,242,275	12,081,707	-	-	-	14,700	6,242,275	12,096,407
Investment income - realized	1,145,997	1,018,358	31,601	25,100	254,063	229,233	1,431,661	1,272,691
Investment income (loss) - unrealized	(130,643)	(7,330)	(216,516)	81,200	(884,005)	201,831	(1,231,164)	275,701
Other income	24,960	-	-	-	-	-	24,960	-
	<u>7,282,589</u>	<u>13,092,735</u>	<u>(184,915)</u>	<u>106,300</u>	<u>(629,942)</u>	<u>445,764</u>	<u>6,467,732</u>	<u>13,644,799</u>
Expenses								
Project costs (Note 12)	7,479,798	9,181,346	-	-	-	2,000	7,479,798	9,183,346
Saddledome grants	979,584	526,434	-	-	-	-	979,584	526,434
	<u>8,459,382</u>	<u>9,707,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>8,459,382</u>	<u>9,709,780</u>
Excess of income over expenses	<u>(1,176,793)</u>	<u>3,384,955</u>	<u>(184,915)</u>	<u>106,300</u>	<u>(629,942)</u>	<u>443,764</u>	<u>(1,991,650)</u>	<u>3,935,019</u>
Fund transfers and allocations (Note 15)								
Administration (Note 13)	(321,991)	(418,904)	-	-	(827)	(829)	(322,818)	(419,733)
Management	(257,626)	(202,688)	-	-	-	-	(257,626)	(202,688)
Transfers	82,661	(747,106)	297,303	396,505	(406,469)	208,374	(26,505)	(142,227)
	<u>(496,956)</u>	<u>(1,368,698)</u>	<u>297,303</u>	<u>396,505</u>	<u>(407,296)</u>	<u>207,545</u>	<u>(606,949)</u>	<u>(764,648)</u>
Excess of income after transfers	<u>(1,673,749)</u>	<u>2,016,257</u>	<u>112,388</u>	<u>502,805</u>	<u>(1,037,238)</u>	<u>651,309</u>	<u>(2,598,599)</u>	<u>3,170,371</u>
Fund balance, beginning of year	<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>
Fund balance, end of year (Note 9)	<u>11,652,359</u>	<u>13,326,108</u>	<u>3,905,024</u>	<u>3,792,636</u>	<u>12,905,014</u>	<u>13,942,252</u>	<u>28,462,397</u>	<u>31,060,996</u>

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2018

4 Cash and Cash Equivalents and Investments

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

	December 31, 2018		December 31, 2017	
	Market Value	Cost	Market Value	Cost
	\$	\$	\$	\$
Cash and cash equivalents	7,423,665	7,447,355	8,792,962	8,806,376
Investments	23,158,418	21,608,066	24,259,127	21,441,051
Total	30,582,083	29,055,421	33,052,089	30,247,427

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

	Managed Funds		Operating Fund		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	6,020,583	7,639,637	1,403,082	1,153,325	7,423,665	8,792,962
	6,020,583	7,639,637	1,403,082	1,153,325	7,423,665	8,792,962
Investments						
Money market fund and T-bill securities	2,151,354	1,892,081	41,942	31,195	2,193,296	1,923,276
Bond pooled fund and fixed income securities	7,176,431	7,367,434	209,778	206,957	7,386,209	7,574,391
Balanced pooled fund	13,098,604	14,274,992	480,309	486,468	13,578,913	14,761,460
	22,426,389	23,534,507	732,029	724,620	23,158,418	24,259,127
Total market value	28,446,972	31,174,144	2,135,111	1,877,945	30,582,083	33,052,089
Decrease (increase) over historical cost	(1,506,049)	(2,737,034)	(20,613)	(67,627)	(1,526,662)	(2,804,662)
Cost	26,940,923	28,437,110	2,114,498	1,810,318	29,055,421	30,247,427

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

	Project Fund		Maintenance Fund		Endowment Fund		2018	2017
	2018	2017	2018	2017	2018	2017		
	\$	\$	\$	\$	\$	\$	\$	
Cash and cash equivalents	6,020,583	7,639,637	-	-	-	-	6,020,583	7,639,637
	6,020,583	7,639,637	-	-	-	-	6,020,583	7,639,637
Investments								
Money market fund and T-bill securities	1,984,808	1,787,057	-	-	166,546	105,024	2,151,354	1,892,081
Bond pooled fund and fixed income securities	3,249,271	3,375,411	749,943	782,871	3,177,217	3,209,152	7,176,431	7,367,434
Balanced pooled fund	759,850	981,668	2,739,836	2,613,260	9,598,918	10,680,064	13,098,604	14,274,992
	5,993,929	6,144,136	3,489,779	3,396,131	12,942,681	13,994,240	22,426,389	23,534,507
Total market value	12,014,512	13,783,773	3,489,779	3,396,131	12,942,681	13,994,240	28,446,972	31,174,144
Decrease (increase) over historical cost	(129,762)	(260,227)	(252,720)	(435,342)	(1,123,567)	(2,041,465)	(1,506,049)	(2,737,034)
Cost	11,884,750	13,523,546	3,237,059	2,960,789	11,819,114	11,952,775	26,940,923	28,437,110

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2018

5 Multi-year Sponsorship Commitments

In 2018, there are multi-year commitments from donors for the Building Communities Program Projects. These sponsorship commitments are not recorded as pledges receivable as they are provided as commitments to the Foundation. However, the specific projects to which they will be applied have not been identified.

In prior years, there were 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 \$940,692 (2017 - \$704,808) 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 2018, management fees for the three months ended December 31 were accrued for the amounts of:

- a) The Greenway project \$22,288 (2017 - \$48,388),
- b) 4th Street Flyover Park \$461 (2017 - \$nil) and ,
- c) The bench program \$22,408 (2017 - \$16,800).

In 2018, management fees for the three months ended December 31 were accrued for the Saddledome Fund in the amount of \$31,696 (2017 - \$6,000).

Annually, the surplus of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December 31 are accrued for the Bench Maintenance Reserve Fund. In 2018, there was a deficit so no moneys were transferred (2017 - \$5,458 surplus accrued and still outstanding).

In 2018, a 10% portion of all funds donated to the Rotary-Mattamy Greenway were allocated to a maintenance reserve in the amount of \$409,787 (2017 - \$391,047).

In 2018, the Operating Fund was entitled to a portion of investment earnings from the Operating Endowment Fund as calculated using a defined method per the Memorandum of Agreement between the City of Calgary and the Foundation. The calculated transfer due was \$127,905. As at December 31, 2018, \$90,000 had been transferred to the Operating Fund which left a residual balance due of \$37,905 (2017 - \$52,227).

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

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Notes to Financial Statements

For the year ending December 31, 2018

In 2018, in the normal course of business with outside parties, \$548 (2017 - \$5,012) of funds were received in the Operating Fund accounts that were for the Project Fund accounts.

7 Capital Assets

Capital assets are comprised of the following:

	As at December 31, 2018		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	18,152	10,735	7,417
Furniture and fixtures	29,881	27,554	2,327
Leasehold improvements	322,041	260,278	61,763
Computers	53,438	39,605	13,833
Artwork	5,001	-	5,001
	428,513	338,172	90,341

	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

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, 2018, \$nil was drawn from the credit facility (2017 – \$nil).

The Parks Foundation, Calgary

Notes to Financial Statements

For the year ending December 31, 2018

9 Fund Balances

a) Project Fund

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

	As at December 31,	
	2018	2017
	\$	\$
Rotary/Mattamy Greenway	2,168,023	4,174,984
Building Playgrounds and Communities	414,868	122,193
PartnerParks Administration Fee Granting Fund	73,049	163,643
Bench Dedication Program	36,896	43,815
Connaught Community Park	-	416,147
Various other foundation projects	369,944	407,611
Saddledome Fund (Amateur Sport Granting Program)	1,454,232	1,915,699
CKE Community Centre	1,001,397	1,162,000
Repsol Access Advantage Fund - Distribution Account	989,188	753,962
John Currie Endowment Fund	697,077	688,821
Springbank Hill Park	247,346	-
St. Andrew School PG	164,010	-
Calgary Community Bridge League	141,145	141,145
Eugene Coste School Playground	138,583	-
Mountain Bike Skills Park	124,147	-
David Richardson Disc Golf Park	120,973	377,079
Southfour Ball Diamond Revitalization	106,053	2,500
Ramsay Community Rink	105,736	95,713
Forest Lawn Natural Playground	1,907	1,907
Mills Park ING013	102,383	148,580
17th Avenue Pocket Square	102,029	-
Ramsay Playground RAM415	100,000	-
Bridgeland 4th Ave Flyover Park	96,879	25,745
Various other community projects	1,444,111	1,108,754
Project maintenance	1,452,383	1,575,810
	11,652,359	13,326,108

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, 2018

b) Endowment Fund

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

	As at December 31,	
	2018	2017
	\$	\$
Repsol Access Advantage Endowment Fund	3,342,294	3,592,200
Operating Endowment Fund	2,773,431	2,886,014
PartnerParks Endowment Fund	2,604,409	2,781,276
Art Smith Amateur Sport Endowment	2,563,934	2,697,787
Mario Stella Estate Fund	1,149,328	1,206,156
Building Communities Fund	-	278,563
Police & Fire Endowment Fund	167,617	177,100
Heritage Escarpment Endowment Fund	136,281	145,558
Legion Tree Endowment Fund	68,794	72,343
Patterson Homestead Park	59,706	63,955
Jack Leslie Youth Environment Award	39,220	41,300
	<u>12,905,014</u>	<u>13,942,252</u>

In 2018, \$617,017 (2017 - \$669,802) 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,	
	2018	2017
	\$	\$
Rotary/Mattamy Greenway Reserve Fund	3,126,750	3,249,692
Bench Reserve Fund	513,097	542,944
Building Communities Fund	265,177	-
	<u>3,905,024</u>	<u>3,792,636</u>

In 2018, \$221,066 (2017 - \$186,103) 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, 2018

d) Operating Fund

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

	As at December 31,	
	2018	2017
	\$	\$
Administration - other than capital assets	1,345,484	1,300,201
Administration - capital assets	90,341	106,827
Operating Fiscal Stability Reserve Fund	842,749	833,422
	<u>2,278,574</u>	<u>2,240,450</u>
Operating Fiscal Stability Reserve Fund		
Beginning balance	833,422	672,496
Investment income	46,064	40,335
Adjustment for fair market value	(36,737)	20,591
Transfer from Operating Administration surplus	-	100,000
Total	<u>842,749</u>	<u>833,422</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 2018, 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:

	2018	2017
	\$	\$
Government	1,281,090	5,030,726
Corporations	311,837	485,834
Individuals	879,036	2,627,855
Other not-for-profit	3,786,013	4,157,188
	<u>6,257,976</u>	<u>12,301,603</u>

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Notes to Financial Statements

For the year ending December 31, 2018

12 Related Party Transactions

Related party balances and transactions not otherwise disclosed in these financial statements consist of legal fees of \$14,044 (2017 – \$9,800) were paid to a corporation related to a director of the Foundation, with regard to an estate donation to be contributed to an Endowment Fund with the Foundation.

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

13 Fundraising Expenses

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

- a) Expenses incurred for the purposes of soliciting contributions in 2018 were \$12,900 (2017 - \$7,538).
- b) In 2018, \$125,400 (2017 – \$174,500) was paid as remuneration to employees whose principal duties involve fundraising and is recorded in the administration expense of the operating fund. The fundraising remuneration costs were determined by management, by allocating total remuneration of the employees involved in fundraising, using their best estimate of time spent by each employee.

14 Commitments

Under the terms of the Saddledome Amateur Sports Grant contracts, the Foundation is committed to pay out \$669,526 (2017 - \$1,233,610) of grants, subject to the conditions of the grants being satisfied. The funds for these commitments are in the externally restricted project fund.

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

	2019	2020	2021	2022	Total
	\$	\$	\$	\$	\$
IT Service Contract	8,750	-	-	-	8,750
Internet Access	10,451	10,451	5,226	-	26,128
Digital Telephone System	552	-	-	-	552
	19,753	10,451	5,226	-	35,430

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Notes to Financial Statements

For the year ending December 31, 2018

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 2018, there was a transfer of \$18,740 (2017 - \$391,047) for this purpose.

Annually, the surplus of funds collected from sale of benches for ongoing maintenance net of the current years expenses for the 12 months ended December 31 are accrued for the Bench Maintenance Reserve Fund. In 2018, there was a deficit so no moneys were transferred (2017 – \$5,458).

The Foundation transferred \$127,906 (2017 - \$142,227) from the Operating Endowment Fund to the Operating Fund in 2018 to cover operating costs as per the agreement with the City.

The Foundation transferred \$332,818 (2017 - \$419,733) from the Project Fund to the Operating Fund in 2018 which represented administration fees based on funds received as per the agreements with the various projects.

In 2018, the Foundation transferred \$50,645 (2017 - \$nil) from the Partner Parks Endowment Fund to the Project Fund to be granted under the Conceptual Drawing Granting Program.

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

The Foundation transferred \$283,772 (2017 - \$271,299) for the accounts belonging to Repsol Access Advantage Program from the Endowment Maintenance Accounts in the Project Fund to the Project Fund to fund the Repsol Access Advantage Program per agreement.

In 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 2018, no similar transfers from this fund were approved by the Board of Governors.

In 2018, the Foundation transferred \$200,000 (2017 - \$200,000) from the Partner Parks Endowment Fund to the Project Fund. In both cases, the funds were allocated to the accounts nominally segregated for the Building Communities Program.

In 2018, management fees for the year ended December 31 were accrued for the amounts of:

- a) The Greenway project \$119,386 (2017 – \$94,688),
- b) 4th Street Flyover Park \$6,192 (2017 – \$nil) and,
- c) The bench program \$73,350 (2017 - \$72,000).

In 2018, management fees for the year ended December 31 were accrued for the Saddledome Fund in the amount of \$58,696 (2017 – \$36,000).

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Notes to Financial Statements

For the year ending December 31, 2018

In 2018, Funds were transferred from the Jack Leslie Endowment Fund and Repsol Access Advantage Sport Legacy Endowment Fund (specifically the maintenance fund accounts) to their respective project granting accounts. The transfers were done to facilitate the distributions of grants as authorized by the individual funds' granting bodies. The amounts were \$2,000 and \$226,220 respectively.

During the year, the Foundation determined that certain funds which were internally restricted and for the development, refurbishment and maintenance of community parks would be better represented as part of the Maintenance Fund. The Foundation transferred \$278,563 of net assets from the Endowment Fund to the Maintenance Fund in 2018 which represented the original contributions and unrealized investment income of these funds. As in the past, realized investment income is reported in the Project Fund as there are internal restrictions that this income must be used for the Foundation's projects.

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

During the year 2017, 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 2018, construction and related costs for the project were \$2,089,194.