

Heritage Park Foundation

Financial Statements
December 31, 2018



Independent auditor's report

To the Members of Heritage Park Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heritage Park Foundation (the Foundation) as at December 31, 2018 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.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at December 31, 2018;
- the statement of revenue and expenses and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
April 30, 2019

Heritage Park Foundation

Balance Sheet

As at December 31, 2018

				2018	2017
	Operating Fund	Capital and Preservation Fund	Sustainability Fund	Total	Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	131,111	-	-	131,111	106,420
Accounts receivable	1,259	-	-	1,259	11,854
	132,370	-	-	132,370	118,274
Long-term assets					
Investments (note 3)	1,345,074	1,399,179	4,499,676	7,243,929	7,436,860
Collection assets	-	1,131,610	-	1,131,610	1,131,610
	1,477,444	2,530,789	4,499,676	8,507,909	8,686,744
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (notes 5 and 7)	95,397	-	-	95,397	70,587
Deferred contributions	-	-	-	-	8,000
Due to/from other funds	638,048	(451,931)	(186,117)	-	-
	733,445	(451,931)	(186,117)	95,397	78,587
Fund balances					
Unrestricted	743,999	-	-	743,999	826,528
Internally restricted (note 4a)	-	1,324,230	3,171,265	4,495,495	4,355,868
Externally restricted (notes 4b and 4c)	-	526,880	624,539	1,151,419	1,404,277
Restricted for endowment purposes (note 4d)	-	1,131,610	889,989	2,021,599	2,021,484
	743,999	2,982,720	4,685,793	8,412,512	8,608,157
	1,477,444	2,530,789	4,499,676	8,507,909	8,686,744

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements

Heritage Park Foundation

Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31, 2018

				2018	2017
	Operating Fund \$	Capital and Preservation Fund \$	Sustainability Fund \$	Total \$	Total \$
Revenue					
Donations, grants, and sponsorships	305,579	-	115	305,694	509,227
Ticket sales and event revenue	140,172	-	-	140,172	93,096
Investment income (note 3)	(185,512)	-	-	(185,512)	749,225
	260,239	-	115	260,354	1,351,548
Expenses					
Fundraising events (notes 5 and 6)	147,688	-	-	147,688	196,287
Investment management fees	46,711	-	-	46,711	45,499
General and administrative (note 5)	169,741	-	30,413	200,154	206,960
	364,140	-	30,413	394,553	448,746
Excess of expenses over revenue before contribution to Heritage Park Society	(103,901)	-	(30,298)	(134,199)	902,802
Contribution to Heritage Park Society (note 5)	61,446	-	-	61,446	57,700
(Deficiency) excess of revenue over expenses	(165,347)	-	(30,298)	(195,645)	845,102
Fund balances – Beginning of year	826,528	2,970,990	4,810,639	8,608,157	7,763,055
Interfund transfer of Adoption program donations	(71,000)	71,000	-	-	-
Interfund transfer of investment income	163,251	(44,523)	(118,728)	-	-
Interfund transfer to fund Heritage Park Society Operating Grant	54,072	(14,747)	(39,325)	-	-
Interfund transfer of Heritage Club proceeds	(63,505)	-	63,505	-	-
Fund balances – End of year	743,999	2,982,720	4,685,793	8,412,512	8,608,157

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

Heritage Park Foundation
Statement of Cash Flows
For the year ended December 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(195,645)	845,102
Item not affecting cash		
Net unrealized loss (gain) on investments	746,649	(283,162)
	551,004	561,940
Net change in non-cash working capital items affecting operations	27,405	(60,736)
	578,409	501,204
Investing activities		
Net increase in investment portfolio	(553,718)	(458,892)
Increase in cash for the year	24,691	42,312
Cash – Beginning of year	106,420	64,108
Cash – End of year	131,111	106,420

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

Heritage Park Foundation

Notes to Financial Statements

December 31, 2018

1 Description of Foundation

Heritage Park Foundation (the “Foundation”) was established by the Heritage Park Society (the “Society”) in 1976 under the Societies Act of Alberta with a mission to ensure and support the long-term success of Heritage Park. The Foundation, as a registered charity, is exempt from income tax and may issue receipts to donors for donations.

2 Significant accounting policies

Basis of accounting

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation maintains the following funds:

- i) The Operating Fund contains the assets, liabilities, revenues and expenses related to the Foundation’s operating and administrative activities.
- ii) The Capital and Preservation Fund contains the assets (including gift-in-kind donations of collection assets), liabilities, revenues and expenses related to the contributions and fundraising events specifically targeted to benefit the Society’s Capital and Preservation Fund.
- iii) The Sustainability Fund contains the assets and revenues related to 10-year gifts and monetary endowments.

Amounts due to/from funds are non-interest bearing and have no fixed terms of repayment.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund or, if no appropriate restricted fund exists, they are recognized as revenue in the Operating Fund as the related expenditures are incurred. Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue in the Sustainability Fund or Capital and Preservation Fund when received. Unrestricted investment income is recognized as revenue in the Operating Fund.

Collection assets

Donated collection assets held for exhibit are recorded in the Capital and Preservation Fund at their estimated fair value at the date of contribution. No amortization is charged on these assets.

Heritage Park Foundation

Notes to Financial Statements

December 31, 2018

Investments

Investments are carried at fair value with unrealized gains or losses recognized directly in the Statement of Revenue and Expenses and Changes in Fund Balances.

Donated goods and services

Services donated to the Foundation through volunteer work are not reflected in the financial statements.

Donated goods and services are recorded as both revenues and expenses when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Foundation, if not donated. During 2018, \$nil (2017 – \$2,000) of donated goods and services were recorded in the financial statements.

Financial instruments

The Foundation initially measures financial assets and liabilities at their fair value. It subsequently measures its financial assets and liabilities at amortized cost, other than investments, which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

It is management's opinion that the Foundation's exposure to risk on its financial instruments did not change from the prior period and is as follows:

a) Credit risk

The Foundation's credit risk exposure relates primarily to its cash and accounts receivable. Cash balances are denominated in local currency and held with reputable Canadian financial institutions and accounts receivable are not concentrated with any one party and management considers them fully collectible. Management does not consider the Foundation to be exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulties in meeting its financial obligations. The Foundation manages its liquidity risk through cash and investment management. Management does not consider the Foundation to be exposed to significant liquidity risk.

c) Interest rate, currency and other price risk

Investments are limited to a balanced mutual fund held with a reputable Canadian financial institution. Cash balances and accounts receivable are denominated in local currency. Management does not consider the Foundation to be significantly exposed to significant interest rate, currency or other price risk.

Heritage Park Foundation

Notes to Financial Statements

December 31, 2018

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3 Investments

The Foundation's investments are managed on a pooled basis under contract with Beutel Goodman.

The Foundation's investments are carried at fair value, and are subject to normal market fluctuations. The Foundation's investments currently consist of the Beutel Goodman Balanced Fund.

Investments are as follows:

	2018 \$	2017 \$
Balanced Fund	7,243,929	7,436,860

Included in investment income is \$58,070 of interest income (2017 – \$53,112).

4 Restrictions on fund balances

a) Internally restricted funds include:

			2018	2017
	Capital and Preservation Fund \$	Sustainability Fund \$	Total \$	Total \$
Midway	391,300	-	391,300	391,300
Adoption program	678,559	-	678,559	607,559
Other	-	438,538	438,538	375,033
Accumulated net income and expired 10-year-gifts	254,371	2,479,869	2,734,240	2,711,847
10-year-gifts expired in the current year	-	252,858	252,858	270,129
	1,324,230	3,171,265	4,495,495	4,355,868

Heritage Park Foundation

Notes to Financial Statements

December 31, 2018

- b) At December 31, 2018, \$624,539 (2017 – \$877,397) of the Foundation's fund balances have been restricted by third parties to be held as cash or investments for ten years from the date of donation. These fund balances, valued at their original donated amount, become available for use by the Foundation as follows:

	\$
2019	280,514
2020	106,775
2021	98,716
2022	102,711
2023	35,823
	<hr/>
	624,539
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- c) In addition to the above, the following externally restricted fund balances are restricted to benefit the Capital and Preservation Fund of the Society:

	2018 \$	2017 \$
Famous 5 Centre of Canadian Women	250,000	250,000
Other	276,880	276,880
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	526,880	526,880
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- d) Funds restricted for endowment purposes are subject to externally imposed restrictions that the funds be maintained in perpetuity. The related investment income is to be used to fund ongoing operation and maintenance and is recorded in the Operating Fund.

	2018 \$	2017 \$
Gunn's Dairy Barn	550,000	550,000
Legacy	84,595	84,595
Little Synagogue	255,394	255,279
Gasoline Alley Collection Assets	1,131,610	1,131,610
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	2,021,599	2,021,484
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Heritage Park Foundation

Notes to Financial Statements

December 31, 2018

5 Related party transactions

The Foundation, whose purpose is to carry out fundraising and investment activities for the benefit of the Society, receives management and administrative services from the Society, a related not-for-profit organization that has a separate Board of Directors. The Society provides the services to the Foundation for an administration fee of \$168,963 (2017 – \$168,322) equal to 51% (2017 – 46%) of the salaries incurred in the Society's fundraising department and is recorded in general and administrative expenses. In addition, the Society provided catering and other services to the Foundation for fundraising events totalling \$68,370 (2017 – \$67,459), which are included in fundraising expenses.

During the year, the Foundation made a contribution of \$61,446 (2017 – \$57,700) to the Society. The minimum contributions to be disbursed is \$247,304 (2017 – \$229,100) and is determined based on the requirements of Canada Revenue Agency for charitable disbursements by public foundations. The shortfall in 2018 is covered by cumulative excess contributions in the five prior fiscal years.

Accounts payable and accrued liabilities include \$54,387 (2017 – \$46,034) due to the Society. This balance is non-interest bearing, unsecured and have no fixed terms of repayment.

6 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Regulation in Alberta, the following amounts are disclosed:

	\$
Administration fee paid to a related party for fundraising services	168,963
Direct expenses incurred for the purpose of soliciting contributions including fundraising revenues and donations	174,620

7 Government remittances

Accounts payable and accrued liabilities includes government remittances payable of \$nil (2017 - \$nil).