

Civic Partner Annual Report 2015- Heritage Park Society

1. **Organization Name: HERITAGE PARK SOCIETY**
2. **Fiscal Year: 2015**
3. **Latest Annual Report available and web address: 2015 Fiscal Year / www.heritagepark.ca**
4. **Current Vision, Mission and Mandate.**

Mission Statement: Connecting people with the settlement of Western Canada

Vision: Preserve and share our Western Canadian heritage.

GOVERNANCE

5. **Identify any Board or senior management positions that will be vacant in 2016. Describe succession plans that are in place.**

There are no planned senior management vacancies in 2016. There are no current board vacancies. When a Director's position becomes vacant during a term, the Board of Directors may appoint an interim Director to the position until the next Annual General Meeting.

Board Succession Planning - The Board ensures that its members have the knowledge and skills to help HPS achieve its long-term goals. The Board engages in an ongoing process of development and succession planning in order to offer opportunities for skill development, identify Directors for leadership positions, and provide for continuity on the Board.

Management team succession planning - Senior management identify capabilities for key areas and key positions. Where possible, interested employees are identified within the organization. Succession and knowledge transfer plans are developed including documenting responsibilities and processes. In addition, senior management remain involved in all key aspects of the organization so there isn't a silo of knowledge in any one key position.

6. **Describe any structural changes to your organization's governance model in the past year.**

n/a

7. **Summarize any activities in 2015 that increased your Board's knowledge and awareness about industry trends, impact of changing economic conditions, risks faced by the organization, or other information needed to make informed decisions.**

The Park undertook a thorough risk assessment with the input of the Board and committees. The result was a comprehensive Risk Register that defines ownership of each risk (senior management, boards, committees). This process, and our annual review of compliancy and representations bring to light most of the issues affecting the Park. In addition, each committee (including Audit, Finance and Risk; Human Resources; Historical, Interpretative and Education; Governance & Nominating; Health, Safety and Environment) discusses issues specific to the area they cover and are kept apprised of any updates by senior managers who take part in those committee meetings. In particular, the Manager of HR presented the following industry surveys to the HR Committee in 2015:

1. The Boland Survey of Not-For-Profit Salaries and Human Resource Practices
2. The Conference Board of Canada – Compensation Planning Outlook surveys and reports
3. Mercer's Compensation Planning Survey

4. Morneau Shepell Compensation Survey
5. Hay Group Salary Forecasts
6. Provincial economic forecasts published by various financial organizations

Through the Audit, Finance, and Risk Committee, the portfolio Manager from Beutel Goodman presented the current economic outlook and performance of investments against benchmarks to the Board.

At each Board meeting, one or more senior managers deliver a presentation specific to their department, updating the directors on everything from media trends, to the cost of beef, new retail products being offered to employee and visitor injury stats.

RISK MANAGEMENT

8. Describe the processes and structures your organization uses to identify and manage operational and strategic risks.

The Park utilizes a Risk Register to categorize and rate risks, identify our appetite for specific risks, define inherent (do nothing) risk levels, outline mitigation strategies to ensure all risks are kept as low as possible to avoid negative impact to operations, and residual (post-mitigation) risk levels. The Risk Register updated quarterly for risk trends, and is reviewed by the various committees outlined above. Risk management is a topic at all Audit, Finance, and Risk Committee meetings, and all Board meetings.

9. What are your organization's top 3-5 strategic risks? For example, financial, governance, business risks, liability, talent management, reputation, or risks related to economic conditions.

The most significant risk to the organization is financial risk of an operating deficit due to economic conditions. The Park has a low appetite for deficits, and has instituted mitigating controls and strategies to minimize the impact of economic downturns. There are two top operational risks. The first is related to loss of data (mitigation strategy includes establishing a disaster recovery plan, daily back ups, and regular lifecycle maintenance of IT equipment (including servers). The second is disrupted or diminished operations (which is closely tied to a safety risk, deterioration of assets and infrastructure). To mitigate these, we maintain our critical infrastructure first, and secure capital funds when possible to perform non-critical lifecycle and maintenance that is central to customer experience and satisfaction.

In 2015 and 2016, the greatest factor affecting the first and third risks mentioned above is the economy, resulting in significantly reduced catering revenues, capital donations, and sponsorships.

2015 YEAR IN REVIEW

10. What accomplishments in 2015 contributed to Action Plan's goals of building a prosperous economy, inspiring neighbourhoods, and a healthy and green city?

The Park completed the River Forth Dining Car refurbishment, and ran a successful series of lunches on the train from July-September. We are expanding in 2016, offering lunches once a week from May 24 to August 30.

Weekly during July and August, the Park hosted the City of Calgary Parks ReTree YYC booth in the Town Square Plaza. Hundreds of Calgarians and Park visitors had the opportunity to learn more about tree selection, tree care, mulching tips, while participating in kids' activities and giveaways.

We partnered with Apiaries & Bees for Communities to host 6 honey bee hives through the Bees4Communities Program. These hives are managed by A.B.C. Bees on behalf of their corporate partners.

The project drives local ethical and responsible businesses to support local food production, small-scale and urban beekeeper education, and encourages pollinator stewardship.

Seniors Follies and Co-op Seniors Day celebrated and acknowledged our city's elder residents and provided a cost-effective and engaging activity accessible to all seniors.

Music in the Plaza (free concerts held Wednesday nights in July and August) drew 500 people each evening – families gathered on the lawn for a picnic, others enjoyed an intimate dining experience on the patio of the Selkirk Grille, and even pathway users who passed by stopped to enjoy the music. The concerts support the work of local musicians, spotlighting a different genre of music each evening. The opening set features emerging musicians, many of whom have appeared in the Stampede Youth Talent Search. Our concerts provide exposure for new artists as well as highlighting the diversity of up-and-coming musical talent.

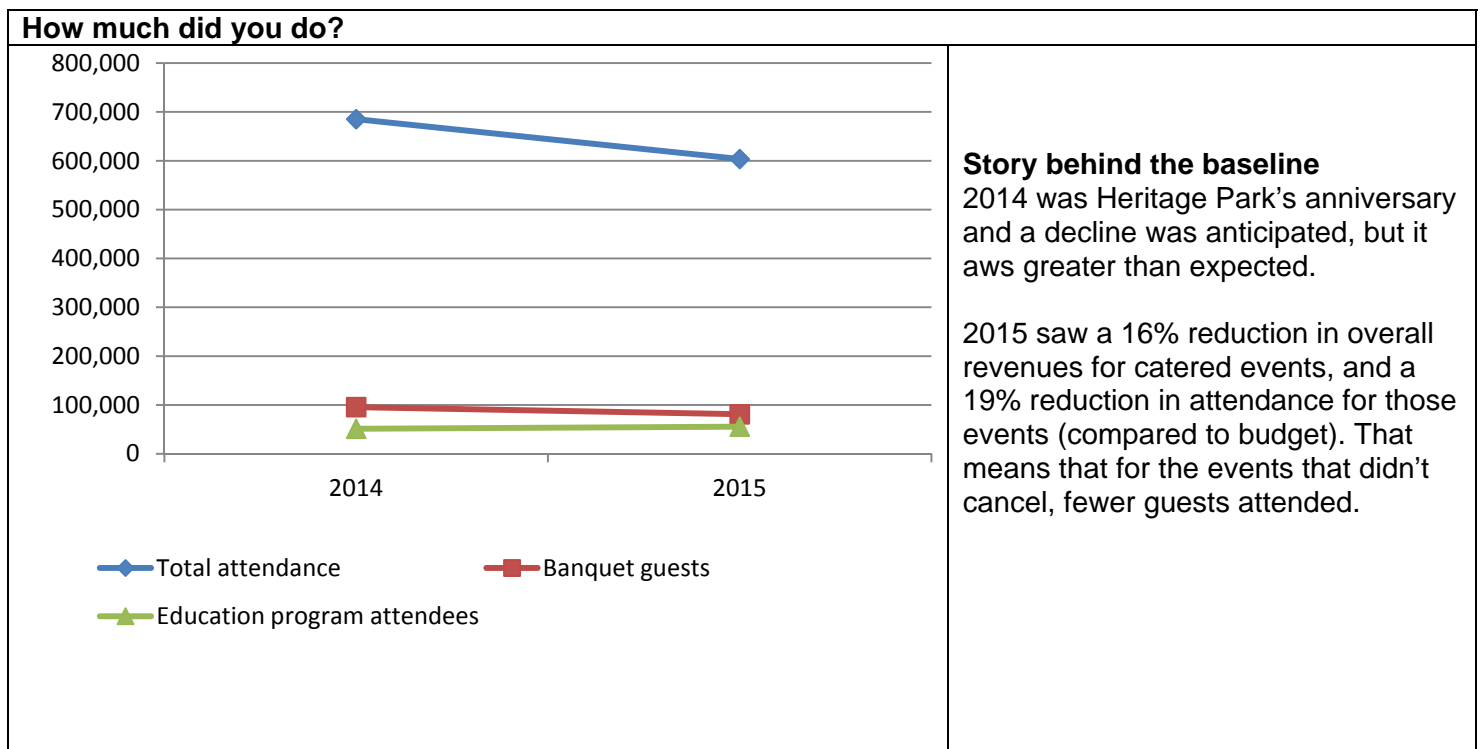
The Park grows heirloom vegetables in our own gardens and have an herb greenhouse. These are harvested and used in our menu offerings at the Selkirk Grille, and some are pickled for the winter.

The Park not only recycled paper, beverage containers, and scrap metal, but the steam train runs on recycled oil. Among other energy-efficiency initiatives, we have a continuing LED lighting conversion program including occupancy sensors where feasible, and appliances at end-of-life are replaced with high-efficiency versions.

We are focusing on small, local manufacturers for our retail product, benefiting Calgary and area businesses.

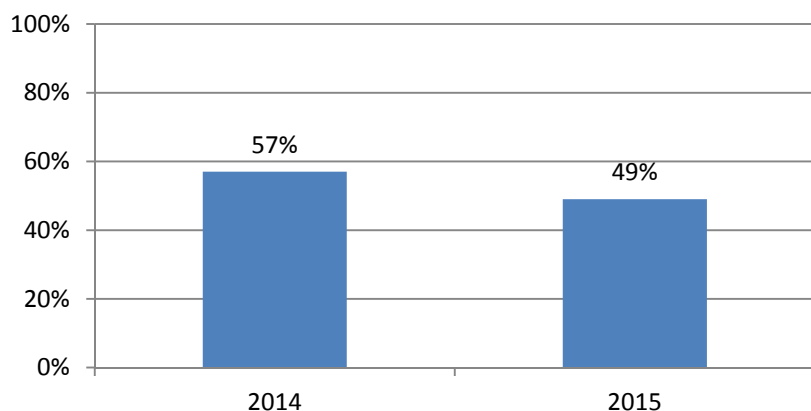
11. Using your organization's existing performance measurement data, please provide selected 2015 performance measures that describe how much you did, how well you did it, and how Calgarians are better off. If needed, provide a brief description why these measures are meaningful.

Performance measure highlights



Is anyone better off?

Calgarians who visited



Story behind the baseline

While the percentage of Calgarians who visited the Park fell slightly in 2015, Calgarians continued to visit in high numbers to preserve and share our Western Canadian heritage.

Detailed performance measures

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
How much did you do?	Total Attendance	685,238	603,598	The Park anticipated a decrease in attendance from 2014 (our 50 th anniversary year), but the decline was greater than planned.
	Number of banquet guests	95,687	80,986	We anticipated a reduction over 2014, but not this significant. The economy wreaked havoc on our banquet results, with a significant portion of our O&G and other corporate clients cancelling events, or scaling back the size and spend.
	Education program attendees	51,378	55,650	We continue to find ways to maximize education program attendance through development of new programs and creative use of resources. New programs introduced in 2015 included Nellie's Garden Tour and Famous Last Words, among many more.
How well did you do it?	Increase in annual operating donations	48%	19%	2014 saw a surge in donations related to 50 th anniversary events. We anticipated a drop in operating donations in 2015, but thanks to a last-minute emergency ask to our loyal donors to prevent our first-ever deficit, we saw an increase.
	Increase in International visitors	96.6%	22.9%	As with other indicators, we expected our international visitors to decrease in 2015, but in fact we saw another increase. We credit the success of our 50 th anniversary year, continued exposure in international markets, and the low Canadian dollar.
How are Calgarians better off?	% of all Calgary school children that attended education programs	31.89%	33.44%	Our school programs range from ECS to grade 12, with a focus on the middle grades.
	Increase in new Canadians using CAP at HP	61%	249%	The Park takes part in the Cultural Access Pass program. New Canadians who chose Calgary as their home are visiting in greater numbers each year. This is likely because our offerings include multi-cultural references to the settlement of the West,

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
				and we have a citizenship ceremony at the Park annually on Canada Day. Or as we refer to it, Dominion Day.
	% of Calgarians that visited	57%	49%	Calgarians love Heritage Park!

CAPITAL REPORTING

12. Provide a summary of your organization's 2015 capital development, including specific lifecycle/maintenance projects.

2015 proved to be a challenging year for capital fundraising. The Park leveraged the City's capital grant by using internal funds to perform required lifecycle/maintenance, including:

- Completion of the River Forth Dining Car refurbishment
- Expansion of the costume room
- Renovation of the Gunn Barn kitchen
- Railway and streetcar track maintenance/repairs
- S.S. Moyie hydraulics
- CPR Steam Crane maintenance
- Blacksmith shop lifecycle
- 5-year rebuild of the Baby Eli Ferris Wheel and the Boat Swings per AEDARSA requirements

13. What funding was leveraged to support capital activities in 2015?

The local recession had a negative impact on donor growth in 2015. The two major capital projects that required significant funds were the costume room expansion and the Gunn Barn kitchen renovation. Neither of those projects attracted donor interest. The Park did secure gifts-in-kind and cash donations from many contractors, who, along with other miscellaneous donors, gifted more than \$82,000 for capital. We also utilized the \$42,802 balance of a Provincial CFEP grant. The balance of capital spending (\$1.13M) not covered by CPRiiP came out of the Park's internally restricted funds. These were available in 2015 thanks to a successful 50th anniversary year in 2014. In 2016 however, no operating surplus funds are available for capital.

FINANCES

14. What resources were leveraged to support operational activities in 2015?

The Park leverages its charitable status to secure operating gifts-in-kind. In 2015, these donations offset more than \$235,000 in cash expenses, and brought in cash sales of \$96,000 in the heirloom antique stores.

The Park enlisted the critical assistance of 1,852 volunteers who collectively donated 60,818 hours (the equivalent of almost 34 person years) of time to the Park that we would otherwise not be able to afford.

The Park combines a strong financial position, registered charity status, and partnership with the City to secure corporate event sponsorships, naming opportunities for buildings and other assets, in-kind contributions for goods and services, and grants from Foundations and other levels of government.

Of note in 2015, \$150,000 in corporate and private gifts was received to benefit education programs, \$176,000 in sponsorships for special and fundraising events, and \$55,000 for Aboriginal programming. Our dedicated

donor base answered our call for a late-year emergency ask, donating \$215,000 at year end to prevent the Park from seeing its first deficit in 51 years of operations. The loyalty of our donor base is further illustrated by the receipt of an unexpected bequest of \$71,000 in 2015.

We maximized a Government of Alberta HR grant for summer employment, bringing in \$89,000 to offset employment costs.

15. Do you anticipate any changes to plans and/or budget projections for 2016-2018?

The Park budgeted for an overall 2% increase in salaries, and a 25 cent/hour increase in seasonal wages. In reality, we are instituting a zero increase for 2016. We will not fill vacant positions, and will consider layoffs if necessary. Due to lack of sponsorship and a great risk of financial loss, we have cancelled the rodeo offered free to all visitors in August. Capital projects will only go ahead if they are critical to guest and employee safety, or are legislated (such as the overhaul of midway rides dictated by AEDARSA). Other capital will be triaged based on necessity and customer experience, and will only proceed if funds can be secured.

16. What would be the operational impact if your grant(s) from The City were reduced?

In any given year, a reduction in the City grants would have a negative impact on the Park, but we would most likely rally, either by special asks to donors, or by cutting costs. 2015 saw a significant reduction in corporate catering bookings due to the local recession, and this resulted in a near-deficit for the Park for the first time in 51 years. Catering bookings are down further in 2016. The Park already runs lean. Our best opportunity for cost savings are in our largest single expense – employment costs. We are instituting cost mitigation strategies including zero increase in salaries and wages, not filling, or delayed hiring for, vacant positions, reducing operating hours and programs, and hiring contract workers to save benefit costs. For the first time, we are considering the layoff of some full-time and permanent part-time staff.

A reduction in grants in 2016 would be devastating to Heritage Park.

17. Please describe the impact, if any, of the economic downturn on your organization's operations or revenues.

The most significant impact is in the Park's corporate catering sales. 2015 saw a 16% reduction in overall revenues for catered events, and a 19% reduction in attendance for those events (compared to budget). That means that for the events that didn't cancel, fewer guests attended. The Park struggled to maintain corporate sponsorships in 2015, and that continues in 2016, with many organizations reducing or eliminating contributions, or delaying until later years. The combined effect is that the Park had its smallest surplus in its 51-year history in 2015. It was only thanks to an emergency ask to our most loyal donors that we did not see our first-ever operating deficit. The challenge of securing donations extends to capital projects. With effectively no surplus and few contributions, the Park has had to use its unrestricted funds, and has completely utilized its internally restricted fund balances to ensure critical capital projects are undertaken. In 2016, Heritage Park has no internal funds to meet the matching requirements of our City capital grants, and continues to struggle to secure donations.

LOOKING FORWARD

18. Based on your business plans for 2015-2018, what are your priorities and deliverables for 2016-2017?

Address our critical maintenance and lifecycle projects to ensure the Park opens on time with the safety of our guests and staff secured. As funds become available, other projects will be considered.

Focus our marketing efforts on the local market to take advantage of the "staycation" approach to tourism and

partner with our municipal and provincial DMOs on the out-of-province markets to take advantage of the low Canadian dollar.

Work with our committed partners to bring the Colonist Car and Tour of the Nation to fruition, including the restoration of this rare and historically significant artifact, and taking the story of early immigrant settlement of Western Canada “on the road” in 2017.

Continue implementing the Master Plan starting with R&D and preliminary fund sourcing for the Natural Resource Area refurbishment.

Use the cost mitigation strategies and risk framework developed in 2015 to ensure the financial stability of the Park during this economic downturn.

19. Are there any additional projects or initiatives in 2016-17 that may require further discussion or decisions by Council?

We submitted a CRiIP business case application to the City in 2016 for refurbishment of the Natural Resources area and building of a new interpretive centre as part of our Master Plan, with a goal to start construction in 2018.

The Park’s economic outlook for 2016 is precarious. We have advised the City we may need extraordinary operating funding to preserve and maintain levels of employment. This is of particular concern should the next proposed hike in the minimum wage proceed in 2016. Every dollar of operating support the City provides Heritage Park is leveraged by almost \$6 from other sources, and every capital dollar has been matched 100% - an excellent return on investment for the City at this time of financial uncertainty. Our ability to preserve jobs for Calgarians, provide a world-class tourism product to attract international visitors, and our local buying power all result from the City’s support.

We were declined funding from the federal government for our 2017 Signature Initiative, and have turned to the City to ask their support, along with commitments from the Province of Alberta and corporate partner, for the Colonist Car project. This will put Calgary and Alberta firmly on the national stage in 2017.

20. Identify any specific opportunities/projects that would directly stimulate the Calgary economy if supported by a strategic investment by The City.

The Colonist Car project is anticipated to reach over 1 million Canadians during 2017 through theatrical performances being delivered in six major Canadian cities (Halifax to Vancouver) in partnership with the top museums in the country. A digital media campaign will strengthen and broaden our national and international reach. Awareness of Alberta’s and Calgary’s role in the immigrant story and how this shaped our country, past and present, will increase awareness of Calgary a tourism destination. This will increase visitation to Calgary and Heritage Park in the years to come resulting in more financial stability, incremental spend, and potential employment.