

Community Services Report to
Audit Committee
2025 June 05

ISC: UNRESTRICTED
AC2025-0366

2024 Civic Partner Audit Report

PURPOSE

As part of the accountability measures in place for The City's Civic Partners this report presents the results of an annual financial review that evaluates The City's exposure to third party risk based on Civic Partners' 2024 audited financial statements. It also provides an overview of their governance and risk management practices.

PREVIOUS COUNCIL DIRECTION

Accountability reporting for Civic Partners also includes the 2024 Civic Partner Annual Report (CD2025-0168) presented to the Community Development Committee 22 May 2025. The previous Civic Partner Audit Report was presented in 2024 June (AC2024-0282). Full details about previous Council direction are included in Attachment 1.

RECOMMENDATIONS:

That the Audit Committee recommend that Council:

1. Receive this report for the Corporate Record;
2. Exempt Civic Partners that are invited to present directly to Audit Committee as part of Audit Committee's Council-approved workplan for a given year from completing the Civic Partner Audit Report template for that year; and
3. Direct that Attachments 4, 5 and 6 through 33 remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences), and 24 (Advice from officials) of the Freedom of Information and Protection of Privacy Act (Alberta), to be reviewed 2027 October 22.

RECOMMENDATIONS OF THE AUDIT COMMITTEE, 2025 JUNE 5:

That Council:

1. Receive this report for the Corporate Record;
2. Exempt Civic Partners that are invited to present directly to Audit Committee as part of Audit Committee's Council-approved workplan for a given year from completing the Civic Partner Audit Report template for that year; and
3. Direct that Attachments 4, 5 and 6 through 33 **and the Closed Meeting discussions** remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences), and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed 2027 October 22.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

GM Katie Black concurs with the content of this report.

**Community Services Report to
Audit Committee
2025 June 05**

**ISC: UNRESTRICTED
AC2025-0366**

2024 Civic Partner Audit Report

HIGHLIGHTS

- The Civic Partner Audit Report is one component of a larger accountability framework that assesses the overall financial and organizational health of Civic Partners, as set out in Council's *Investing in Partnerships Policy* (CPS2017-01). This report, combined with the Civic Partner Annual Report (CD2025-0168), provides a snapshot of organizational and financial health, governance and risk management practices and key results of Civic Partners in 2024.
- Each year, The City invests significant operating and capital funding that Civic Partners successfully leverage to deliver targeted programs and services to Calgarians; advance City strategies; and construct, operate and manage City-owned assets. Annually reviewing the financial health, governance and risk management practices of Civic Partners reduces The City's exposure to third party risks related to partnering with external organizations.
- Based on 2024 audited financial statements, the majority of Civic Partners are rated as low risk. Administration is working with Civic Partners rated as elevated and high risk to ensure that mitigation strategies are in place and to provide support where appropriate.
- The recommendation to exempt Civic Partners from submitting a Civic Partner Audit Report template in the years they are also asked to present directly to Audit Committee streamlines reporting and reduces demands on Civic Partners while maintaining a high level of oversight.

DISCUSSION

The City partners with external independent organizations, legislated bodies and wholly-owned subsidiaries to deliver targeted programs and services, develop and advance strategies and construct, manage and operate City-owned assets. The City makes its most significant investment of operating grant funding in "Civic Partners", a category of partner defined in the *Investing in Partnerships Policy* based on function and the level of City investment.

Through partnerships, The City and Calgarians benefit from partners' knowledge and expertise and their ability to leverage The City's investment to meet the community's diverse needs. In 2024, The City's investment in the Civic Partners included in this report was over \$143 million in operating grants including \$6.3 million in one-time operating funding. The City also invested \$32 million in capital grants to support the lifecycle and advancement of major capital projects for City-owned assets managed and operated by Civic Partners included in this report (Attachment 2).

Following Council direction, Administration has annually brought forward a Civic Partner Audit Report since 2013. This report is one part of a broader accountability framework in place to mitigate risks related to partnering. The annual financial review process evaluates The City's exposure to risk related to Civic Partners, assesses Civic Partners' overall financial health and provides an opportunity to work with partners to understand how they are managing risks that impact their financial health. The review process uses a tool with clearly established criteria and ratios to evaluate operating cash on hand, working capital/cash expenses, deficit level and reserves, among other elements.

**Community Services Report to
Audit Committee
2025 June 05**

**ISC: UNRESTRICTED
AC2025-0366**

2024 Civic Partner Audit Report

Based on these established criteria, each Civic Partner is assigned a rating of either low, elevated or high risk (definitions are outlined in Attachment 3). Based on 2024 audited financials the majority of Civic Partners and their wholly-owned subsidiaries are financially stable with 24 rated as low risk, five rated as elevated risk and two rated as high risk. Ratings for all Civic Partners are included in confidential Attachment 4. Administration works with Civic Partners that are rated as elevated or high risk to identify mitigation strategies that can improve the organization's financial health and reduce The City's exposure to risk (confidential Attachment 5).

In addition to their accountability to The City, each Civic Partner organization is governed by a board of directors and accountable to its patrons, customers, members, partners, funders and others. Civic Partner organizations are legally structured as wholly-owned subsidiaries, legislated bodies and independent organizations. Each Civic Partner's relationship with The City is unique and guided by its legal structure and any agreements in place.

Accountability processes, combined with strong governance practices, help ensure Civic Partners are sustainable and have the systems in place to appropriately manage risk. It is the responsibility of each board of directors to manage its organization's risks as part of its duties and obligations. Confidential Attachments 6 through 33 provide detailed, self-reported information about each Civic Partners' risk management practices and governance structures. Each Civic Partner attachment includes a covering summary sheet prepared by Administration with governance and risk management highlights.

Each year, as part of its annual workplan approved by Council, Audit Committee invites a targeted list of Civic Partners to present directly to the Committee. This report recommends streamlining reporting requirements by exempting those Civic Partners included in the Audit Committee workplan for a particular year from completing the Civic Partner Audit Report template for that year. Exempted Civic Partners would still be required to provide their audited financial statements and be included in the rating process for the Civic Partner Audit Report. This approach maintains a consistent level of oversight but reduces the reporting burden for Civic Partners. Administration would continue to collaborate with the Audit Committee to align the Civic Partner Audit Report template with the Committee's direct invitation letter requirements.

2024 Risk Trends: Civic Partners use a broad range of risk management practices to identify, assess, and mitigate potential risks to support organizational stability and resilience. A summary of each organization's risks and risk management strategies is included in the Attachments. For 2024, the most commonly reported risks and mitigation to address included:

Financial: The majority of partners reported financial risk as a top risk. This includes challenges maintaining programs and services with a rising cost of inflation and maintaining sustainable funding from all orders of government. For Civic Partners that manage assets, access to capital funding, increasing project costs and uncertainty related to tariffs has increased this risk. To respond, Partners have implemented cost management strategies to promote operational efficiency, diversified funding sources, increased efforts to secure grants and conducted regular financial risk assessments.

Employee Recruitment and Retention: Attracting and retaining talent continues to be one of the most frequently reported risks. Business continuity is impacted by leadership changes, loss of key personnel and high staff turnover. To mitigate this risk, Partners undertake succession

**Community Services Report to
Audit Committee
2025 June 05**

**ISC: UNRESTRICTED
AC2025-0366**

2024 Civic Partner Audit Report

planning, hire staff with the specialized skills and experience required and offer competitive compensation packages. This includes highlighting the full benefits of their workplace including work-life balance initiatives such as flexible work and opportunities for career development.

Security: In 2024, Partners increasingly reported concerns about security, encompassing both facility safety concerns due to rising social disorder and heightened cybersecurity threats. To mitigate facility safety risk, Partners enhance surveillance, implement stricter access control measures, hire security personnel and proactively engage with the community and The City to build a safer environment. For cybersecurity threats, Partners implement firewalls and multi-factor authentication to protect against unauthorized access. They also provided employee training to recognize and respond to potential threats, conducted security audits and updated incident response plans.

As part of The City's corporate risk management processes, The City's risks related to Civic Partners are monitored, tracked and reported on through their related lines of service risk registers. These registers include broad risks such as the organizational capacity and financial health of Civic Partners.

Attachments 6 through 33 of this report, combined with Attachments 4 through 23 of the Civic Partner Annual Report (CD2025-0168) support accountability for the significant annual investments The City makes in Civic Partners to help deliver results for Calgarians.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required |

As part of the review process, Administration communicates with each Civic Partner to inform them of their rating and discuss risk mitigation as required. Templates are completed by each Civic Partner.

IMPLICATIONS

Social

Confirming Civic Partners have strong governance and risk management practices in place helps ensure they have the capacity required to deliver on their mandates including supporting The City's *Sport for Life Policy*, the *Cultural Plan for Calgary*, the *Festival and Events Policy* and the *Winter Sport Strategy*. Civic Partners provide valuable recreation, sport and cultural opportunities for Calgarians, foster healthy physical and social environments, enrich the social fabric of Calgary and support a high quality of life by offering a diverse range of facilities and programs for Calgarians and visitors to enjoy.

Environmental

As part of managing risks related to City-owned assets, The City provides capital grant funding that Civic Partners match with other funding sources (Attachment 2). As part of lifecycle maintenance work, Civic Partners continue to adjust their operational practices to reduce consumption of resources and their ecological footprint. They promote conservation,

**Community Services Report to
Audit Committee
2025 June 05**

**ISC: UNRESTRICTED
AC2025-0366**

2024 Civic Partner Audit Report

environmental stewardship and community sustainability strategies including public education and awareness related to public spaces and natural resources.

Economic

Strong governance and risk management practices help ensure Civic Partners have the capacity to deliver on mandates that contribute to economic development and tourism outcomes including stewarding and supporting implementation of *Uplook: An Action Plan for our Economy*. Through operating cultural attractions, recreational facilities and offering convention centre services, Civic Partners support a vibrant local economy.

Service and Financial Implications

Existing operating funding – base and one-time funding

\$143,650,722

Existing capital funding

\$32,045,835

Base operating grant funding in 2024 supported Civic Partners to contribute to The City's delivery of nine services: Affordable Housing, Arts & Culture, City Planning & Policy, Community Strategies, Economic Development & Tourism, Library Services, Neighbourhood Supports, Parks & Open Spaces, and Recreation Opportunities. The Civic Partner Infrastructure Investment Grant program provided capital grants to support the maintenance and lifecycle of City-owned assets managed and operated by Civic Partners.

RISK

The City's most significant risks related to partnering are the financial and reputational risks associated with circumstances where a third-party organization operating a City-owned facility defaults or ceases operations. In these cases, responsibility for the building's capital costs to ensure building safety for a new tenant or the public, may fall on The City. Depending on the circumstances, the operating costs of the facility may also be The City's responsibility and Calgarians would be negatively impacted by a loss or decrease in programs and/or services. Administration works closely with its Civic Partners to develop and implement strategies to mitigate risks and this report is a key tool for monitoring and reporting on risk.

ATTACHMENTS

1. Background and Previous Council Direction
2. Civic Partner Grant Funding 2022-2025
3. Definitions of Rating Terms
4. Civic Partner 2024 Audit Ratings (Confidential)
5. Civic Partner Risk Mitigation Strategies (Confidential)
6. Aero Space Museum Association of Calgary, The (The Hangar Flight Museum) (Confidential)
7. Arts Commons (Werkbund Centre) (Confidential)
8. Calgary Arts Development Authority Ltd. (Confidential)

**Community Services Report to
Audit Committee
2025 June 05**

**ISC: UNRESTRICTED
AC2025-0366**

2024 Civic Partner Audit Report

9. Calgary Convention Centre Authority (Calgary TELUS Convention Centre) (Confidential)
10. Calgary Economic Development Ltd. (Confidential)
11. Calgary Female Sport Development Association (Great Plains Recreation Facility) (Confidential)
12. Calgary Public Library Board (Confidential)
13. Calgary Science Centre Society (TELUS Spark) (Confidential)
14. Calgary Sport Council Society (Sport Calgary) (Confidential)
15. Calgary Young Men's Christian Association, The (YMCA) (Confidential)
16. Calgary Zoological Society, The (Calgary Zoo) (Confidential)
17. Confluence Historic Site & Parkland, The (Confidential)
18. Contemporary Calgary Arts Society (Confidential)
19. Federation of Calgary Communities (Confidential)
20. Heritage Calgary (Confidential)
21. Heritage Park Society (Confidential)
22. Lindsay Park Sports Society (MNP Community & Sport Centre) (Confidential)
23. NE Centre of Community Society, The (Genesis Centre) (Confidential)
24. Opportunity Calgary Investment Fund Ltd. (Confidential)
25. Parks Foundation (The), Calgary (Confidential)
26. Platform Calgary (Confidential)
27. Silvera for Seniors (Confidential)
28. South Fish Creek Recreation Association (Cardel Rec South) (Confidential)
29. Tourism Calgary-Convention and Visitors Bureau (Confidential)
30. VCC Initiatives Ltd. (Vibrant Communities Calgary) (Confidential)
31. Vecova Centre for Disability Services and Research (Confidential)
32. Vivo for Healthier Generations Society (Confidential)
33. Westside Regional Recreation Centre (Confidential)
34. Administration Presentation

General Manager/Director	Department	Approve/Consult/Inform
Katie Black	Community Services	Approve
Les Tochor	Corporate Planning and Financial Services	Inform

Author: Partnerships

City Clerks: A. Adegunwa / A. Lennox