

# **Heritage Park Society**

Financial Statements  
**December 31, 2014**



April 30, 2015

## **Independent Auditor's Report**

### **To the Members of Heritage Park Society**

We have audited the accompanying financial statements of Heritage Park Society, which comprise the balance sheet as at December 31, 2014 and the statements of revenue and expenses and changes in fund balances, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

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

#### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

**Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of Heritage Park Society as at December 31, 2014, and the results of its operations and cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

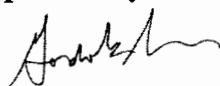
# Heritage Park Society

## Balance Sheet

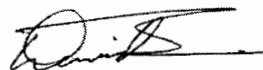
As at December 31, 2014

	Operating Fund \$	Capital and Preservation Fund \$	Growth Fund \$	Total 2014 \$	Total 2013 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	650,794	-	-	650,794	1,585,044
Short-term investments	1,004,092	-	-	1,004,092	1,004,143
Accounts receivable (note 7)	1,148,535	381,959	-	1,530,494	946,880
Prepaid expenses	141,529	17,042	-	158,571	224,538
Inventory	1,008,621	-	-	1,008,621	1,000,744
	3,953,571	399,001	-	4,352,572	4,761,349
<b>Collection assets</b> (note 3)	-	24,871,975	-	24,871,975	24,186,152
<b>Capital assets</b> (note 4)	-	49,868,081	-	49,868,081	51,283,555
	3,953,571	75,139,057	-	79,092,628	80,231,056
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (notes 7 and 11)	1,550,177	132,923	6,812	1,689,912	1,792,753
Due to/from other funds	(593,096)	599,908	(6,812)	-	-
Deferred revenue	562,732	-	-	562,732	567,276
Deposits on account	477,933	-	-	477,933	301,487
	1,997,746	732,831	-	2,730,577	2,661,516
<b>Deferred contributions</b> (note 5)	437,937	-	-	437,937	853,706
	2,435,683	732,831	-	3,168,514	3,515,222
<b>Fund Balances</b>					
Unrestricted	1,517,888	-	-	1,517,888	1,056,086
Internally restricted (note 6 (a))	-	610,849	-	610,849	468,093
Externally restricted (note 6 (b))	-	192,374	-	192,374	1,232,386
Internally restricted – net investment in collection assets	-	24,871,975	-	24,871,975	24,186,152
Internally restricted – net investment in capital assets	-	48,731,028	-	48,731,028	49,773,117
	1,517,888	74,406,226	-	75,924,114	76,715,834
	3,953,571	75,139,057	-	79,092,628	80,231,056

Approved by the Board of Directors



Director



Director

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

# Heritage Park Society

## Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31, 2014

	Operating Fund \$	Capital and Preservation Fund \$	Growth Fund \$	Total 2014 \$	Total 2013 \$
<b>Revenue</b>					
Food services (note 7)	8,920,300	-	-	8,920,300	8,465,183
Admissions	4,729,598	54,278	-	4,783,876	4,309,814
Grants (note 9)	4,367,955	1,120,390	300,000	5,788,345	5,654,403
Retail	1,588,237	-	-	1,588,237	1,402,454
Donations	964,030	385,534	740,436	2,090,000	2,309,011
Other revenue	549,758	1,600	-	551,358	531,137
Heritage Park Foundation contribution (note 7)	180,000	-	81,480	261,480	453,179
Interest	32,712	-	811	33,523	33,072
Gain on disposal of capital assets (note 4)	-	22,815	-	22,815	21,835
	<b>21,332,590</b>	<b>1,584,617</b>	<b>1,122,727</b>	<b>24,039,934</b>	<b>23,180,088</b>
<b>Expenses</b>					
Operating and maintenance (note 3)	10,981,173	244,155	2,685	11,228,013	10,486,742
Selling, general and administrative (note 7)	5,786,480	2,750	92,911	5,882,141	4,868,651
Product costs – food and retail	3,453,135	-	325	3,453,460	3,173,349
Amortization expenses	-	3,704,738	-	3,704,738	3,748,813
Reduction in collection assets	-	313,302	-	313,302	95,302
Contribution to Heritage Park Foundation (note 7)	-	-	250,000	250,000	-
	<b>20,220,788</b>	<b>4,264,945</b>	<b>345,921</b>	<b>24,831,654</b>	<b>22,372,857</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,111,802</b>	<b>(2,680,328)</b>	<b>776,806</b>	<b>(791,720)</b>	<b>807,231</b>
<b>Fund balances – Beginning of year</b>	<b>1,056,086</b>	<b>73,640,718</b>	<b>2,019,030</b>	<b>76,715,834</b>	<b>75,908,603</b>
Interfund transfer – capital assets	-	2,795,836	(2,795,836)	-	-
Interfund transfer (note 6 (a))	(650,000)	650,000	-	-	-
<b>Fund balances – End of year</b>	<b>1,517,888</b>	<b>74,406,226</b>	<b>-</b>	<b>75,924,114</b>	<b>76,715,834</b>

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

# Heritage Park Society

## Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	(791,720)	807,231
Items not affecting cash		
Collection assets donated in kind	(168,615)	(74,861)
Capital assets donated in kind	(12,064)	(4,831)
Amortization of capital assets	3,704,738	3,748,813
Gain on disposal of capital assets	(22,815)	(21,835)
Reduction in collection assets	313,302	95,302
	3,022,826	4,549,819
Net change in non-cash working capital items	(1,396,104)	1,424,618
	1,626,722	5,974,437
<b>Investing activities</b>		
Additions to collection assets	(850,510)	(831,958)
Additions to capital assets	(2,306,817)	(2,316,332)
Net decrease in investments	51	172
Net change in non-cash working capital items	523,870	(1,260,015)
Proceeds on disposal of capital assets	52,432	46,601
Proceeds on disposal of collection assets	20,002	-
	(2,560,972)	(4,361,532)
<b>Financing activity</b>		
Repayments of line of credit	-	(102,426)
<b>(Decrease) increase in cash</b>	(934,250)	1,510,479
<b>Cash – Beginning of year</b>	1,585,044	74,565
<b>Cash – End of year</b>	650,794	1,585,044
<b>Supplemental information</b>		
Interest paid	-	169

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

**1 Basis of operations**

The Heritage Park Society (the "Society") operates the Heritage Park Historical Village and has a mission to connect people with the settlement of Western Canada by preserving and sharing Western Canadian heritage. The Society has operated under a multi-year lease agreement with the City of Calgary ("the City") since 1964. Provisions under the agreement include an annual operating grant, the amount of which is set by the City. The agreement is in effect through to July 31, 2017, with renewal opportunity before that date or termination by either party with one year's notice.

Under the terms of the agreement with the City, the Society is to maintain and improve the land on which the Park is located. The Society does not pay taxes for use of the land. The agreement also stipulates that title to all lands and improvements is vested with the City. The Society may encumber its capital and collection assets within the guidelines of the Society by-laws, and the land with the approval of the City.

The Society, as a registered charity, is exempt from income tax and may issue tax receipts to donors for qualified donations.

**2 Significant accounting policies**

**Basis of accounting**

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

**Fund accounting**

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

- i) The Operating Fund contains the assets, liabilities, revenues and expenses related to the Park's operating activities.
- ii) The Capital and Preservation Fund contains the assets, liabilities, revenues and expenses related to the Society's collection and capital assets.
- iii) The Growth Fund contains the assets, liabilities, revenues and expenses related to new initiatives of the Society.

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

# Heritage Park Society

## Notes to Financial Statements

December 31, 2014

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### 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. Restricted investment income is recognized as revenue in the fund in which it is earned. Unrestricted investment income is recognized as revenue in the Operating Fund.

Food services, admissions, retail and other revenue are recognized when services are provided or goods sold and collection is reasonably assured.

### Capital assets

Purchased and donated capital assets are recorded in the Capital and Preservation Fund or Growth Fund at cost or at their estimated fair value at the date of contribution for donated capital assets. Amortization is computed using the declining balance method as follows:

Infrastructure	5 - 15%
Service buildings and improvements	5 - 15%
Equipment and furnishings	20 - 45%
Computer hardware and software	45%

Amortization expense is reported in the Capital and Preservation Fund.

### Collection assets

Collection assets held for exhibit are recorded in the Capital and Preservation Fund or Growth Fund at cost, if purchased or at their estimated fair value at the date of contribution for donated collection assets. No amortization is charged on these assets.

### Capitalized labour

Labour costs associated with the construction of collection and capital assets are capitalized.

### Investments

Short-term investments, comprised entirely of guaranteed investment certificates having a maturity within one year from the date of purchase, are carried at market value with realized and unrealized gains or losses recognized directly in the statement of revenue and expenses.

### Inventory

Inventory comprised primarily of food and supplies is valued at average cost. Inventory comprised of goods purchased and held for resale is valued at the lower of average cost and net realizable value.

**Heritage Park Society**  
Notes to Financial Statements  
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**Pension Plan**

The Society maintains a voluntary defined contribution pension plan for its full-time and part-time continuous employees. The Society matches employees' contributions up to a maximum 5% of their gross salary.

The 2014 pension cost of \$239,597 (2013 – \$226,084) was expensed in operating and maintenance and selling, general and administrative in the Statement of Revenue and Expenses and Changes in Fund Balances of the Operating Fund during the year.

**Donated goods and services**

The Society maintains records of volunteer hours for statistical reporting purposes. Services donated to the Society through volunteer work are not reflected in the financial statements. During 2014, \$298,084 (2013 - \$227,100) of donated goods and services was recorded in the financial statements.

Donated goods and services are recorded as revenue and expenses when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Society, if not donated.

**Financial instruments**

The Society initially measures financial assets and liabilities at their fair value. It subsequently measures its financial assets and liabilities at amortized cost, other than short-term 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 the line of credit and accounts payable and accrued liabilities.

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

**a) Credit and liquidity risk**

The Society's credit and liquidity risk exposure relates primarily to cash and accounts receivable. Cash balances are denominated in local currency and held with reputable Canadian financial institutions. Management considers accounts receivable to be fully collectible. Management does not consider the Society to be exposed to significant credit and liquidity risk.

**b) Interest rate, currency and other price risk**

Short-term investments are limited to Guaranteed Investment Certificates held with a reputable Canadian financial institution. Cash balances, short-term investments and accounts receivable are denominated in local currency. Management does not consider the Society to be exposed to significant interest rate, currency and other price risk.

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**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 Collection assets**

The Society owns a collection of historical buildings, rolling stock, furnishings and equipment which are held for public exhibition and education. These assets are protected, cared for and preserved on an ongoing basis. The change in collection assets during 2014 was as follows:

	December 31, 2013 \$	Additions \$	Reductions \$	December 31, 2014 \$
Food and retail buildings	4,943,648	19,667	5,900	4,957,415
Exhibit buildings	7,490,283	7,258	2,177	7,495,364
Railway and streetcars	2,539,330	448,843	48,542	2,939,631
Midway assets	1,710,576	123,975	37,192	1,797,359
Other period structures	1,003,785	16,739	2,740	1,017,784
Artifacts	5,130,913	198,361	-	5,329,274
Marine	567,048	204,282	61,285	710,045
Period buses	472,544	-	168,063	304,481
Buggies and wagons	179,662	-	-	179,662
Period vehicles	148,363	-	7,403	140,960
	<u>24,186,152</u>	<u>1,019,125</u>	<u>333,302</u>	<u>24,871,975</u>

During 2014, collection assets were donated to the Society in the amount of \$168,615 (2013 – \$74,861). Reductions of collection assets reflect the book value of collection assets that were reconstructed, replaced or disposed during the year. Proceeds arising from disposals of collection assets in the year were \$20,002 (2013 – \$nil). The Society plans to use the proceeds for the direct care and maintenance of the collection assets.

During 2014, \$95,034 (2013 – \$81,067) of maintenance expenses related to the collection assets were incurred and are included in operating and maintenance expense.

# Heritage Park Society

## Notes to Financial Statements

December 31, 2014

### 4 Capital assets

	2014		2013	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Infrastructure	29,416,844	(11,587,850)	17,828,994	18,669,851
Service buildings and improvements	44,352,168	(13,796,610)	30,555,558	31,185,576
Equipment and furnishings	6,428,823	(5,408,097)	1,020,726	1,163,146
Computer hardware and software	3,365,398	(2,902,595)	462,803	264,982
	83,563,233	(33,695,152)	49,868,081	51,283,555

During 2014, equipment and furnishings were donated to the Society in the amount of \$12,064 (2013 – \$4,831). Capital assets with a net book value of \$29,617 (2013 – \$24,766) were disposed of, resulting in a gain on disposition of \$22,815 (2013 – \$21,835). The proceeds arising from disposals of capital assets in the year were \$54,432 (2013 – \$46,601).

Included in the above categories are assets under construction or assets not put in use for which no amortization has been recorded. At December 31, 2014 those include service buildings and improvements of \$11,494 (2013 – \$1,055,429), computer hardware and software of \$248,042 (2013 – \$nil) and equipment and furnishings of \$56,875 (2013 – \$13,754).

### 5 Deferred contributions

Deferred contributions represent externally restricted amounts received that have not been spent. These amounts are restricted as follows:

	2014 \$	2013 \$
Heirloom	377,913	374,939
Program donations and grants	60,024	478,767
	437,937	853,706

**Heritage Park Society**  
Notes to Financial Statements  
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**6 Fund balances**

**a) Internally restricted**

**Capital and Preservation Fund**

Internally restricted funds of \$610,849 (2013 – \$468,093) represent amounts approved by the Board for projects not funded by external parties.

	2014 \$	2013 \$
<b>Balance – Beginning of year</b>	468,093	524,108
Utilized in year	(530,059)	(395,790)
Additions	672,815	339,775
<b>Balance – End of year</b>	<u>610,849</u>	<u>468,093</u>

**b) Externally restricted**

Externally restricted funds of \$192,374 (2013 – \$1,232,386) remain restricted by contributors for capital expenditures.

	Capital and Preservation Fund \$	Growth Fund \$	2014 \$	2013 \$
<b>Balance – Beginning of year</b>	258,029	974,357	1,232,386	199,509
Donations and grants	1,560,205	1,122,727	2,682,932	4,523,336
Utilized during the year	(1,625,860)	(2,097,084)	(3,722,944)	(3,490,459)
<b>Balance – End of year</b>	<u>192,374</u>	<u>-</u>	<u>192,374</u>	<u>1,232,386</u>

**7 Related party transactions**

The Society received a contribution of \$261,480 (2013 – \$453,179) from the Heritage Park Foundation (the “Foundation”), a related not for profit organization whose purpose is to carry out fundraising and investment activities for the benefit of the Society, but operates under an independent Board of Directors.

During the year, the Society made a contribution of \$250,000 (2013 – \$nil) to the Foundation to support the ongoing operation and maintenance costs of the Famous 5 Centre of Canadian Women.

The Society provided management and administrative services to the Foundation in the amount of \$182,212 (2013 – \$181,150), which are reimbursed to the Society by the Foundation and are recorded as a reduction of selling, general and administrative expenses. In addition, the Society provided catering and other services to the Foundation for fundraising events totaling \$67,030 (2013 – \$62,303) and are recorded in food services revenue.

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Accounts receivable include \$73,794 (2013 – \$40,332) due from the Heritage Park Foundation. These balances are non-interest bearing with no fixed terms of repayment.

**8 Fundraising expenses**

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

	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	183,902
Direct expenses incurred for the purpose of soliciting contributions including grants and donations	109,046

**9 Grants awarded**

**a) Community Facility Enhancement Program Grant (CFEP)**

In 2014, the Society received a grant of \$100,000 from the Government of Alberta Minister of Culture for the maintenance of capital projects. The full amount was recorded as revenue in the Capital and Preservation Fund.

In 2013, the Society received a grant of \$1,000,000 from the Government of Alberta Minister of Culture. During the prior year, the full amount of the grant was accessed and recorded as grant revenue in the financial statements of the Growth Fund and used exclusively for construction of the Famous 5 Centre of Canadian Women.

**b) City of Calgary Lifecycle & Maintenance Grant (CPRiiP)**

The City provides the Society with an annual grant to support the ongoing maintenance of assets. In 2014, the Society received \$946,200 (2013 – \$1,668,692) from the City, towards actual expenditures for lifecycle maintenance expenses.

**c) City of Calgary Capital Grant**

In 2014, the Society received a \$300,000 (2013 – \$nil) capital grant from the City of Calgary. During the year, the full amount of the grant was accessed and recorded as grant revenue in the financial statements of the Growth Fund, and used exclusively for construction of the Famous 5 Centre of Canadian Women.

**d) City of Calgary Operating Grant**

The City provides funding to cover a portion of the operating and capital expenditures of the Society. Funding is determined annually at the discretion of City Council. In 2014, total operating support was \$3,265,798 (2013 – \$2,686,895).

**Heritage Park Society**  
Notes to Financial Statements  
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**e) Community Spirit Grant**

During 2014, the Society received a \$nil (2013 – \$25,000) operating grant from the Province of Alberta under the Community Spirit program.

**10 Line of credit**

The Society has a \$5,000,000 revolving demand facility. Use of the line of credit is limited to funding the timing difference between confirmed contributions to the Capital Campaign and the actual costs of construction. It is secured by a general security agreement on all movable assets of the Society and by the Society's investment account with National Bank Financial Group. The balance outstanding at December 31, 2014 is \$nil (2013 – \$nil). This line of credit bears interest at rate of Royal Bank prime plus 0.45% per annum and is payable on a monthly basis.

**11 Government remittances**

Accounts payable and accrued liabilities include government remittances payable of \$133,738 (2013 – \$115,104).