

Lougheed House Conservation Society
Financial Statements
For the year ended December 31, 2018

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12



BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Lougheed House Conservation Society

Opinion

We have audited the financial statements of Lougheed House Conservation Society (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations and 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 Society 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.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Society for the year ended December 31, 2017 were audited by another firm of chartered professional accountants whom expressed an unmodified opinion on those financial statements on May 24, 2018.

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.

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

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

Independent Auditors' Report to the Members of Lougheed House Conservation Society (*continued*)

Auditors' 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 auditors' 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

Calgary, Alberta
May 27, 2019


BUCHANAN BERRY LLP
CHARTERED ACCOUNTANTS

Lougheed House Conservation Society Statement of Financial Position

December 31	2018	2017
Assets		
Current		
Cash	\$ 405,705	\$ 420,388
Accounts receivable (Note 2)	51,515	33,418
Inventory	1,672	1,040
Prepaid expenses	5,882	-
	464,774	454,846
Restricted cash (Note 3)	5,074	5,072
Capital assets (Note 4)	35,403	65,277
	\$ 505,251	\$ 525,195

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 2)	\$ 73,960	\$ 54,886
Deferred contributions and revenue (Note 5)	112,402	145,486
Deferred contributions related to in-kind donations (Note 6)	22,073	47,546
	208,435	247,918
Net assets		
Unrestricted	168,486	139,546
Invested in Capital Assets	13,330	17,731
Internally Restricted (Note 7)	115,000	120,000
	296,816	277,277
	\$ 505,251	\$ 525,195

Approved on behalf of the board:

(Gerry Meek), Director

(Yasmeen Hug), Director

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

Lougheed House Conservation Society Statement of Changes in Net Assets

For the year ended December 31

2018

	Unrestricted	Invested in Capital Assets	Internally Restricted	Total
Balance, beginning of year	\$ 139,546	\$ 17,731	\$ 120,000	\$ 277,277
Excess (deficiency) of revenue over expenses for the year	27,834	(8,295)	-	19,539
Transfer (Note 7)	5,000	-	(5,000)	-
Purchase of capital assets	(3,894)	3,894	-	-
Balance, end of year	\$ 168,486	\$ 13,330	\$ 115,000	\$ 296,816

For the year ended December 31

2017

	Unrestricted	Invested in Capital Assets	Internally Restricted	Total
Balance, beginning of year	\$ 91,850	\$ 26,603	\$ 56,805	\$ 175,258
Excess (deficiency) of revenue over expenses for the year	110,891	(8,872)	-	102,019
Transfer	(63,195)	-	63,195	-
Balance, end of year	\$ 139,546	\$ 17,731	\$ 120,000	\$ 277,277

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

Lougheed House Conservation Society Statement of Operations

For the year ended December 31	2018	2017
Revenue		
Admissions	\$ 20,985	\$ 21,856
Amortization of in-kind donations	25,473	25,473
Casino	58,421	22,213
Donations	31,443	49,580
Government contract	452,500	475,000
Grants	120,177	96,939
In-kind donations	12,839	9,239
Memberships	3,087	2,052
Merchandise and consignment	18,109	16,408
Other	405	675
Program and events	134,121	139,880
	877,560	859,315
Expenses		
Admissions	19,744	20,678
Advertising and promotion	25,124	16,581
Amortization	33,768	34,345
Collections and exhibits	28,417	15,497
Garden	4,475	3,474
General and administrative	55,819	53,574
Interest and bank charges	7,392	7,446
Merchandise	10,523	4,871
Other	4,844	3,644
Professional fees	16,265	15,267
Program and events	87,290	51,564
Travel	1,659	955
Wages and benefits	562,701	529,400
	858,021	757,296
Excess of revenue over expenses for the year	\$ 19,539	\$ 102,019

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

Lougheed House Conservation Society Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 19,539	\$ 102,019
Adjustments for non-cash items		
Amortization	33,768	34,344
Amortization of in-kind donations	(25,473)	(25,473)
	27,834	110,890
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(18,097)	37,420
Decrease (increase) in inventory	(632)	3,586
Decrease (increase) in prepaid expenses	(5,882)	-
Increase in accounts payable and accrued liabilities	19,074	6,264
Increase (decrease) in deferred contributions	(33,084)	57,501
	(10,787)	215,661
Cash flows from investing activity		
Purchase of capital assets	(3,894)	-
	(14,681)	215,661
Increase (decrease) in cash during the year	(14,681)	215,661
Cash, beginning of year	425,460	209,799
Cash, end of year	\$ 410,779	\$ 425,460
 Cash consists of:		
Cash	\$ 405,705	\$ 420,388
Restricted cash	5,074	5,072
	\$ 410,779	\$ 425,460

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

Lougheed House Conservation Society

Notes to the Financial Statements

December 31, 2018

Nature of operations

Lougheed House Conservation Society (the "Society") was incorporated as a charitable organization on January 20, 1995 to restore and conserve the Lougheed House, a National and Provincial Historic Site, originally constructed by Senator James Lougheed in 1891. The purpose of the Society has now expanded to include offering programs and exhibits to reflect the history of the Lougheed era which ended in 1938 and other tenants and their historical eras, educate the visitors on these eras, continue to preserve the house and surrounding gardens, rent out the facility for events, and offer restaurant and gift shop areas for visitors.

As the Society is registered as a charitable organization, it is exempt from federal or Alberta income taxes, provided certain requirements of the Income Tax Act are met.

1. Summary of significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

Basis of accounting These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Inventory Inventory is comprised of gift shop merchandise for sale. Inventory is valued at the lower of cost and net realizable value, cost being determined using the average cost method. The total inventory expensed during the year was \$9,100 (2017 - \$4,735) and was included in merchandise expense.

Amortization Amortization on capital assets is provided using the straight-line method and the following number of years:

Furniture, fixtures and equipment	10 years
Computer equipment	5 years
Computer software	3 years

Capital assets are evaluated for impairment when circumstances indicate impairment may have occurred. Any impairment is measured by comparing the carrying value of the assets to the fair value based on the present value of future cash flows expected to be generated from the assets.

Revenue recognition The deferral method of accounting is used for casino revenue, government contracts and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received for capital assets are recognized as revenue in proportion to the annual amortization of the related assets for which the contribution was made.

Admission, program and events and merchandise revenue are recorded once the sale has been completed and collection is reasonably assured. Amounts received for services in the next fiscal year have been deferred.

Lougheed House Conservation Society

Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess (deficiency) of revenues over expenditures. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess (deficiency) of revenues over expenditures.

Contributed services

Directors, committee members and owners volunteer their time to assist in the corporation's activities. While these services benefit the corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Lougheed House Conservation Society

Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Measurement uncertainty

The valuation of accounts receivable is based on management's best estimates of the provision for doubtful accounts

The valuation of inventory is based on management's best estimates of the provision for slow-moving and obsolete inventory. The amount recorded for the provision is based on management's best estimates of the net realizable value of the related inventory.

The valuation of capital assets is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as capital assets. The amounts recorded for amortization of the capital assets are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. Government remittances

Included in accounts receivable is Goods and Services Tax receivable of \$5,572 (2017 - \$6,310). Included in accounts payable and accrued liabilities are payroll withholdings due to the government of \$8,278 (2017 - \$5,358).

3. Restricted cash

Restricted cash consists of funds held as security for a credit card.

4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Furniture, fixtures and equipment	\$ 397,179	\$ 373,213	\$ 23,966	\$ 48,257
Computer equipment	100,601	89,164	11,437	17,020
	\$ 497,780	\$ 462,377	\$ 35,403	\$ 65,277

Lougheed House Conservation Society

Notes to the Financial Statements

December 31, 2018

5. Deferred contributions and revenue

During the year, the Society received amounts from numerous sources whereby the funds were restricted for use.

(a) The Society received proceeds from casinos of \$nil (2017 - \$64,719). The funds are designated for accounting fees/gaming financial reports, administrative costs up to a maximum of 10%, program related equipment, grant funding, promotional activities, raffle with less than a \$10,000 objective, registration and affiliation fees, resources materials and supplies, in-province travel, uniforms and costumes, and salaries and wages paid to the Head Gardener and Curator. An amount equal to these deferred contributions is held in a separate bank account and included in cash.

(b) The Society received one grant from the Alberta Museums Association during the year. The Metis Exhibition Grant of \$11,280 (2017 - \$12,000) will be used to support the development of the 2019 Metis Identity Exhibition, \$10,280 of which is being deferred to complete the project in 2019.

(c) The Society received a grant of \$45,000 from The Calgary Foundation to support the Lougheed House Community Engagement Framework and Exhibit Development Plan, \$22,509 of which is being deferred to complete the project in 2019. In 2017, The Society received a grant of \$12,000 from The Calgary Foundation to support Canada 150 Celebrations.

(d) The Society received a grant of \$22,201 from Calgary Arts Development (CADA) to support the development of our 2019 spring season exhibition, ROAR, \$21,096 of which is being deferred to complete the project in 2019. In 2017, the Society received an Experimental grant of \$3,000 from CADA to support the development.

(e) In the current year, revenues related to venue rentals for facility use that will happen in 2019 have been deferred.

	2018	2017
Opening balance casino	\$ 93,057	\$ 48,337
Proceeds from casino (note 5(a))	-	64,719
Qualified expenditures on casino (note 5(a))	(58,161)	(19,999)
	34,896	93,057
Deferred revenue related to venue rentals (note 5(e))	23,621	11,675
Calgary Foundation Grant (note 5(c))	22,509	754
Alberta Museum Association grants received for 2019 (note 5(b))	10,280	37,000
Calgary Arts Development grant (note 5(d))	21,096	3,000
	77,506	52,429
	\$ 112,402	\$ 145,486

Lougheed House Conservation Society Notes to the Financial Statements

December 31, 2018

6. Deferred contributions related to in-kind donations

During the year, the Society received \$nil (2017 - \$nil) of in-kind donations related to capital assets. These amounts have been deferred and are being amortized over the useful life of the related assets as follows:

	2018	2017
Opening balance	\$ 47,546	\$ 73,019
Recognized in revenue	(25,473)	(25,473)
	\$ 22,073	\$ 47,546

7. Internally restricted funds

The internally restricted funds of the Society have been set aside by the Board of Directors to cover unexpected contingencies and future program development. They are available for use only by resolution of the Board of Directors. In the current year \$5,000 (2017 - \$nil) of this fund was used for strategic planning.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

9. Economic dependence

The Society receives the majority of its revenue through a funding agreement from the Government of Alberta, Ministry of Culture and Tourism. The Society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

10. Financial instruments

The Society is exposed to the following significant financial risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that potentially subject the Society to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Society mitigates its exposure to credit loss by placing its cash and restricted cash with major financial institutions.

Accounts receivable has no significant concentration of credit risk with any one party or industry. As such, credit risk of accounts receivable is considered low.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.
