

**LOUGHEED HOUSE CONSERVATION SOCIETY**

**Financial Statements**

**Year Ended December 31, 2019**

**LOUGHEED HOUSE CONSERVATION SOCIETY**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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**BUCHANAN BARRY LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

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To the Members of Lougheed House Conservation Society

*Opinion*

We have audited the financial statements of Lougheed House Conservation Society (the "Society") that comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures 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, 2019, 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.

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

*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 related 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.

*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:

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**BHD**  
ASSOCIATION OF  
CHARTERED ACCOUNTANTS



*years*  
1960 2020

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

- 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  
April 13, 2020

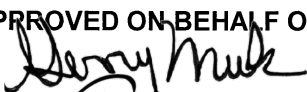
*Buchanan Barry LLP*

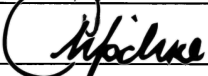
CHARTERED PROFESSIONAL ACCOUNTANTS

**LOUGHEED HOUSE CONSERVATION SOCIETY**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term deposits	\$ 466,363	\$ 405,705
Accounts receivable (Note 3)	30,791	51,515
Inventory	2,364	1,672
Prepaid expenses	5,853	5,882
	505,371	464,774
<b>RESTRICTED CASH</b>	-	5,074
<b>CAPITAL ASSETS (Note 4)</b>	24,584	35,403
	\$ 529,955	\$ 505,251
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 74,926	\$ 73,960
Deferred contributions and revenue (Note 5)	165,594	112,402
	240,520	186,362
<b>DEFERRED CONTRIBUTIONS RELATED TO IN-KIND DONATIONS (Note 6)</b>	11,808	22,073
	252,328	208,435
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	149,851	168,486
<b>INVESTED IN CAPITAL ASSETS</b>	12,776	13,330
<b>INTERNALLY RESTRICTED (Note 7)</b>	115,000	115,000
	277,627	296,816
	\$ 529,955	\$ 505,251

APPROVED ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**LOUGHEED HOUSE CONSERVATION SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	Unrestricted	Invested in Capital Assets	Internally Restricted	<b>2019</b>	2018
<b>NET ASSETS -</b>					
<b>Beginning of year</b>	\$ 168,486	\$ 13,330	\$ 115,000	<b>\$ 296,816</b>	\$ 277,277
PURCHASE OF CAPITAL ASSETS	(5,212)	5,212	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(13,423)	(5,766)	-	<b>(19,189)</b>	19,539
<b>NET ASSETS - End of year</b>	<b>\$ 149,851</b>	<b>\$ 12,776</b>	<b>\$ 115,000</b>	<b>\$ 277,627</b>	<b>\$ 296,816</b>

**LOUGHEED HOUSE CONSERVATION SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUE</b>		
Admissions	\$ 18,522	\$ 20,985
Amortization of in-kind donations	14,560	25,473
Casino	37,342	58,421
Donations	64,246	39,477
Government contracts	445,000	452,500
Grants	202,035	112,143
In-kind donations	5,801	12,839
Memberships	1,760	3,087
Merchandise and consignment	21,469	18,109
Other	45	405
Programs and events	129,771	134,121
	<u>940,551</u>	<u>877,560</u>
<b>EXPENSES</b>		
Admissions	15,926	19,744
Advertising and promotion	19,623	25,124
Amortization	20,325	33,768
Collections and exhibits	82,691	28,417
Garden	3,871	4,475
General and administrative expenses	72,235	55,819
Interest and bank charges	7,313	7,392
Merchandise	13,847	10,523
Other	5,785	4,844
Professional fees	14,154	16,265
Program and events	149,414	87,290
Travel	2,038	1,659
Wages and benefits	552,518	562,701
	<u>959,740</u>	<u>858,021</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (19,189)</u>	<u>\$ 19,539</u>

**LOUGHEED HOUSE CONSERVATION SOCIETY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (19,189)	\$ 19,539
Items not affecting cash:		
Amortization of capital assets	20,325	33,768
Amortization of in-kind donations	(14,560)	(25,473)
	<u>(13,424)</u>	<u>27,834</u>
Changes in non-cash working capital:		
Accounts receivable	20,724	(18,097)
Inventory	(692)	(632)
Prepaid expenses	29	(5,882)
Accounts payable and accrued liabilities	967	19,074
Deferred contributions and revenue	53,192	(33,084)
	<u>74,220</u>	<u>(38,621)</u>
	<u>60,796</u>	<u>(10,787)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(5,212)</u>	<u>(3,894)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>55,584</b>	<b>(14,681)</b>
<b>CASH - Beginning of year</b>	<u>410,779</u>	<u>425,460</u>
<b>CASH - End of year</b>	<u>\$ 466,363</u>	<u>\$ 410,779</u>
<b>CASH CONSISTS OF:</b>		
Cash and short-term deposits	\$ 466,363	\$ 405,705
Restricted cash	<u>-</u>	<u>5,074</u>
	<u>\$ 466,363</u>	<u>\$ 410,779</u>

**NON-CASH TRANSACTIONS** (Note 6)



# LOUGHEED HOUSE CONSERVATION SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2019

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### 1. PURPOSE OF THE ORGANIZATION

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.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### **Cash and cash equivalents**

Cash includes cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

#### **Inventory**

Inventory is comprised of gift shop merchandise for sale. Inventory is valued at the lower of cost and net realizable value with the cost being determined using the average cost method. The total inventory expensed during the year was \$13,041 (2018 - \$9,100).

#### **Capital assets**

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis using the following rates and methods:

Furniture, fixtures and equipment	10 years	straight-line method
Computer equipment	5 years	straight-line method

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.

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# LOUGHEED HOUSE CONSERVATION SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Revenue recognition**

Lougheed House Conservation Society follows the deferral method of accounting 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 asset for which the contribution was made. Endowment contributions are recognized as direct increases in net assets.

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### **Financial instruments policy**

##### *Measurement*

The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying value or exchange amount. The Society subsequently measures all financial assets and financial liabilities at amortized cost, except equity instruments quoted in an active market, which are reported at fair value with any unrealized gains and losses reported in net income.

Financial assets subsequently measured at amortized cost include cash and accounts receivable.

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

##### *Impairment*

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in net income. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income in the period the reversal occurs.

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## LOUGHEED HOUSE CONSERVATION SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### 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.

##### Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of capital assets for amortization purposes, the net recoverable amount of accounts receivable, inventory, and capital 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.

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#### 3. GOVERNMENT REMITTANCES

Included in accounts receivable is Goods and Services Tax receivable of \$6,135 (2018 - \$5,572). Included in accounts payable and accrued liabilities are payroll withholdings due to the government of \$8,814 (2018 - \$8,278).

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#### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture, fixtures and equipment	\$ 405,030	\$ 388,631	\$ 16,399	\$ 23,966
Computer equipment	102,258	94,073	8,185	11,437
	<u>\$ 507,288</u>	<u>\$ 482,704</u>	<u>\$ 24,584</u>	<u>\$ 35,403</u>

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**LOUGHEED HOUSE CONSERVATION SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**5. DEFERRED CONTRIBUTIONS AND REVENUE**

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

(a) The Society received proceeds from casinos of \$70,055 (2018 - \$Nil). 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 salaried 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 a grant from the Alberta Culture and Tourism Community Grants during the year. The Community Initiatives Program Grant of \$74,915 will be used to support the development of the Lougheed house Re-Imagined Museum Exhibit, all of which is being deferred to complete the project in 2020.

(c) The Society received a grant from the Alberta Museums Association during the year. The Institutional Grant of \$9,599 will be used to support the development of the Early Calgary Writers Exhibit, all of which is being deferred to complete the project in 2020.

(d) In the current year, revenues related to venue rentals for facility use that will happen in 2020 have been deferred.

(e) In the current year, revenues related to school field trips that will happen in 2020 have been deferred.

	<b>2019</b>	<b>2018</b>
Opening balance casino	<b>\$ 34,896</b>	\$ 93,057
Proceeds from casino (note 5(a))	<b>70,055</b>	-
Qualified expenditures on casino (note 5(a))	<b>(37,247)</b>	(58,161)
	<b>67,704</b>	34,896
Alberta Culture and Tourism Community Grant (note 5(b))	<b>74,915</b>	-
Alberta Museum Association grants received for 2020 (note 5(c))	<b>9,599</b>	10,280
Deferred revenue related to venue rentals (note 5(d))	<b>11,296</b>	23,621
Deferred revenue related to school field trips (note 5(e))	<b>2,080</b>	-
Calgary Foundation Grant	-	22,509
Calgary Arts Development grant	-	21,096
	<b>97,890</b>	77,506
	<b>\$ 165,594</b>	\$ 112,402

## LOUGHEED HOUSE CONSERVATION SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 6. DEFERRED CONTRIBUTIONS RELATED TO IN-KIND DONATIONS

During the year, the Society received \$4,295 (2018 - \$Nil) of in-kind donations of capital assets. The current year and historical in-kind donations have been deferred and are being amortized into revenue over the useful life of the related assets received as follows:

	2019	2018
Opening balance	\$ 22,073	\$ 47,546
Additions to in-kind donations	4,295	-
Recognized in revenue	(14,560)	(25,473)
	<u>\$ 11,808</u>	<u>\$ 22,073</u>

Additions to capital assets as a result of in-kind donations are non-cash in nature and have been excluded from the statement of cash flows.

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#### 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 \$Nil (2018 - \$5,000) of this fund was used for strategic planning.

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#### 8. 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.

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#### 9. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

**(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's credit risk exposure on cash is minimized substantially by ensuring that cash is held with a credible financial institution.

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**LOUGHEED HOUSE CONSERVATION SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

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9. FINANCIAL INSTRUMENTS *(continued)*

The Society's 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.

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10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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