

LOUGHEED HOUSE CONSERVATION SOCIETY
Financial Statements
Year Ended December 31, 2021

LOUGHEED HOUSE CONSERVATION SOCIETY
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S 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, 2021, and the statements of operations, changes in net assets 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, 2021, 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 (ASNPO).

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 *Auditor's 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 ASNPO, 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.

Auditor's 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 auditor's 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.

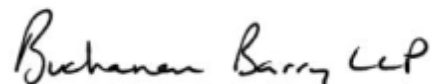
Independent Auditor's Report to the Members of Lougheed House Conservation Society *(continued)*

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 auditor's 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 auditor's 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 30, 2022



CHARTERED PROFESSIONAL ACCOUNTANTS

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 732,381	\$ 800,560
Accounts receivable (Note 3)	78,289	59,531
Inventory	2,934	3,304
Prepaid expenses	6,311	6,078
	819,915	869,473
COLLECTIONS (Note 4)	15,636	15,636
CAPITAL ASSETS (Note 5)	47,674	12,526
	\$ 883,225	\$ 897,635
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 89,391	\$ 122,624
Deferred contributions and revenue (Note 6)	200,963	475,252
	290,354	597,876
LONG-TERM DEBT (Note 10)	40,000	-
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 7)	34,993	2,943
	365,347	600,819
NET ASSETS		
UNRESTRICTED	333,561	156,597
INVESTED IN CAPITAL ASSETS	12,681	9,583
INVESTED IN COLLECTIONS	15,636	15,636
INTERNALLY RESTRICTED (Note 8)	156,000	115,000
	517,878	296,816
	\$ 883,225	\$ 897,635

APPROVED ON BEHALF OF THE BOARD

"Melissa Cook" Director

"Janna Schrottner" Director

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Operations
Year Ended December 31, 2021

	2021	2020
REVENUE		
Admissions	\$ 5,427	\$ 3,342
Casino and raffle	47,141	34,367
Donations (Note 9)	205,977	53,346
Government assistance (Note 10)	56,915	163,144
Government service agreement (Note 11)	258,336	277,764
Grants (Note 12)	443,188	184,501
In-kind donations	-	3,083
Memberships	2,514	1,590
Merchandise and consignment	7,543	7,479
Other	3,255	2,844
Programs and events	98,851	59,150
Recognition of deferred contributions for capital assets (Note 7)	450	430
	<u>1,129,597</u>	<u>791,040</u>
EXPENSES		
Admissions	-	3,716
Advertising and promotion	30,833	21,470
Amortization of capital assets	3,500	5,518
Collections and exhibits	10,790	7,292
Garden	8,049	23,706
General and administrative expenses	60,789	59,003
Interest and bank charges	4,652	3,650
Merchandise	3,315	4,134
Other	6,261	9,558
Professional fees	11,613	11,304
Program and events	125,944	33,708
Travel	770	162
Wages and benefits	642,019	604,266
	<u>908,535</u>	<u>787,487</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 221,062</u>	<u>\$ 3,553</u>

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Unrestricted	Invested in Capital Assets	Invested in Collections	Internally Restricted	2021	2020
NET ASSETS - Beginning of year	\$ 156,597	\$ 9,583	\$ 15,636	\$ 115,000	\$ 296,816	\$ 277,627
Purchase of capital assets	(36,148)	36,148	-	-	-	-
Transfer to deferred contributions for capital assets <i>(Note 6)(k)</i>	30,000	(30,000)	-	-	-	-
Transfer to internally restricted funds <i>(Note 8)</i>	(41,000)	-	-	41,000	-	-
Collection items donated	-	-	-	-	-	15,636
Excess (deficiency) of revenue over expenses	224,112	(3,050)	-	-	221,062	3,553
NET ASSETS - End of year	\$ 333,561	\$ 12,681	\$ 15,636	\$ 156,000	\$ 517,878	\$ 296,816

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 221,062	\$ 3,553
Items not affecting cash:		
Amortization of capital assets	3,500	5,518
Recognition of deferred contributions for capital assets	(450)	(430)
CEBA loan forgiveness	(20,000)	-
	<u>204,112</u>	<u>8,641</u>
Changes in non-cash working capital:		
Accounts receivable	(18,758)	(28,740)
Inventory	370	(940)
Prepaid expenses	(233)	(225)
Accounts payable and accrued liabilities	(33,233)	47,698
Deferred contributions and revenue	(244,289)	309,658
	<u>(296,143)</u>	<u>327,451</u>
	<u>(92,031)</u>	<u>336,092</u>
INVESTING ACTIVITY		
Purchase of capital assets	(36,148)	(1,895)
FINANCING ACTIVITY		
Proceeds from long-term debt	60,000	-
INCREASE (DECREASE) IN CASH	<u>(68,179)</u>	<u>334,197</u>
CASH - Beginning of year	<u>800,560</u>	<u>466,363</u>
CASH - End of year	<u>\$ 732,381</u>	<u>\$ 800,560</u>
NON-CASH TRANSACTIONS (Note 5)		

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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.

The Society is a registered charity under section 149(1) of the Income Tax Act of Canada and is exempt from corporate income tax.

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 \$944 (2020 - \$4,134).

Collections

The Society's collections include historic furniture and memorabilia preserved and displayed throughout the Lougheed House. Collections are recorded on the statement of financial position at cost, which is deemed to be fair value at the date of contribution plus all costs directly attributable to the acquisition of the collection items. Fair value is estimated using market or appraisal values. When the cost of a contributed item cannot be reasonably determined, the item is recorded at a nominal value. Collections are not subject to amortization as the Society preserves these items in perpetuity.

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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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

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
Computer equipment	5 years	straight-line
Leasehold improvements	10 years	straight-line

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 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, membership, 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 are 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.

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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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

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 excess of revenues over expenses.

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 excess of revenues over expenses. 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 excess of revenues over expenses in the period the reversal occurs.

Contributed materials and services

Contributed services and donated goods are recognized in the financial statements as expense recoveries or in-kind donations when the fair value can be reasonably determined, when the services are used in the normal course of the Society's operations and would otherwise have been purchased. Directors, committee members and owners volunteer their time to assist in the Society's activities. While these services benefit the Society 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, capital assets and the fair value of contributed items. 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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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

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

The global outbreak of COVID-19 (Coronavirus) has had a significant impact on businesses and non-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 pandemic may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. While the extent of the impact is unknown, it is feasible that the pandemic may cause changes in the availability of grants, corporate and individual donations, and the Society's ability to hold fundraising events and operate Lougheed House. The Society has qualified for and received government assistance, as described in Note 10.

At present, it is not possible to reliably estimate the severity of these developments on the Society's operations and financial position in future periods. However, it could have an adverse impact on the Society's operations, cash flows and overall financial position.

3. GOVERNMENT REMITTANCES

Included in accounts receivable is Goods and Services Tax receivable of \$6,261 (2020 - \$4,388). Included in accounts payable and accrued liabilities are payroll withholdings due to the Canada Revenue Agency of \$9,500 (2020 - \$8,272).

4. COLLECTIONS

	<u>2021</u>	<u>2020</u>
Collections - opening balance	\$ 15,636	\$ -
Additions during the year	-	15,636
	<u>\$ 15,636</u>	<u>\$ 15,636</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture, fixtures and equipment	\$ 82,764	\$ 68,627	\$ 14,137	\$ 8,353
Computer equipment	103,608	100,385	3,223	4,173
Leasehold improvements	30,314	-	30,314	-
	<u>\$ 216,686</u>	<u>\$ 169,012</u>	<u>\$ 47,674</u>	<u>\$ 12,526</u>

During the year, a Victorian settee appraised at \$2,500 was donated to the Society and included in furniture, fixtures & equipment. As this is a non-cash transaction, it has been excluded from the statement of cash flows.

During the year, the Society incurred leasehold improvement costs of \$30,314 related to the installation of fibre optic cable and wireless internet upgrades. The upgrades are not yet completed, as such no amortization has been recorded on the 2021 leasehold improvement additions.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

6. DEFERRED CONTRIBUTIONS AND REVENUE

	2020	Funds received	Funds utilized	2021
<i>Deferred revenue</i>				
Casino (a)	\$ 38,382	\$ 56,304	\$ (42,941)	\$ 51,745
Event rentals	19,853	32,989	-	52,842
Field trips	255	-	-	255
Government Service Agreement	83,336	-	(83,336)	-
	<u>\$ 141,826</u>	<u>\$ 89,293</u>	<u>\$ (126,277)</u>	<u>\$ 104,842</u>
<i>Deferred grants</i>				
Alberta Culture and Tourism (b)	\$ 64,623	\$ -	\$ (30,686)	\$ 33,937
Alberta Museums Association - storytelling project (c)	11,519	10,770	(22,289)	-
Alberta Museums Association - staffing (d)	-	50,000	(25,000)	25,000
Calgary Foundation - garden (e)	32,180	-	(23,734)	8,446
Calgary Foundation - website (f)	6,906	-	(6,906)	-
Canadian Heritage (g)	38,100	35,000	(65,300)	7,800
Edmonton Comm. Foundation (h)	-	63,324	(61,886)	1,438
Museums Assistance Program (i)	95,974	-	(95,974)	-
Travel Alberta (j)	5,774	7,470	(13,244)	-
Calgary Arts Development Authority Ltd.(k)	78,350	71,600	(130,450)	19,500
	<u>\$ 333,426</u>	<u>\$ 238,164</u>	<u>\$ (475,469)</u>	<u>\$ 96,121</u>
	<u>\$ 475,252</u>	<u>\$ 327,457</u>	<u>\$ (601,746)</u>	<u>\$ 200,963</u>

- (a) The Society received proceeds from casinos of \$56,304 (2020 - \$Nil). The use of Casino funds are restricted per the AGLC approved use of proceeds list. Unspent funds are deferred and held in a separate bank account included in cash.
- (b) In 2019, the Society received a grant of \$74,915 from Alberta Culture and Tourism Community Grants. The Community Initiatives Program Grant is restricted to support the development of the Lougheed House Re-Imagined Museum Exhibit. After a delay due to COVID-19, the Society continues the re-development of its permanent gallery into 2022 with these funds.
- (c) The Society received a grant of \$10,770 (2020 - \$11,519) from the Alberta Museums Association which were used towards the oral histories and China Town story telling exhibits during the year.
- (d) The Society received two grants totaling \$50,000 from the Alberta Museums Association which are restricted to fund the program and volunteer manager's salary. One grant for \$25,000 was utilized during 2021 and the second grant for \$25,000 is deferred for this purpose in 2022.
- (e) In 2020, the Society received a grant of \$81,890 from the Calgary Foundation which is restricted to support the revitalization of the Beaulieu Gardens at the Lougheed House. This project is ongoing as of December 31, 2021.
- (f) In 2020, the Society received a grant of \$10,000 from the Calgary Foundation which is restricted to support the redevelopment of the Society's website. This project is completed as of December 31, 2021.

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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

6. DEFERRED CONTRIBUTIONS AND REVENUE *(continued)*

(g) During the year, the Society received an additional \$35,000 (2020 - \$38,100) from the Minister of Canadian Heritage and Multiculturalism for the Society's Community Garden Festival, for a total of \$73,100. Of this amount, \$65,300 was put towards the 2021 Garden Festival, and the remaining \$7,800 has been deferred for the 2022 Garden Festival.

(h) During the year, the Society received \$63,324 from the Edmonton Community Foundation for the re-development of the Society's restaurant.

(i) In 2020, the Society received \$95,974 on behalf of the Minister of Canadian Heritage and Multiculturalism for the Society to carry out its activities under the Museums Assistance Program, COVID-19 Emergency Support Fund. The funds were utilized towards various operating costs during the Society's 2021 fiscal year.

(j) During the year, the Society received \$7,470 (2020 - \$5,774) from Travel Alberta for marketing. The funds were utilized for marketing the Lougheed House (Worth the Visit) initiative.

(k) During the year, the Society received \$71,600 (2020 - \$78,350) from the Calgary Arts Development Authority. Of the 2021 funds received, \$52,100 was designated for 2021 operations and \$19,500 is restricted for the Lougheed House Re-Imagined project which is ongoing as of December 31, 2021.

Of the 2020 deferred funds totaling \$78,350, \$11,250 was used towards the 2021 Chinook Blast Festival, \$37,100 was designated for 2021 operations and \$30,000 has been restricted for the fibre optic and wireless internet upgrades. As such, the \$30,000 has been transferred to deferred contributions for capital assets (Note 7).

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Contributions received for capital assets (both cash and in-kind) have been deferred and are being amortized into revenue over the useful life of the related capital assets.

	<u>2021</u>	<u>2020</u>
Opening balance	\$ 2,943	\$ 11,808
Additions to in-kind donations (a)	2,500	-
Restricted contribution designated for capital assets (b)	30,000	-
Recognized as an increase to net assets (c)	-	(8,435)
Recognized in revenue	<u>(450)</u>	<u>(430)</u>
	<u>\$ 34,993</u>	<u>\$ 2,943</u>

(a) During the year, the Society received \$2,500 (2020 - \$Nil) of in-kind donations of capital assets (Note 5).

(b) During the year, the Society designated \$30,000 of restricted contributions received during 2020 for the fibre optic and wireless internet upgrades (Note 5). As the related asset is not yet put into use, no portion of this deferred contribution has yet been recognized as revenue.

(c) During 2020, \$8,435 of previously deferred in-kind donations were recognized as a direct increase to net assets as a result of a transfer of capital assets to the Society's collection.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

8. 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 \$41,000 (2020 - \$Nil) was internally restricted by the board of directors. No internally restricted funds have been used in operations in 2021 or 2020.

9. ONE-TIME DONATION RECEIVED

During the year, the Society received an unsolicited cash donation of \$75,000, which the Society was able to have matched by the Alberta Minister of Culture for an additional \$75,000. As such, a total of \$150,000 in donation revenue was received during 2021 which was not previously budgeted. The Society has determined that the funds will be allocated to the Lougheed House Re-Imagined Museum Exhibit during 2022.

10. GOVERNMENT ASSISTANCE

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Business Account ("CEBA") program, the Canada Emergency Wage Subsidy ("CEWS") program and the 10% Temporary Wage Subsidy for Employers ("TWSE") program during 2020.

The Society obtained \$60,000 from the CEBA loan, bearing interest at 0% per annum. If the loan is repaid prior to December 31, 2023 it will result in loan forgiveness of \$20,000. It is the Society's opinion that the loan will be repaid by the December 31, 2023 deadline, and therefore the \$20,000 has been recognized as government assistance revenue in the statement of operations.

CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as result of COVID-19. The qualification and application of the CEWS is being assessed over multiple four-week application period segments. The Society determined that it qualified for this subsidy from January 1, 2021 through September 25, 2021 and has, accordingly, applied for the CEWS and received \$36,915 in 2021 (2020 - \$154,331). This is recorded as government assistance revenue in the statement of operations.

During 2020 the Society also applied for and received \$8,813 under the TWSE program, included in 2020 government assistance revenue.

11. GOVERNMENT SERVICE AGREEMENT

The Ministry of Infrastructure is the registered owner of the Lougheed House Provincial Historic Site (the "Facility"). The Society operates the Facility under the terms of a service agreement with the Minister of Culture, Multiculturalism and Status of Women (the "Minister") that sets the overall terms and conditions relating to the provision of services of the Facility. The term of the service agreement is from June 1, 2021 to March 31, 2022 with the option to extend the term for one year. The Society performs administrative and accounting services, community outreach programming services, and marketing services on behalf of the Minister for a total contracted payment of \$250,000 (2020 - \$250,000). Which is being paid on a monthly basis (2020 - two lump sum payments). Of the total contracted payments received during the year, \$Nil (2020 - \$83,336) has been recorded to deferred revenue as the revenue relates to the remaining service term.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

12. GRANTS REVENUE

	<u>2021</u>	<u>2020</u>
Alberta Museums Association	\$ 42,355	\$ 28,000
Calgary Arts Development Authority Ltd.	106,612	59,000
Calgary Foundation	49,593	52,806
Canada Museums Association	-	12,014
Canadian Heritage	73,161	-
Edmonton Community Foundation	38,393	-
Grants previously deferred	133,074	19,892
Minister of Employment and Social Development	-	9,564
Other non-government grants	-	1,500
Travel Alberta	-	1,725
	<u>\$ 443,188</u>	<u>\$ 184,501</u>

13. ECONOMIC DEPENDENCE

The Society receives majority of its revenue through a service agreement described in Note 11. The Society's ability to continue viable operations is dependent on this funding and satisfying the terms of the service agreement.

14. FUNDRAISING

In accordance with section 7(2)(e) of the Charitable Fundraising Act of Alberta and Regulations, the Society incurred expenses of \$12,117 (2020 - \$4,556) for the purpose of soliciting contributions and paid \$55,537 (2020 - \$65,269) of remuneration to an employee whose principal duties involve fundraising.

15. 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, 2021.

(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.

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.

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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2021

15. FINANCIAL INSTRUMENTS *(continued)*

(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.

16. COMPARATIVE FIGURES

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