

LOUGHEED HOUSE CONSERVATION SOCIETY

Financial Statements

Year Ended December 31, 2022

LOUGHEED HOUSE CONSERVATION SOCIETY
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Year Ended December 31, 2022

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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, 2022, 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, 2022, 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 ("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.



BUCHANAN BARRY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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.

Buchanan Barry LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Alberta
March 28, 2023

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 459,961	\$ 732,381
Accounts receivable (Note 3)	58,978	78,289
Inventory	1,518	2,934
Prepaid expenses	7,396	6,311
	527,853	819,915
COLLECTIONS (Note 4)	15,636	15,636
CAPITAL ASSETS (Note 5)	70,132	47,674
	\$ 613,621	\$ 883,225
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 65,532	\$ 89,391
Deferred contributions and revenue (Note 6)	110,001	200,963
Current portion of long-term debt (Note 7)	40,000	-
	215,533	290,354
LONG-TERM DEBT (Note 7)	-	40,000
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS (Note 8)	50,978	34,993
	266,511	365,347
NET ASSETS		
UNRESTRICTED	156,320	333,561
INVESTED IN CAPITAL ASSETS	19,154	12,681
INVESTED IN COLLECTIONS	15,636	15,636
INTERNALLY RESTRICTED (Note 9)	156,000	156,000
	347,110	517,878
	\$ 613,621	\$ 883,225

APPROVED ON BEHALF OF THE BOARD

_____ *Stacy McFarlane* _____ *Board Chair*

_____ *Janna Schrottner* _____ *Treasurer*

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Operations
Year Ended December 31, 2022

	2022	2021
REVENUE		
Admissions	\$ 11,093	\$ 5,427
Casino and raffle	39,074	47,141
Donations (Note 10)	17,368	205,977
Government assistance (Note 7)	98	56,915
Government service agreement (Note 11)	262,470	258,336
Grants (Note 12)	389,955	443,188
In-kind donations	57	-
Memberships	1,829	2,514
Merchandise and consignment	8,787	7,543
Other	27,750	3,255
Programs and events	148,096	98,851
Recognition of deferred contributions for capital assets (Note 8)	2,909	450
	<u>909,486</u>	<u>1,129,597</u>
EXPENSES		
Advertising and promotion	8,945	30,833
Amortization of capital assets	5,089	3,500
Collections and exhibits	12,590	10,790
Garden	7,943	8,049
General and administrative expenses	78,908	60,789
Interest and bank charges	6,260	4,652
Merchandise	4,878	3,315
Other	1,634	6,261
Professional fees	39,117	11,613
Program and events	68,046	125,944
Sub-contracts	115,042	149,443
Travel	258	770
Wages and benefits	729,065	492,576
	<u>1,077,775</u>	<u>908,535</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(168,289)	221,062
LOSS ON DISPOSAL OF CAPITAL ASSET	(2,479)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (170,768)	\$ 221,062

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Unrestricted	Invested in Capital Assets	Invested in Collections	Internally Restricted	2022	2021
NET ASSETS - Beginning of year	\$ 333,561	\$ 12,681	\$ 15,636	\$ 156,000	\$ 517,878	\$ 296,816
Purchase of capital assets	(30,026)	30,026	-	-	-	-
Capital assets funded with restricted contributions (<i>Note 8</i>)	18,894	(18,894)	-	-	-	-
Excess (deficiency) of revenue over expenses	(166,109)	(4,659)	-	-	(170,768)	221,062
NET ASSETS - End of year	\$ 156,320	\$ 19,154	\$ 15,636	\$ 156,000	\$ 347,110	\$ 517,878

LOUGHEED HOUSE CONSERVATION SOCIETY
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (170,768)	\$ 221,062
Items not affecting cash:		
Amortization of capital assets	5,089	3,500
Recognition of deferred contributions for capital assets	(2,909)	(450)
Loss on disposal of capital asset	2,479	-
CEBA loan forgiveness	-	(20,000)
	<u>(166,109)</u>	<u>204,112</u>
Changes in non-cash working capital:		
Accounts receivable	19,311	(18,758)
Inventory	1,416	370
Prepaid expenses	(1,085)	(233)
Accounts payable and accrued liabilities	(23,859)	(33,233)
Deferred contributions and revenue	(90,962)	(244,289)
	<u>(95,179)</u>	<u>(296,143)</u>
	<u>(261,288)</u>	<u>(92,031)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(30,026)</u>	<u>(36,148)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	60,000
Deferred contributions related to capital assets	18,894	-
	<u>18,894</u>	<u>60,000</u>
DECREASE IN CASH	(272,420)	(68,179)
CASH - Beginning of year	732,381	800,560
CASH - End of year	\$ 459,961	\$ 732,381

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

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)(f) 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 \$1,958 (2021 - \$369).

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, 2022

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
Facility 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, 2022

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 and long-term debt.

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, collections 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.

3. GOVERNMENT REMITTANCES

Included in accounts receivable is Goods and Services Tax receivable of \$5,421 (2021 - \$6,261). Included in accounts payable and accrued liabilities are payroll withholdings due to the Canada Revenue Agency of \$5,362 (2021 - \$9,500).

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

4. COLLECTIONS

	<u>2022</u>	<u>2021</u>
Collections - opening balance	\$ 15,636	\$ 15,636
Additions during the year	-	-
	<u>\$ 15,636</u>	<u>\$ 15,636</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture, fixtures and equipment	\$ 80,264	\$ 70,121	\$ 10,143	\$ 14,137
Computer equipment	114,579	103,959	10,620	3,223
Facility improvements	49,369	-	49,369	30,314
	<u>\$ 244,212</u>	<u>\$ 174,080</u>	<u>\$ 70,132</u>	<u>\$ 47,674</u>

During the year, the Society incurred facility improvement costs of \$19,055 (2021 - \$30,314) related to the installation of fibre optic cable and wireless internet upgrades. The upgrades are not yet completed and, therefore, no amortization has been recorded on the 2022 facility improvement additions.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

6. DEFERRED CONTRIBUTIONS AND REVENUE

	2021	Funds received	Funds utilized	2022
<i>Deferred revenue</i>				
Casino	\$ 51,745	\$ -	\$ (39,074)	\$ 12,671
Event rentals	52,842	11,616	(53,370)	11,088
Field trips	255	2,380	-	2,635
	<u>\$ 104,842</u>	<u>\$ 13,996</u>	<u>\$ (92,444)</u>	<u>\$ 26,394</u>
<i>Deferred grants</i>				
Alberta Culture and Tourism	\$ 33,937	\$ -	\$ (33,937)	\$ -
Alberta Museums Association - Institutional Grant	-	12,000	(12,000)	-
Alberta Museums Association - Oral Histories	-	3,034	(3,034)	-
Alberta Museums Association - staffing	25,000	-	(25,000)	-
Calgary Arts Development Authority Ltd.	19,500	-	(3,000)	16,500
Calgary Arts Development Authority Ltd. - Video Project	-	20,000	-	20,000
Calgary Foundation - garden	8,446	-	(8,446)	-
Canadian Heritage	7,800	-	(7,800)	-
Canadian Heritage - Canada Cultural Spaces Fund	-	28,000	(28,000)	-
Canadian Heritage - Festivals	-	26,900	(26,900)	-
Edmonton Comm. Foundation	1,438	-	(1,438)	-
Tourism Calgary	-	5,000	(5,000)	-
Alberta Stabilize*	-	66,500	(19,393)	47,107
	<u>\$ 96,121</u>	<u>\$ 161,434</u>	<u>\$ (173,948)</u>	<u>\$ 83,607</u>
	<u>\$ 200,963</u>	<u>\$ 175,430</u>	<u>\$ (266,392)</u>	<u>\$ 110,001</u>

*The Society received \$66,500 from Alberta Stabilize for use towards the fibre optic and wireless internet upgrades. Of this amount, \$499 has been incurred on IT expenses and \$18,894 has been incurred on capital assets and transferred to deferred contributions for capital assets (Note 8).

7. GOVERNMENT ASSISTANCE

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Business Account ("CEBA") program and the Canada Emergency Wage Subsidy ("CEWS") program.

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 was recognized as government assistance revenue in the prior year statement of operations.

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LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

7. GOVERNMENT ASSISTANCE *(continued)*

CEWS provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The qualification and application of the CEWS was being assessed over multiple four-week application period segments. The Society determined that it qualified for this subsidy from September 26, 2021 to October 23, 2021 and has, accordingly, applied for the CEWS and received \$98 in 2022 (2021 - \$36,915). This is recorded as government assistance revenue in the statement of operations.

8. 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>2022</u>	<u>2021</u>
Opening balance	\$ 34,993	\$ 2,943
Additions to in-kind donations	-	2,500
Restricted contributions for capital assets	18,894	30,000
Recognized in revenue	<u>(2,909)</u>	<u>(450)</u>
	<u>\$ 50,978</u>	<u>\$ 34,993</u>

9. 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 (2021 - \$41,000) was internally restricted by the board of directors. No internally restricted funds have been used in operations in 2022 or 2021.

10. ONE-TIME DONATION RECEIVED

During the prior 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 funds were allocated to the Lougheed House Re-Imagined Museum Exhibit during 2022.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

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 April 15, 2022 to March 1, 2023 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 (2021 - \$250,000), which is being paid on a monthly basis over 12 months (2021 - on a monthly basis over 10 months).

12. GRANTS

The following is a breakdown of the grants received by major source:

	<u>2022</u>	<u>2021</u>
Federal grants	\$ 203,087	\$ 158,992
Foundation grants	85,399	98,129
Municipal grants	53,034	100,450
Provincial grants	36,435	43,262
Association grants	12,000	42,355
	<u>\$ 389,955</u>	<u>\$ 443,188</u>

13. ECONOMIC DEPENDENCE

The Society receives a significant portion 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 \$16,778 (2021 - \$12,117) for the purpose of soliciting contributions and paid \$44,828 (2021 - \$55,537) of remuneration to an employee whose principal duties involve fundraising.

LOUGHEED HOUSE CONSERVATION SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

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, 2022.

(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.

(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.
