



The Heritage Park Foundation

ANNUAL REPORT 2023



Message from The Heritage Park Foundation Chair



On behalf of the Board, I want to express our heartfelt appreciation for your unwavering support and sponsorship.

I am delighted to announce that despite facing broader economic challenges and volatility, the Heritage Park Foundation stands strong. Thanks to the generosity of numerous financial supporters, we have ended the year with a cash position of \$526,706 in 2023, earmarked to sustain Park operations. Our investment portfolio, managed by Connor, Clark & Lunn Financial Group, Canada's largest independent money manager, currently stands at \$10,412,322. CC&L expertly oversees our portfolio, utilizing proprietary pooled funds for individual securities. CC&L remains steadfast in navigating our portfolio towards our objectives.

Our fundraising endeavors continue to be a cornerstone of our strength. Building upon this success, we aim to broaden the participation of our community and increase revenue in the coming year.

As a volunteer serving in various capacities on the Heritage Park Board of Trustees, I have personally witnessed the extraordinary dedication and resilience of our management, staff, and volunteers. Together, they uphold the Foundation's success and safeguard its legacy. We are fortunate to count on a devoted community of donors, sponsors, and event attendees, many of whom have championed our cause for decades. We remain committed to enhancing our fundraising efforts to further enrich the Park with stories reflective of our remarkable community and its history.

Your continued support means the world to us, and we eagerly anticipate your presence at our 2024 events. Thank you for being an integral part of our journey.

A handwritten signature in black ink, appearing to read 'Mike Martin', written in a cursive style.

Mike Martin
Chair
The Heritage Park Foundation

The Heritage Park Foundation

Financial Statements
December 31, 2023



Independent auditor's report

To the Members of The Heritage Park Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Heritage Park Foundation (the Foundation) as at December 31, 2023 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.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at December 31, 2023;
- the statement of revenue and expenses and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

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 Foundation'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 Foundation'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 Foundation 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 28, 2024

The Heritage Park Foundation

Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31, 2023

				2023	2022
	Operating Fund \$	Capital and Preservation Fund \$	Sustainability Fund \$	Total \$	Total \$
Revenue					
Donations, grants, and sponsorships	303,098	-	201,000	504,098	1,390,314
Ticket sales and event revenue	157,559	-	-	157,559	192,056
Investment gain (loss) (note 3)	1,075,543	-	-	1,075,543	(1,037,788)
	1,536,200	-	201,000	1,737,200	544,582
Expenses					
Fundraising events (notes 5 and 6)	176,060	-	-	176,060	136,822
Investment management fees	59,488	-	-	59,488	58,119
General and administrative (note 7)	238,627	-	-	238,627	182,677
	474,175	-	-	474,175	377,618
Excess of revenue over expenses before contribution to Heritage Park Society	1,062,025	-	201,000	1,263,025	166,964
Contribution to Heritage Park Society (note 5)	500,000	-	-	500,000	500,000
Excess/(deficiency) of revenue over expenses	562,025	-	201,000	763,025	(333,036)
Fund balances – Beginning of year	1,276,943	3,921,941	6,075,528	11,274,412	11,607,448
Interfund transfer of Adoption program donations	(144,500)	144,500	-	-	-
Interfund transfer of investment income	(957,234)	365,685	591,549	-	-
Interfund transfer to fund Heritage Park Society Operating Grant	445,000	(170,000)	(275,000)	-	-
Interfund transfer of Heritage Club proceeds	(80,330)	-	80,330	-	-
Fund balances – End of year	1,101,904	4,262,126	6,673,407	12,037,437	11,274,412

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

The Heritage Park Foundation

Statement of Cash Flows

For the year ended December 31, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess/(deficiency) of revenue over expenses	763,025	(333,036)
Items not affecting cash		
Realized loss on investments (note 3)	12,933	47,444
Net unrealized (gain) loss on investments (note 3)	(1,057,255)	996,003
	(281,297)	710,411
Net change in non-cash working capital items	(30,550)	(401,057)
	(311,847)	309,354
Investing activities		
Purchase of units	(222,714)	(891,242)
Sale of units	282,948	951,953
	60,234	60,711
(Decrease) increase in cash during the year	(251,613)	370,065
Cash – Beginning of year	778,319	408,254
Cash – End of year	526,706	778,319

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

The Heritage Park Foundation

Notes to Financial Statements

December 31, 2023

1 Description of Foundation

The Heritage Park Foundation (the Foundation) was established by the Heritage Park Society (the Society) in 1976 under the Societies Act of Alberta with a mission to ensure and support the long-term success of Heritage Park. The Foundation, as a registered charity, is exempt from income taxes and may issue receipts to donors for donations.

2 Significant accounting policies

Basis of accounting

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

Fund accounting

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

- i) the Operating Fund contains the assets, liabilities, revenue and expenses related to the Foundation's operating and administrative activities;
- ii) the Capital and Preservation Fund contains the assets (including gift-in-kind donations of collection assets), liabilities, revenue and expenses related to the contributions and fundraising events specifically targeted to benefit the Society's Capital and Preservation Fund; and
- iii) the Sustainability Fund contains the assets and revenues related to ten-year gifts and monetary endowments.

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

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund or, if no appropriate restricted fund exists, they are recognized as revenue in the Operating Fund as the related expenditures are incurred. Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue in the Sustainability Fund or Capital and Preservation Fund when received. Unrestricted investment income is recognized as revenue in the Operating Fund.

Collection assets

Donated collection assets held for exhibit are recorded in the Capital and Preservation Fund at their estimated fair value at the date of contribution. No amortization is charged on these assets. The Foundation cannot monetize collection assets to meet financial obligations.

The Heritage Park Foundation

Notes to Financial Statements

December 31, 2023

Investments

Investments are carried at fair value with unrealized gains or losses recognized directly in the statement of revenue and expenses and changes in fund balances.

Gifts in kind

Gifts in kind include donated goods and services and donated investments.

Donated goods and services are recorded as both revenue and expenses when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Foundation, if not donated. During 2023, \$nil (2022 – \$nil) of donated goods and services was recorded in the financial statements.

The Foundation maintains records of volunteer hours for statistical reporting purposes. Services donated to the Foundation through volunteer work are not reflected in the financial statements since objective measurement or valuation is indeterminable.

During the year, the Foundation received \$nil (2022 – \$nil) of donated investments.

Financial instruments

The Foundation initially measures financial assets and liabilities at their fair value. It subsequently measures its financial assets and liabilities at amortized cost, other than investments, which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Foundation in the transaction. All other financial instruments resulting from related party transactions are subsequently measured at cost less any reduction for impairment.

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

- Credit risk

The Foundation's credit risk exposure relates primarily to its cash and accounts receivable. Cash balances are denominated in local currency and held with reputable Canadian financial institutions and accounts receivable are not concentrated with any one party and management considers them fully collectible. Management does not consider the Foundation to be exposed to significant credit risk.

The Heritage Park Foundation

Notes to Financial Statements

December 31, 2023

- Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulties in meeting its financial obligations. The Foundation manages its liquidity risk through cash and investment management. Management does not consider the Foundation to be exposed to significant liquidity risk.

- Interest rate, currency and other price risk

Investments are limited to a balanced mutual fund held with a reputable Canadian financial institution. Cash balances and accounts receivable are denominated in local currency. Management does not consider the Foundation to be significantly exposed to significant interest rate, currency or other price risk.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3 Investments

As at December 31, 2023, the Foundation's investments are managed on a pooled basis under contract with Connor, Clark & Lunn Private Capital.

The Foundation's investments are carried at fair value and are subject to normal market fluctuations. The Foundation's investments currently consist of the Balanced Growth Portfolio with Connor, Clark & Lunn Private Capital.

The investments are as follows:

	2023	2022
	\$	\$
Fixed income	4,203,661	3,906,205
Equity	6,208,661	5,522,029
Balanced Growth Portfolio	<u>10,412,322</u>	<u>9,428,234</u>

During the year, the Foundation recorded an investment gain (loss) of \$1,075,543 (2022 - (\$1,037,788)), included is interest income within the unrealized gain on the investment portfolio of approximately \$148,754 (\$113,729) and interest from cash of \$30,516 (2022 - \$6,832), recorded as revenue.

The Heritage Park Foundation

Notes to Financial Statements

December 31, 2023

4 Restrictions on fund balances

- a) Internally restricted funds include:

			2023	2022
	Capital and Preservation Fund \$	Sustainability Fund \$	Total \$	Total \$
Midway	391,300	-	391,300	391,300
Adoption program	1,104,059	-	1,104,059	959,559
Other	-	795,397	795,397	715,066
Accumulated net income and expired ten-year gifts	606,337	3,943,680	4,550,017	3,930,074
Ten-year gifts expired in the current year	-	35,823	35,823	107,710
	<u>2,101,696</u>	<u>4,774,900</u>	<u>6,876,596</u>	<u>6,103,709</u>

- b) As at December 31, 2023, \$7,500 (2022 – \$42,323) of the Foundation's fund balances have been restricted by third parties to the sustainability fund to be held as cash or investments. The ten-year gift fund balances, valued at their original donated amount, are available for use by the Foundation.
- c) In addition to the above, the following externally restricted fund balances are restricted to benefit the Capital and Preservation Fund of the Society:

	2023	2022
	\$	\$
Famous 5 Centre of Canadian Women	250,000	250,000
Innovation Crossing and Prospect Ridge	501,940	501,940
Other	276,880	276,880
	<u>1,028,820</u>	<u>1,028,820</u>

- d) Funds restricted for endowment purposes are subject to externally imposed restrictions that the funds be maintained in perpetuity. The related investment income is to be used to fund ongoing operation and maintenance and is recorded in the Operating Fund.

The Heritage Park Foundation

Notes to Financial Statements

December 31, 2023

	2023 \$	2022 \$
Gunn's Dairy Barn	550,000	550,000
Legacy	85,595	85,595
Little Synagogue	255,412	255,412
Switzer's Grocery and Confectionery	1,000,000	800,000
Gasoline Alley Collection Assets	1,131,610	1,131,610
	<hr/> 3,022,617	<hr/> 2,822,617

5 Related party transactions

The Heritage Park Foundation (the Society) operates the Heritage Park Historical Village (the Park) and has a mission to connect people with the settlement of Western Canada by preserving and sharing Western Canadian heritage. The Society was incorporated in 1963 under the Societies Act of Alberta. The Foundation, whose purpose is to carry out fundraising and investment activities for the benefit of the Society, receives management and administrative services from the Society. The Society has an economic interest in the Foundation as the Foundation is mandated to support maintenance and development of the Park. In addition, the Society provides management and administrative personnel to the Foundation.

The Society provided the services to the Foundation for an administration fee of \$167,645 (2022 – \$140,999) equal to 31% (2022 – 35%) of the salaries incurred in the Society's fundraising department and is recorded in general and administrative expenses. In addition, the Society provided catering and other services to the Foundation for fundraising events totalling \$29,224 (2022 – \$48,325).

During the year, the Foundation made a contribution of \$500,000 (2022 – \$500,000) to the Society. The minimum contribution to be disbursed is \$484,016 (2022 – \$343,262) and is determined based on the requirements of Canada Revenue Agency for charitable disbursements by public foundations.

Accounts receivable/(payable) includes \$146 (2022 – \$(29,936)) due from/(to) the Society. This balance is non-interest bearing and unsecured and has no fixed terms of repayment.

6 Fundraising expenses

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

	\$
Administration fee paid to a related party for fundraising services	167,645
Direct expenses incurred for the purpose of soliciting contributions including fundraising revenues and donations	236,574

7 Government remittances

Accounts payable and accrued liabilities includes government remittances payable of \$nil (2022 – \$nil).

The Heritage Park Foundation

Mission Statement

Ensure and support the long-term success of Heritage Park.

Through a dedicated Board of Trustees, the Foundation maintains and encourages the growth of a substantial base of funds in support of the ongoing purposes of the Park.

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Paul Harrison, Secretary/Treasurer
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Alan Moon
John Smeeton
Darlene Switzer-Foster
Duane Wikant
Bennett Wong

In their memory we honour the Patrons, Life, Active and Committee members, volunteers and staff who are no longer with us, and whose contributions helped lay the foundation on which we continue to build.

With deepest respect, we remember.



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THE HERITAGE PARK FOUNDATION CHARITABLE REGISTRATION #11923 7501 RR0001