



The Fort Calgary Preservation Society
Financial Statements
December 31, 2015
Independent Auditors' Report

To: The Members of **The Fort Calgary Preservation Society**

We have audited the accompanying financial statements of **The Fort Calgary Preservation Society**, which comprise the statement of financial position as at **December 31, 2015**, and the statements of operations and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Fort Calgary Preservation Society** as at **December 31, 2015** 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.

March 17, 2016
Calgary, Alberta

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants,
Chartered Accountants

The Fort Calgary Preservation Society
Statement of Financial Position

As at December 31,

| | | | | | 2015 | 2014 |
|---|-------------------|-------------------|-------------------|----------------------|---------------------|--------------------------------------|
| | General Fund | Capital Fund | Endowment Fund | Make History Fund | Total | (Restated - see note 19) Total |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash | \$ 324,797 | \$ - | \$ - | \$ - | \$ 324,797 | \$ 295,429 |
| Restricted cash | 30,211 | 90,108 | 3,334 | 117,522 | 241,175 | 491,710 |
| Accounts receivable (note 4) | 76,633 | 46,800 | - | 527,852 | 651,285 | 932,141 |
| Due from capital fund | - | - | - | - | - | 41,494 |
| Inventory | 39,938 | - | - | - | 39,938 | 40,097 |
| | <u>471,579</u> | <u>136,908</u> | <u>3,334</u> | <u>645,374</u> | <u>1,257,195</u> | <u>1,800,871</u> |
| Restricted marketable investments (note 5) | 180,646 | - | 252,385 | 3,670,451 | 4,103,482 | 7,585,485 |
| Equipment (note 6) | 12,181 | 92,174 | - | - | 104,355 | 117,193 |
| | <u>\$ 664,406</u> | <u>\$ 229,082</u> | <u>\$ 255,719</u> | <u>\$ 4,315,825</u> | <u>\$ 5,465,032</u> | <u>\$ 9,503,549</u> |
| Liabilities and Fund Balances | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 349,578 | \$ 14,738 | \$ - | \$ 1,275,767 | \$ 1,640,083 | \$ 1,004,639 |
| Due to make history fund | - | - | - | - | - | 41,494 |
| Deferred revenue | 19,122 | - | - | - | 19,122 | 23,395 |
| Deferred contributions (note 7) | 6,526 | - | - | - | 6,526 | 80,804 |
| | <u>375,226</u> | <u>14,738</u> | <u>-</u> | <u>1,275,767</u> | <u>1,665,731</u> | <u>1,150,332</u> |
| Fund balances | | | | | | |
| Invested in capital assets | 12,181 | 92,174 | - | - | 104,355 | 117,193 |
| Externally restricted (note 8) | - | 22,492 | 255,719 | 3,040,058 | 3,318,269 | 7,818,711 |
| Internally restricted (note 9) | 204,331 | 99,678 | - | - | 304,009 | 385,200 |
| Unrestricted | 72,668 | - | - | - | 72,668 | 32,113 |
| | <u>289,180</u> | <u>214,344</u> | <u>255,719</u> | <u>3,040,058</u> | <u>3,799,301</u> | <u>8,353,217</u> |
| | <u>\$ 664,406</u> | <u>\$ 229,082</u> | <u>\$ 255,719</u> | <u>\$ 4,315,825</u> | <u>\$ 5,465,032</u> | <u>\$ 9,503,549</u> |

Approved by the Board



Director



Director

See accompanying notes to the financial statements

The Fort Calgary Preservation Society
General Fund
Statement of Operations and Fund Balances

| Years ended December 31, | 2015 | 2014 |
|---|-------------------|-------------------|
| Revenue | | |
| City of Calgary grant | \$ 1,026,008 | \$ 982,318 |
| Food and beverage, net (note 10) | 233,016 | 232,482 |
| Donations and grants | 206,083 | 140,928 |
| Rental | 172,543 | 131,007 |
| Visitor admissions | 122,364 | 113,281 |
| Education programs | 92,636 | 75,935 |
| Other | 15,705 | 19,703 |
| Gift shop, net (note 11) | 15,104 | 15,849 |
| | <u>1,883,459</u> | <u>1,711,503</u> |
| Expenses | | |
| Salaries and benefits | 916,987 | 912,409 |
| Administration | 606,741 | 573,805 |
| Utilities | 163,374 | 168,442 |
| Communications and marketing | 59,684 | 59,140 |
| Unrealized loss on marketable investments | 25,189 | 881 |
| Education | 14,540 | 12,427 |
| Volunteer operations | 12,673 | 13,012 |
| Amortization | 3,045 | 3,807 |
| | <u>1,802,233</u> | <u>1,743,923</u> |
| Excess (deficiency) of revenue over expenses | 81,226 | (32,420) |
| Fund balance, beginning of year | 273,854 | 521,431 |
| Interfund transfer (note 9) | (65,900) | (215,157) |
| Fund balance, end of year | <u>\$ 289,180</u> | <u>\$ 273,854</u> |

The Fort Calgary Preservation Society
Capital Fund
Statement of Operations and Fund Balances

| Years ended December 31, | 2015 | 2014 |
|--|-------------------|-------------------|
| Revenue | | |
| Life cycle maintenance grant - City of Calgary (note 12) | \$ 186,004 | \$ 246,596 |
| Interest income | 1,202 | 1,525 |
| Donations and grants | 200 | 50 |
| Other income | - | 5,000 |
| | <u>187,406</u> | <u>253,171</u> |
| Expenses | | |
| Life cycle maintenance (note 12) | 297,400 | 312,667 |
| Amortization | 20,329 | 19,350 |
| Capital development | 8,205 | 4,369 |
| Administration | 2,826 | - |
| Loss on disposal of assets | 909 | 6,600 |
| | <u>329,669</u> | <u>342,986</u> |
| Deficiency of revenue over expenses | (142,263) | (89,815) |
| Fund balance, beginning of year | 290,707 | 165,365 |
| Interfund transfer (note 9) | 65,900 | 215,157 |
| Fund balance, end of year | <u>\$ 214,344</u> | <u>\$ 290,707</u> |

The Fort Calgary Preservation Society
Endowment Fund
Statement of Operations and Fund Balances

| Years ended December 31, | 2015 | 2014 |
|---|------------|------------|
| Revenue | | |
| Interest income | \$ 4,062 | \$ 4,185 |
| Donations and grants | 140 | 400 |
| Unrealized gain on marketable investments | - | 17,273 |
| | 4,202 | 21,858 |
| Expenses | | |
| Equal access | 10,000 | 10,000 |
| Unrealized loss on marketable investments | 7,069 | - |
| | 17,069 | 10,000 |
| (Deficiency) excess of revenue over expenses | (12,867) | 11,858 |
| Fund balance, beginning of year | 268,586 | 256,728 |
| Fund balance, end of year | \$ 255,719 | \$ 268,586 |

The Fort Calgary Preservation Society
Make History Fund
Statement of Operations and Fund Balances

| Years ended December 31, | 2015 | 2014 |
|---|---------------------|--------------------------|
| | | (Restated - see note 19) |
| Revenue | | |
| Canada Cultural Spaces Fund grant | \$ 269,789 | \$ - |
| Deane House tenant recovery | 182,630 | - |
| Donations and grants | 170,894 | 150,686 |
| Interest income | 121,083 | 169,547 |
| Hunt House conservation grant - City of Calgary (note 13) | 43,424 | 114,398 |
| Hunt House grant - Alberta Historical Resources Foundation | 35,410 | 108,000 |
| Unrealized gain on marketable investments | 18,073 | 93,483 |
| Deane House restoration grant - City of Calgary (note 13) | 1,769 | 525,284 |
| | <u>843,072</u> | <u>1,161,398</u> |
| Expenses | | |
| Phase II- 1875 Fort | 2,215,134 | 110,062 |
| Phase I - East side | 2,082,030 | 2,060,722 |
| Phase III - Interpretive centre | 913,353 | 126,762 |
| Fundraising and administration | 112,567 | 157,072 |
| | <u>5,323,084</u> | <u>2,454,618</u> |
| Deficiency of revenue over expenses | <u>(4,480,012)</u> | <u>(1,293,220)</u> |
| Fund balance, beginning of year as previously stated | 7,878,707 | 8,813,290 |
| Prior period adjustment (note 19) | (358,637) | - |
| Fund balance, beginning of year restated | <u>7,520,070</u> | <u>8,813,290</u> |
| Fund balance, end of year | <u>\$ 3,040,058</u> | <u>\$ 7,520,070</u> |

See accompanying notes to the financial statements

The Fort Calgary Preservation Society
Statement of Cash Flows

Years ended December 31,

| | | | | | 2015 | 2014 |
|---|-----------------|-----------------|-------------------|----------------------|----------------|--------------------------------------|
| | General Fund | Capital Fund | Endowment Fund | Make History Fund | Total | (Restated - see note 19) Total |
| Operating activities: | | | | | | |
| Excess (deficiency) of revenue over expenses | \$ 81,226 | \$ (142,263) | \$ (12,867) | \$ (4,480,012) | \$ (4,553,916) | \$ (1,403,597) |
| Items not affecting cash: | | | | | | |
| Amortization | 3,045 | 20,329 | - | - | 23,374 | 23,157 |
| Loss on disposal of assets | | 909 | | | 909 | 6,600 |
| Unrealized (gain) loss on investments | 25,189 | - | 7,069 | (18,073) | 14,185 | (114,212) |
| | 109,460 | (121,025) | (5,798) | (4,498,085) | (4,515,448) | (1,488,052) |
| Changes in non cash working capital items: | | | | | | |
| Accounts receivable | 34,723 | (38,439) | - | 284,572 | 280,856 | (577,486) |
| Due (from) to capital fund | - | (41,494) | - | 41,494 | - | - |
| Inventory | 159 | - | - | - | 159 | (5,806) |
| Accounts payable | (41,796) | 8,985 | - | 668,255 | 635,444 | 546,642 |
| Deferred revenue | (4,273) | - | - | - | (4,273) | 5,911 |
| Deferred contributions | (74,278) | - | - | - | (74,278) | 51,085 |
| | 23,995 | (191,973) | (5,798) | (3,503,764) | (3,677,540) | (1,467,706) |
| Investing activities: | | | | | | |
| Interfund transfer | (65,900) | 65,900 | - | - | - | - |
| Purchase of equipment | - | (11,446) | - | - | (11,446) | (48,000) |
| Purchase of investments | (37,397) | - | (27,116) | (619,379) | (683,892) | (1,913,724) |
| Proceeds from sale of investments | 58,077 | - | 28,843 | 4,064,791 | 4,151,711 | 3,038,118 |
| | (45,220) | 54,454 | 1,727 | 3,445,412 | 3,456,373 | 1,076,394 |
| Increase (decrease) in cash | (21,225) | (137,519) | (4,071) | (58,352) | (221,167) | (391,312) |
| Cash, beginning of year | 376,233 | 227,627 | 7,405 | 175,874 | 787,139 | 1,178,451 |
| Cash, end of year | \$ 355,008 | \$ 90,108 | \$ 3,334 | \$ 117,522 | \$ 565,972 | \$ 787,139 |
| Cash consists of: | | | | | | |
| Cash | \$ 324,797 | \$ - | \$ - | \$ - | \$ 324,797 | \$ 295,429 |
| Restricted cash | 30,211 | 90,108 | 3,334 | 117,522 | 241,175 | 491,710 |
| | \$ 355,008 | \$ 90,108 | \$ 3,334 | \$ 117,522 | \$ 565,972 | \$ 787,139 |

See accompanying notes to the financial statements

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

1. Nature of operations

The Fort Calgary Preservation Society (the “Society”) was formed to promote and encourage the expansion, development, restoration and preservation of Fort Calgary, and to promote the use of Fort Calgary for education, research, and enjoyment of the public. The Society is incorporated under the Societies Act of the Province of Alberta and is a registered charity which is exempt from corporate tax.

The Society operates under an agreement with The City of Calgary (the “City”), which expired December 31, 2015, to manage the land and buildings that are owned by the City. On March 5, 2015 the City amended the agreement to provide an option to extend the term to December 31, 2020 subsequently renewable for another 5 year term. The Society notified the City to renew the agreement for another 5 year term for which the Society is waiting written approval from the City. As part of the agreement, the City annually provides a grant to support the operating expenses of the Society (note 12). The Society's operations are dependent on the grants received from the City.

2. Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (“ASNFP”).

3. Significant accounting policies

(a) Fund accounting

General fund

This fund reports revenue and expenses for the Society's program delivery, food and beverage operations and administrative activities.

Capital fund

This fund reports resources for lifecycle and maintenance on existing infrastructure at Fort Calgary as well as new developments outside of the Make History campaign.

Endowment fund

This fund reports resources contributed that are subject to restrictions stipulating that the principal amount of the resources be maintained permanently.

Make History fund

This fund reports the funds for a capital development project to renovate the Deane House and restore the Hunt House (Phase I), reconstruct the 1875 Fort (Phase II) and expand the existing Interpretive Centre (Phase III). All projects are focused on preserving Fort Calgary's history and creating a major urban park in the East Village.

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

3. Significant accounting policies (continued)

(b) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, except for restricted marketable investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations for the applicable fund. Financial assets measured at amortized cost include cash, restricted cash, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations for the applicable fund. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 the statement of operations for the applicable fund.

(c) Cash and cash equivalents

The Society considers all investments readily convertible to cash with maturities of three months or less at the time of investment to be cash equivalents.

(d) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average method. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

(e) Equipment

Equipment owned by the Society is recorded in the appropriate fund at cost. The Society provides for amortization using the declining balance method at a rate of 20%, designed to amortize the cost of the equipment over its estimated life. A full year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

The Society records a write-down when equipment no longer has any long-term service potential to the Society and its net carrying amount exceeds its residual value. The excess net carrying amount over residual value is recognized as an expense in the statement of operations for the applicable fund. Previous write-downs are not reversed.

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

3. Significant accounting policies (continued)

(f) Revenue recognition

The Society follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations or for which no restricted fund exists are recognized as revenue in the General fund in the year in which related costs are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the General fund in the year received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Food and beverage, admissions, rental, education programs, and gift shop sales revenue are recognized in the General fund when services are provided and collection is reasonably assured.

Restricted investment income is recorded as revenue of the appropriate restricted fund when earned. Unrestricted investment income earned is recognized as revenue of the General fund.

(g) Contributed materials and services

The Society records the value of contributed materials and services when the fair value can be reasonably estimated and when the materials and services would otherwise have been purchased.

4. Accounts receivable

Included in accounts receivable is \$42,335 (2014 - \$645,728) of contributions receivable from the City of Calgary for the annual life cycle maintenance, Deane House restoration and Hunt House conservation programs (refer to note 12 and note 13) and \$143,410 (2014 - \$108,000) from the Alberta Historical Resources Foundation for the Heritage Preservation Partnership Program and \$26,984 from the Minister of Canadian Heritage for the Canada Cultural Spaces Fund Program. The contributions relate to recoverable expenditures incurred in 2015 under the approved grants.

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

5. Restricted marketable investments

| | <u>2015</u> | | <u>2014</u> | |
|--------------------|-------------|------------------|-------------|------------------|
| Fixed income funds | \$ | 3,803,047 | \$ | 7,229,895 |
| Equity funds | | 300,436 | | 355,590 |
| | \$ | <u>4,103,482</u> | \$ | <u>7,585,485</u> |

The fixed income funds bear interest from 1.8% to 7.1% (2014 - 1.8% to 7.1%) and mature between March 2016 and December 2045 (2014 – April 2015 and December 2045).

6. Equipment

| | | | <u>2015</u> | | <u>2014</u> | |
|-------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|----------------|--|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> | | |
| General fund | | | | | | |
| Kitchen equipment | \$ 345,919 | \$ 333,738 | \$ 12,181 | \$ | 15,227 | |
| Capital fund | | | | | | |
| Computers and equipment | \$ 123,915 | \$ 73,941 | \$ 49,974 | \$ | 49,069 | |
| Kitchen equipment | 58,100 | 19,305 | 38,795 | \$ | 48,516 | |
| Landscaping equipment | 8,588 | 5,183 | 3,405 | \$ | 4,382 | |
| | \$ <u>190,603</u> | \$ <u>98,429</u> | \$ <u>92,174</u> | \$ | <u>101,966</u> | |

Under the terms of the agreement with the City, title to lands acquired, buildings constructed and other capital projects is vested with the City and therefore these expenditures are not reported in these financial statements as assets of the Society.

7. Deferred contributions

Deferred contributions reported in the General fund relate to restricted casino funds received in the year that will be recognized when the related expense is incurred.

| | <u>2015</u> | | <u>2014</u> | |
|--|-------------|-----------------|-------------|-----------------|
| Balance, beginning of year | \$ | 80,804 | \$ | 29,719 |
| Contributions received during the year | | - | | 77,190 |
| Utilized, during year | | <u>(74,278)</u> | | <u>(26,105)</u> |
| Balance, end of year | \$ | <u>6,526</u> | \$ | <u>80,804</u> |

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

8. Externally restricted fund balances

Externally restricted balance represents contributions for the following purposes, which had not been spent at year-end:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|-----------------------------|
| | | (Restated – see note 19) |
| Capital funds committed to capital projects | \$ 22,492 | \$ 30,055 |
| Make History funds to be used towards future expansion and restoration projects | 3,040,058 | 7,520,070 |
| Endowments, the income from which must be used for Lifecycle maintenance for Buffalo Node | 11,628 | 12,220 |
| Endowments, the income from which must be used for the Equal Access Program | <u>244,091</u> | <u>256,366</u> |
| | <u>\$ 3,318,269</u> | <u>\$ 7,818,711</u> |

9. Internally restricted fund balances

The Board of Directors has internally restricted the following balances, which are not available for other purposes without approval of the Board of Directors.

| | <u>2015</u> | <u>2014</u> |
|------------------------|-------------------|-------------------|
| Operating reserve | \$ 204,331 | \$ 226,514 |
| Life cycle maintenance | 85,671 | 158,686 |
| Site rehabilitation | <u>14,007</u> | <u>-</u> |
| | <u>\$ 304,009</u> | <u>\$ 385,200</u> |

During the year, the Board of Directors restricted and transferred \$65,900 (2014- \$215,157) of unrestricted funds of the General fund to the Capital fund to be used for life cycle maintenance expenditures and site rehabilitation.

The Fort Calgary Preservation Society
Notes to Financial Statements

December 31, 2015

10. Food and beverage

| | <u>2015</u> | <u>2014</u> |
|--------------------|-------------------|-------------------|
| Gross revenue | \$ 2,080,777 | \$ 1,913,487 |
| Cost of sales | <u>547,026</u> | <u>496,108</u> |
| | 1,533,751 | 1,417,379 |
| Salaries | 1,151,755 | 1,070,434 |
| Operating expenses | <u>148,980</u> | <u>114,463</u> |
| Net revenue | <u>\$ 233,016</u> | <u>\$ 232,482</u> |

11. Gift shop

| | <u>2015</u> | <u>2014</u> |
|--------------------|------------------|------------------|
| Gross revenue | \$ 54,530 | \$ 55,805 |
| Cost of sales | <u>31,188</u> | <u>30,698</u> |
| | 23,342 | 25,107 |
| Operating expenses | <u>8,238</u> | <u>9,258</u> |
| Net revenue | <u>\$ 15,104</u> | <u>\$ 15,849</u> |

12. Life cycle maintenance grant – City of Calgary

The City annually provides a life cycle maintenance grant to support the operating expenses of the Society. The Society was approved for \$255,000 (2014 - \$150,000) from the CPRIIP review process through the Capital Civic Partner Grant Program.

The Society recognized life cycle maintenance grant revenue of \$186,004 (2014 - \$246,596) from the City of which \$42,335 (2014 - \$6,046) is included in accounts receivable. The unspent approved balance available to be matched for 2016 life cycle expenditures is \$68,996 (2014- \$nil). Included in the 2014 life cycle maintenance grant revenue recognized is an unspent balance of \$96,596 that remained from the 2013 grant which was reimbursable at 100%.

Under the same program, the City of Calgary awarded the Society an additional \$138,000 for 2016 annual life cycle maintenance expenditures. These funds will be matched by the Society.

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

12. Life cycle maintenance grant – City of Calgary (continued)

Expenses incurred for life cycle maintenance are as follows:

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Various repairs and replacements | \$ 114,007 | \$ 119,469 |
| Site maintenance | 49,821 | 35,178 |
| Banquet & kitchen repairs & replacements | 48,154 | 102,298 |
| Audio-visual equipment repairs & replacements | 45,512 | 21,799 |
| Project management | 33,743 | 22,189 |
| Electrical repairs and replacements | 29,789 | 32,906 |
| HVAC repairs | 28,865 | 15,085 |
| Plumbing repairs and replacements | 16,567 | 18,278 |
| Interpretive Centre roof repairs | - | 14,160 |
| Exhibits repairs and replacements | - | 20,799 |
| Total expenditures | 366,458 | 402,161 |
| Less: amounts capitalized | (11,445) | (48,000) |
| Less: amounts funded by Make History fund | (57,613) | (41,494) |
| Total expensed | \$ 297,400 | \$ 312,667 |

13. Deane House restoration and Hunt House conservation grants – City of Calgary

In 2013, The Society was approved for a grant of \$558,000 for the Deane House restoration and \$190,000 for the Hunt House conservation from the CPRIIP Program for the Make History campaign.

Included in Phase I – East side expenditures of the Make History Fund are consulting and contractor fees of \$3,538 (2014 -\$1,050,568) related to the Deane House restoration of which \$1,769 (2014 - \$525,284) (50%) was reimbursed by the City of Calgary and \$86,848 (2014 - \$228,796) related to the Hunt House of which \$43,424 (2014 - 114,398) (50%) was reimbursed by the City of Calgary.

14. Related party transactions

During the year, the members of the Board of Directors contributed \$21,000 (2014 - \$6,282) to the Society.

15. Contributed services

Approximately 210 (2014 – 308) volunteers contributed a total of 3,871 hours (2014 – 4,994 hours) to assist the Society in carrying out its activities. Because of the difficulty of determining the fair values, these services are not recognized in these financial statements. The volunteer hours have not been audited.

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

16. Fundraising expenses

Expenses incurred for soliciting contributions were \$41,033 (2014 - \$93,385) including \$26,665 (2014 - \$30,681) paid to employees and \$2,306 (2014 - \$33,712) in consulting fees paid to external businesses involved in fundraising.

17. Financial instruments

The Society's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Operations are located in Calgary, Alberta.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. However, the Society has a significant number of long-standing customers which minimizes the concentration of credit risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Society is exposed to currency risk on its U.S. dollar denominated restricted marketable investments. The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

Market risk

The Society is exposed to the risk that the fair value of its restricted marketable investments that bear interest at a fixed rate will fluctuate because of changes in the market rate of interest and investments in securities will fluctuate because of price changes on public markets.

Financial assets

The carrying amounts of financial assets recognized in the financial statements consist of those:

| | <u>2015</u> | <u>2014</u> |
|----------------------------|---------------------|---------------------|
| Measured at amortized cost | \$ 1,217,257 | \$ 1,719,280 |
| Measured at fair value | 4,103,482 | 7,585,485 |
| | <u>\$ 5,320,739</u> | <u>\$ 9,304,765</u> |

The Fort Calgary Preservation Society

Notes to Financial Statements

December 31, 2015

18. Commitments and contingencies

Under the Major Community Facilities Program grant for which the Society received a total of \$8,000,000, the agreement stipulates if the Society fails to complete the approved purpose and meet the reporting requirements by March 15, 2016 the Society must repay all or part of the proceeds. It is expected that the Society will not fully complete the project within the stipulated time frame. However, it is managements understanding that the Minister will extend the completion date and will not require repayment of these funds.

19. Prior period adjustment

The comparative figures for the Make History fund have been restated to accrue accounts payable and related expenditures for the Phase I- East side for work performed on the Deane House and the Hunt House in 2014. As a result the Society's Make History fund balance as at December 31, 2014 was overstated by \$358,638. An adjustment was made to increase the Phase I-East side expenses and accounts payable in the Make History fund by \$358,638, resulting in an increase in deficiency of revenue over expenses by \$358,638.