

CALGARY ROTARY CHALLENGER PARK SOCIETY

Financial Statements

Year Ended December 31, 2023

CALGARY ROTARY CHALLENGER PARK SOCIETY

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Year Ended December 31, 2023

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BUCHANAN BARRY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Rotary Challenger Park Society

Opinion

We have audited the financial statements of Calgary Rotary Challenger Park Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances 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, 2023, 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.

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Independent Auditor's Report to the Members of Calgary Rotary Challenger Park 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
April 26, 2024

Buchanan Barry LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

CALGARY ROTARY CHALLENGER PARK SOCIETY

Statement of Financial Position

December 31, 2023

	General Fund	Park Construction Fund	Capital Fund	2023	2022
ASSETS					
CURRENT					
Cash	\$ 709,158	\$ 40,659	\$ 25,557	\$ 775,374	\$ 693,686
Goods and services tax recoverable	12,958	-	-	12,958	13,652
Prepaid expenses	340	-	-	340	200
	<u>722,456</u>	<u>40,659</u>	<u>25,557</u>	<u>788,672</u>	<u>707,518</u>
MARKETABLE SECURITIES	508,716	1,854,673	1,772,180	4,135,669	3,786,341
CAPITAL ASSETS (Note 3)	1,151	-	5,088,275	6,089,426	5,337,874
PARK CONSTRUCTION (Note 4)	-	46,060	-	46,060	25,680
	<u>\$ 1,232,323</u>	<u>\$ 1,941,392</u>	<u>\$ 6,886,012</u>	<u>\$ 10,059,727</u>	<u>\$ 9,857,413</u>

CALGARY ROTARY CHALLENGER PARK SOCIETY
Statement of Financial Position
December 31, 2023

	General Fund	Park Construction Fund	Capital Fund	2023	2022
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 184,386	\$ 14,949	\$ 3,195	\$ 202,530	\$ 189,475
Deferred contributions (Note 6)	145,962	-	-	148,962	147,288
Deferred revenue (Note 6)	168,092	-	-	168,092	91,077
	498,440	14,949	3,195	515,584	427,840
TENANT DEPOSITS	81,817	-	-	81,817	81,817
	560,257	14,949	3,195	578,401	509,657
FUND BALANCES					
PARK CONSTRUCTION OPERATING	-	(14,949)	-	(14,949)	(30,886)
INVESTED IN CAPITAL ASSETS	1,151	-	5,088,275	5,089,426	5,337,874
INTERNALLY RESTRICTED (Note 7)	515,486	1,941,392	1,794,542	4,261,419	3,826,016
UNRESTRICTED	155,430	-	-	155,430	114,752
	672,066	1,928,443	6,882,817	9,481,326	9,347,756
	\$ 1,232,323	\$ 1,941,392	\$ 6,886,012	\$ 10,059,727	\$ 9,857,413

APPROVED ON BEHALF OF THE BOARD


 Director
 Marvin Pawlinsky
 Director

CALGARY ROTARY CHALLENGER PARK SOCIETY

Statement of Operations

Year Ended December 31, 2023

	General Fund	Park Construction Fund	Capital Fund	2023	2022
REVENUE					
Casino	\$ 40,495	\$ -	\$ -	\$ 40,495	\$ 36,347
Contributions	4,779	-	-	4,779	258,905
Facility rental	624,774	-	-	624,774	579,472
Grants	303,821	-	-	303,821	302,616
Programming	13,840	-	-	13,840	11,482
Special event	73,430	-	-	73,430	73,046
	<u>1,061,139</u>	<u>-</u>	<u>-</u>	<u>1,061,139</u>	<u>1,261,868</u>
EXPENSES					
Amortization of capital assets	1,137	-	272,370	273,507	288,922
Marketing and public relations	53,079	-	-	63,079	39,638
Operations and administration (<i>Schedule 1</i>)	822,561	12,742	11,970	847,273	793,696
Special event	25,991	-	-	25,991	24,174
	<u>902,768</u>	<u>12,742</u>	<u>284,340</u>	<u>1,199,850</u>	<u>1,146,330</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>158,371</u>	<u>(12,742)</u>	<u>(284,340)</u>	<u>(138,711)</u>	<u>115,538</u>
OTHER INCOME (EXPENSE)					
Change in fair value of marketable securities	(6,195)	30,006	33,545	67,356	(393,999)
Foreign exchange gain (loss)	-	(200)	-	(200)	910
Interest income	20,925	-	-	20,925	5,962
Investment income	14,992	65,961	49,952	130,905	104,540
Non-claimable GST ITC's	(12,958)	-	-	(12,958)	(13,652)
Realized gain (loss) on sale of marketable securities	20,627	38,214	17,412	76,253	(65,284)
	<u>37,391</u>	<u>133,981</u>	<u>100,909</u>	<u>272,281</u>	<u>(361,523)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 195,762</u>	<u>\$ 121,239</u>	<u>\$ (183,431)</u>	<u>\$ 133,570</u>	<u>\$ (245,985)</u>

CALGARY ROTARY CHALLENGER PARK SOCIETY
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	General Fund	Park Construction Fund	Capital Fund	2023	2022
FUND BALANCES - BEGINNING OF YEAR	\$ 598,102	\$ 1,756,145	\$ 6,993,509	\$ 9,347,756	\$ 9,593,741
Excess of revenue over expenses	195,762	121,239	(183,431)	133,570	(245,985)
Interfund transfers (Note 9)	(121,798)	74,118	47,680	-	-
Transfer of capital assets	-	(25,059)	25,059	-	-
FUND BALANCES - END OF YEAR	\$ 672,066	\$ 1,926,443	\$ 6,882,817	\$ 9,481,326	\$ 9,347,756

CALGARY ROTARY CHALLENGER PARK SOCIETY

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 133,570	\$ (245,985)
Items not affecting cash:		
Amortization of capital assets	273,507	288,922
Investment income reinvested	(175,818)	(41,843)
Change in fair value of marketable securities	(57,356)	321,982
Realized gain (loss) on sale of marketable securities	(76,253)	65,284
Change in foreign exchange	200	7,411
Recognition of deferred contributions (Note 6)	(13,840)	(11,482)
Fair value difference in long-term debt	-	3,719
	<u>84,010</u>	<u>388,008</u>
Changes in non-cash working capital:		
Goods and services tax payable	694	(1,071)
Prepaid expenses	(140)	(12)
Accounts payable and accrued liabilities	13,055	27,656
Deferred revenue	77,015	5,205
Tenant deposits	(20,000)	56,720
	<u>70,624</u>	<u>88,498</u>
	<u>154,634</u>	<u>476,506</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(25,059)	(75,219)
Park construction additions	(20,380)	(25,680)
	<u>(45,439)</u>	<u>(100,899)</u>
FINANCING ACTIVITIES		
Deferred contributions received (Note 6)	12,514	13,934
Proceeds from disposal of marketable securities	1,200,808	576,086
Purchase of marketable securities	(1,240,809)	(911,088)
Repayment of long-term debt	-	(40,000)
	<u>(27,487)</u>	<u>(361,068)</u>
INCREASE IN CASH	81,708	14,539
Cash - Beginning of year	<u>693,666</u>	<u>679,127</u>
CASH - End of year	\$ 775,374	\$ 693,666

NON-CASH TRANSACTION (Note 12)

CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Calgary Rotary Challenger Park Society (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 judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Fund accounting

The General Fund accounts for the Society's operating and services revenues and expenses, as well as administrative and fundraising activities. The fund reports the assets and liabilities of the general operations.

The Park Construction Fund is a restricted fund that reports the assets, liabilities, revenues and expenses related to the Society's construction activities.

The Capital Fund is a restricted fund that reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

Revenue recognition

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

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.

Restricted contributions related to Park construction are recorded as revenue in the Park Construction Fund when received or receivable. Restricted contributions related to the acquisition of capital assets are recognized as revenue in the Capital Fund when received or receivable.

Casino, programming and special event revenue is recognized as revenue of the General Fund using the deferral method, whereby contributions are recognized as revenue in the year in which the related expenses are incurred only if the contributions are externally restricted.

Facility rental revenue is recognized on an accrual basis as it is earned. Deferred revenues represent amounts received in advance for rents related to subsequent periods.

Financial instruments

Initial Measurement

The Society initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Society in the transaction.

Subsequent measurement

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets subsequently measured at amortized cost include cash.

Financial assets subsequently measured at fair value include marketable securities.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and tenant deposits.

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CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

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

Impairment

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there are, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

Transactions costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

Cash, cash equivalents, and marketable securities

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

Pledges receivable

Pledges receivable are recorded in the financial statements when the following criteria are met:

- (a) The Society receives a signed letter from the donor stating the pledged amount with no outstanding conditions; and
- (b) The fair value of the pledge can be reasonably estimated.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following annual rates:

Buildings	4%
Furniture and equipment	20%
Land improvement and services	4%
Outdoor facilities/fields	15%

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Park construction

Park construction costs include tangible and intangible costs of developing, constructing and enhancing the Park and are not subject to amortization until the work is complete and the assets are put into use. Once in use, they are amortized at the applicable rate.

Intangible development costs are tested for impairment annually, or when events or circumstances indicate uncertainty as to realize a future benefit. If the carrying amount of the intangible asset exceeds its fair value, the excess amount is recognized as an impairment loss in the statement of operations.

Contributed services

In the current fiscal year, volunteers contributed services to assist the Society in carrying out its mandate. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

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

Allocation of expenses

The costs included in each respective function are expenses that are directly related to the services and functions carried on by the Society. Operations and administration are considered a function in their own right and have not been allocated. Detail of operations and administration - General Fund is included in Schedule 1.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 property and equipment for amortization purposes, the net recoverable amount of capital assets and park construction repairs and estimates of the park construction repair costs. 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.

2. NATURE AND PURPOSE OF THE ORGANIZATION

The Society is incorporated under the Societies Act of Alberta and received its charitable status in January 2005. The Society is not subject to federal or provincial income tax.

The mission statement for the Society is that it will be responsible for "Providing accessible sport and recreational facilities, *WHERE EVERYONE CAN PLAY*".

The Society constructed a barrier-free sport and recreational facility (the "Park") that facilitates the development and delivery of programs and services to persons of all abilities. The Park is located on 25 acres of land in northeast Calgary.

The Society has entered into three (3) agreements. The first is an Operating Funding Agreement with the City of Calgary, (the "City"). The last two (2) agreements are: a Consent To Assignment, which is a tri-party Lease agreement between the City, the Society and The Calgary Airport Authority for the main park lands. This agreement assigned the original Sublease on the Park's lands to the Society directly. Subsequent to this Assignment, an Extension to this Sublease on June 29, 2022, was then signed with The Calgary Airport Authority. The 3rd agreement is a Lease agreement on the 5.34 acre land parcel adjacent to the SW boundary of the main Park. In 2023, this Lease was amended to include a further two (2) small land areas adjacent to Parks' west and north boundaries.

As part of the Operating Funding Agreement, the City will continue to provide an annual Operating grant, as part of the City's 4-year budget cycle until December 31st, 2026, to support the operating expenses of the Society. This agreement may be renewed or extended for a subsequent budget cycle, upon mutual agreement between the City and the Society. At the end of 2022, the City confirmed with the Society the estimated funds they would be receiving for the 2023-2026 cycle. The amount of the grant for the current year was \$291,321 (2022 - \$280,116).

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 4,817,838	\$ 2,499,390	\$ 2,318,448	\$ 2,415,050
Furniture and equipment	232,475	213,080	19,395	16,593
Land improvements and services	5,427,620	3,111,020	2,316,600	2,394,486
Outdoor facilities/fields	5,145,088	4,710,085	434,983	511,745

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CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

3. CAPITAL ASSETS *(continued)*

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$ 15,623,001	\$ 10,533,575	\$ 5,089,426	\$ 5,337,874

Buildings, land improvements and services and outdoor facilities/fields are owned by the Park (Note 2, Note 4).

4. PARK CONSTRUCTION

Under the terms of the Consent To Assignment (Note 2), the Park buildings, land improvements and services and outdoor facilities/fields constructed are now the property of the Park. As the Society has the beneficial risks and rewards of ownership for the assets, the financial statements account for these expenditures as long-term assets of the Society.

Park construction costs include development costs related to upgrading of the current Park facilities. During the year, the Society undertook new improvements amounting to \$25,059 (2022 - \$75,219). These costs are included in the Capital Fund and have been amortized accordingly. Additionally, park construction costs were incurred amounting to \$20,380 (2022 - \$25,680) and are combined with what remains from 2022 to total \$46,060. These projects were incomplete at year end and are reflected on the Statement of Financial Position, under Park Construction. These costs are not subject to amortization, and will remain in the Park Construction until the projects are completed, at which time they will be transferred to the Capital Fund.

The Society continues to explore a Developer to develop the 5.34 acres of land adjacent to the Park. The Society has a Lease agreement (Note 2) on these lands until June 2072 with the Calgary Airport Authority.

5. DEFERRED REVENUE

Included in deferred revenue is \$168,092 (2022 - \$91,077) of revenue related to bookings, rentals, and grant revenue. This revenue will be recognized for activities that will occur in 2024.

6. DEFERRED CONTRIBUTIONS

	2023	2022
Balance, beginning of year	\$ 147,288	\$ 119,836
Contributions during the year	12,514	13,934
Transfer from deferred revenue	-	25,000
Recognized as revenue in the year	(13,840)	(11,482)
	\$ 145,962	\$ 147,288

Deferred contributions relate to contributions made specifically for the Everyone Can Play Fund Program ("ECPF"). The ECPF is a subsidy-based program used by the Society to assist disability organizations in paying for their use of the Park. Contributions received for the ECPF for this year were \$12,514 (2022 - \$13,934). The amount of contributions recognized as revenue in the General Fund is equal to the amount of subsidies the Society has provided for bookings during the year.

CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

7. RESERVES INTERNALLY RESTRICTED

	Life Cycle Maintenance	Operating Reserve	Park Construction Reserve
2023			
Balance, beginning of year	\$ 1,657,923	\$ 481,062	\$ 1,787,031
Transfer from park construction operating fund	-	-	20,830
Transfers from general fund	35,000	5,000	-
Investment income, change in fair value & gain on marketable securities	100,909	29,423	133,980
Investment fees payable (recoverable)	710	-	(449)
Balance, end of year	\$ 1,794,542	\$ 515,485	\$ 1,941,392
2022			
Balance, beginning of year	\$ 1,475,234	\$ 520,114	\$ 1,924,428
Transfer from park construction operating fund	-	-	25,680
Transfer from general fund	325,000	10,000	-
Investment income, change in fair value & gain on marketable securities	(142,615)	(49,052)	(162,165)
Investment fees payable (recoverable)	304	-	(912)
	\$ 1,657,923	\$ 481,062	\$ 1,787,031

The Society is continuing to maintain reserves for general operations, life cycle maintenance and capital projects.

The Operating Reserve is reported as an internally restricted fund balance in the General Fund as this reserve is to be utilized at the discretion of the Society towards unanticipated operational costs or actual shortfalls. The assets of the Operating reserve are comprised of cash of \$6,778 (2022 - \$Nil) and marketable securities with a value of \$508,716 (2022 - \$481,062).

The Life Cycle Maintenance Reserve is reported as an internally restricted fund balance in the Capital Fund as these funds are restricted for the purpose of protecting the integrity of the Park. Disbursements from the Life Cycle Maintenance Reserve are outlined in the life cycle plan. The assets of the Life Cycle Maintenance Reserve are comprised of cash of \$25,556 (2022 - \$Nil) and marketable securities with a value of \$1,772,180 (2022 - \$1,661,829).

The Park Construction Reserve is reported as an internally restricted fund balance in the Park Construction Fund as these funds are restricted for the purpose of capital improvements and/or life cycle maintenance. Disbursements from the Park Construction Reserve are included in the annual budgeting process of the Society. The reserve is comprised of cash of \$40,659 (2022 - \$117,901), marketable securities with a value of \$1,854,873 (2022 - \$1,643,450) and park construction additions of \$46,060 (2022 - \$25,680).

During the year, the Board of Directors internally restricted \$35,000 (2022 - \$325,000) for the Life Cycle Maintenance Reserve and \$5,000 (2022 - \$10,000) for the Operating Reserve.

8. OPERATING LINE OF CREDIT

The Society has an operating line of credit in the amount of \$20,000, bearing interest at 10.2%. As of December 31, 2023, \$Nil (2022 - \$Nil) was drawn on this credit facility.

9. INTERFUND TRANSFERS

Interfund transfers consist of transfers from the General Fund to the Park Construction Reserve and Life Cycle Maintenance Reserve to cover park construction costs totalling \$61,376 (2022 - \$75,220) and \$710 (2022 - \$Nil), respectively. Furthermore, there were also transfers from the General Fund to the Life Cycle Maintenance Reserve and the Park Construction Reserve, to cover investment broker fees of \$11,970 (2022 - \$12,452) and \$12,742 (2022 - \$15,119) respectively.

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CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

9. INTERFUND TRANSFERS *(continued)*

The Board of Directors also internally restricted \$35,000 (2022 - \$325,000) and \$5,000 (2022 - \$10,000) from the General Fund and transferred it to the Life Cycle Maintenance Reserve and to the Operating Reserve respectively to fund costs described in Note 7.

10. SUBLEASE

The Society retains two (2) separate subleases from the Calgary Airport Authority. One lease is for the current Park lands and the second lease is for 2.16 hectares (5.34 acres) of land adjacent to the current Park's South West boundary. Both of these subleases are for a term until June 30, 2072. Development of the 5.34 acre parcel of land is restricted by the Land Uses Guidelines of the Calgary Airport Authority.

11. ENDOWMENT FUND

During the year ended December 31, 2006, a contribution of \$100,000 was made by Mr. Lou MacEachern (the "donor") to The Calgary Foundation with a direction that 3.5% of the market value of the funds be distributed annually to the Society. The donor designated this annual distribution to be used in its Everyone Can Play Fund Program. During the year, the Society received \$5,872 (2022 - \$6,433) from the Lou MacEachern Fund held at The Calgary Foundation which is included in contributions to the Society's Everyone Can Play Fund (Note 6).

The fair market value of the Lou MacEachern Fund at The Calgary Foundation at December 31, 2023 was \$173,202 (2022 - \$167,778).

12. CITY AGREEMENT - OPERATING FUNDING AGREEMENT

The Society signed a new agreement with the City of Calgary in 2023. This agreement is for the term of 2023-2026. The agreement is called an Operating Funding Agreement. During 2023, the Society spent all the funds received, through this agreement, on expenses related to supporting the operations of the Society.

13. NON-CASH TRANSACTION

During the year, the Society had marketable securities which were sold for proceeds totalling \$1,200,808 (2022 - \$650,043) and then reinvested. As this transaction is non-cash in nature, it has been excluded from the statement of cash flows.

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that third parties may default on their financial obligations. The Society is exposed to credit risk on cash and marketable securities.

The Society's credit risk exposure on cash and marketable securities is minimized substantially by ensuring that both are held with credible institutions.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Society's liquidity risk exposure on accounts payable and accrued liabilities is minimized by the maintenance of sufficient readily available reserves in order to meet liquidity requirements at any point in time.

Market risk

(continues)

CALGARY ROTARY CHALLENGER PARK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS *(continued)*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk as more fully described below.

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Society will fluctuate due to changes in foreign exchange rates. The Society is exposed to foreign currency exchange risk on cash and marketable securities denominated in U.S. dollars. At December 31, 2023, the Society holds in US dollars, cash of \$33,917 (2022 - \$41,240) and marketable securities of \$138,693 (2022 - \$143,194).

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is not exposed to significant interest rate risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk on its marketable securities which have a cost base of \$4,156,660 (2022 - \$3,878,815) and a market value of \$4,135,570 (2022- \$3,786,341) as at December 31, 2023. The marketable securities are comprised of mutual funds, the majority of which are invested in bonds and money market funds. Approximately 30% of the mutual funds are made up of equity investments which carry a higher risk of fluctuation in fair value.

15. COMPARATIVE FIGURES

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

CALGARY ROTARY CHALLENGER PARK SOCIETY
Operations and administration
Year Ended December 31, 2023

(Schedule 1)

	General Fund	Park Construction Fund	Capital Fund	2023	2022
Governance	\$ 19,509	\$ -	\$ -	\$ 19,509	\$ 8,177
Insurance	30,664	-	-	30,664	28,571
Management fee - Capital	-	-	11,970	11,970	12,452
Management fee - Park Construction	-	12,742	-	12,742	15,119
Park maintenance	271,676	-	-	271,676	278,300
Park utilities	76,439	-	-	76,439	68,199
Professional fees	48,084	-	-	48,084	36,663
Office	31,924	-	-	31,924	34,961
Staff salaries, benefits and expenses	344,265	-	-	344,265	311,154
	\$ 822,561	\$ 12,742	\$ 11,970	\$ 847,273	\$ 793,596

