Financial statements of

Calgary Science Centre Society

(Operating as TELUS Spark)

December 31, 2021

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(Operating as TELUS Spark)

December 31, 2021

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Independent Auditor's Report

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To the Directors of
The Calgary Science Centre Society (Operating as TELUS Spark)

Opinion

We have audited the financial statements of the Calgary Science Centre Society (Operating as TELUS Spark) (the "Society"), which comprise of the statement of financial position as at December 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Calgary Science Centre Society (Operating as TELUS Spark) as at December 31, 2021, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 the 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 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.

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 a 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 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.

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.

Grant Thornton LLP

Calgary, Canada
April 21, 2022

Chartered Professional Accountants

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of operations

Year ended December 31

	2021			2020
	Reserve Fund	**Operating Fund**	**Total**	Total
	$	**$**	**$**	$
Revenue				
Grants, sponsorship and donations (Note 15)	**3,772,886**	**1,264,318**	**5,037,204**	4,180,392
Admissions	**-**	**1,440,119**	**1,440,119**	1,141,958
Civic operating grant (Note 16)	**-**	**2,386,192**	**2,386,192**	2,272,004
Facility rentals	**-**	**246,355**	**246,355**	242,405
Café Retail	**-**	**562,885**	**562,885**	360,352
Store Retail	**-**	**374,793**	**374,793**	268,299
Memberships	**-**	**401,939**	**401,939**	734,729
School programs	**-**	**69,068**	**69,068**	165,310
Parking	**-**	**162,492**	**162,492**	164,223
Paid programs	**-**	**304,112**	**304,112**	214,925
Other income (Note 2)	**18,970**	**1,943,133**	**1,962,103**	2,364,841
	3,791,856	**9,155,406**	**12,947,262**	12,109,438
Expenses				
Compensation	**87,726**	**5,462,453**	**5,550,179**	6,164,254
Direct cost - facility rentals and retail	**-**	**699,949**	**699,949**	652,783
Program and exhibit costs	**13,679**	**376,649**	**390,328**	533,000
Professional fees and contract services	**71,978**	**454,735**	**526,713**	452,817
Utilities and maintenance	**-**	**489,348**	**489,348**	423,576
Advertising	**-**	**118,747**	**118,747**	138,629
Administration	**26,593**	**247,040**	**273,633**	221,269
Computer and telecommunications	**-**	**332,081**	**332,081**	312,899
Travel and hosting	**-**	**18,584**	**18,584**	8,834
Amortization	**3,984,301**	**151,331**	**4,135,632**	3,497,880
	4,184,277	**8,350,917**	**12,535,194**	12,405,941
Excess (deficiency) of revenue over expenses before other item	**(392,421)**	**804,489**	**412,068**	(296,503)
Gain on disposition of tangible capital assets			**-**	3,157
Excess (deficiency) of revenue over expenses	**(392,421)**	**804,489**	**412,068**	**(293,346)**

The accompanying notes to the financial statements are an integral part of this financial statement.

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of changes in fund balances

Year ended December 31

	Reserve Fund	Operating Fund	**2021** Total	2020 Total
	$	$	$	$
Fund balances, beginning of year	**-**	**5,475,410**	**5,475,410**	5,768,756
Excess (deficiency) of revenue over expenses	**(392,421)**	**804,489**	**412,068**	(293,346)
Interfund transfer	**392,421**	**(392,421)**	**-**	-
Fund balances, end of year	**-**	**5,887,478**	**5,887,478**	5,475,410

The accompanying notes the to the financial statements are an integral part of this financial statement.

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of financial position
As at December 31

	2021	2020
	$	$
Assets		
Current assets		
Cash	**9,797**	9,797
Restricted cash (Note 4)	**1,122,782**	972,164
Investments (Note 5)	**2,100,388**	2,171,693
Accounts receivable (Note 2)	**1,484,481**	688,786
Current portion of contributions receivable (Note 7)	**256,771**	256,771
Goods and Services Tax recoverable	**90,935**	4,829
Prepaid expenses	**179,282**	57,195
Inventory (Note 6)	**173,584**	126,430
	5,418,020	4,287,665
Contributions receivable (Note 7)	**504,296**	762,741
Assets under construction (Note 8)	**406,821**	101,199
Tangible capital assets (Note 9)	**78,588,068**	76,383,456
	84,917,205	81,535,061
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,178,532**	486,934
Government remittances payable	**148,150**	106,845
Deferred revenue	**1,148,707**	883,684
Current portion of deferred contributions related to tangible capital assets (Notes 11 and 16)	**4,064,180**	2,999,428
Current portion of deferred contributions related to sponsorships (Note 13)	**256,771**	256,771
Deferred contributions related to operations (Note 12)	**2,603**	2,603
	6,798,943	4,736,265
Deferred contributions related to tangible capital assets (Notes 11 and 16)	**71,726,488**	70,560,645
Deferred contributions related to sponsorships (Note 13)	**504,296**	762,741
	79,029,727	76,059,651
Fund balances		
Internally restricted (Note 14)	**5,887,478**	5,475,410
	84,917,205	81,535,061

Impacts of COVID-19 (Note 2)
Commitments (Note 18)

The accompanying notes the to the financial statements are an integral part of this financial statement.

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of cash flows

Year ended December 31

	2021	2020
	$	$
Operating activities		
Excess (deficiency) of revenue over expenses	**412,068**	(293,346)
Items not affecting cash		
Amortization	**4,135,632**	3,497,880
Amortization of deferred contributions related to tangible capital assets (Note 11)	**(3,675,129)**	(2,993,495)
Gain on disposition of tangible capital assets	**-**	(3,157)
	872,571	207,882
Changes in non-cash working capital		
Accounts receivable	**(795,695)**	(479,947)
Contributions receivable	**258,445**	222,613
Goods and Service Tax recoverable	**(86,106)**	(4,829)
Prepaid expenses	**(122,087)**	111,102
Inventory	**(47,154)**	(3,167)
Accounts payable and accrued liabilities	**262,537**	(473,849)
Government remittances payable	**41,305**	9,644
Deferred revenue	**265,023**	(296,626)
Deferred contributions related to sponsorships	**(258,445)**	(222,613)
Deferred contributions related to operations	**-**	8
	390,394	(929,782)
Investing activities		
Purchase of tangible capital assets	**(6,645,866)**	(544,984)
Purchase of investments, including reinvested interest	**(17,426)**	(48,215)
Proceeds on disposition of investment	**88,731**	-
Proceeds on disposition of tangible capital assets	**-**	3,810
Changes in non-cash investing working capial	**429,061**	-
Change in restricted cash	**(150,618)**	1,334,735
	(6,296,118)	745,346
Financing activities		
Deferred contributions received for tangible capital assets (Note 11)	**5,905,724**	184,436
Net decrease in cash	**-**	-
Cash, beginning of year	**9,797**	9,797
Cash, end of year	**9,797**	9,797

The accompanying notes the to the financial statements are an integral part of this financial statement.

1. Purpose of the organization

Calgary Science Centre Society (the "Society"), operating as TELUS Spark, is incorporated under the Societies Act of Alberta. The Society is committed to helping people of all ages including families and students understand the importance of the arts, science, and technology in their lives by providing fun-filled learning experiences. The Society is a registered charity and is, therefore, exempt from the payment of income taxes under Section 149(1) of the Income Tax Act.

2. COVID-19 impact on operations & related government funding

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 to be a Public Health Emergency of International Concern. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening.

As a result of the COVID-19 pandemic, the Society implemented official public health recommendations that included closing the Society's building from March 15, 2020 until July 7, 2020 and then again from December 6, 2020 until June 17, 2021.

The Society implemented enhanced cleaning and sanitization protocols to ensure the safety of its staff, members and community throughout fiscal 2020 and 2021. However, given the restrictions, the Society was only able to offer modified experiences for its guests and some of the activities related to various revenue streams could not be offered during fiscal 2020 and 2021.

The overall impact of the closures and modified experiences is that all revenue streams have decreased significantly and continue to be negatively impacted by the on-going COVID-19 protocols.

The Society qualified for and received funding under various COVID-19 government programs as follows:

1) Canada Emergency Wage Subsidy

   The Society received the Canada Emergency Wage Subsidy to cover a portion of employee wages from the period Jan 1 to Dec 31 in the amount of $1,931,580 (2020 - March 15 to December 31, 2020 in the amount of $2,297,592). This subsidy was recognized in "Other income" in the statement of operations and $474,178 was accrued as a receivable as of December 31, 2021 (2020 - $534,377).

2) Alberta Small and Medium Enterprise Relaunch Grant

   The Society received the Alberta Small and Medium Enterprise Relaunch Grant in the amount of $10,000 (2020 - $20,000). The grant was used to help off-set additional cleaning and costs incurred due to COVID-19 protocols and was recognized in "Grants, sponsorship and donations" during the corresponding fiscal year.

3) Civic Resiliency Grant

   The Society received the Civic Resiliency Grant in the amount of $182,000 (2020 - $147,000). $93,484 (2020 - $51,384) of the grant was used to support a portion of fixed operational costs and was recognized in "Civic operating grant" during the year, with $88,516 being deferred to fiscal 2022 (2020 - $95,616 being deferred to fiscal 2021). The previously deferral of $95,616 from 2020 was utilized towards fixed operational costs and was recognized in "Civic operating grant" during 2021.

These subsidies helped the Society minimize the financial impact on the financial position and results of operations for the corresponding year then ended.

2. COVID-19 impact on operations & related government funding (continued)

While governments and central banks have reacted with fiscal and monetary interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences of COVID-19, as well as the impact on the financial position and results of the Society for future periods. It is reasonable to conclude that revenues in fiscal 2021 in certain areas may not be at comparable historical levels given the rules and regulations pertaining to the reopening of the facilities and the limitation on number of people and corresponding safety protocols.

3. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash

Cash includes cash on hand and balances with the bank.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, and collection is reasonably assured. Amounts pledged are recorded when received by the Society or when the amount can be reasonably estimated and the collection is reasonably assured. Donations received in kind are recorded at fair market value determined at the date the donation is made.

Donated tangible capital assets and contributions received towards the purchase of tangible capital assets are deferred and amortized to revenue on the same basis as the related depreciable tangible capital assets are amortized.

Operating grants, admissions, facility rentals, café and store retail, memberships, school programs, parking, paid programs and other income are recognized when the service has been provided, the prices re fixed or determinable, and collection is reasonably assured.

Fund accounting

The Reserve Fund is used for future projects and operational requirements. The (deficiency) excess of revenue over expenses in the Reserve Fund is transferred to the Operating Fund each year.

The Operating Fund is used to account for revenue and expenses related to operations, program delivery, and administrative activities. The Society restricts the use of portions of its unrestricted fund balances for specific future uses. When incurred, related expenses are charged to the Operating Fund and the balance of internally restricted fund balances is reduced accordingly.

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed tangible capital assets is considered to be fair value at the date of contribution. The cost of tangible capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

3. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Building	40 years
Site improvements	40 years
Switchboard, panels. transformers	25 years
Roofing	25 years
Heating & cooling	25 years
Interior lighting	20 years
Elevators	20 years
Plumbing	20 years
Flooring	10 years
Electrical controls	10 years
Exterior lighting	10 years
Seating	10 years
Building equipment	5 years
Exhibits	3-5 years
Leasehold improvements	5-10 years
Computers	3 years
Furniture and fixtures	3 years
Café and catering equipment	3 years
Vehicles	5 years

Assets under construction are not amortized until the assets are available for use.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying value may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally expected.

Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. The cost is comprised of the purchase price, duties and non-recoverable taxes, transport and other costs directly attributable to get the product in saleable form.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated variable selling costs. Inventories are written down to net realizable value when the cost is estimated to not be recoverable, the inventory is damaged, or it becomes obsolete. The amount of any write-down of inventories to net realizable value and any losses are recognized as an expense, and included in the statement of operations, in the period the write-down or loss occurs.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations in the period the reversal occurs.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably estimated and when the Society would have otherwise purchased them. Contribution of time by volunteers is not recorded as an expense as the dollar amount is not reasonably determinable.

Capital leases

Leases that transfer substantially all of the benefits and risk of ownership to the Society are accounted for as a capital lease. Assets under capital lease are initially recorded at the present value of minimum lease payments at the beginning of the lease. The capitalized value of the depreciable asset is amortized over the economic useful life of the asset, if the ownership passes to the Society at the end of the lease term. Lease payments are allocated to a reduction of the lease obligation, interest expense, and any related costs.

Operating leases

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Society. Lease rentals under operating leases are included in the statement of operations over the lease term on a straight-line basis.

Use of estimates

The financial statements have been prepared in conformity with ASNPO, which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results for the year presented.

Actual results could differ from these estimates. Assumptions are used in estimating the useful life and potential impairment of tangible capital assets, the collectability of accounts and contributions receivable and accrued liabilities. Management reviews its estimates annually based on current available information.

4. Restricted cash

	2021	2020
	$	$
Externally restricted	**213,704**	252,453
Internally restricted	**909,078**	719,711
	1,122,782	972,164

Externally restricted cash primarily relates to grants and donations received which have specified restrictions. The Society has internally restricted cash to accumulate an operating and project reserve (Note 14).

5. Investments

At December 31, 2021, the Society's investments consisted of Guaranteed Investment Certificates (GIC's) with an interest rate between 0.9 and 1.0% (2020 – 0.8%) per annum, with a maturity date of December 28, 2022 (2020 – December 24, 2021).

Interest accrued on these investments was $17,426 in 2021 (2020 - $48,215) and $88,731 was redeemed and transferred to cash accounts at the end of 2021.

6. Inventory

	2021	2020
	$	$
Liquor	**11,091**	11,155
Retail	**126,767**	104,925
Café	**35,726**	10,350
	173,584	126,430

Inventory in the amount of $450,708 (2020 - $330,867) was sold during the year and recognized in cost of sales.

7. Contributions receivable

The outstanding contributions receivable are unsecured, non-interest bearing and expected to be collected over the following periods:

	2021	**2020**
	$	**$**
2021	**-**	**256,771**
2022	**256,771**	**255,084**
Thereafter	**504,296**	**507,657**
	761,067	**1,019,512**
Current portion of contributions receivable	**256,771**	**256,771**
Contributions receivable	**504,296**	**762,741**
	761,067	**1,019,512**

Contributions receivable have been discounted using the Government of Canada bond yield of 1.22% (2020 – 0.33%) per annum.

8. Assets under construction

	2021	2020
	$	$
Café, dome and front-yard	**160,027**	57,591
Atrium	**16,303**	-
Design blueprints	**230,491**	-
Kiosk systems	**-**	43,608
	406,821	101,199

9. Tangible capital assets

			2021
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Building	**78,617,762**	**19,796,687**	**58,821,075**
Site improvements	**12,105,821**	**3,058,546**	**9,047,275**
Switchboard, panels, transformers	**1,875,000**	**762,500**	**1,112,500**
Roofing	**1,725,600**	**701,744**	**1,023,856**
Heating & cooling	**1,614,800**	**656,685**	**958,115**
Interior lighting	**2,182,000**	**1,109,183**	**1,072,817**
Elevators	**759,000**	**385,825**	**373,175**
Plumbing	**162,090**	**82,396**	**79,694**
Flooring	**1,281,240**	**1,281,240**	**-**
Electrical controls	**1,176,000**	**1,176,000**	**-**
Exterior lighting	**1,016,000**	**1,016,000**	**-**
Seating	**452,400**	**452,400**	**-**
Building Automation	**208,447**	**12,159**	**196,288**
Garage	**70,299**	**879**	**69,420**
Leasehold improvements	**1,944,376**	**804,494**	**1,139,882**
Exhibits	**5,720,811**	**1,332,466**	**4,388,345**
Café equipment	**109,312**	**18,218**	**91,094**
Catering equipment	**-**	**-**	**-**
Computers	**223,703**	**75,987**	**147,716**
Furniture and fixtures	**40,872**	**17,551**	**23,321**
Vehicles	**93,704**	**50,209**	**43,495**
	111,379,237	**32,791,169**	**78,588,068**

			2020
	Cost	Accumulated amortization	Net book value
	$	$	$
Building	78,617,762	17,831,243	60,786,519
Site improvements	12,105,821	2,755,901	9,349,920
Switchboard, panels, transformers	1,875,000	687,500	1,187,500
Roofing	1,725,600	632,720	1,092,880
Heating & cooling	1,614,800	592,093	1,022,707
Interior lighting	2,182,000	1,000,083	1,181,917
Elevators	759,000	347,875	411,125
Plumbing	162,090	74,292	87,798
Flooring	1,281,240	1,174,470	106,770
Electrical controls	1,176,000	1,078,000	98,000
Exterior lighting	1,016,000	931,333	84,667
Seating	452,400	396,140	56,260
Building equipment	208,447	1,737	206,710
Leasehold improvements	822,852	572,627	250,225
Exhibits	1,493,587	1,129,133	364,454
Café equipment	74,666	74,666	-
Catering equipment	114,666	114,666	-
Computers	108,533	90,574	17,959
Furniture and fixtures	50,990	35,180	15,810
Vehicles	132,975	70,740	62,235
	105,974,429	29,590,973	76,383,456

9. Tangible capital assets (continued)

During the year, the Society removed fully amortized assets aggregating $935,436 from cost and accumulated amortization (2020 - $2,812,288).

10. Bank indebtedness

An overdraft facility has been authorized to a maximum of $500,000 and bears interest at the bank's prime interest rate per annum. As security, a Canadian chartered bank has a general security agreement covering the assets of the Society. At December 31, 2021, $nil was outstanding on the overdraft facility (2020 - $nil).

11. Deferred contributions related to tangible capital assets

					2021
	Balance, beginning of year	**Contributions received and receivable**	**Expended on current acquisitions**	**Utilization**	**Balance, end of year**
	$	$		$	$
Deferred contributions related to tangible capital assets	**73,560,073**	**5,905,724**	-	**(3,675,129)**	**75,790,668**

					2020
	Balance, beginning of year	Contributions received and receivable	Expended on current acquisitions	Utilization	Balance, end of year
	$	$		$	$
Deferred contributions related to tangible capital assets	76,369,132	184,436	-	(2,993,495)	73,560,073

Deferred contributions related to tangible capital assets represent the unamortized contributions received for the purchase of tangible capital assets that have been acquired. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized. The contributions are being recognized as revenue on the same basis as the assets acquired are amortized (Note 9). The deferred contributions related to tangible capital assets are expected to be recognized over the following periods:

	2021	2020
	$	$
Current	**4,064,180**	2,999,428
Long-term	**71,726,488**	70,560,645
	75,790,668	73,560,073

11. Deferred contributions related to tangible capital assets (continued)

Deferred contributions restricted for future period tangible capital assets and expenditures

Contributions restricted for future period acquisitions of tangible capital assets and expenditures are deferred until the tangible capital assets are acquired, and at that time, amortization of the contribution to revenue begins, as described above. Contributions used to fund expenditures are recognized as revenue as funds are expended.

12. Deferred contributions related to operations

Deferred contributions related to operations represent funding received in the current period for future period operations.

				2021
	Balance, beginning of year	**Contributions received and receivable**	**Utilization**	**Balance, end of year**
	$	**$**	**$**	**$**
Casino	**2,603**	**-**	**-**	**2,603**

				2020
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	$	$	$	$
Casino	2,595	8	-	2,603

13. Deferred contributions related to sponsorships

				2021
	Balance, beginning of year	**Contributions received and receivable**	**Utilization**	**Balance, end of year**
	$	**$**	**$**	**$**
Community funding - sponsorships	**1,019,512**	**-**	**(258,445)**	**761,067**

				2020
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	$	$	$	$
Community funding - sponsorships	1,242,125	-	(222,613)	1,019,512

Deferred contributions related to sponsorships are deferred until the fiscal period in which the funds are provided for and accordingly are recognized as revenue in that corresponding period. The deferred contributions related to sponsorships are expected to be recognized, net of commissions, over the following periods:

13. Deferred contributions related to sponsorships (continued)

	2021	2020
	$	$
Current	256,771	256,771
Long-term	504,296	762,741
	761,067	1,019,512

14. Internally restricted funds

The board of directors restricts the balance of $5,887,478 (2020 - $5,475,410) that is otherwise unrestricted funds at the end of the fiscal year to accumulate an operating reserve. These funds are not available for expenditure without prior approval of the board of directors.

15. Grants, sponsorships and donations

	Reserve Fund	Operating Fund	2021	2020
	$	$	$	$
The City of Calgary	1,256,747	4,439	1,261,186	587,964
Government of Alberta	1,127,143	64,388	1,191,531	1,363,112
Government of Canada	1,302,542	61,951	1,364,493	1,169,271
Donations	86,454	1,133,539	1,219,993	1,060,045
	3,772,886	1,264,317	5,037,203	4,180,392

16. City of Calgary funding

The City of Calgary has requested the following schedule be reported which relates to their annual cash contributions. For accounting purposes, the cash contributions may be recognized as revenue in the year received or deferred and amortized on the same basis as the tangible capital assets that the cash was used for, depending on the terms of the agreement (Note 11).

Operating and life cycle

				2021
	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	$	$	$	$
Operating Grant	-	2,197,092	(2,197,092)	-
Resiliency Grant	95,616	182,000	(189,100)	88,516
	95,616	2,379,092	(2,386,192)	88,516

16. City of Calgary funding (continued)

				2020
	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	$	$	$	$
Operating grant	-	2,197,327	(2,197,327)	-
Resiliency Grant	-	147,000	(51,384)	95,616
Micro-Grant	-	4,500	(4,500)	-
CPIG Grant	-	18,793	(18,793)	-
	-	2,367,620	(2,272,004)	95,616

For building and capital

				2021
	Contributions deferred, beginning of year	**Contributions**	**Expensed**	**Contributions deferred, end of year**
	$	**$**	**$**	**$**
City of Calgary Building Grant	**7,859,554**	**-**	**(254,777)**	**7,604,777**
City of Calgary Land Improvement Grant	**9,349,920**	**-**	**(302,646)**	**9,047,274**
MSP Grant		**2,457,327**	**(560,439)**	**1,896,888**
CPIG Grant	**182,394**	**586,066**	**(24,973)**	**743,487**
	17,391,868	**3,043,393**	**(1,142,835)**	**19,292,426**

				2020
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year
	$	$	$	$
City of Calgary Building Grant	8,114,331	-	(254,777)	7,859,554
City of Calgary Land Improvement Grant	9,652,964	-	(303,044)	9,349,920
CPIG Grant	-	184,436	(2,042)	182,394
	17,767,295	184,436	(559,863)	17,391,868

17. Financial instruments

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency, interest rate, and other price risk. The Society is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Society’s cash flows, financial position, and interest expense. The Society’s short-term investments and contributions receivable are exposed to interest rate changes. The impact of adverse changes in interest rates is not considered material.

17. Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failure to discharge an obligation. The Society has a concentration of credit risk pertaining to its cash and accounts receivable.

The Society mitigates its exposure to credit loss pertaining to cash by placing its cash with reputable financial institutions.

The Society is exposed to credit risk to the extent that its donors and customers may experience financial difficulty and would be unable to meet their obligations. However, the Society has a large number of diverse donors and customers, which minimizes its concentration of credit risk in this regard.

Liquidity risk

The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society monitors its cash balances and cash flows generated from operations to meet its requirements.

18. Commitments

The Society has entered into contracts for communication services, consulting fees and operating leases for office equipment. The contracts expire at various dates from 2022 through 2024.

Annual commitments under the contracts are as follows:

	$
2022	289,533
2023	118,691
2024	42,069
	450,293

Subsequent to the year ended December 31, 2021, the Society has entered into contracts with vendors amounting to $308,460 (2020 - $2,356,776) for exhibit rentals, additional leasing costs and expenses related to capital projects. The Society has secured government funding to offset some of the capital costs.

19. Subsequent event

On March 25, 2022 the Society agreed to accept the donation of specific net assets from the Beakerhead Creative Society. The assets are externally restricted.