

Financial statements of

Calgary Science Centre Society
(Operating as TELUS Spark)

December 31, 2023

Calgary Science Centre Society

(Operating as TELUS Spark)

December 31, 2023

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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, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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, 2023, and its results of 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.

Calgary, Canada
April 25, 2024

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of operations

Year ended December 31

	2023	2022
	\$	\$
Revenue		
Grants, sponsorship and donations (Note 15)	3,201,802	2,914,925
Amortization of deferred contributions related to tangible capital assets (Note 10)	4,470,836	4,168,298
Admissions	3,681,475	3,954,287
Civic operating grant (Note 16)	2,526,711	2,322,373
Facility rentals	1,582,136	1,144,113
Café retail	1,924,028	1,861,897
Store retail	1,194,010	1,125,450
Memberships	1,761,332	1,273,463
School programs	644,452	449,238
Parking	463,842	459,425
Paid programs	677,394	504,100
Other income (Note 19)	192,508	640,248
	22,320,526	20,817,817
Expenses		
Compensation	9,306,895	8,558,484
Direct cost - facility rentals and retail	2,585,254	2,215,594
Program and exhibit costs	2,286,274	1,951,906
Professional fees and contract services	1,653,978	1,708,292
Utilities and maintenance	699,864	916,836
Advertising	353,653	318,305
Administration	687,484	537,696
Computer and telecommunications	531,498	390,829
Travel and hosting	127,969	88,550
Amortization	4,917,147	4,578,591
	23,150,016	21,265,083
Deficiency of revenue over expenses	(829,490)	(447,266)

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

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of changes in net assets

Year ended December 31

	Internally restricted reserves (Note 14)					2023
	Wind Down Reserve	Innovation Reserve	Capital Replacement Reserve	Invested in Tangible Capital Assets	Operating	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	1,170,000	881,218	740,342	2,998,885	(350,233)	5,440,212
Deficiency revenue over expenses	-	-	-	(446,311)	(383,179)	(829,490)
Contributions	61,547	56,706	62,922	-	(181,175)	-
Approved funding of operating expenditures	-	(402,411)	(45,313)	-	447,724	-
Internal funding of tangible capital asset purchases	-	(520,185)	(255,154)	820,662	(45,323)	-
Transfer of funds	-	-	-	(425,564)	425,564	-
Fund balances, end of year	1,231,547	15,328	502,797	2,947,672	(86,622)	4,610,722

	Internally restricted reserves (Note 14)					2022
	Wind Down Reserve	Innovation Reserve	Capital Replacement Reserve	Invested in Tangible Capital Assets	Operating	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	1,170,000	497,403	443,274	2,775,160	1,001,641	5,887,478
Deficiency of revenue over expenses	-	-	-	(410,293)	(36,973)	(447,266)
Contributions	-	402,244	500,652	-	(902,896)	-
Approved funding of operating expenditures	-	(18,429)	(52,151)	-	70,580	-
Internal funding of tangible capital asset purchases	-	-	(151,433)	371,412	(219,979)	-
Transfer of funds	-	-	-	262,606	(262,606)	-
Fund balances, end of year	1,170,000	881,218	740,342	2,998,885	(350,233)	5,440,212

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of financial position

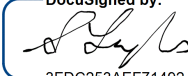
As at December 31

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	9,797	9,797
Restricted cash (Note 3)	1,425,225	1,951,227
Investments (Note 4)	2,250,920	2,160,617
Accounts receivable (Note 11)	4,480,067	2,253,881
Current portion of contributions receivable (Note 6)	256,771	256,771
Goods and Services Tax recoverable	46,194	34,567
Prepaid expenses	357,616	263,924
Inventory (Note 5)	337,453	332,968
	9,164,044	7,263,752
Contributions receivable (Note 6)	-	246,730
Assets under construction (Note 7)	1,508,249	1,066,809
Tangible capital assets (Note 8)	73,129,435	75,478,391
	83,801,728	84,055,682
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,302,634	1,525,222
Government remittances payable	105,495	168,263
Deferred revenue	1,720,073	1,978,861
Current portion of deferred contributions related to tangible capital assets (Notes 10 and 16)	4,317,342	4,356,528
Current portion of deferred contributions related to sponsorships (Note 13)	256,771	256,771
Deferred contributions related to operations (Notes 10 and 12)	1,213,440	1,418,023
	9,915,756	9,703,668
Deferred contributions related to tangible capital assets (Notes 10 and 16)	66,775,957	68,665,072
Deferred contribution related to Government of Alberta (Note 11)	2,499,293	-
Deferred contributions related to sponsorships (Note 13)	-	246,730
	79,191,006	78,615,470
Net assets (Note 14)		
Internally restricted - Wind Down reserve	1,231,547	1,170,000
Internally restricted - Innovation reserve	15,328	881,218
Internally restricted - Capital Replacement reserve	502,797	740,342
Invested in tangible capital assets	2,947,672	2,998,885
Internally restricted - Net operating	(86,622)	(350,233)
	4,610,722	5,440,212
	83,801,728	84,055,682

Commitments (Note 18)

DocuSigned by:

 Jason Green, Board Chair

DocuSigned by:

 Sophia Langlois, Treasurer, Finance & Audit Committee Chair

Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of cash flows

Year ended December 31

	2023	2022
Cash provided by (used in)		
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(829,490)	(447,266)
Items not affecting cash		
Amortization	4,917,147	4,578,591
Amortization of deferred contributions related to tangible capital assets (Note 10)	(4,470,836)	(4,168,298)
	(383,179)	(36,973)
Changes in non-cash working capital		
Accounts receivable	(2,226,186)	(769,400)
Contributions receivable	246,730	257,566
Goods and Service Tax recoverable	(11,627)	56,368
Prepaid expenses	(93,692)	(84,642)
Inventory	(4,485)	(159,384)
Accounts payable and accrued liabilities	1,202,976	609,296
Government remittances payable	(62,768)	20,113
Deferred revenue	(258,788)	830,154
Deferred contributions related to sponsorships	(246,730)	(257,566)
Deferred contributions related to operations	(204,583)	1,415,420
	(2,042,332)	1,880,952
Investing activities		
Purchase of tangible capital assets	(3,009,631)	(2,128,902)
Purchase of investments, including reinvested interest	(90,303)	(65,610)
Proceeds on disposition of investment	-	5,381
Changes in non-cash investing working capital	(425,564)	(262,606)
Change in restricted cash	526,002	(828,445)
	(2,999,496)	(3,280,182)
Financing activities		
Deferred contributions related to Government of Alberta, net (Note 11)	2,499,293	-
Deferred contributions received for tangible capital assets (Note 10)	2,542,535	1,399,230
	5,041,828	1,399,230
Net decrease in cash	-	-
Cash, beginning of year	9,797	9,797
Cash, end of year	9,797	9,797

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

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

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. 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 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 are fixed or determinable, and collection is reasonably assured.

Internally restricted reserves

The net operating component of net assets represents the cumulative excess (deficiency) of revenue over expenses related to operations, program delivery, and administrative activities. The Society then internally restricts the use of any residual operating balances for specific future purposes, after accounting for the investment in tangible capital assets, which represents the cumulative purchase of tangible capital assets that has been solely funded by the Society.

The Board of Directors has created the following reserves out of the internally restricted operating net assets:

Wind down reserve – this reserve has been created to cover the costs of winding down the Society's operations with three months' notice, including all legal fees and costs of terminating leases, contracts and the work force (wages and severances, as applicable).

Innovation reserve – this reserve has been created to support special projects, new opportunities and urgent operating needs of the Society that have not been covered by the annual operating budget.

Capital Replacement – this reserve has been created to support the continual upgrade and renewal of the gallery experiences offered by the Society.

See Note 14 for a more detailed description of these reserves and the corresponding contributions to and expenditures thereof.

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

2. Summary of significant accounting policies (continued)

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.

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

The Society considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Society becomes a party to the contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are recorded at fair value on initial recognition. Financial assets or liabilities obtained in non-arm's length transactions are recorded at cost, with the exception of certain instruments that are measured at fair value. The Society does not have any financial assets or liabilities with related parties measured at fair value.

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

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.

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 assessing the collectability of accounts and contributions receivable, estimating the useful life and potential impairment of tangible capital assets, and accrued liabilities. Management reviews its estimates annually based on current available information.

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

3. Restricted cash

	2023	2022
	\$	\$
Externally restricted	1,443,146	1,730,104
Internally restricted	(17,921)	221,123
	1,425,225	1,951,227

Externally restricted cash is comprised of the amounts pertaining to the deferred contributions related to operations, and restricted grants and donations included in deferred revenue, as these funds have externally specified restrictions.

The remaining restricted cash balance has been internally restricted by the Board of Directors, and in conjunction with the investments (Note 4), these balances are utilized to fund operations and the internally restricted Wind Down, Innovation and Capital Replacement reserves (Note 14).

During 2023, the Society drew on its operating line of credit to facilitate purchases of tangible capital assets that were reimbursed by external funders subsequent to year end (Note 9). As a result, the internally restricted net cash balance is in a credit position as at December 31, 2023.

4. Investments

At December 31, 2023, the Society's investments consisted of a Guaranteed Investment Certificate (GIC) with an interest rate of 5.9% (2022 – two GICs with interest rates ranging between 2.5 and 2.8%) per annum, with a maturity date of November 15, 2024 (2022 – June 6, 2023 and June 23, 2023). All investments are internally restricted and held for the purposes describe in Note 3.

Interest earned on these investments during fiscal 2023 was \$192,107 (2022 - \$44,890).

At December 31, 2023, the Society held \$Nil in donated securities (2022 - \$20,720). All donated securities received in fiscal 2022 were sold and converted to cash on January 3, 2023.

5. Inventory

	2023	2022
	\$	\$
Liquor	13,795	16,083
Retail	276,775	286,846
Café	46,883	30,039
	337,453	332,968

Inventory in the amount of \$1,628,036 (2022 - \$1,455,968) was sold during the year and recognized in cost of sales.

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

6. Contributions receivable

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

	2023	2022
	\$	\$
2023	-	256,771
2024	256,771	246,730
	256,771	503,501
Current portion of contributions receivable	256,771	256,771
Contributions receivable	-	246,730
	256,771	503,501

In fiscal 2022, the long-term portion of contributions receivable were discounted using the Government of Canada bond yield of 4.07% per annum.

7. Assets under construction

	2023	2022
	\$	\$
Exhibits	236,991	134,605
Civic Partners Infrastructure projects	514,051	-
Design blueprints - Gallery	757,207	236,991
Sacred Defender Work	-	444,750
Kuka Coaster	-	250,463
	1,508,249	1,066,809

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

8. Tangible capital assets

	2023		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	78,617,762	23,727,575	54,890,187
Site improvements	12,105,821	3,663,837	8,441,984
Switchboard, panels, transformers	1,875,000	912,500	962,500
Roofing	1,725,600	839,792	885,808
Heating and cooling	1,614,800	785,869	828,931
Interior Lighting	2,182,000	1,327,383	854,617
Elevators	800,248	463,100	337,148
Plumbing	210,178	99,206	110,972
Building automation	208,447	33,004	175,443
Garage	70,299	7,909	62,390
Leasehold improvements	1,391,014	509,745	881,269
Exhibits	7,789,039	3,750,546	4,038,493
Café equipment	109,312	91,094	18,218
Computers	688,262	195,911	492,351
Furniture and fixtures	159,790	63,096	96,694
Vehicles	139,029	86,599	52,430
	109,686,601	36,557,166	73,129,435

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

8. Tangible capital assets (continued)

	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	78,617,762	21,762,130	56,855,632
Site improvements	12,105,821	3,361,192	8,744,629
Switchboard, panels, transformers	1,875,000	837,500	1,037,500
Roofing	1,725,600	770,768	954,832
Heating and cooling	1,614,800	721,277	893,523
Interior lighting	2,182,000	1,218,283	963,717
Elevators	759,000	423,775	335,225
Plumbing	162,090	90,500	71,590
Building automation	208,447	22,582	185,865
Garage	70,299	4,394	65,905
Leasehold improvements	2,150,580	1,097,635	1,052,945
Exhibits	5,974,503	2,023,861	3,950,642
Café equipment	109,312	54,656	54,656
Computers	308,873	116,436	192,437
Furniture and fixtures	131,042	36,503	94,539
Vehicles	93,704	68,950	24,754
	108,088,833	32,610,442	75,478,391

During the year, the Society removed fully amortized assets aggregating \$970,422 from cost and accumulated amortization (2022 - \$4,759,319).

9. Bank indebtedness

An overdraft facility for operations 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, 2023, \$392,698 was outstanding on the overdraft facility (2022 - \$Nil).

In 2023, the Society secured new overdraft facility related to the Gallery renovation projects. The overdraft facility has authorized to a maximum of \$7,000,000 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, 2023, \$Nil was outstanding on the overdraft facility.

10. Deferred contributions related to tangible capital assets

	2023				
	Balance, beginning of year	Contributions received and receivable	Contributions - Government of Alberta (Note 11)	Utilization	Balance, end of year
	\$	\$		\$	\$
Deferred contributions related to tangible capital assets	73,021,600	1,791,828	750,707	(4,470,836)	71,093,299

Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2023

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

	Balance, beginning of year	Contributions received and receivable	Utilization	2022 Balance, end of year
	\$	\$	\$	\$
Deferred contributions related to tangible capital assets	75,790,668	1,399,230	(4,168,298)	73,021,600

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 8).

The deferred contributions related to tangible capital assets are expected to be recognized over the following periods:

	2023	2022
	\$	\$
Current	4,317,342	4,356,528
Long-term	66,775,957	68,665,072
	71,093,299	73,021,600

During 2022, the Society received a contribution of \$1,000,000 to be used for both capital and program expenditures, which were included in the contributions received and receivable column. In 2023, the Society re-classed the \$1,000,000 to deferred contributions related to operations (Note 12) until further clarity related to tangible capital assets is known. The fiscal 2022 comparative balances in the statement of financial position have been adjusted accordingly.

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.

11. Deferred contributions related to Government of Alberta

	Balance, beginning of year	Contributions received and receivable	Expended on asset acquisitions (Note 10)	Utilization	2023 Balance, end of year
	\$	\$		\$	\$
Deferred contributions related to GoA tangible capital assets	-	3,250,000	(750,707)	-	2,499,293

During 2023, the Society signed an agreement with the Government of Alberta for \$9.5 million in funding for capital and operating costs. The Society received its first payment in January 2024 and accrued the payment in 2023. The Society expects the following payments: \$4.0 million in 2024/2025 and \$2.25 million in 2025/2026.

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12. Deferred contributions related to operations

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

	2023			
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Beakerhead	345,295	368,506	(713,801)	-
Steven's Lab	1,000,000	205,215	(151,634)	1,053,581
Casino	72,728	93,320	(6,189)	159,859
	1,418,023	667,041	(871,624)	1,213,440

	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Beakerhead	-	609,768	(264,473)	345,295
Steven's Lab (Note 10)	-	1,000,000	-	1,000,000
Casino	2,603	70,125	-	72,728
	2,603	1,679,893	(264,473)	1,418,023

In 2022, the Society received a donation of net assets from the Beakerhead Society. These funds are externally restricted. During 2023, the Society utilized the full contribution to cover the event operations.

13. Deferred contributions related to sponsorships

	2023			
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	503,501	-	(246,730)	256,771

	2022			
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	761,067	-	(257,566)	503,501

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13. Deferred contributions related to sponsorships (continued)

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:

	2023	2022
	\$	\$
Current	256,771	256,771
Long-term	-	246,730
	256,771	503,501

14. Internally restricted reserves

Annually, the Board of Directors restrict the use of any residual operating balances for specific future purposes as noted in the internally restricted reserves, after accounting for the investment in tangible capital assets. These reserves are not available for expenditure without prior approval of the Board of Directors.

The Board of Directors has created the following reserves:

Wind Down reserve – this reserve will equal, at a minimum, the approximate cost of winding down the Society with three months' notice. The reserve is calculated to have a minimum value of \$1,170,000 as of December 31, 2023. Increases or decreases to this reserve will be made if the costs of winding down operations varies based on new information or economic conditions. The basis for the annual calculation will be reviewed annually by the Board of Directors. The amount will be updated annually as part of the annual operating budget approval process.

Innovation reserve – half of any annual excess of revenue over expenses from operations will be transferred to the Innovation reserve. The reserve should not exceed \$12 million and has no minimum requirement.

Capital Replacement reserve - half of any annual excess of revenue over expenses from operations will be transferred to the Capital Replacement reserve. Management will provide a capital plan and request for the replacement of certain tangible capital assets as expenditures from this reserve. These will be reviewed for approval by the Board of Directors based on business plans provided. The reserve should not exceed \$10 million and has a \$100,000 minimum funding requirement.

15. Grants, sponsorships and donations

	Amortization of deferred capital contributions	Grants, sponsorships and donations	2023
	\$	\$	\$
The City of Calgary	1,338,194	4,719	1,342,913
Government of Alberta	867,164	176,734	1,043,898
Government of Canada	2,137,577	753,380	2,890,957
Donations	127,901	2,266,969	2,394,870
	4,470,836	3,201,802	7,672,638

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15. Grants, sponsorships and donations (continued)

	Amortization of deferred capital contributions	Grants, sponsorships and donations	2022
	\$	\$	\$
The City of Calgary	1,265,018	58,939	1,323,957
Government of Alberta	853,414	82,550	935,964
Government of Canada	1,920,953	642,416	2,563,369
Donations	128,913	2,131,020	2,259,933
	4,168,298	2,914,925	7,083,223

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 10).

Operating and life cycle

				2023
	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	\$	\$	\$	\$
Operating Grant	-	2,491,687	(2,491,687)	-
Civic Infrastructure Grants	-	35,024	(35,024)	-
	-	2,526,711	(2,526,711)	-

				2022
	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	\$	\$	\$	\$
Operating Grant	-	2,254,857	(2,254,857)	-
Resiliency Grant	88,516	(21,000)	(67,516)	-
	88,516	2,233,857	(2,322,373)	-

In 2021, the Society received resiliency funding of \$182,000. At the request of the City, these funds were returned in fiscal 2022. The Society then received new fiscal 2022 resiliency funding of \$161,000, resulting in a net negative funding of \$21,000 for the fiscal year. These funds were fully utilized by December 31, 2022. No further funding was received in 2023 as the program ended in 2022.

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16. City of Calgary funding (continued)

For building and capital

				2023
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year
	\$	\$	\$	\$
City of Calgary Building Grant	7,350,000	-	(254,777)	7,095,223
City of Calgary Land Improvement Grant	8,744,628	-	(302,646)	8,441,982
MSP Grant	1,306,460	-	(590,428)	716,032
CPIG Grant	942,214	696,493	(163,748)	1,474,959
	18,343,302	696,493	(1,311,599)	17,728,196
				2022
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year
	\$	\$	\$	\$
City of Calgary Building Grant	7,604,777	-	(254,777)	7,350,000
City of Calgary Land Improvement Grant	9,047,274	-	(302,646)	8,744,628
MSP Grant	1,896,888	-	(590,428)	1,306,460
CPIG Grant	743,487	292,233	(93,506)	942,214
	19,292,426	292,233	(1,241,357)	18,343,302

17. Financial instruments

The Society is exposed to various risks through its financial instruments including market, credit, and liquidity risk. The Society manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

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 investments and contributions receivable are exposed to interest rate changes. The impact of adverse changes in interest rates is not considered material.

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, restricted cash, investments and accounts receivable.

The Society mitigates its exposure to credit loss pertaining to cash, restricted cash and investments by holding these instruments with reputable financial institutions.

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17. Financial instruments (continued)

Credit risk (continued)

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, operating leases for office equipment and contracts related to exhibit rentals and capital projects. The contracts expire at various dates from 2024 through 2028.

Annual commitments under the contracts are as follows:

	\$
2024	319,758
2025	265,911
2026 and beyond	118,023
	<hr/> 703,692

Subsequent to December 31, 2023, the Society entered into contracts with vendors amounting to \$248,649 (2022- \$322,609) for expenses related to capital projects. The Society has secured government funding to offset some of the capital costs.

19. Other income

Included in other income is the Tourism and Hospitality/Canada Emergency Wage Subsidy that the Society received to cover a portion of employee wages in the amount of \$Nil (2022 - \$497,004).

20. Reclassification of prior year balances

Certain of the prior year's balances have been reclassified to conform to the current year's financial statement presentation.

Note 10 describes the reclassification of funds between the deferred contributions related to tangible capital assets and deferred contributions related to operations.

The reserve fund, as presented in the prior year statement of operations, has been combined into the operating fund to represent the aggregated results from the Society's operations.

In the 2022 statement of operations, there was one internally restricted fund balance presented with documentation that this fund was internally restricted for certain purposes as defined by the Board of Directors. In fiscal 2023, this section was renamed to net assets, as fund accounting is not applied, and a detailed breakdown of the reserves as previously determined by the Board of Directors was provided for fiscal 2022 and 2023. This resulted in a reclassification of the aggregated balance into its component parts.