
Financial statements of Glenbow-Alberta Institute

March 31, 2022

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Independent Auditor's Report

To the Board of Governors of
Glenbow-Alberta Institute

Opinion

We have audited the financial statements of Glenbow-Alberta Institute ("Glenbow"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in Operating Fund balance, operations and changes in Restricted Funds balances, operations and changes in Revitalization Fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Glenbow as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Glenbow 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 audit 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 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 Glenbow'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 Glenbow or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Glenbow'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 GAAS 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 GAAS, 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 Glenbow'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 Glenbow'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 Glenbow 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.

Deloitte LLP

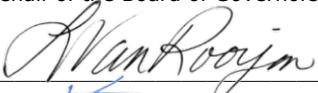
Chartered Professional Accountants
June 24, 2022
Calgary, Alberta

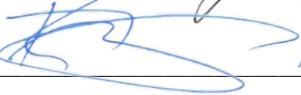
Glenbow-Alberta Institute
Statement of financial position
As at March 31, 2022

Notes	Operating Fund	Restricted Funds	Revitalization Fund	2022 Total	2021 Total
	\$	\$	\$	\$	\$
Assets					
Current assets					
Cash	750,714	—	464,919	1,215,633	1,966,140
Investments	557,386	—	—	557,386	572,090
Accounts receivable	31,257	—	128,206	159,463	137,665
Government capital grant receivable	—	—	1,330,205	1,330,205	1,651,312
Due from Revitalization Fund	797,710	—	—	797,710	431,022
Due from Operating Fund	—	44,759	—	44,759	66,648
Prepaid expenses	359,458	—	—	359,458	48,610
	2,496,525	44,759	1,923,330	4,464,614	4,873,487
Investments	—	34,448,845	—	34,448,845	33,382,563
Collections	1	—	—	1	1
Capital assets	1,350,948	—	19,129,308	20,480,256	2,866,978
	3,847,474	34,493,604	21,052,638	59,393,716	41,123,029
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	958,374	—	2,576,228	3,534,602	1,510,034
Due to Operating Fund	—	—	797,710	797,710	431,022
Due to Restricted Funds	44,759	—	—	44,759	66,648
Deferred revenue	80,000	—	—	80,000	184,171
	1,083,133	—	3,373,938	4,457,071	2,191,875
Deferred capital contributions	702,308	—	—	702,308	85,928
	1,785,441	—	3,373,938	5,159,379	2,277,803
Contingencies and commitments	16				
Fund balances					
Unrestricted	2,062,033	—	—	2,062,033	2,314,770
Externally restricted	—	23,917,914	—	23,917,914	23,033,784
Internally restricted	—	10,575,690	17,678,700	28,254,390	13,496,671
	2,062,033	34,493,604	17,678,700	54,234,337	38,845,226
	3,847,474	34,493,604	21,052,638	59,393,716	41,123,029

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

On behalf of the Board of Governors


, Governor


, Governor

Glenbow-Alberta Institute

Statement of operations and changes in Operating Fund balance

Year ended March 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Government of Alberta		2,288,000	2,691,000
Donations, sponsorships and memberships		526,761	1,099,713
Grants and subsidies	12	848,346	1,118,636
Admissions and programs		61,320	35,387
Retail sales and rentals		23,106	158,186
Other income		27,880	59,808
Amortization of deferred capital contributions	11	25,602	236,523
		3,801,015	5,399,253
Expenses			
Exhibitions and programs		1,002,688	1,326,429
Collections, conservation and curatorial		798,070	690,948
Building operations and technology		858,963	1,108,467
Fund development and membership		843,743	665,396
Marketing and communications		218,987	329,209
Retail sales and rentals		18,438	395,189
General, administrative and governance		1,398,920	1,577,283
Write down on retirement of capital assets		—	298,216
Amortization of tangible capital assets		112,934	156,226
		5,252,743	6,547,363
Deficiency of operating expenses over revenue		(1,451,728)	(1,148,110)
Deficiency of expenses over revenue		(1,451,728)	(1,148,110)
Transfer to Revitalization Fund		—	(61,835)
Allocation of investment income from endowment funds		1,198,991	1,147,696
Fund balance, beginning of year		2,314,770	2,377,019
Fund balance, end of year		2,062,033	2,314,770

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

Glenbow-Alberta Institute

Statement of operations and changes in Restricted Funds balances

Year ended March 31, 2022

	Endowment Funds	Internally Restricted Funds			2022 Total	2021 Total
	Founding Fund	Legacy Fund	Collections Fund	Future Fund	\$	\$
Revenue						
Investment income						
Interest, dividends, capital gains and losses	962,992	164,373	384,621	2,004	1,513,990	1,264,895
Unrealized gain (loss) on investments	569,650	97,698	202,404	755	870,507	5,740,721
Donations	—	600	—	—	600	400
	1,532,642	262,671	587,025	2,759	2,385,097	7,006,016
Expenses						
Investment management	75,140	12,844	53,647	81	141,712	90,658
Excess of revenue over expenses	1,457,502	249,827	533,378	2,678	2,243,385	6,915,358
Transfer to Revitalization Fund	—	—	—	—	—	(525,100)
Allocation of investment income from						
Endowment Funds to Operations Fund	(703,163)	(120,036)	(374,808)	(984)	(1,198,991)	(1,147,696)
Fund balances, beginning of year	19,640,324	3,393,460	10,391,285	24,141	33,449,210	28,206,648
Fund balances, end of year	20,394,663	3,523,251	10,549,855	25,835	34,493,604	33,449,211

Glenbow-Alberta Institute

Statement of operations and changes in Revitalization Fund balance

Year ended March 31, 2022

		2022 Total	2021 Total
	Notes	\$	\$
Revenue			
Government capital grants	5		
Campaign contributions		12,399,371	1,651,312
Other contributions		2,133,213	840,000
		78,540	36,600
		14,611,124	2,527,912
Expenses			
Campaign		13,669	33,602
Excess of revenue over expenses		14,597,455	2,494,310
Transfer from Operating Fund		—	61,835
Transfer from Future Fund		—	525,100
Fund balances, beginning of year		3,081,245	—
Fund balances, end of year		17,678,700	3,081,245

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

Glenbow-Alberta Institute

Statement of cash flows

Year ended March 31, 2022

Notes	Operating Fund	Restricted Funds	Revitalization Fund	2022 Total	2021 Total
	\$	\$	\$	\$	\$
Operating activities					
Excess (deficiency) of revenue over expenses	(1,451,728)	2,243,385	14,597,455	15,389,112	8,261,559
Items not affecting cash					
Unrealized gain on investments	(15,561)	(870,507)	—	(886,068)	(5,757,629)
Write down on retirement of capital assets	—	—	—	—	298,216
Amortization of capital assets	112,934	—	—	112,934	156,226
Amortization of deferred capital contributions	(25,602)	—	—	(25,602)	(236,523)
	(1,379,957)	1,372,878	14,597,455	14,590,376	2,721,849
Changes in non-cash operational working capital					
Due from Operating Fund	—	21,888	—	21,888	(11,836)
Merchandise for resale	—	—	—	—	283,727
Accounts receivable and government capital grants receivable	106,408	—	192,901	299,309	(1,669,285)
Due from the University of Calgary	—	—	—	—	1,625,000
Prepaid expenses	(310,848)	—	—	(310,848)	(4,652)
Accounts payable and accrued liabilities	267,568	—	—	267,568	(111,428)
Due to Restricted Funds	(21,888)	—	—	(21,888)	11,836
Due to Operating Fund	—	—	366,688	366,688	431,022
Due from Revitalization Fund	(366,688)	—	—	(366,688)	(431,022)
Accounts payable	—	—	1,757,000	1,757,000	819,228
Deferred revenue	(104,171)	—	—	(104,171)	116,346
	(1,809,576)	1,394,766	16,914,044	16,499,234	3,780,785
Investing activities					
Proceeds from sale of investments, net of purchases (purchases of investments, net of sale proceeds)	30,264	(195,775)	—	(165,511)	(391,625)
Purchase of capital assets, net of proceeds from disposal	(1,225,394)	—	(16,500,818)	(17,726,212)	(2,397,731)
	(1,195,130)	(195,775)	(16,500,818)	(17,891,723)	(2,789,356)
Financing activities					
Allocation of investment income from endowment funds	1,198,991	(1,198,991)	—	—	—
Deferred capital contributions	641,982	—	—	641,982	—
	1,840,973	(1,198,991)	—	641,982	—
Net (decrease) increase in cash	(1,163,733)	—	413,226	(750,507)	991,429
Cash, beginning of year	1,914,447	—	51,693	1,966,140	974,711
Cash, end of year	750,714	—	464,919	1,215,633	1,966,140

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

1. General

The Glenbow-Alberta Institute (the "Institute") operates under the authority of the Glenbow-Alberta Institute Act, Chapter G-6, Revised Statutes of Alberta 2000, as amended ("the GAI Act"). The Institute is registered as a charity under the Income Tax Act and is exempt from income taxes.

The Institute curates and administers seven collections comprising Art, Cultural History, Ethnology, Military History, Mineralogy, Library and Archives. The majority of the collections are owned by the Government of Alberta. Under the GAI Act and through a fee for service arrangement, the Institute is responsible for caring for these collections and providing reasonable public access. As such, the Institute is economically dependent on the Government of Alberta meeting its financial obligation under the GAI Act.

2. Nature of and extent of operations

For over 50 years, the Institute has provided public service by operating an art gallery, a human history museum and a library and archives. Recent events that have impacted current operations are described below:

(a) Revitalization project

Phase One of the Glenbow Revitalization Capital Project (GRCP) was completed as of March 31, 2022. The first phase of the Revitalization project was funded through the City of Calgary's Municipal Sustainability Program (MSP) grant (\$14M). The Glenbow closed its doors on August 31, 2021 and continued on with the second and third phases of the GRCP (\$105M). Phases two and three include the removal and replacement of the concrete exterior building envelope and major changes to the museum's interior spaces. The Institute has an application to secure capital grant funding from the Province of Alberta (\$40M) and the Federal government (\$40M) under the federal investing in Canada Infrastructure Program ("ICIP") to support these phases.

As of March 31, 2022, the Institute was in active campaign discussions to secure the remaining balance of the \$6.2M towards the \$120M project budget.

During the year the Glenbow secured a satellite space to open a temporary gallery in the Edison Building until 2024 when the main building project is completed. The space underwent major leasehold renovations to accommodate a Class A Museum gallery space. To support this initiative the Glenbow secured \$2.0 million in funding from the City of Calgary through the Downtown Strategy Fund to cover the leasehold improvement costs and 36-month lease with Aspen Properties (Note 16).

(b) Retirement of assets

Prior year, in preparation for the Revitalization project, the retail inventory was liquidated, long lived furniture and equipment that would not be suitable for the renovated building was retired or disposed of permanent exhibitions were closed and their net book value was written down and prior years' leasehold improvements were written off.

3. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

(a) Fund accounting

The accounts of the Institute are maintained in accordance with the principles of fund accounting, whereby the resources of the Institute are classified into funds associated with specific activities or objectives.

(i) Operating Fund

Revenue and expenses relating to the Institute's operations, including activities related to the provision of care and access to the collections are reported in the Operating Fund.

(ii) Endowment Funds

The *Founding Fund* Endowment contains the founding gifts of the Devonian Foundation and the Government of Alberta in the original amounts of \$5 million each, along with undistributed investment income earned from the investment of these gifts. Under the GAI Act, investment income derived from the gifts is to be used: a) toward the operating expenses of the Institute, b) for reinvestment or c) to further the general objects of the Institute. The GAI Act also requires a portion of the gifts' annual investment income to be reinvested in order to maintain the inflation-adjusted value of the gifts unless the Board, having complied with the requirements of Section 17 of the GAI Act, passes a motion that allows the investment income to be used for an alternate purpose. On February 3, 2010, the Board passed a motion that allows the investment income to be used for purposes of meeting the capital and operating expenses of the Institute. In the case of the Government of Alberta gift, such use is still subject to compliance with Subsection 16(4) of the GAI Act. The amount that the carrying value of the provincial gift is less than its inflation-adjusted value has not been reflected on the statement of financial position. This deficiency will fluctuate from time to time based on the investment portfolio performance.

Externally endowed gifts that support designated areas of operations are reported in the *Legacy Fund*.

(iii) Internally Restricted Funds

The Collections Fund is an internally endowed fund established over time from the proceeds of various deaccessioning programs. Although there are no legal restrictions on this Fund, industry practice for Class A museums requires that expenditures be restricted for the future care and purchase of collection items. In prior year, the Board approved the temporary use of up to \$2 million of the Fund, if needed, to bridge finance monthly reimbursements under the MSP Grant (Note 2(a)). Any amounts temporarily loaned for this purpose would bear an annual interest rate of 4%. Nil has been loaned under this facility as of March 31, 2022. In fiscal 2021, the Board also passed a motion whereby up to \$8.65 million of the Fund could be pledged as security, if needed, to bridge finance any shortfall in raising the remainder of the matching funds required to release the \$40 million Provincial capital grant for the Revitalization project (Note 2(a)). As of March 31st, 2022, the security pledge on the collections has been reduced to \$6.2M.

The Future Fund contains an undesignated gift that was endowed by the Board to support the continuing care of the Maverick's exhibit.

3. Significant accounting policies (continued)

(a) Fund accounting (continued)

(iv) Revitalization Fund

This Fund was established in fiscal 2021 to receive and expend restricted campaign contributions and capital grants for the Revitalization project as well as other strategic revitalization initiatives.

(b) Revenue recognition

(i) Recognition of contributions

The Institute follows the restricted fund method whereby externally restricted contributions (donations, grants and sponsorships) are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the Operating Fund. Externally restricted contributions related to expenses of future periods or acquisition of tangible capital assets in the Operating Fund are deferred and recognized as revenue in the period in which the related expenses are incurred or over the life of the related asset that is purchased.

Government grants are not recognized until there is reasonable assurance that the Institute will comply with the conditions attached to them and that the grants will be received

(ii) Allocations to Operating Fund

Allocations of investment income from the Institute's Restricted Funds in support of the Institute's operations were previously recognized as revenue of the Operating Fund in the year in which the allocation is authorized by the Board. In addition to the annual allocations, special allocations may be authorized by the Board to provide supplemental or specified operational support. Investment income not allocated to the Operating Fund is retained in the respective funds.

(iii) Investment income

Interest, dividends and capital gains are recognized in the period in which the income is earned. Unrealized increases or decreases in the market value of investments held for resale are recognized on the last day of each accounting period based on the closing market prices of the underlying securities.

(iv) Contributed goods and services

In-kind contributions, including works of art, artifacts, books, other tangible gifts, and services to the Institute's own collections, are recognized at a nominal amount in the financial statements.

Unpaid volunteers make significant contributions of their time in support of the Institute's programs. The value of this contributed time is not included in these financial statements as an objective measurement of valuation is indeterminable.

(v) Recognition of other revenues

Revenues from admissions, memberships, publication sales, and fee for service are recognized in the year when the service is provided, and persuasive evidence of an arrangement exists and those from fundraising activities when such activities are held.

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(vi) Deaccessioning

Net proceeds from deaccessioning items in collections owned by the Institute are recognized as revenue in the appropriate fund at the time when persuasive evidence of an acquisition arrangement exists, the price to the acquirer is fixed or determinable and collection of the proceeds is reasonably assured.

Net proceeds from deaccessioning collection items owned by the Government of Alberta are forwarded to the Government of Alberta for deposit into the Province's Historic Resources Fund and held for future acquisitions to its Glenbow collection.

(c) Collections

The Institute oversees collections belonging to both the Institute and to the Province of Alberta. Combined the two collections include approximately 230,000 objects. These include nationally significant collections relating to Art, Cultural History, Indigenous Studies, Military History, Mineralogy and a small Archive and Library collection.

The art collection includes the work of nationally important artists from this region, along with works by prominent Canadians and selected international artists. It includes paintings, drawings, prints, sculpture, ceramics, installation and multi-media art, and photography. Amongst other areas of strength is an exceptional collection of modern Canadian prints, a strong collection of contemporary art by Albertans and nationally recognized Canadian artists, and very strong collections of Canadian Pacific Railway art, wildlife art, and works by early artists/teachers in modern Alberta. Gifts to the Art collection are often certified by the Canadian Cultural Property Export Review Board.

The Cultural History collection reflects the history of Calgary and southern Alberta. Examples of particular strengths include fashion and textiles, immigration, Alberta industries, and Canadian glass. The Institute is well known for its work with First Nations communities in this region. The core of the Indigenous Studies collection is from the northwest quadrant of North America, including the Plains, the Northwest Coast, the Arctic, and the subarctic. It also has large collections relating to South America, West Africa and Asia. The Military History collection includes material relating to Canadian military history with an emphasis on this region, Northwest Mounted Police and RCMP material, a large collection of historic firearms, and European and Japanese armor. The Mineralogy collection includes rocks, minerals, and gems from Canadian and international sites.

In addition to the above, Glenbow's extensive Library and Archives collection includes books and fonds relating to specific areas of the art and artefact collections. Under a long-term agreement with the University of Calgary, substantially all of this collection is held at the University of Calgary which provides the requisite care and public access under the operating name "Glenbow Western Research Centre".

During the year the Institute received donations of artwork and artifacts valued at approximately \$2,173,675 (\$683,000 in 2021) that have been recorded at a nominal carrying value of \$1. The Institute made no purchases of art for its collection in 2022(nil in 2021). As of March 31, 2022, the objects owned by Institute were insured for \$102,759,000 (\$113,759,000 in 2021). The policy premium for this insurance coverage was \$60,183 (\$64,337 in 2021). The vast majority of Glenbow's collections are stored on site and have remained on site over the course of the renovation. A very small number of objects are stored at an offsite warehouse.

3. Significant accounting policies (continued)

(d) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization.

(e) Amortization

Amortization of capital assets is provided using the straight-line method over the estimated useful life of the asset at the following rates:

Furniture and Equipment	3 – 10 years
Leasehold improvements	15 years
Permanent exhibits	10 years

(f) Impairment of long-lived assets

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of tangible capital assets is recognized as an expense in the statement of revenues and expenses. A write-down shall not be reversed.

(g) Financial instruments

The Institute initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost except for Investments which have elected to be recognized 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 excess of revenue over expenses as investment income.

(h) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as disclosures of contingent assets and liabilities. The most significant of these estimates are related to the allowances for accounts receivable, the accrual of liabilities, the amortization period and potential impairment of tangible capital assets, and potential contingencies. Actual results could differ from these estimates.

Glenbow-Alberta Institute
Notes to the financial statements
March 31, 2022

4. Government remittances recoverable

Included in accounts receivable are government remittances recoverable aggregating \$17,340 (\$16,660 in 2021).

5. Government capital grant receivable

Pursuant to a Municipal Sustainability Program ("MSP") agreement with the City of Calgary, the Institute has been awarded a capital grant of up to \$14 million to be used for the first phase of the Revitalization project (Note 2(a)). This phase is estimated to cost \$15 million of which the Institute and private donors will contribute the remaining \$1 million. Eligible expenditures incurred under the MSP grant are first paid by the Institute and then submitted to the City for reimbursement.

As of March 31, 2022, eligible MSP expenditures totaling \$12,349,371 (\$1,650,629 in 2021) have been incurred by the Institute, of which \$1,330,205 had not yet been reimbursed. An additional \$50,000 grant was received from the Federal Government – Canadian Heritage division in support of the Glenbow Capital Revitalization Project (GCRP).

The Board has authorized that, if needed, up to \$2 million of the Collections Fund can be made temporarily available to provide bridge financing for MSP expenditures awaiting reimbursement (Note 3(a)(iii)). As of March 31, 2022, there were no outstanding draws on this internal credit facility.

6. Investments

The investments have been recorded at fair market value as follows:

	2022	2021
	\$	\$
Investments – Operating Fund		
Pooled bond fund (short term maturities)	557,386	572,090
Investments – Endowment Funds		
Founding Fund	20,390,820	19,624,545
Legacy Fund	3,481,053	3,349,824
Collections Fund	10,551,456	10,384,385
Future Fund	25,516	23,809
Pooled balanced funds	34,448,845	33,382,563
	35,006,231	33,954,653

6. Investments (continued)

The pooled fund investments were externally managed by professional Fund Managers. The weightings for the Endowment Fund's pooled balanced portfolios are set out below.

	2022 %	2021 %
Cash	5.4	3.2
Fixed income		
Canadian	15.3	14.6
International	3.1	2.6
Equities		
Canadian	26.8	24.1
United States	25.8	28.5
International	16.4	20.2
Real assets	7.2	6.8
	100.0	100.0

7. Inter-fund balances

Advances due to or from other funds are non-interest bearing and have no fixed terms of repayment.

8. Capital assets

	Cost \$	Transfer \$	Accumulated amortization \$	2022 Net book value \$
Operating Fund				
Furniture and equipment	381,239	—	242,573	138,666
Leasehold improvements	1,212,282	—	—	1,212,282
	1,593,521	—	242,573	1,350,948
Revitalization Fund				
Leasehold improvements in progress	19,129,308	—	—	19,129,308
	20,722,829	—	242,573	20,480,256

Glenbow-Alberta Institute
Notes to the financial statements
March 31, 2022

8. Capital assets (continued)

	Cost \$	Transfer \$	Accumulated amortization \$	2021 Net book value \$
Operating Fund	368,127	—	129,639	238,488
Furniture and equipment	—	—	—	—
Leasehold improvements	254,185	(254,185)	—	—
Building master plan	—	—	—	—
Permanent exhibitions	622,312	(254,185)	129,639	238,488
Revitalization Fund				
Leasehold improvements in progress	2,374,305	254,185	—	2,628,490
	2,996,617	—	129,639	2,866,978

9. Deferred Revenue

Externally restricted contributions related to expenses of future periods in the Operating Fund are deferred and recognized as revenue in the period in which the related expenses are incurred. Changes in the deferred revenue balance are as follows:

	2022 \$	2021 \$
Balance, beginning of year	184,171	67,825
Contributions	80,000	507,704
	264,171	575,529
Recognized in the current year	184,171	391,358
Balance, end of year	80,000	184,171

10. Credit facility

The Institute has access to a revolving, demand credit facility to a maximum of \$500,000 with a Canadian chartered bank. The facility is provided on an unsecured basis and bears interest at the bank's prime interest rate plus 0.5% per annum (prime plus 0.5% in 2021). The Institute did not draw on this facility in the current fiscal year.

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11. Deferred capital contributions

Deferred capital contributions comprise the unamortized balance of contributions earned by the Institute for the acquisition of capital assets in the Operating Fund. The amount earned is initially deferred and then recognized as revenue over the life of the related asset.

	2022 \$	2021 \$
Balance, beginning of year	85,928	322,451
Contributions	641,982	—
	727,910	322,451
Recognized in the current year	25,602	236,523
Balance, end of year	702,308	85,928

12. Grants and subsidies

Current year grants and subsidies revenue includes \$397,684 (\$700,828 in 2021) of funding from the federal Canadian Emergency Wage Subsidy ("CEWS") program. An additional \$55,000 was received from the Canada Council for the Arts (Federal Government agency) in support of the Shoovinai Ashoona exhibition.

13. Pension obligations

The Institute has a defined contribution plan which is available to all full-time and permanent part-time employees. Under the terms of the plan, the Institute matches contributions of up to 5% of employee earnings. During the year, the Institute contributed \$104,529 (\$90,750 in 2021) in connection with the plan.

14. Building lease

The Glenbow Centre is leased to The City of Calgary by the Government of Alberta for a nominal amount under a 50-year lease that, if not extended under the terms of the lease, will expire in 2024. Under the terms of the lease, The City of Calgary must sublease the building to the Institute for \$1 per year. Fair market value of the sublease has not been determined. Under the sublease, The City of Calgary provides janitorial, maintenance and utility services for the Glenbow Centre at no cost to the Province of Alberta or the Institute. The value of these services as determined by The City of Calgary for the year was \$1,902,497 (\$2,039,363 in 2021) and has not been included in these financial statements.

In prior year, the Institute received consent from both the Government of Alberta and the City of Calgary to commence the renovation of the building (Note 2(a)). In this respect, the Institute has been advised that negotiations between the Government of Alberta and the City of Calgary to renew the lease are ongoing.

15. Related party transaction

During the year, the Institute entered into a service agreement for public relations with a value of \$44,668 of which a Board member was an employee (prior year service agreements had an aggregate value of \$72,955). The Institute also purchased art and products from two Board members with an aggregate value of \$21,758. These figures were recorded at nominal value. The Institute also received in kind services and products including art, office space and consulting services from three Board members. The donation of art is being appraised and a corresponding value for tax purposes will be issued. The remaining services were recorded at a nominal value.

16. Contingencies and commitments

There are currently no known claims outstanding against the Institute as at March 31, 2022.

At March 31, 2022 the Institute had entered into planning, design, demolition and other contracts related to the second & third phases of the Revitalization project (Note 2(a)). The total value of the contracts was \$9,212,068 (Construction) and \$4,134,197 (Planning & Design) for a total overall commitment of \$14,272,510 considering other costs incurred as of March 31, 2022. This remaining commitment will be expended over the next 3 fiscal years with a total of \$80.0 M eligible for recovery under the Federal ICIP (\$40 M) from the Government of Alberta (\$40 M). Subsequent to the end of the year, Glenbow has added \$12,515,621 in Construction commitments, and an additional \$166,590 in commitments for Planning and Design, increasing total commitments by \$12,682,211 to a total of \$26,954,721.

The Institute has entered into lease agreements for its warehouse as well as for office equipment and other services, which expire at various times over the next several years.

The Institute is committed to payments under these agreements for the next five years as follows:

	\$
2023	340,928
2024	342,053
2025	198,200
2026	14,645
2027	<u>—</u>
	<u>895,826</u>

17. Financial instruments

The Institute's financial risks are as follows:

Equity risk

The Institute's investment portfolio includes a large portion of equities. The portfolio is invested in a balanced pooled fund which is professionally managed by an independent fund manager appointed by the Board. The fund manager is governed by an investment policy of the Board, which places certain parameters on the investment portfolio. The performance of the fund manager is routinely assessed by the Audit and Investment Committee of the Board. The value of equity investments changes in concert with the business, financial condition, management and other relevant factors affecting the underlying organization that issued the securities. In addition, general economic conditions of the markets in which such organizations operate change, thereby exposing the Institute to fluctuations in the value of investments. The Audit and Investment Committee has authority to change fund managers or make certain changes to the asset mix as needed in order to mitigate equity risk.

The Institute does not directly enter into any derivative financial instruments; however, the professionally managed pooled funds may contain certain derivative instruments from time to time that are used exclusively for hedging purposes. No use of leverage is permitted.

Liquidity risk

In the current economic environment, the Institute may be subject to liquidity risk if required to realize its long-term investments in the near term. This risk is mitigated by the fact that the investment portfolio consists of marketable securities traded on major national and international exchanges.

17. Financial instruments (continued)

Interest rate risk

The Institute is exposed to interest rate risk given that its fixed income investments have varying maturity dates. Accordingly, if interest rates decline, the Institute may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing thereby causing fluctuations in investment income. This is mitigated by the fact that the Institute's pooled fund investments are managed by an experienced fund manager.

The Institute is also subject to interest rate risk given that its bank indebtedness and demand bank loan are at a floating rate of interest. Accordingly, the Institute is susceptible to fluctuations in the bank's prime interest rate.

Foreign exchange risk

Because a portion of the Institute's investment portfolio and cash accounts are denominated in foreign currencies, the Institute is exposed to fluctuations in those currencies. At March 31, 2022, the foreign content of the managed portfolios was 52.6% (58.1% in 2021) (Note 6).

Credit risk

The Institute's major source of contract revenue is from the Government of Alberta which is received in monthly instalments as a direct deposit to the Institute's bank account.

Sponsorships, grants and pledges receivable are not concentrated in one particular sector or group but are from a broad variety of government agencies and private sector organizations. Therefore, management is of the opinion that the Institute is not substantially exposed to credit risk.

18. Comparative figures

Certain 2021 figures have been reclassified to correspond with the current year's presentation.

During the current year, the Institute presented the allocation of investment income from the Institute's Restricted Funds as an interfund transfer from the endowment fund to the operating fund, instead of revenue in the operating fund. This was reflected on a retrospective basis.

19. Subsequent events

In April 2022, Glenbow was successful in securing funding agreements from both the Province of Alberta and the Federal government under ICIP for up to \$80M.