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INDEPENDENT AUDITORS' REPORT

To the Directors of the Calgary Foundation

Opinion

We have audited the consolidated financial statements of the Calgary Foundation (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2020;
- the consolidated statement of operations and changes in foundation funds for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. Other information comprises the information other than the financial statements and auditors' report thereon, included in "Management's Discussion and Analysis".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Management's Discussion and Analysis as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary Alberta

June 25, 2020

THE CALGARY FOUNDATION

Consolidated Statement of Financial Position

March 31, 2020, with comparative figures for 2019

	2020	2019
Assets (note 3)		
Current assets:		
Cash and cash equivalents	$ 50,849,819	$ 72,317,953
Prepaid expenses	283,008	293,574
Accrued investment income	1,015,757	811,959
Current portion of loans receivable (notes 5 and 11 (c))	3,436,764	281,038
	55,585,348	73,704,524
Investments, at fair value (note 4)	938,818,394	970,361,385
Loans receivable (notes 5 and 11 (c))	12,125,373	6,638,075
Other assets (note 6)	3,348,245	3,625,223
	$ 1,009,877,360	$ 1,054,329,207
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,447,370	$ 1,226,533
Grants payable	7,096,106	7,198,687
Deferred flow-through grants (note 7)	47,914,080	58,803,616
	56,457,556	67,228,836
Non-current grants payable	321,272	713,855
Funds administered for others (note 8)	66,788,583	73,363,725
Foundation funds:		
Community and Field of Interest funds (note 7)	288,955,364	296,943,092
Donor Advised and Designated funds (note 7)	597,354,585	616,079,699
	886,309,949	913,022,791
Subsequent event (note 17)		
Commitments and contingency (notes 9 and 11 (c))		
	$ 1,009,877,360	$ 1,054,329,207

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Chip Scherman Director

[signature] Director

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THE CALGARY FOUNDATION

Consolidated Statement of Operations and Changes in Foundation Funds

Year ended March 31, 2020, with comparative figures for 2019

	Community & Field of Interest	Donor Advised & Designated	Flow-through	Total 2020	Total 2019
Revenue					
Contributions	$ 6,383,745	$ 16,144,396	$ 12,893,331	$ 35,421,472	$ 65,180,210
Interest and dividends	7,531,373	15,271,354	361,320	23,164,047	19,965,551
Flow-through funds interest	813,023	–	212,894	1,025,917	1,062,194
Costs recovered from funds administered for others (note 8)	946,457	–	–	946,457	820,675
Realized capital gains (losses), net	7,017,737	14,539,928	(24,333)	21,533,332	25,982,463
Unrealized capital gains (losses), net	(17,702,015)	(36,740,581)	(7,513)	(54,450,109)	19,280,817
Total revenue	4,990,320	9,215,097	13,435,699	27,641,116	132,291,910
Expenditures					
Grants	(8,872,648)	(22,999,429)	(23,050,431)	(54,922,508)	(48,912,108)
Service costs, net (note 10)	(4,043,321)	(6,193,282)	(84,383)	(10,320,986)	(9,395,591)
Total expenditures	(12,915,969)	(29,192,711)	(23,134,814)	(65,243,494)	(58,307,699)
Transfers	(62,079)	1,252,500	(1,190,421)	–	–
Decrease (increase) in deferred flow-through grants	–	–	10,889,536	10,889,536	(1,841,757)
Change during the year	(7,987,728)	(18,725,114)	–	(26,712,842)	72,142,454
Balance, beginning of year	296,943,092	616,079,699	–	913,022,791	840,880,337
Balance, end of year	$288,955,364	$597,354,585	–	$886,309,949	$913,022,791

See accompanying notes to the consolidated financial statements.

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THE CALGARY FOUNDATION

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided from (used in):		
Operating activities:		
Change in Foundation funds	$(26,712,842)	$ 72,142,454
Change in deferred flow-through grants	(10,889,536)	1,841,757
Change in funds administered for others (note 8)	(6,575,142)	5,473,276
Change in funds	(44,177,520)	79,457,487
Change in non-current grants payable	(392,583)	(177,845)
Items not involving cash:		
Realized capital gain on sale of investments	(23,351,736)	(28,083,377)
Unrealized capital loss (gain) on investments	58,289,418	(20,928,938)
Contributions of non-cash gifts	(8,616,491)	(15,098,420)
Amortization of leasehold improvements and administration assets (note 10)	375,507	375,027
	(17,873,405)	15,543,934
Changes in non-cash working capital:		
Prepaid expenses	10,566	56,618
Accrued investment income	(203,798)	(127,822)
Accounts payable and accrued liabilities	220,837	319,678
Grants payable	(102,581)	(603,473)
	(17,948,381)	15,188,935
Investing activities:		
Purchase of leasehold improvement and administrative assets	(59,054)	(80,570)
Loans receivable (note 5)	(11,450,000)	(150,000)
Repayment of loans receivable (note 5)	2,806,976	1,181,987
Proceeds from sale of endowment investments	163,749,446	192,587,853
Proceeds from sale of flow-through investments	13,154,415	15,510,150
Purchase of endowment investments	(160,631,636)	(191,690,808)
Purchase of flow-through investments	(11,089,900)	(11,760,458)
	(3,519,753)	5,598,154
Net increase (decrease) in cash and cash equivalents	(21,468,134)	20,787,089
Cash and cash equivalents, beginning of year	72,317,953	51,530,864
Cash and cash equivalents, end of year	$ 50,849,819	$ 72,317,953

See accompanying notes to the consolidated financial statements.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

1. Calgary Foundation (the "Foundation")

(a) Description of the Foundation

The Foundation was incorporated in 1955 by the Calgary Foundation Act of the Legislative Assembly of Alberta. The Foundation is a registered charity classified as a public foundation under the Income Tax Act (Canada) and accordingly is exempt from income taxes and can issue donation receipts for income tax purposes.

The Foundation's financial statements are prepared using Canadian accounting standards for Not-For-Profit Organizations in accordance with part III of the Chartered Professional Accountants ("CPA") Canada Handbook.

(b) Foundation funds

Community & Field of Interest

These are endowment funds from which grants are directed to new and emerging needs of the community at the discretion of the Foundation. Field of interest fund grants are restricted by the donor to a charitable area, population or region at the time the fund is established.

Donor Advised & Designated

Donor advised funds are endowment funds from which grants are directed to charitable organizations with the advice of donors. Designated funds are endowment funds from which grants are directed to charitable organizations designated by the donor at the time the fund is established.

Flow-through

These are funds from which grants are directed to charitable organizations with the advice of donors. These funds are not endowment funds.

(c) Funds administered for others

These are funds owned by other charitable organizations and pooled with Foundation assets for investment purposes.

(d) Preservation of purchasing power

To support the policy of preserving the purchasing power of the permanent endowment funds, the Foundation limits the amount of annual grants to a percentage of the market value of each fund.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

2. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the financial statements of the Foundation and The Calgary Foundation Investment Trust. The Calgary Foundation is the sole beneficiary of The Calgary Foundation Investment Trust, a trust established on August 6, 2009. On consolidation, all transactions and balances between the Foundation and The Calgary Foundation Investment Trust have been eliminated.

The Foundation is the beneficial owner of all of the shares of certain other registered charities. The Foundation has the ability to appoint the majority of these organizations' boards of directors. The accounts of these controlled organizations have not been consolidated with the accounts of the Foundation. Instead, the Foundation discloses financial information about these controlled organizations as prescribed by part III, section 4450 of the CPA Handbook (note 11). These controlled organizations follow the deferral method of accounting for contributions.

(b) Financial instruments

Financial instruments are recorded at fair value. Financial instruments trading on a recognized public stock exchange are recognized at fair value as established by the closing price. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. The fair value of alternative investments (real estate, infrastructure, private equity or private debt), typically structured as limited partnerships, is determined by the external investment manager using accepted industry valuation methods approved by the general partner and reported on the limited partnership's annual audited financial statements in the local currency.

When the date of an alternative investment's audited financial statements does not coincide with the Foundation's fiscal year end, the fair value recorded by the Foundation includes adjustments for the cash flows for the intervening period including capital called, capital returned, income received, gains (losses) realized and fees and expenses paid. The change in fair value, if any, between the date of the audited financial statements for the alternative investments and the Foundation's fiscal year end is recognized to the extent such changes are known and can be quantified. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Foreign currency translation

Investments and accrued income receivable denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect on the date of the statement of financial position. Investment income denominated in foreign currencies is translated to Canadian dollars at the exchange rate in effect when realized.

(d) Revenue recognition

Interest on bonds and short-term notes is recorded as earned on an accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend. Realized and unrealized capital gains and losses are recorded in the statement of operations when earned.

(e) Contributions

The Foundation follows the restricted fund method of accounting for endowment and flow-through contributions. Contributions are recognized when the amount can be reasonably estimated and collection is assured. Flow-through contributions not distributed in the year of receipt are recorded as a liability until the grants are made.

(f) Leasehold improvements and administrative assets

The Foundation amortizes leasehold improvements and administrative assets as follows:

Administrative assets	3 to 5 years
Leasehold improvements	10 years

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and temporary investments with an original maturity date of three months or less.

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Estimates include the valuation of investments and the recoverability and useful life of administrative and leasehold improvement assets. Consequently, actual results may differ from those estimates.

(i) Changes in accounting policies

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations*" resulting in the introduction of a new handbook section in the Accounting Standards for Not-for- Part III of the Handbook that relates to the Foundation, *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and*

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

The implementation of this change had no impact on the financial statements.

(j) Contributed services

A substantial number of volunteers contribute a significant amount of time each year. Because of the difficulty of determining the fair value of these services, contributed services are not recognized in the consolidated financial statements.

3. Assets by fund

	Community & Field of interest	Donor Advised & Designated	Flow-through	Funds Administered for Others	Total
Cash and cash equivalents	$ 13,965,019	$ 24,580,820	$ 9,006,679	$ 3,297,301	$ 50,849,819
Prepaid expenses	266,051	16,957	–	–	283,008
Accrued investment income	292,850	455,387	214,953	52,567	1,015,757
Current portion of loan receivable	–	–	3,436,764	–	3,436,764
Investments, at fair value	276,339,138	572,735,197	26,305,344	63,438,715	938,818,394
Loan receivable	–	–	12,125,373	–	12,125,373
Other assets	2,242,984	1,105,261	–	–	3,348,245
March 31, 2020	$ 293,106,042	$ 598,893,622	$ 51,089,113	$ 66,788,583	$1,009,877,360
March 31, 2019	$ 304,751,337	$ 616,874,829	$ 59,339,316	$ 73,363,725	$1,054,329,207

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

4. Investments

The Foundation records its investments at fair value. The following table is a summary of the fair value of the Foundation's investments.

	2020	2019
Bonds and debentures		
Investment grade	$172,520,136	$228,349,661
Private debt	80,499,201	10,386,545
Stocks		
Canada	195,480,695	242,314,457
International	264,776,979	283,179,590
	460,257,674	525,494,047
Real estate	60,771,679	62,731,678
Infrastructure	61,467,054	52,370,202
Private equity	103,302,650	91,029,252
	$938,818,394	$970,361,385

5. Loans receivable

The loans receivable relate to the Foundation's Community Impact Investment program ("the program"). The program provides debt financing to Calgary and area charities and not-for-profit organizations. The program augments investments from traditional financial institutions or provides lending to organizations with credit capacity but who are unable to secure financing from a bank or other financial institution. Substantially all of the loans to these organizations are secured.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

5. Loans receivable (continued)

	2020	2019
National Music Centre. Bears interest at 2.2% per annum with interest only payments annually through to June 2024 and principal plus interest payments to maturity in June 2030.	$ 5,000,000	$ –
Calgary Drop-In and Rehab Centre. Bears interest of 3.0% per annum with interest only payments annually through to maturity in February 2021.	3,000,000	3,000,000
Closer to Home Community Services Society. Bears interest at 4.25% per annum with interest only payments semi-annually. Principal is due on demand or upon the occurrence of certain events as outlined in the loan agreement.	2,600,000	–
Knox United Church. Bears interest at 3.5% with interest only payments quarterly to March 2022 and principal plus interest payments to maturity in March 2029.	1,000,000	–
Inn from the Cold Society. Bears interest at 3% per annum with monthly payments of principal and interest through to maturity in June 2024.	947,921	1,153,959
Kahanoff Centre for Charitable Activities. Bears interest at 2% per annum until December 2020 increasing thereafter by 0.5% annually until January 2024 (note 11(c)). There are no specified repayments terms and any amount outstanding as of December 2026 is subject to the renegotiation of terms.	787,724	2,465,154
Others. Various loans with interest of 4.0% to 5.50% per annum and repayment terms as outlined in the respective loan agreements and maturity dates ranging from June 2020 to January 2030.	2,226,492	300,000
Current portion of loans receivable	(3,436,764)	(281,038)
	$12,125,373	$6,638,075

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

6. Other assets

	2020	2019
Cash surrender value of donated life insurance policies	$1,105,261	$ 1,065,786
Leasehold improvements, net of accumulated amortization of $1,119,677 (2019 – $817,501)	2,078,613	2,356,330
Administrative assets, net of accumulated amortization of $536,957 (2019 – $463,626)	159,371	198,107
Miscellaneous	5,000	5,000
	$3,348,245	$3,625,223

The Foundation is the beneficiary named under whole life and term life insurance policies as follows:

	2020			2019
	Premiums paid	Cash surrender value	Face value	Face value
Whole life policies	$ 159,845	$ 1,105,261	$ 15,748,257	$ 14,748,257
Term life policies	8,261	–	390,000	390,000
	$ 168,106	$ 1,105,261	$ 16,138,257	$ 15,138,257

The cash surrender value of donated life insurance policies is recorded as an asset. The Foundation will record the realizable amount in excess of the cash surrender value when the receipt of the proceeds can be estimated and collection is reasonably assured.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

7. Foundation funds

The capital of the Foundation is comprised of funds for which the Board seeks varying degrees of donor input on grant distribution.

	2020	2019
Community	$ 230,746,740	$ 237,678,761
Field of Interest	58,208,624	59,264,331
	$ 288,955,364	$ 296,943,092
Donor Advised	$ 328,519,886	$ 339,802,288
Designated	268,834,699	276,277,411
	$ 597,354,585	$ 616,079,699
Deferred flow-through	47,914,080	58,803,616
	$ 934,224,029	$ 971,826,407

Deferred flow-through grants represent flow-through contributions received prior to March 31, 2020 and not granted at fiscal year end, net of investment gains and losses and service costs, if applicable. These amounts are deferred and recorded as a liability until the grants are designated and paid.

8. Funds administered for others

a) Change in Funds administered for others

	2020	2019
Increases		
Deposits	$ 8,728,022	$ 3,526,549
Interest and dividends	1,951,456	1,611,259
Realized capital gains, net	1,818,404	2,100,916
Unrealized capital gains, net	–	1,648,121
Total increases	12,497,882	8,886,845
Decreases		
Withdrawals	(14,287,258)	(2,592,895)
Service costs	(946,457)	(820,675)
Unrealized capital losses, net	(3,839,309)	–
Total decreases	(19,073,024)	(3,413,570)
Change during the year	(6,575,142)	5,473,275
Balance, beginning of year	73,363,725	67,890,450
Balance, end of year	$ 66,788,583	$ 73,363,725

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

8. Funds administered for others (continued)

b) Assets held on the statement of financial position:

	2020	2019
Genesis Centre Common Areas Lifecycle Reserve Account	$ 9,311,339	$ 9,510,947
Anonymous Account	9,293,396	9,504,785
Calgary Academy Account	5,318,015	5,432,018
Edmonton YMCA Foundation Account	4,776,506	–
Calgary Public Library Foundation Account	4,618,214	2,087,692
Ann & Sandy Cross Conservation Area	4,113,629	4,475,990
Genesis Centre Common Areas Operating Reserve Account	3,727,512	5,379,469
NECCS Capital Maintenance (Life Cycle) Reserve Account	3,242,028	3,320,611
NECCS Operating Reserve Account	2,498,440	2,557,120
CSPG Foundation Account	1,429,278	1,553,506
Kerr Account for Calgary Grace Lutheran Church	1,414,112	1,505,356
Estelle J. Siebens Outreach Endowment Fund	1,385,709	1,417,142
Calgary Quest Children’s Society Account	1,235,717	1,267,179
Safe Haven Foundation Managed Fund	1,129,607	1,208,009
CSEG Foundation Account	1,112,133	1,140,692
Foothills Academy Society Bursary Trust	1,080,863	1,105,917
Stockmen’s Memorial Foundation Account	1,069,944	1,201,468
Rotary Club of Calgary Account	954,064	1,032,699
Canadian Hockey Foundation	950,930	10,627,266
Christ Church Endowment Trust Account	881,619	609,931
Knox United Church Foundation of Calgary Account	858,339	891,044
Calgary Highlanders Regimental Funds Foundation	779,946	749,619
Alberta Emerald Foundation Account	678,948	783,361
Habitat for Humanity Southern Alberta Society Account	642,960	659,712
Bow River Basin Council Society Account	565,832	545,307
Sonshine Society of Christian & Community Services Account	510,953	524,265
Foothills Academy Tuition Assistance Fund	462,545	473,409
Fig Tree Foundation Account	416,139	553,699
Camp Okotoks Society Fund	403,140	458,168
KidSport Calgary and Area Account	395,328	405,628
Miistakis Institute Account	359,135	–
Friends of Canadian Simmental Foundation	355,696	364,964
Brown Bagging for Calgary Street Kids Society Account	341,855	215,586
CLERC Account	239,722	491,425
Inside Education Account	201,526	421,669
Calgary Centre for Global Community Account	33,464	231,159
Vecova Centre Account	–	656,913
	$ 66,788,583	$ 73,363,725

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

9. Commitments

The Calgary Foundation Investment Trust has unfunded investment commitments relating to real estate, infrastructure and private equity limited partnerships.

	Currency		
	March 31, 2020		
Asset class	Canadian dollar	US dollar	Euro
Commitments, unfunded	$ 8,131,343	$ 94,133,376	€ 14,520,070
Private debt	1,941,329	7,101,347	9,960,871
Real estate	6,190,014	11,089,227	–
Infrastructure	–	32,426,442	–
Private equity	–	43,516,360	4,559,199

	Currency		
	March 31, 2019		
Asset class	Canadian dollar	US dollar	Euro
Commitments, unfunded	$ 8,955,331	$ 120,866,995	€ 30,859,199
Private debt	–	17,487,334	25,000,000
Real estate	8,955,331	14,600,469	–
Infrastructure	–	36,142,852	–
Private equity	–	52,636,340	5,859,199

At March 31, 2020, the unfunded investment commitments denominated in U.S. dollars is $94.1 million (2019 – $120.9 million), translated into Canadian dollars in the amount of $134.0 million (2019 – $161.5 million). The unfunded investment commitments denominated in Euros is €14.5 million (2019 – €30.9 million), translated into Canadian dollars in the amount of $22.7 million (2019 – $46.4 million). The unfunded amounts may be called by the limited partnerships on demand.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

9. Commitments (continued)

The Foundation has entered into an agreement with a controlled organization, the Kahanoff Centre for Charitable Activities, to rent office space under an operating lease. The future annual payments under the lease are estimated to be:

2021	$ 672,000
2022	672,000
2023	672,000
2024	672,000
2025	672,000
Thereafter	952,000
	$4,312,000

10. Service costs

	2020	2019
Salaries and benefits	$4,432,739	$3,881,686
Investment management and custodial fees	2,626,735	2,609,143
Occupancy and insurance	705,638	730,187
Development and communications	633,760	668,035
Professional fees	489,158	307,198
Office	434,768	320,860
Amortization of leasehold improvements and administrative assets	375,507	375,027
Computer application and website support	371,235	311,841
Memberships	186,766	178,740
Premiums to maintain life insurance policies	168,106	107,878
Contributions to pay premiums to maintain life insurance policies	(103,426)	(95,004)
	$10,320,986	$9,395,591

The Foundation recovers service costs from Community & Field of Interest and Donor Advised & Designated funds by way of a cost recovery based on the market value of each fund. Service costs are recovered from Funds administered for others in accordance with their agreements. Expenses incurred for a specific fund are charged to that fund.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

11. Controlled organizations

(a) Esther Honens International Piano Competition Foundation

The Foundation is the beneficial owner of all the shares of the Esther Honens International Piano Competition Foundation ("Competition Foundation") which is responsible for a piano competition held every three years. The Competition Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Foundation's Esther Honens International Piano Competition Foundation Fund, Honens Future Growth Fund, American Friends of Canada Fund and Honens Legacy Partner Fund are endowment funds that provide annual revenue to the Competition Foundation. At March 31, 2020, the market value of the four funds totalled $14.8 million (2019 – $15.5 million).

Esther Honens International Piano Competition Foundation		
As at and for the year ended	(unaudited) December 31, 2019	December 31, 2018
Revenues	$1,588,573	$1,974,313
Revenues from the endowment funds	577,172	599,112
Expenses	1,470,987	2,150,580
Assets	641,091	423,844
Liabilities	345,078	245,416
Shareholders' equity	296,013	178,428

(b) Eleanor Luxton Historical Foundation

The Foundation is the beneficial owner of all the shares of the Eleanor Luxton Historical Foundation ("Luxton Foundation"). The Luxton Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The purpose of the Luxton Foundation is to preserve and promote the historical real estate and artifacts relating to the original settlements of the Banff area. The Foundation holds the Luxton Historical Foundation Fund, which provides annual funding to support the Luxton Foundation. At March 31, 2020, the Luxton Historical Foundation Fund had a market value of $5.4 million (2019 - $5.8 million).

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

11. Controlled organizations (continued)

(b) Eleanor Luxton Historical Foundation (continued):

The Luxton Foundation financial statements were audited in 2015. The financial statements have been subject to review in each year since.

Eleanor Luxton Historical Foundation		
As at and for the year ended	December 31, 2019	December 31, 2018
Revenues	$293,200	$350,011
Revenues from the endowment fund	214,883	222,262
Expenses	267,393	247,364
Assets	1,487,683	1,299,053
Liabilities	169,367	6,544
Unrestricted net assets	14,743	201,081

(c) Kahanoff Centre for Charitable Activities

The Foundation is the beneficial owner of all the shares of the Kahanoff Centre for Charitable Activities (“Kahanoff Centre”). The Kahanoff Centre provides office and conference space to Calgary not-for-profit organizations at discounted rates, to the benefit of the Calgary community. The Kahanoff Centre was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act.

Kahanoff Centre for Charitable Activities		
As at and for the year ended	December 31, 2019	December 31, 2018
Revenues	$4,566,977	$4,770,343
Expenses	5,347,880	5,776,341
Assets	41,630,832	45,949,548
Liabilities	35,394,604	38,932,417
Unrestricted (deficit)	(3,457,040)	(2,676,137)

In the Foundation’s fiscal year ended March 31, 2020, a grant of $6,825 was approved and paid from a Community fund to the Kahanoff Centre (2019 - $10,000).

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

11. Controlled organizations (continued)

(c) Kahanoff Centre for Charitable Activities (continued):

The Kahanoff Centre completed the expansion of its capacity to provide office space to Calgary not-for-profit organizations by constructing a second building on property owned by the Kahanoff Centre immediately to the east of its existing building. The Foundation has guaranteed up to $37.5 million of financing related to the mortgage on the facility. As of March 31, 2020, the Kahanoff Centre has an outstanding mortgage balance with the lender of $34.0 million (2019 – $35.1 million).

Additionally, as part of the Foundation's Community Impact Investment program, the Foundation has loaned funds to the Kahanoff Centre (Note 5). The loan has been used for leasehold improvements for tenants and is included in the liabilities presented in the table above. During the year, the Kahanoff Centre repaid $1.7 million of the original loan (2019 – $0.8 million).

During the year, the Foundation paid $0.7 million (2019 – $0.7 million) in lease payments to the Kahanoff Centre.

12. Significantly influenced organizations

The Foundation is the beneficial owner of one of the two authorized, issued and outstanding shares of the Calgary Stampede Foundation ("Stampede Foundation"). The Stampede Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Foundation has a right to appoint a minority of the Stampede Foundation's board of directors. The Stampede Foundation's objective is to establish programs for the benefit of young residents of Southern Alberta to advance their knowledge and understanding of the history, heritage, traditions and culture of Alberta.

In the Foundation's fiscal year ended March 31, 2020, grants totalling $37,600 were approved and paid from Donor Advised and Flow-through funds to the Stampede Foundation (2019 - $41,500 from Donor Advised and Flow-through funds).

13. Fund-raising expenses and other

The Foundation is required to disclose, as required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, that the service costs incurred for the purposes of soliciting contributions was $nil (2019 - $nil). The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was $315,833 (2019 - $475,183).

A grant of $5.0 million to a public foundation for its charitable work exceeded 10% of the gross contributions received for the twelve-month period ended March 31, 2020 (2019 – No disposition of contributions equalled or exceeded 10% of the gross contributions).

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

14. Financial instruments

The Foundation's financial instruments included in the consolidated statement of financial position are comprised of cash and cash equivalents, loans receivable, accounts payable and accrued liabilities, grants payable and investments.

Fair values of financial assets and liabilities

The Foundation classifies its financial instruments at fair value according to the following hierarchy based on the amounts of observable inputs used to value the instrument. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy.

• Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, loans receivables, accounts payable and accrued liabilities and grants payable approximate their fair value due to the relatively short periods to maturity of the instruments.

There have been no transfers between levels during the year.

The fair value of the limited partnerships in private debt, real estate, infrastructure and private equity is calculated as described in Note 2 (b). The following is a summary of the Foundation's investments using the fair value hierarchy.

	Investments at fair value as at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Bonds and debentures, Investment grade	$ –	$172,520,136	$ –	$ 172,520,136
Stocks, Canada	195,480,695	–	–	195,480,695
Stocks, International	264,776,979	–	–	264,776,979
Private debt	–	–	80,499,201	80,499,201
Real estate	–	–	60,771,679	60,771,679
Infrastructure	–	–	61,467,054	61,467,054
Private equity	–	–	103,302,650	103,302,650
	$460,257,674	$172,520,136	$306,040,584	$ 938,818,394

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

14. Financial instruments (continued)

	Investments at fair value as at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Bonds and debentures, Investment grade	$ –	$228,349,661	$ –	$ 228,349,661
Stocks, Canada	242,314,457	–	–	242,314,457
Stocks, International	283,179,590	–	–	283,179,590
Private debt	–	–	10,386,545	10,386,545
Real estate	–	–	62,731,678	62,731,678
Infrastructure	–	–	52,370,202	52,370,202
Private equity	–	–	91,029,252	91,029,252
	$525,494,047	$228,349,661	$216,517,677	$ 970,361,385

15. Financial risk management

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Foundation adheres to Statements of Investment Policy, approved by the Board of Directors, which outline the objectives, policies and measures related to its investing activities. These policies prescribe qualitative and quantitative parameters around the investments held by the Foundation in its pooled funds and impact investments in order to moderate the financial risks. The Board of Directors is accountable for the establishment and oversight of the Foundation's risk management framework.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

15. Financial risk management (continued)

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment resulting in a financial loss to the Foundation. The fair value of a publicly traded financial instrument takes into account the credit rating of its issuer. The fair value of a privately held financial instrument may take into account valuation models that include some level of management estimation and judgment. The Foundation's financial instruments of cash equivalents, loans receivable and bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by ensuring compliance with the limits to the credit exposure for the pooled funds, engaging a professional investment manager to actively evaluate the creditworthiness of the borrowers of private debt and charging Foundation management with the periodic review of the financial strength and ability to service the loan of impact investment borrowers. Cash is held at financial institutions regulated by the federal Bank Act or Trust and Loan Companies Act. Cash equivalents are substantially all Government of Canada Treasury Bills. As at March 31, 2020, the Foundation's credit exposures in its fixed income portfolios were as follows:

	Percentage of the market value of the fixed income portfolios	
	Investment grade bonds	
Credit rating	2020	2019
Bonds and debentures, at fair value	$172,520,136	$228,349,661
AAA	38.5%	38.4%
AA	23.8%	24.8%
A	28.4%	27.2%
BBB	9.0%	9.5%
<BBB	0.3%	0.1%

The Foundation's exposure to, and management of, liquidity risk has not changed materially during the year.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its liabilities as they fall due. A majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain sufficient cash positions to manage liquidity. The Foundation's exposure to, and management of, liquidity risk has not changed materially during the year.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

15. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates and equity prices, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

(i) Currency risk:

Investments in securities denominated in foreign currencies are exposed to currency risk due to fluctuations in foreign exchange rates. The Foundation is exposed to currency risk on its foreign market common stock and its foreign market bonds and debentures, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Foundation’s Statements of Investment Policy is to control currency risk by limiting the allocation to non-Canadian denominated securities and maintaining a geographically diversified portfolio.

Currency	Percentage of the market value of investments	
	2020	2019
Investments, at fair value	$938,818,394	$970,361,385
Canadian dollar	46.6%	52.1%
US dollar	32.7%	28.8%
Euro	10.1%	7.4%
British pound	2.6%	3.3%
Japanese yen	1.5%	1.4%
Other	6.5%	6.9%

Total unhedged investments held in foreign currencies as at March 31, 2020 were $500,831,930, 53.3% of investments (2019 - $465,018,935, 47.9%). The most significant exposure to currency risk is $306,716,104 32.7% of investments (2019 – $279,825,290, 28.8% of investments) denominated in US dollars and not hedged to the Canadian dollar. A hypothetical 10 percent weakening (strengthening) of the Canadian dollar against the US dollar at March 31, 2020 would have increased (decreased) net assets and investment income for the year by $30.7 million (2019 – $28.0 million). This analysis assumes that all other variables, in particular interest rates, remained constant.

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

15. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments held by the Foundation. Duration is a common measure of the sensitivity of the price of a bond to a change in interest rates. At fiscal year end, the publicly traded bond portfolio had an average duration as follows:

	2020	2019
Bonds and debentures, at fair value	$172,520,136	$228,349,661
Duration (years)	6.5	6.6
Assumed increase in interest rates	+1%	+1%
Approximate resulting decrease in value	$(11.2 million)	$(15.1 million)
Approximate resulting percentage decrease	(6.5%)	(6.6%)
Assumed decrease in interest rates	–1%	–1%
Approximate resulting increase in value	$11.2 million	$15.1 million
Approximate resulting percentage increase	6.5%	6.6%

(iii) Equity price risk:

Equity price risk is the risk that the value of a financial instrument will fluctuate due to changes in equity markets. The Foundation is exposed to equity price risk on its equity portfolio. The Statements of Investment Policy apply to all investments held in the Foundation's pooled funds and it includes restrictions regarding the minimum and maximum amount of various asset classes. The diversification across various asset classes is expected to decrease the volatility of portfolio returns due to the lack of correlation between returns. The assumed increase in market prices is based on the Foundation’s expectations for long-term nominal rates of return.

	2020	
	Canada	International
Stocks, at fair value	$195,480,695	$264,776,979
Assumed increase in market prices	+7%	+7%
Approximate resulting increase in value	$13.7 million	$18.5 million
Assumed decrease in market prices	–7%	–7%
Approximate resulting decrease in value	$(13.7 million)	$(18.5 million)

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THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2020, with comparative figures for 2019

15. Financial risk management (continued)

(c) Market risk (continued):

(iii) Equity price risk:

	2019	
	Canada	International
Stocks, at fair value	$242,314,457	$283,179,590
Assumed increase in market prices	+7%	+7%
Approximate resulting increase in value	$17.0 million	$19.8 million
Assumed decrease in market prices	–7%	–7%
Approximate resulting decrease in value	$(17.0 million)	$(19.8 million)

16. Government remittances

The Foundation has no significant outstanding government remittances as at March 31, 2020 (2019 – $nil).

17. Subsequent events

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a global pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Alberta resulting in an economic slowdown.

Other than the impact on investment values at March 31, 2020, the Foundation has determined that COVID-19 has had minimal impact on general operations. The ultimate duration and magnitude of the impact on the economy and the resulting financial effect on the Foundation, including the impact on its investment values, impact loan receivables, contribution revenues, and overall financial performance is not known at this time.

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