



ANNUAL FINANCIAL REPORT

June, 2021

year ended March 31, 2021



**CALGARY
FOUNDATION**
FOR COMMUNITY, FOREVER

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Management's Discussion and Analysis

For the year ended March 31, 2021

Management's discussion and analysis ("MD&A") is provided to enable a reader to assess our financial condition and results of operations for the fiscal year ended March 31, 2021, compared to preceding years. This MD&A should be read together with our audited financial statements and related notes dated June 24, 2021. All amounts are based on financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations except activity, attendance, or participation figures. Calgary Foundation ("the Foundation") operates in accordance with the Calgary Foundation Act (Alberta, 1955, 2000) and bylaws and within the regulatory framework of the Income Tax Act (Canada), the Canada Revenue Agency guidelines, and the Charitable Fund-raising Act and Regulations (Alberta). The Foundation has chosen to adopt Volunteer Canada's Code for Volunteer Involvement, Community Foundations of Canada's criteria for membership and is accredited under Imagine Canada's Standards Program.

Forward-looking statements

This report contains forward-looking statements about certain matters that are, by their nature, subject to many risks and uncertainties which may cause actual results to differ materially from the statements made herein. Forward-looking statements include, but are not limited to, objectives, strategies, initiatives, and the outlook for the Foundation. Risks and uncertainties include, but are not limited to, changing markets, legislation, demographics and general economic factors or conditions, and other risks, known or unknown.

The COVID-19 Pandemic Impacted the Foundation in Fiscal 2021

The COVID-19 pandemic impacted the Foundation's operations and financial results for the year ended March 31, 2021 in some cases in a material manner.

Day to day operations were altered effective March 16, 2020 when the Foundation closed its physical office space to its own staff and volunteers as well as the general public. Staff and volunteers conducted the Foundation's key financial and investing activities from home via secure internet connections and through virtual communications. Nearly all of the Foundation's regular outreach to community and educational events were cancelled or modified although a few were held in virtual settings. Service costs (or operational expenses) increased by \$137K (or 1.3%) as compared to the prior year, with additional investment management and custodial fees offsetting slight reductions in other costs.

In response to the COVID-19 pandemic the Foundation established the Pandemic Recovery Program ("Program") immediately prior to the end of the 2020 fiscal year. The Program, which represents just one of the Foundation's pandemic responses, was created to support charities facing unprecedented funding and programming challenges. The Program has three phases of support: Relief, Recovery, and Resilience, that support charities to revise programming, accommodate staff and client safety,

plan for recovery, strategize, plot re-entry, rebuild charitable programming, and meet their operational future.

The sheer demand for resources necessitated the refocusing of existing Foundation granting programs and the redistribution of Foundation resources to support pandemic-related needs. This included the temporary pause of the Major and Signature Granting program and the Community Grants Program, both in the fall of 2020. In addition to the Program the Foundation participated in multiple collaborative granting opportunities, including the Community Response Fund, the Emergency Community Support Fund, and support for the Calgary arts sector through a number of partnerships.

The timing of contributions is unpredictable in nature and is purely driven by donor actions in any given year. Total revenue increased to \$265.7 million in 2021, from \$27.6 million in 2020 representing an increase of 861%. The significant increase compared to 2020 in contributions and unrealized capital gains can be attributed to improved market and economic conditions in fiscal 2021 compared to the fourth quarter of fiscal 2020 when COVID-19 was declared a pandemic, negatively impacting economic activities and financial markets around the world.

There continues to be much uncertainty regarding the impact of COVID-19 on donors' future support of the Foundation, charitable organizations' ongoing ability in the near-term to serve their clientele and deliver their programs, and many businesses' mid- and long-term ability to continue as going concerns to provide jobs and support to the economy. At the same time, the resiliency of many, but certainly not all, organizations to continue their work (for-profit and not-for-profit) combined with the first-dose immunization of approximately 58% of Albertans is providing an optimistic view of a foreseeable return to normalcy.

VISION AND MISSION

The Foundation's vision is to build a healthy and vibrant community where everyone belongs.

The Foundation works to create a community where citizens are engaged in community building at all levels, a city that is healthy and vibrant, that embraces diversity and supports all its members, and where a strong and sustainable charitable sector serves community needs. Our goal is to inspire:

- a giving and caring community that values sharing, collaborating, and learning
- a community with citizens engaged in community-building at all levels
- a healthy, vibrant community that embraces diversity and supports all its people
- a strong and sustainable charitable sector serving the existing and emerging needs of the community

STRATEGY AND KEY RESULT AREAS

Leadership in community building

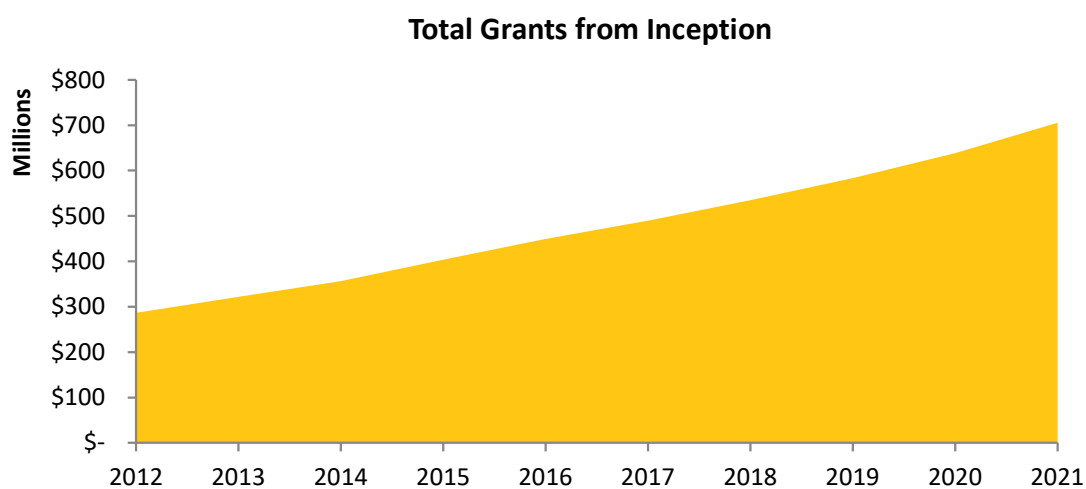
Desired Impact: Charitable sector is strengthened and citizens are engaged through the Foundation's grants and community initiatives

Strengthening Charities

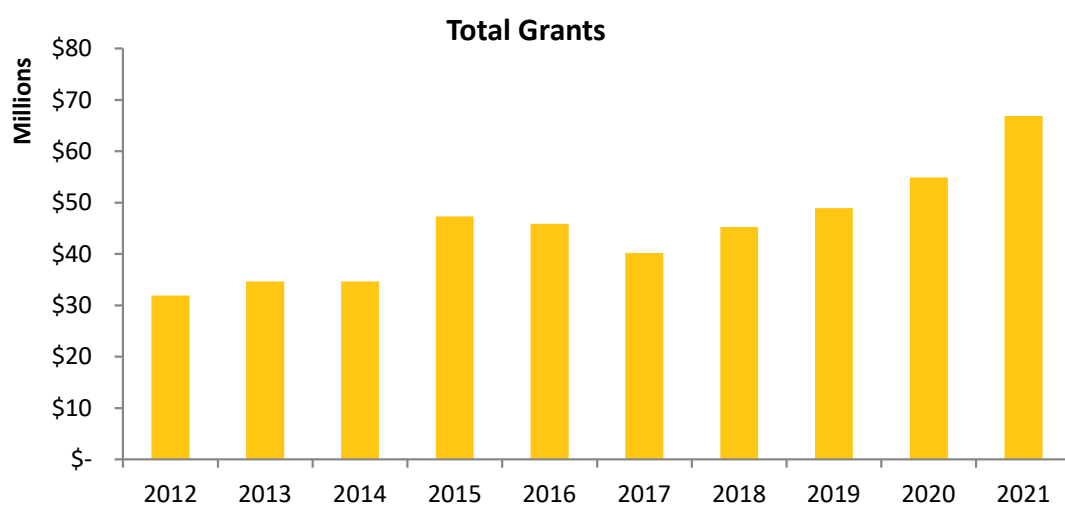
Grants

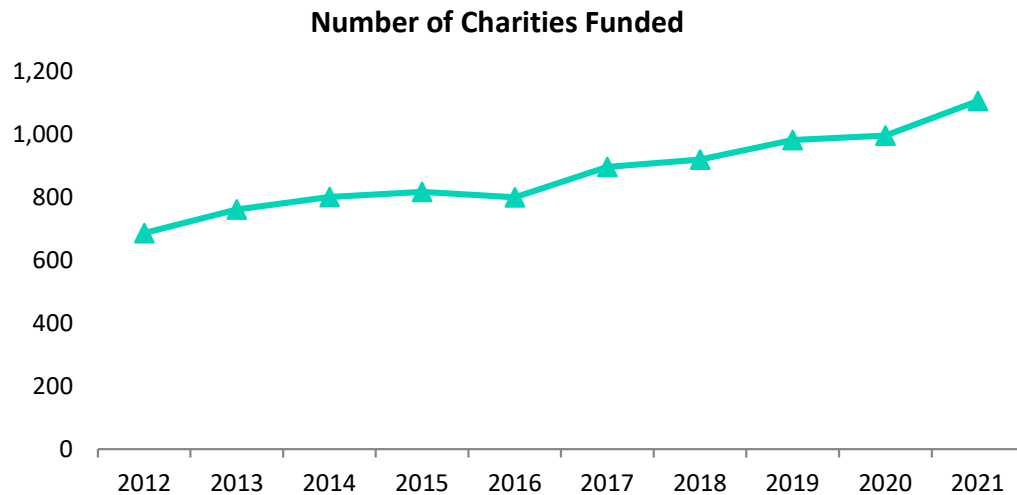
The Foundation provides grants to qualified donees (essentially other registered charities) to support all areas of the charitable community. Grants and awards engage citizens in building their communities and strengthening charitable organizations, now and into the future. Annual grants from endowed funds are a percentage of the market value of the fund.

Foundation funds are flexible and adaptive to emerging community needs – responding to a need that may not have existed when the fund was created.



Since the Foundation's inception in 1955, the total dollar value of grants to the end of March 2021 is approximately \$705.4 million (2020 – \$638.6 million).





Capacity-Building

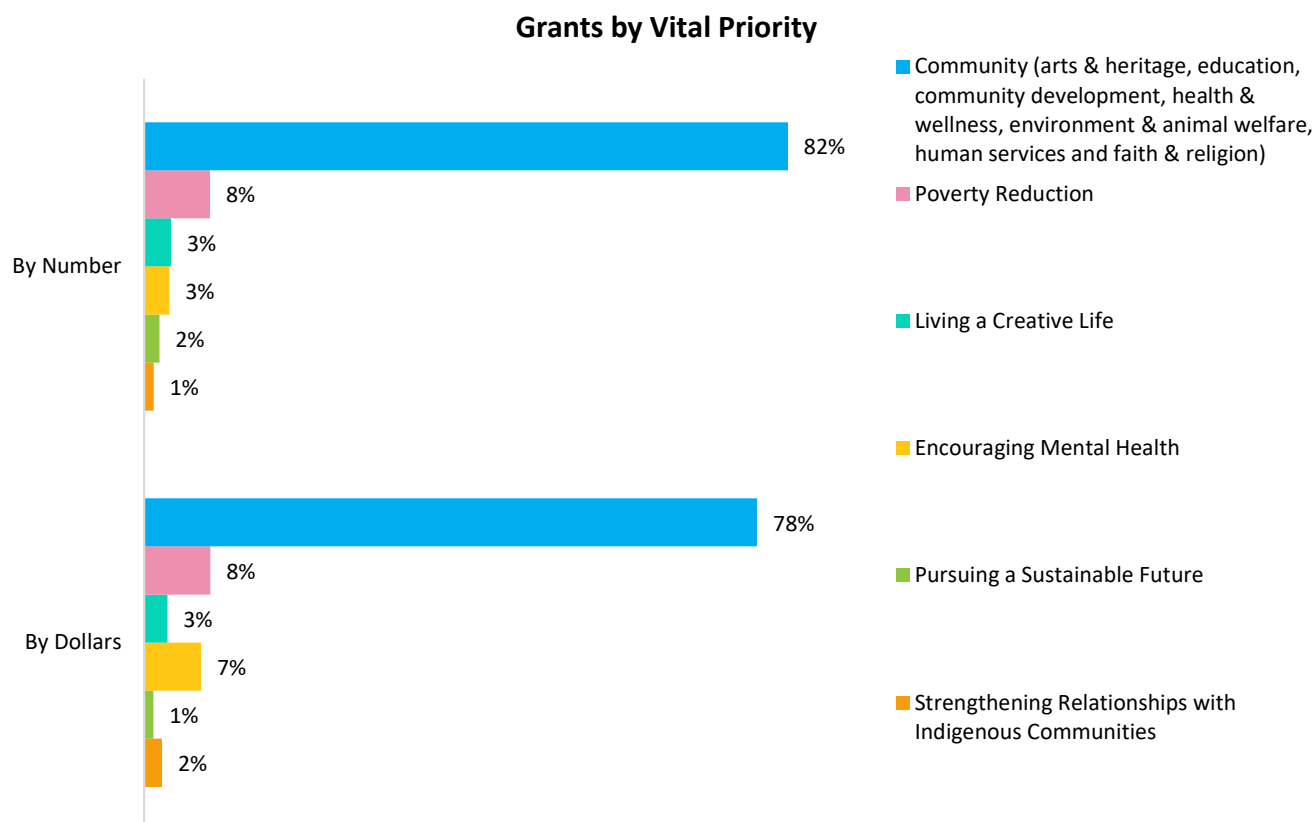
The Foundation provides support to qualified donees beyond grantmaking. The Foundation financially supports capacity building workshops through other appropriate charitable organizations whose mission includes facilitating learning that focuses on strengthening capacity. In supporting learning delivered by other appropriate charitable organizations, the Foundation also builds the capacity of these organizations.

Vital Priorities

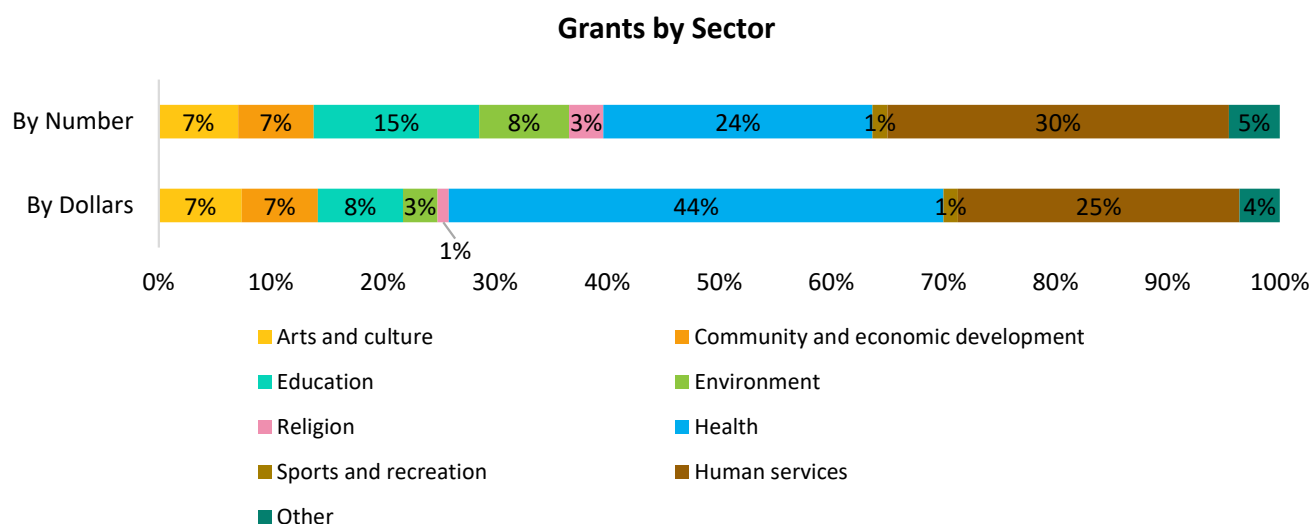
The Foundation has identified five Vital Priorities on which to focus additional leadership and support. These Vital Priorities are:

- Living Standards: Poverty Reduction
- Arts: Living a Creative Life
- Wellness: Encouraging Mental Health
- Environment: Pursuing a Sustainable Future
- Community Connections: Strengthening Relationships with Indigenous Communities

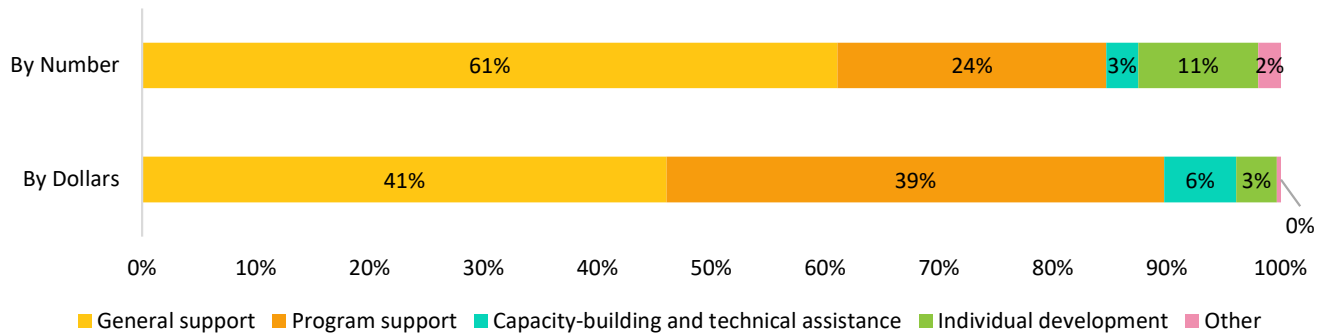
This year, the Foundation provided 629 grants (2020 – 599 grants) worth \$14.7 million (2020 - \$11.7 million) to specific initiatives that support the five Vital Priority areas. Poverty Reduction attracted the most financial support, followed by Encouraging Mental Health. The allocation of funding to the Vital Priority areas in 2021 is as follows:



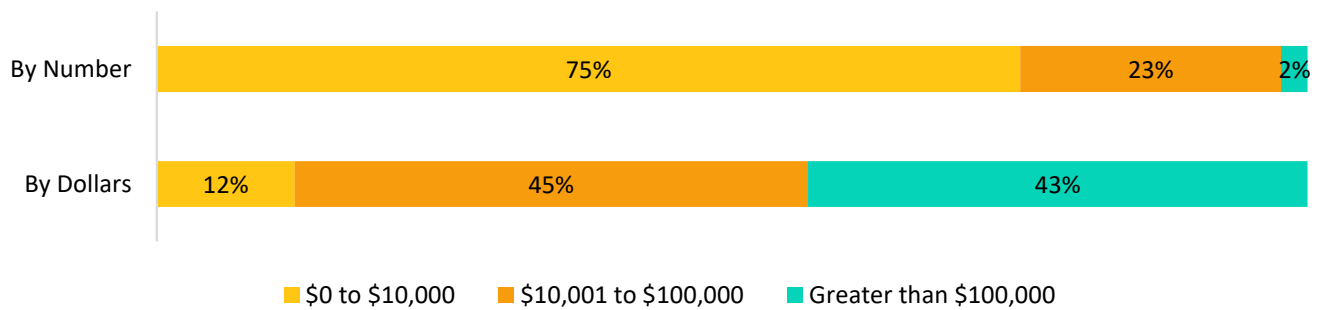
The following five sets of charts offer insight into the total amount granted across all sectors in fiscal 2021:



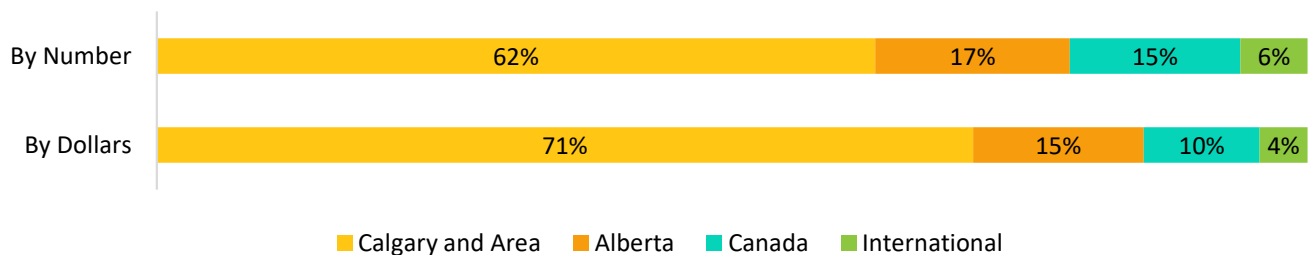
Grants by Type



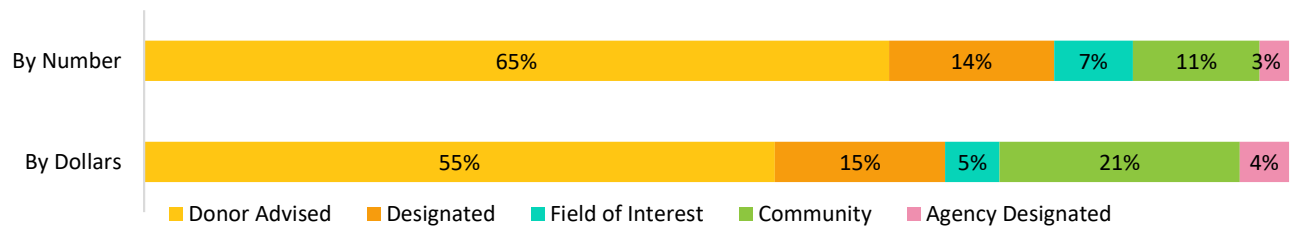
Grants by Dollar Amount



Grants by Geography

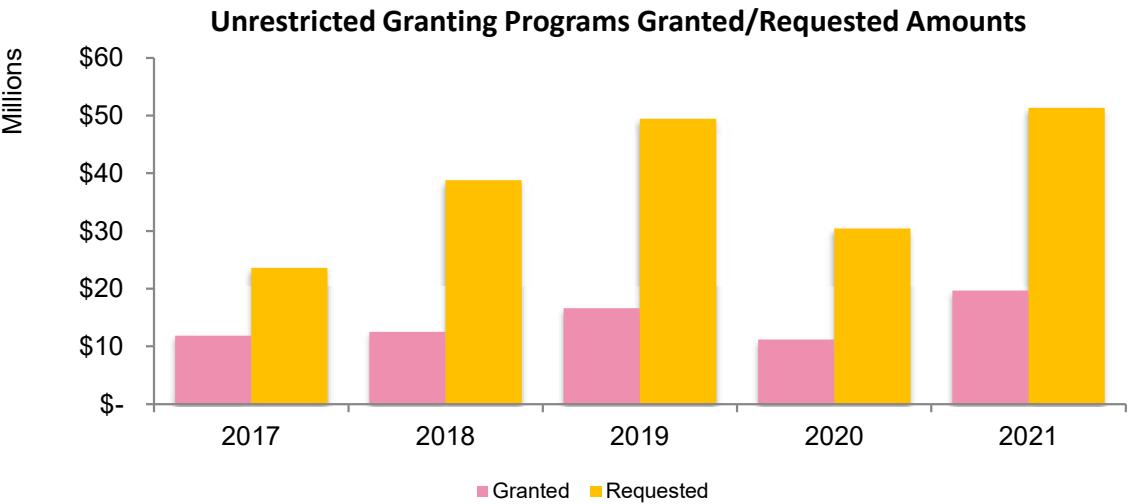


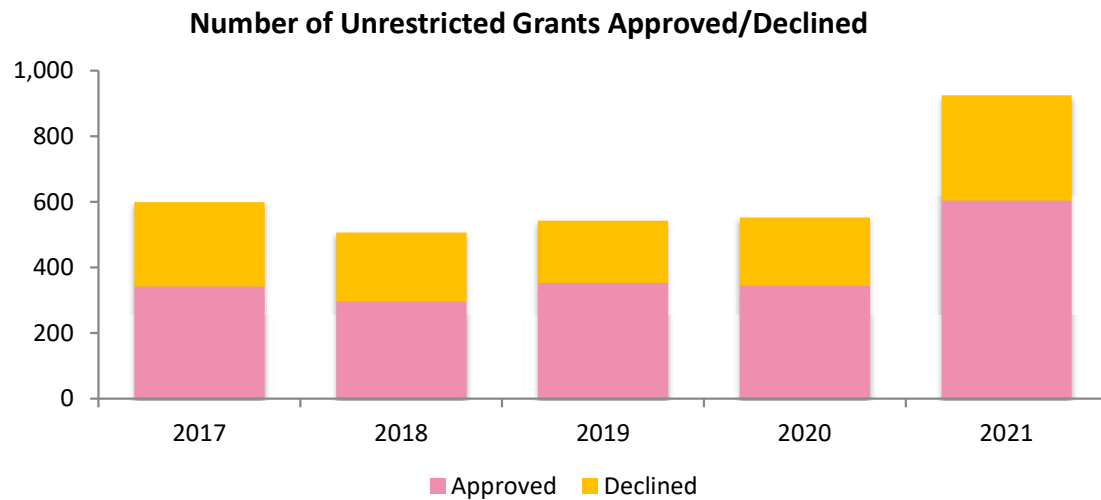
Grants by Fund Type



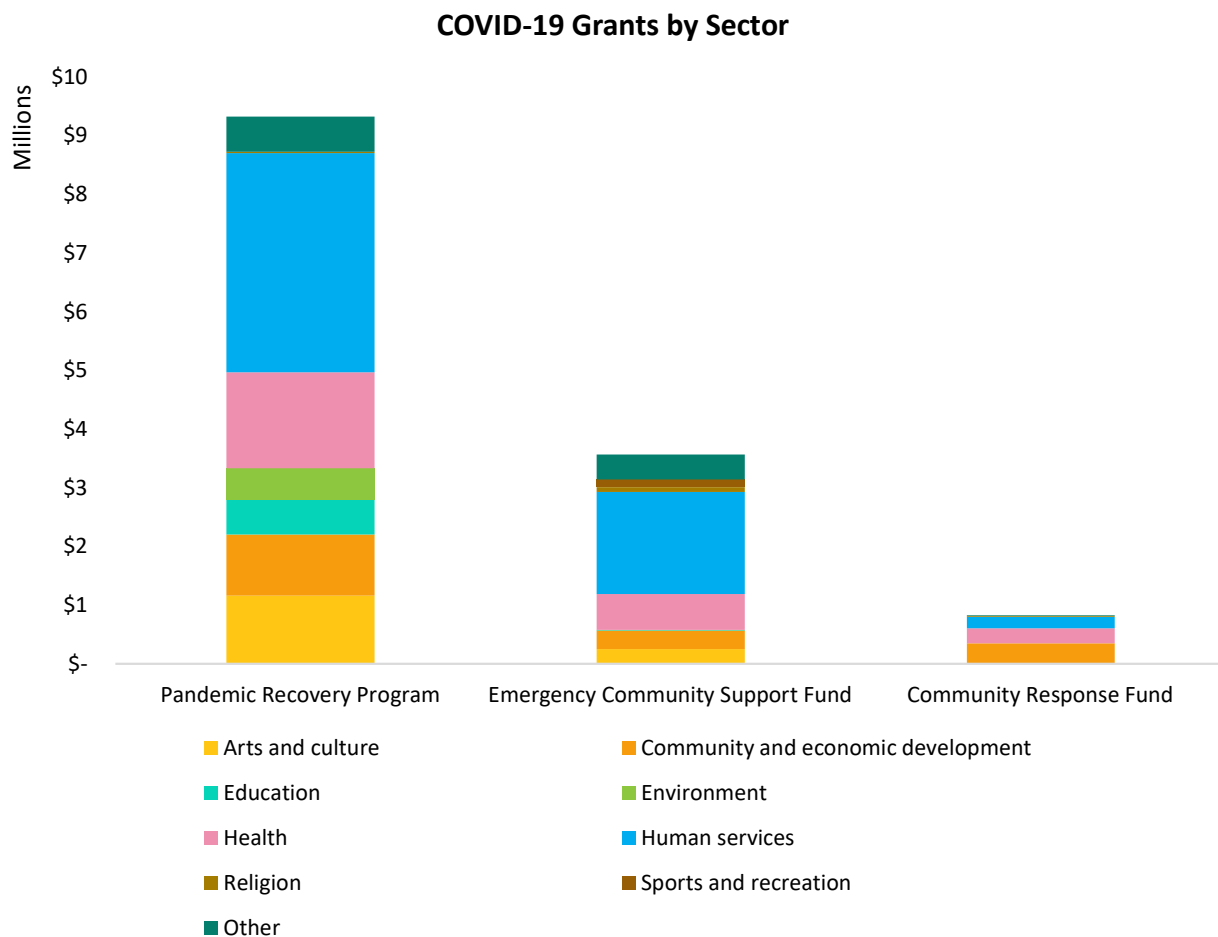
Unrestricted granting programs are typically funded by Community and Field of Interest endowment funds. Many of these programs are supported by committees of volunteers who represent community, responsible for reviewing and recommending grants. From time to time, additional financial resources from other sources, such as Donor Advised, Designated, and Flow-through funds, may also contribute to unrestricted granting programs. These granting programs are application-based, generally directed to new and emerging needs, and, in normal years, encompass the following:

- ‘Community Grants’ to support initiatives that respond to developing community issues and evolving priorities.
- ‘Grassroots Grants’ to support resident-led projects that help create and strengthen the bonds of neighbourliness.
- ‘Strategic Opportunity Grants’ to support small to mid-sized qualified donees with small, time-sensitive, strategic initiatives that advance their work by testing ideas for new or enhanced programs or to bring outside expertise into the organization to build capacity, strengthen board governance or support professional development.
- ‘Daryl K. Seaman Canadian Hockey Fund’ to support all aspects of amateur ice hockey in Canada on a nation-wide basis and new initiatives that encourage young people to learn about, enjoy, and play amateur sport of all kinds as well as increase equal access and promote participation in community-based amateur sport.
- ‘Major and Signature Grants’ to assist charitable organizations in all parts of the charitable sector by providing single or multi-year support for large-scale charitable initiatives that are broad in scope and aim to transform our community. Grants support local or national initiatives that impact Calgary and area by addressing major issues and encouraging participation in charitable activities from a great number of citizens.





The pandemic caused the reallocation of granting resources away from these usual programs, including the temporary hiatus of the Major and Signature and Community Grants programs, in order to support pandemic-related needs through three collaborative granting programs.



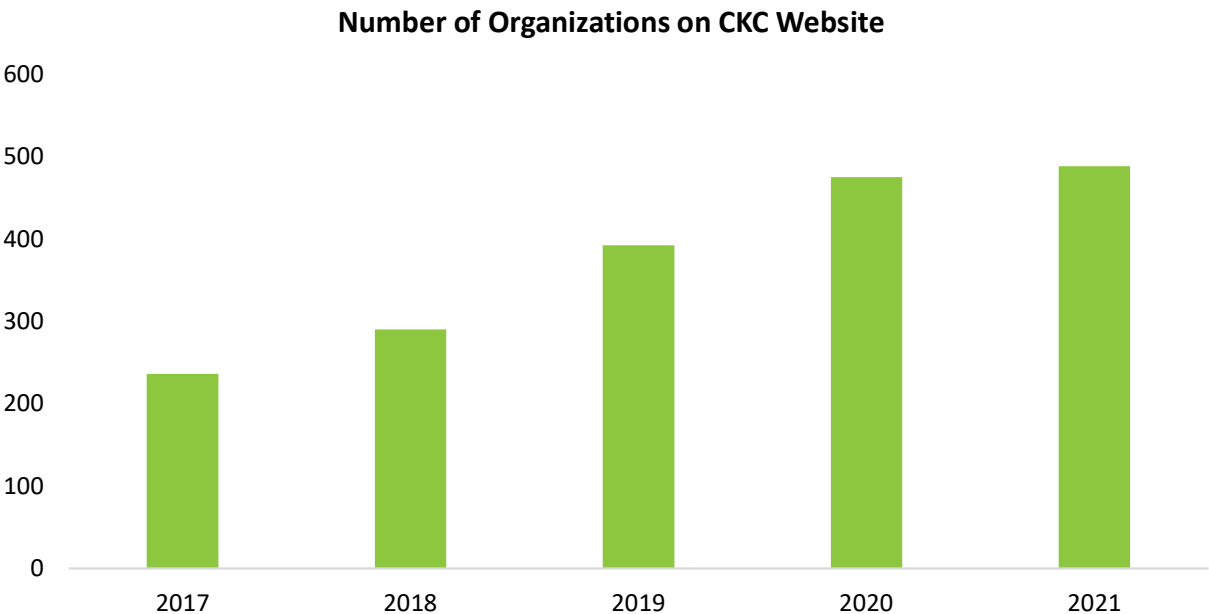
Engaging Citizens

The Foundation’s vision is that all citizens are engaged in community building. The Foundation encourages active citizenship by helping residents undertake small, creative projects that benefit their local community or by supporting resident-led projects that help create and strengthen the bonds of neighbourliness. Whether through our Grassroots Granting programs (Neighbour Grants and Stepping Stones) or Foundation-supported Jane’s Walks, people were engaged in projects that helped them better understand their neighbourhoods and communities and strengthen a personal and collective sense of belonging.

Community Knowledge Centre

The Foundation’s Community Knowledge Centre (“CKC”) is a website that presents the work of registered charities and non-profits in Calgary and area. Through individual CKC profiles, organizations can showcase their innovative and impactful solutions to community issues. Since its inception in 2014, CKC has been a resource to share the Foundation’s knowledge of community with donors, charitable organizations, media, and other key stakeholders. To increase CKC membership and improve the way CKC member organizations share the impact of their work, the Foundation provides capacity building workshops focused on communications and storytelling.

As of March 31, 2021, CKC membership had grown to showcase 488 (2020 – 475) charitable organizations, a 3% (2020 – 21%) growth from the previous fiscal year end.



Calgary’s Vital Signs®

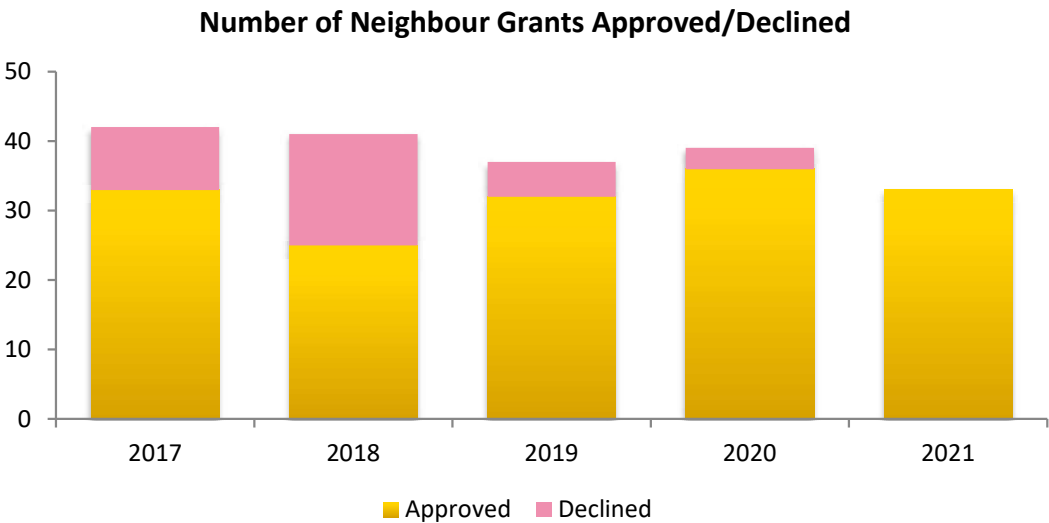
Over a decade ago, the Foundation launched Calgary’s Vital Signs to increase the effectiveness of the Foundation’s grantmaking, better inform donors about issues and opportunities, spark discussion, encourage connections, and inspire action. Calgary’s Vital Signs report features expert research

combined with the results of a panel survey (1,000 Calgarians), wherein Calgarians speak to areas critical to quality of life.

As a nationally coordinated initiative of Community Foundations of Canada, the Foundation was one of several community foundations across Canada publishing a Vital Signs report during fiscal 2021. Calgaryvitalsigns.ca has been a primary tool to share the results of the survey and key findings from the report.

Grassroots and Neighbour Grants

Grassroots grants help people implement their own small acts of community, right in the communities where they live, by offering small amounts of money for project expenses. Neighbour Grants are grants to organizations whose work is laser-focused on Calgary communities and neighbourhoods.

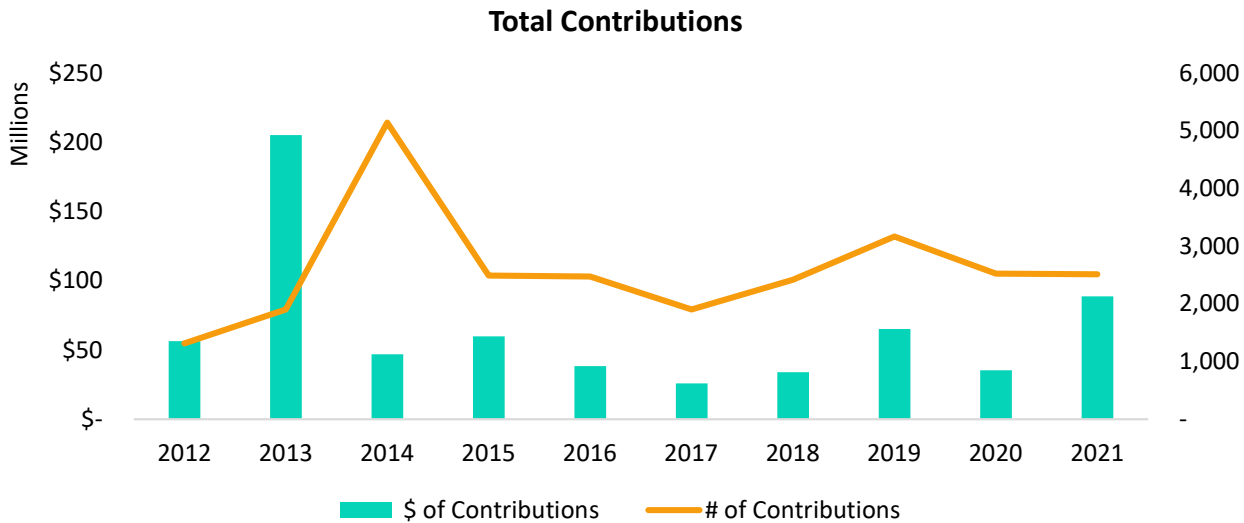


Donor Engagement

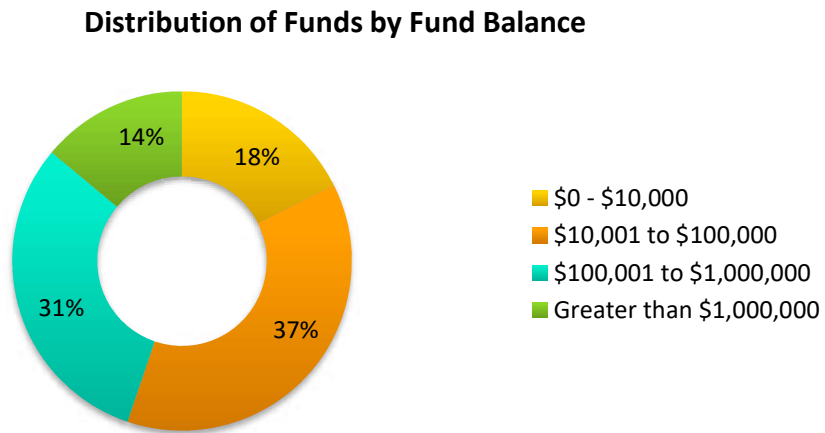
Desired Impact: Inform, inspire, and educate existing and potential donors, donor families, professional advisors and charitable organizations about the unique value the Foundation brings to philanthropy.

The Foundation is committed to continuously building our expertise and service offerings to scale and deepen donor stewardship, community knowledge, charitable sector capacity building, and innovative philanthropy – such as impact investing – described in more detail below. Our customized relationship management model offers each donor family resources such as family philanthropy workshops, strategic philanthropy conversation starters and guides, as well as webinars and family newsletters depicting their experiences with multiple generations.

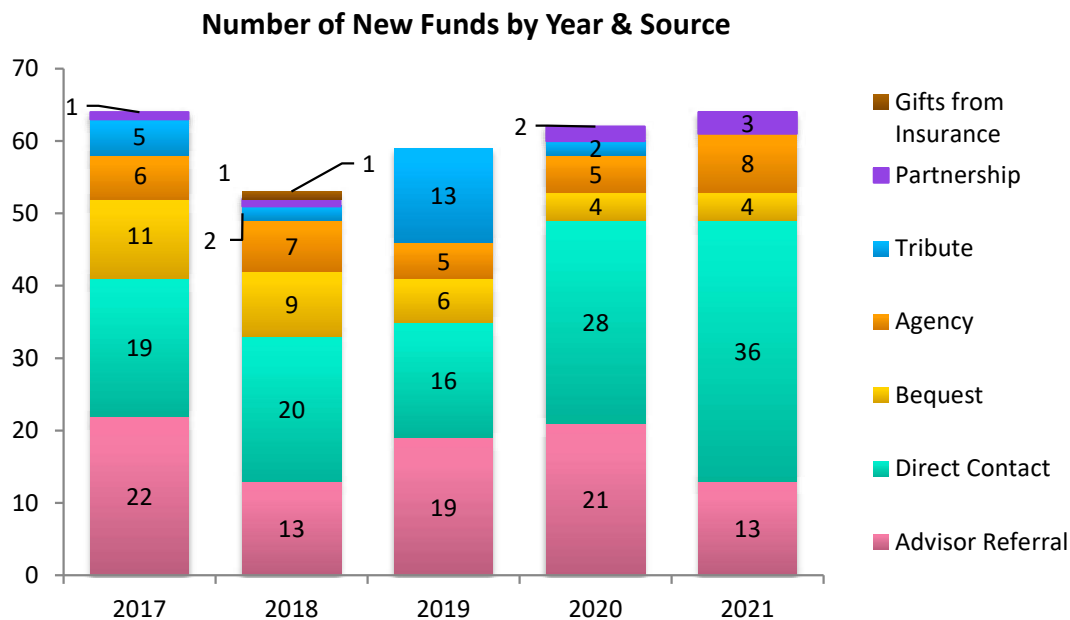
Professional advisors remain a major source of referrals of new donors. The Foundation is focused on growing relationships with professional advisors whose expertise in areas such as financial and estate planning, taxation, and wealth management might benefit from the added component of strategic philanthropic planning.



The Foundation welcomes gifts of any size, knowing that each gift – the impact multiplied when endowed – can further the mission. Gifts of any amount can build existing funds.



The Foundation works with existing and potential donors to create funds in many and diverse ways that best suit each individual or organization. Direct contact with donors and referrals by professional advisors has been the primary sources of individual funds.

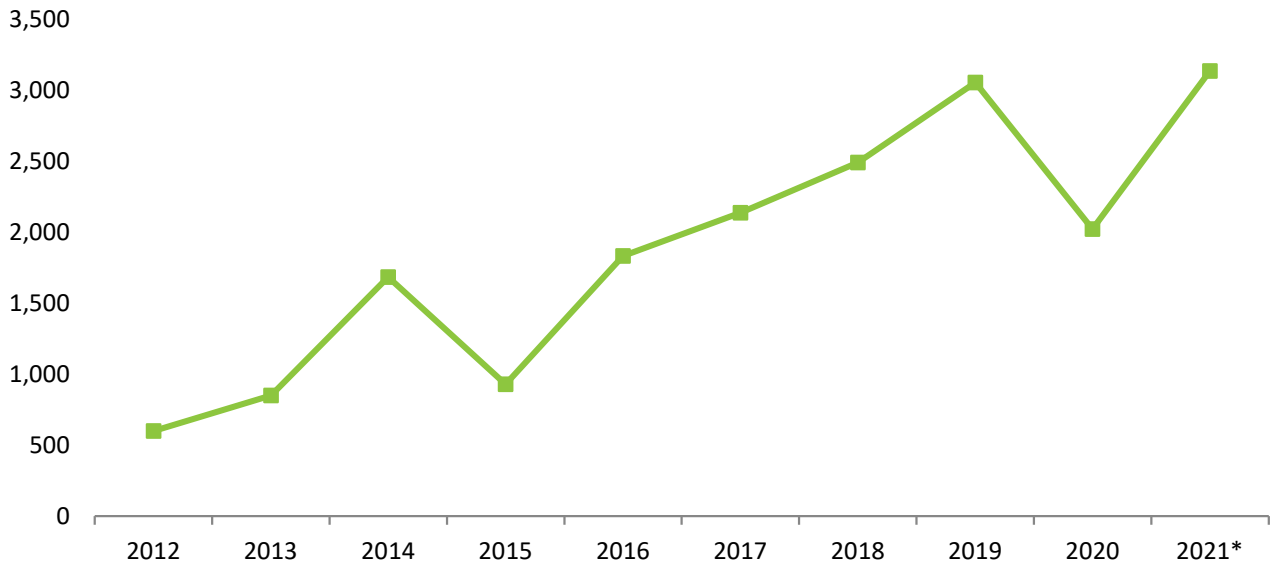


Public Confidence and Reputation

Desired Impact: Stakeholders and public know and value the Foundation as a strategic advisor in philanthropy, an impactful grantmaker and a knowledgeable community leader and convenor.

As a leader and convenor, the Foundation regularly brings together engaged citizens, donors, community leaders, as well as not-for-profit and business organizations around issues important to community. Typically, three events are hosted in a year. The annual Vital City event celebrates philanthropy and provides a Foundation year-in-review to an audience of over 600 citizens. Typically held as an in-person gathering, the 2020 event was held online. Jane's Walk is a global event of free neighbourhood walking tours held in Calgary and around the world each May inspired by urbanist and activist, Jane Jacobs. In 2020, and once again in 2021, the Foundation looked for creative ways to harness the spark of Jane Jacobs virtually, to bring people together when everyone must be apart. Over 3,000 people viewed a range of Jane's Walk videos, with many taking to the streets on their own walks over the course of the weekend.

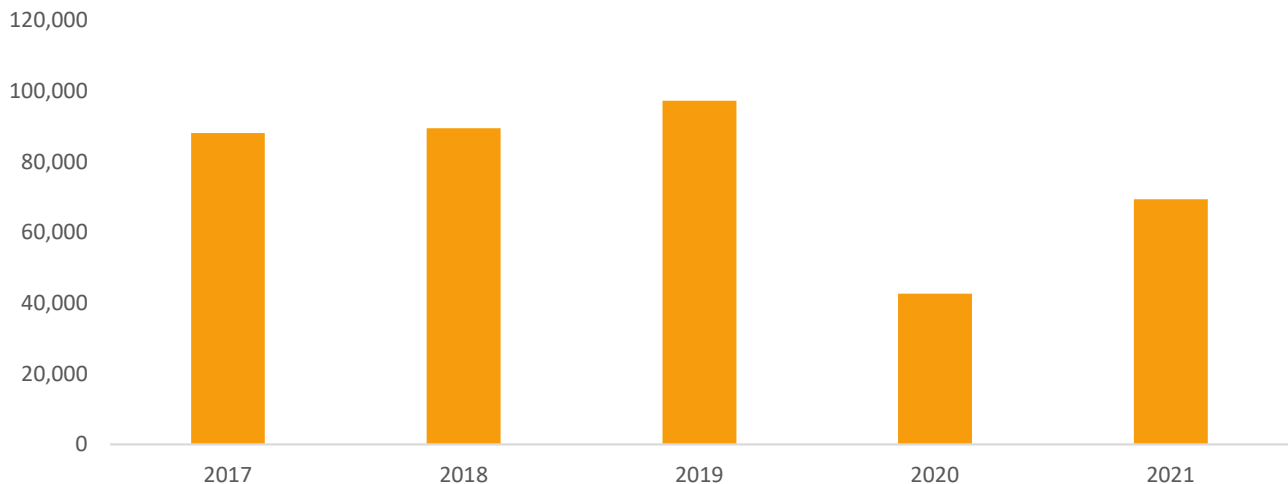
Number of Jane's Walk Participants



**views of virtual Jane's Walk videos*

The Foundation's external print publications include the Annual Report, spur magazine, Calgary's Vital Signs report, and professional advisors' e-newsletters, among others. The goal of all external publications is to grow the profile of the Foundation through compelling reporting. By sharing relevant research on timely topics, along with inspiring stories of impact, the Foundation works to elevate the profile of organizations and individuals who contribute to a strong, vibrant charitable sector.

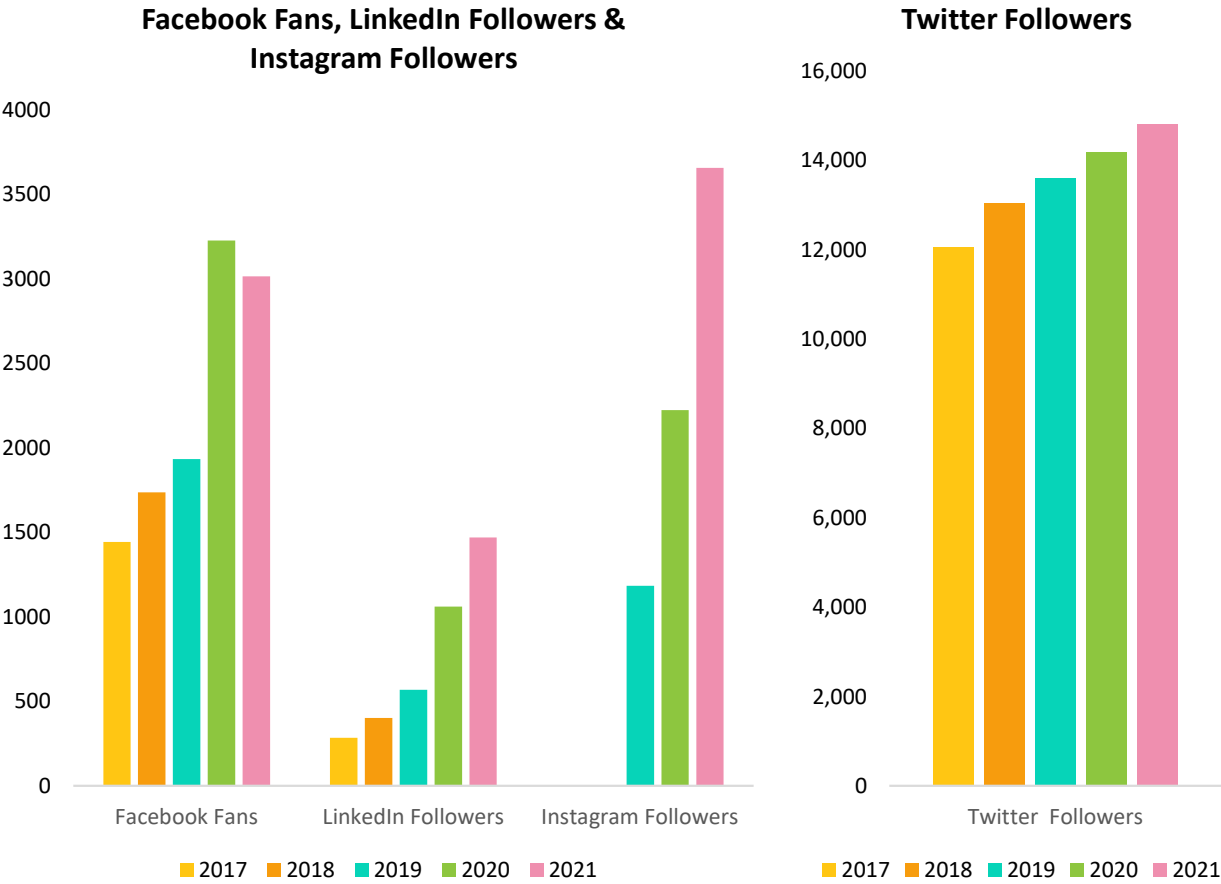
Publication Reach



Social media platforms (Twitter, Facebook, Instagram, and LinkedIn) are used for promotion and marketing of Foundation events, initiatives, and publications and are also tools to amplify the work of

the charitable sector and broader community. The Foundation is always refining and customizing channels and content to meet the needs of the Foundation and the organizations it supports. The Foundation posts to these platforms daily to promote upcoming events, support partner organizations, and generate conversations with followers.

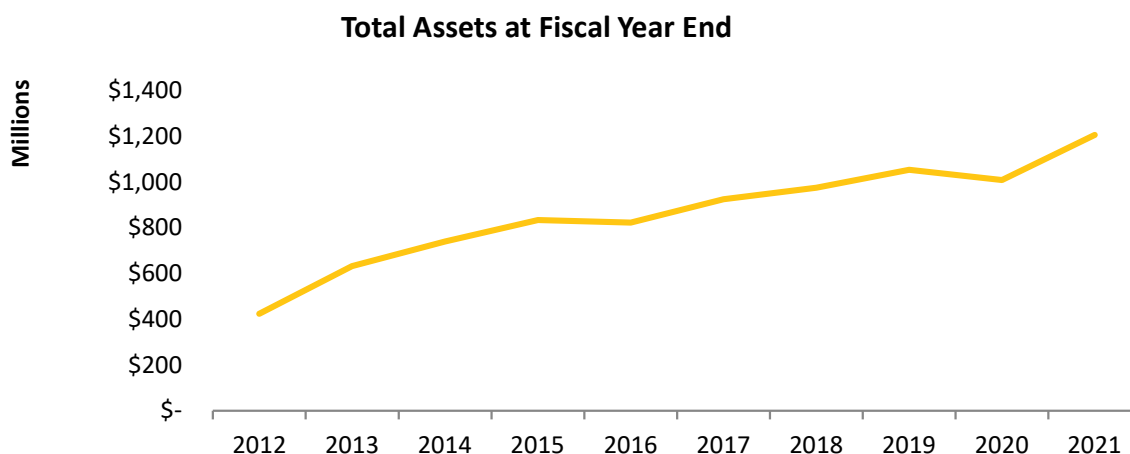
The role of the website in communicating the Foundation’s role and impact has become increasingly important. Site visitors can access DonorCentral, online grants and scholarship application portals, as well as make donations to existing funds. In keeping up with the growing demands and expectations of technology, the Foundation hosts several microsites – janeswalk.calgaryfoundation.org, calgaryvitalsigns.ca, and ckc.calgaryfoundation.org.



The Foundation’s reputation has resulted in long-standing partnerships with media. Regardless of the changing media landscape, the Foundation continues to build on those relationships, resulting in favourable media coverage in 2020. Large initiatives like Vital Signs and Jane’s Walk typically see the biggest coverage, but ongoing coverage comes from news, radio, and television outlets, as well as online reporting.

Financial Assets

Desired Impact: A growing distribution to maximize benefits/impact to community.

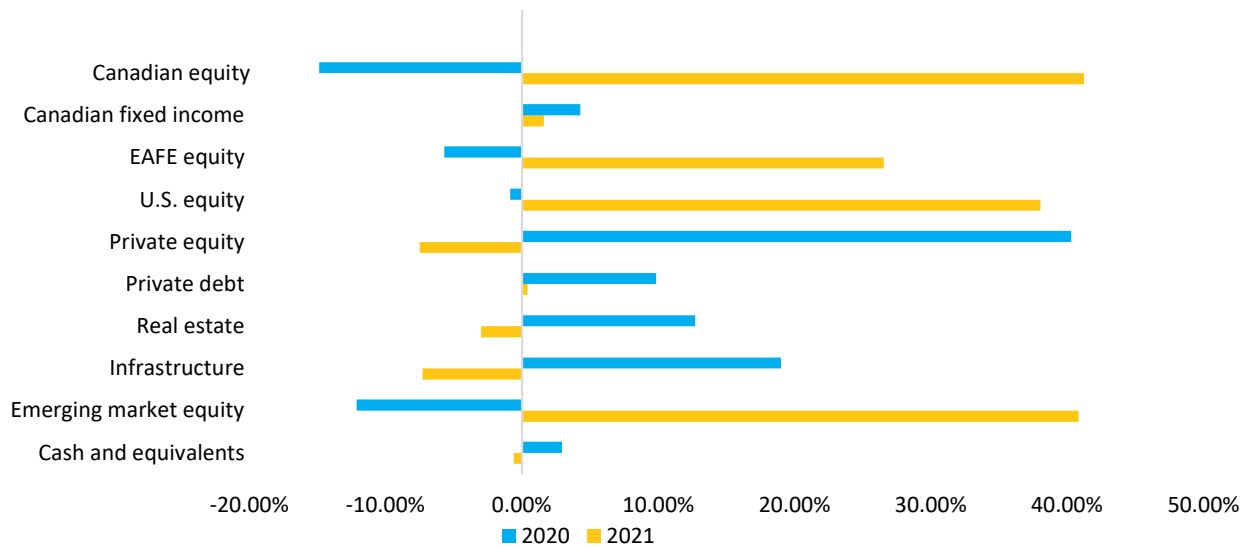


Investments

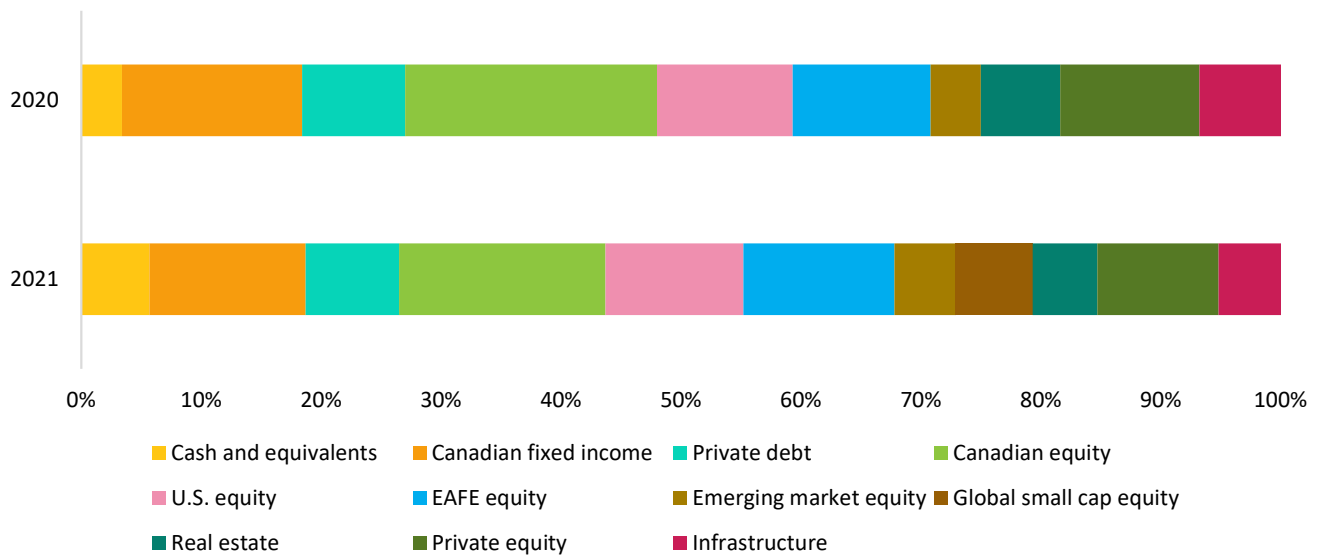
The Foundation has a robust management and governance structure in place to monitor and maintain the primary endowment portfolio (the “Endowment”) of \$1,102.4 million at March 31, 2021 which represents 91% of the charity’s total assets (2020 – \$934.4 million, 93% of total assets). The Foundation’s primary objective is to earn a rate of return over the long term that preserves the real purchasing power of the Endowment.

The Foundation recognizes that it must take on some risk to execute its strategy, and that there are uncertainties and complexities when investing in capital markets. Therefore, the Foundation uses the expertise of external investment managers that work in accordance with the Statement of Investment Policy (the “Policy”) to implement the strategy. The Policy formulates the objectives and principal governance for prudent investment of the Endowment and uses a total return strategy that adds capital gains to other potential income sources to achieve the long-term return objective.

Annual Performance



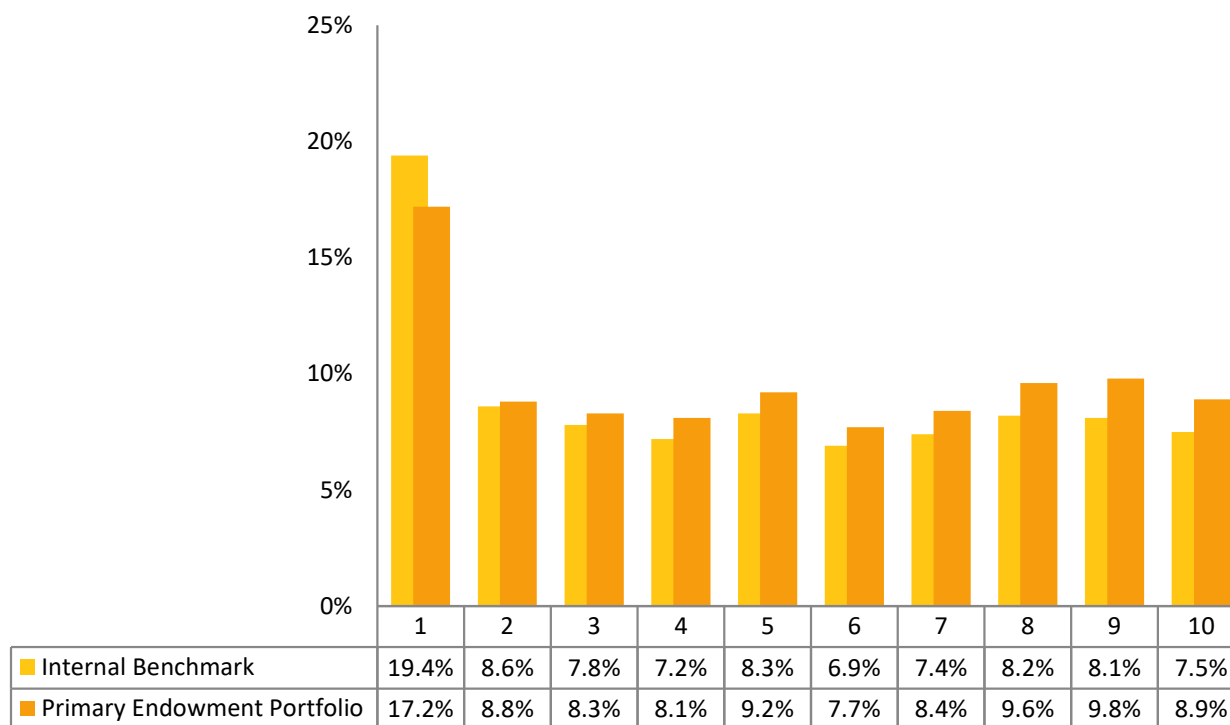
Asset Allocation



Endowment Portfolio Performance

The Endowment's internal performance benchmark is a weighting of indices based on the optimal asset mix outlined by the Policy. The chart represents the one to ten-year annualized performance for the period ended March 31, 2021.

Annualized Returns



Number of Years ended March 31, 2021

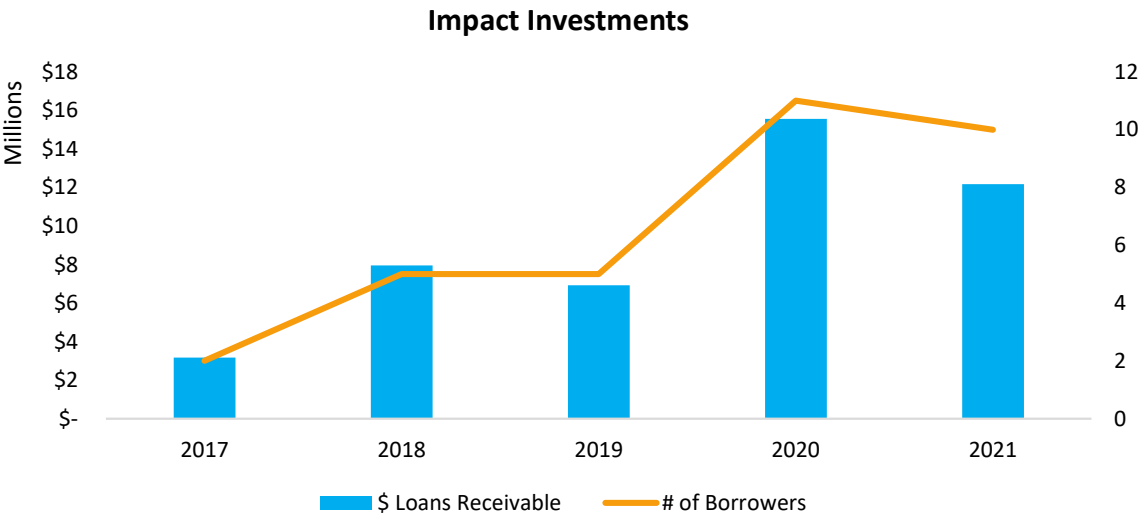
The impact of the COVID-19 pandemic on global markets continued to influence performance during the 2021 fiscal year. Throughout 2020, countries responded to the virus with waves of lockdowns and restrictions (closing borders, businesses, and schools) while also offering relief plans to stimulate their economies. Then, when news of the efficacy of a suite of vaccines was announced throughout the fall and mass vaccination campaigns began to rollout leading into 2021, markets rallied with optimism about a potential end to pandemic restrictions. Lower quality, cyclical companies, and businesses most exposed to re-opening efforts saw the greatest gains following the news, many of these names are not held by the Endowment portfolio. As a result, the Endowment ended the fiscal year with an absolute return of 17.2% but fell short of the Policy benchmark. In addition, alternative investments, which initially helped smooth volatility and minimize losses during the lowest point of the pandemic, were the top detractors over the fiscal year with private equity losing 7.5%, infrastructure at -7.3% and real estate down 3.0%. A significant driver of losses was appreciation of the Canadian dollar against the US dollar from \$0.70 to \$0.79 over the fiscal year (many of the Foundation's alternative investments are held in U.S. dollars). Canadian, emerging market and US equities were the top contributors to performance at 41.2%, 40.8% and 38.0% despite lackluster relative performance. Overall, the Endowment exceeded its long-term investment objective with a 10-year annualized nominal return of 8.9%.

Impact Investments

The Foundation’s Impact Investment Program provides debt financing to Calgary and area charities and not-for-profit organizations working in all parts of the community. The program augments investments from traditional financial institutions or lends to organizations with credit capacity but who are unable to secure financing from a bank or other financial institution. The Foundation offers flexible terms and repayment plans at interest rates proportional to risk.

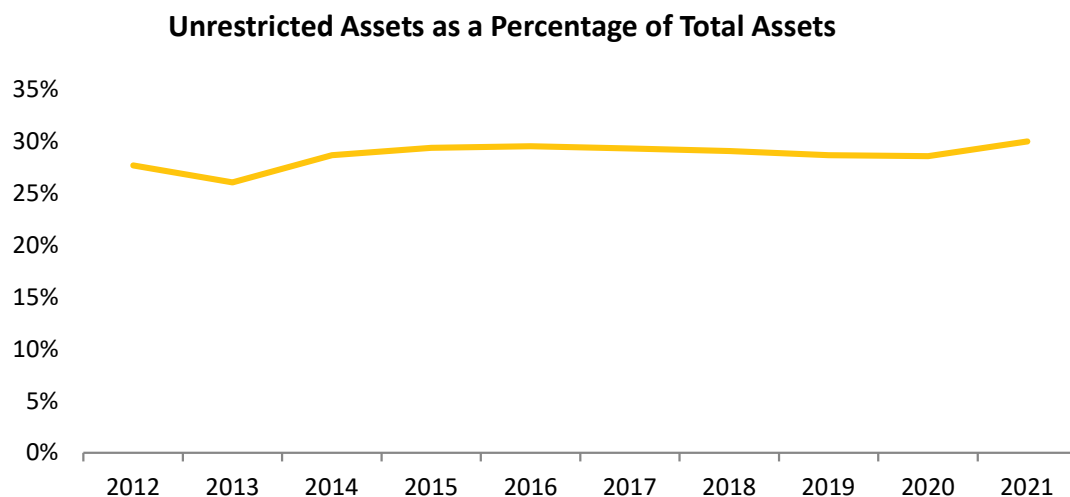
During fiscal year 2020, many borrowers’ revenue streams, particularly ticket sales and registration fees, were left vulnerable to lockdown and social distancing restrictions because of the COVID-19 pandemic. In response, the Foundation provided relief in the form of loan deferrals and restructurings to seven organizations. These deferrals ranged in duration from five to eighteen months and the Foundation believes the borrowers will ultimately be able to resume their loan repayment plans when pandemic restrictions ease.

As at March 31, 2021, the Foundation has loaned \$21.4 million (2020 – \$21.4 million) to Calgary charities and non-profits since the program’s inception. The Foundation has \$3.7 million (2020 – \$1.5 million) earmarked for loans to specific charities and has received \$10.1 million (2020 – \$6.3 million) in principal and interest payments since the program’s inception to this fiscal yearend.



Unrestricted endowed funds

Attention is paid to the distribution of assets across the various types of funds. Community and Field of Interest funds, which are not restricted and are granted at the full discretion of the Foundation, have historically represented a significantly smaller percentage of the total assets than funds established to support a designated charitable organization or in which the advice of donors is sought.



Organizational effectiveness

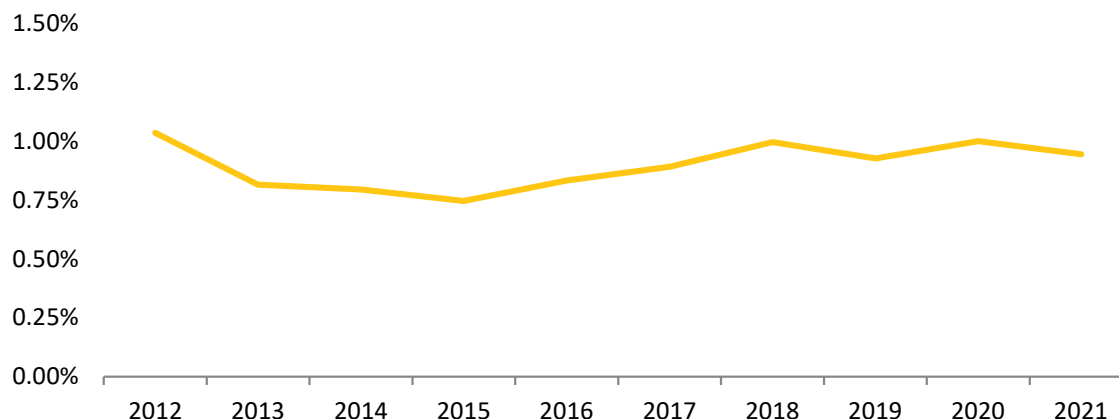
Desired Impact: Sound management, strong governance, healthy workplace, and continuous learning support the achievement of goals where employees and volunteers work as a team and thrive.

As a community foundation, the Foundation is committed to building a society where everyone feels they belong. This means the Foundation has a responsibility to learn and implement change across the organization, as well as to influence change more broadly within the Calgary community. An equity audit began this year, with the goal to embed racial equity and reconciliation in the culture of the organization.

Service costs as a percentage of average asset value has been commonly used by community foundations as a benchmark of efficiency. Service costs are impacted by the projects undertaken to support operations, the asset classes and structure of the investment management program, professional and technical costs directly attributable to gift acceptance, and charitable initiatives in the community.

The Foundation aims to manage service costs to a range around 1% of average asset value.

Service Costs as a Percentage of Average Total Assets



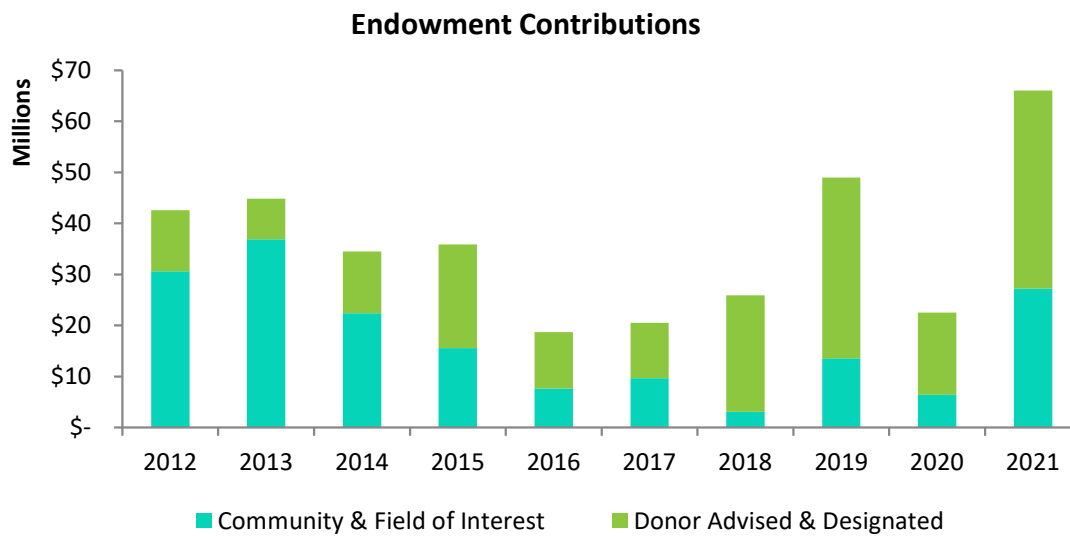
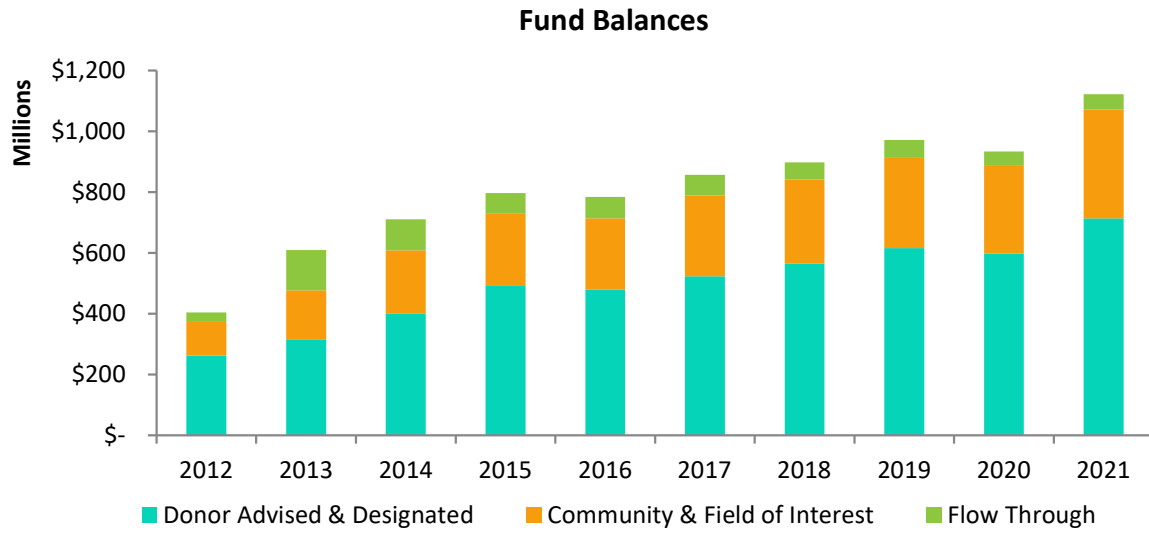
CAPABILITY TO DELIVER RESULTS AND HISTORICAL ANALYSIS

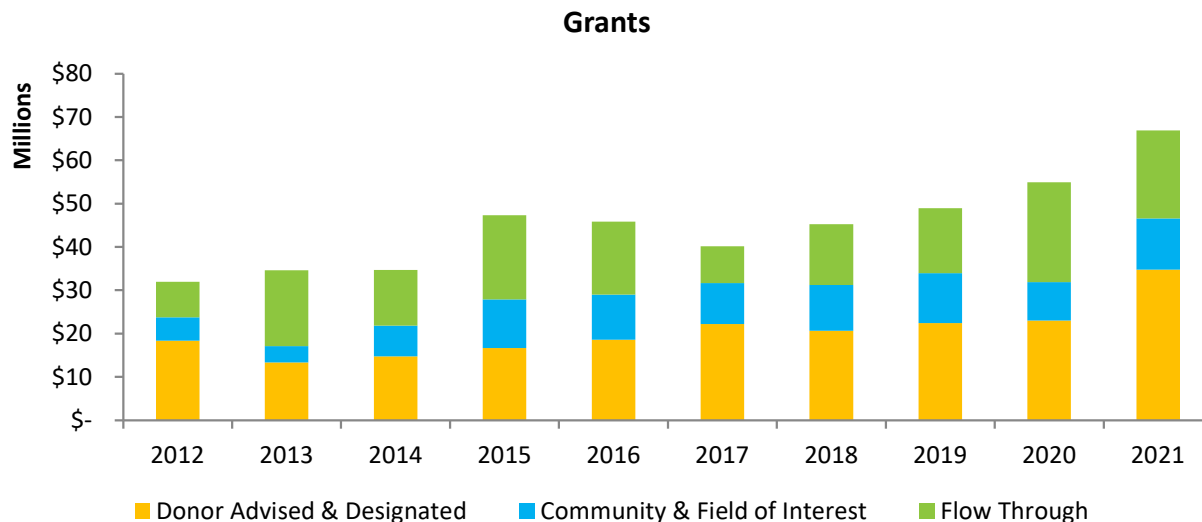
Assets

The Foundation's total assets under administration as at March 31, 2021 totalled \$1,206.5 million as compared to \$1,009.9 million at March 31, 2020. Of the total assets under administration at fiscal year-end, \$76.8 million (2020 – \$66.8 million) of assets represent funds administered for others. Funds administered for others are generally endowments owned by other charitable organizations. The funds administered for others liability is represented on the Consolidated Statement of Financial Position as a claim on the Foundation's primary endowment portfolio by these other charitable organizations.

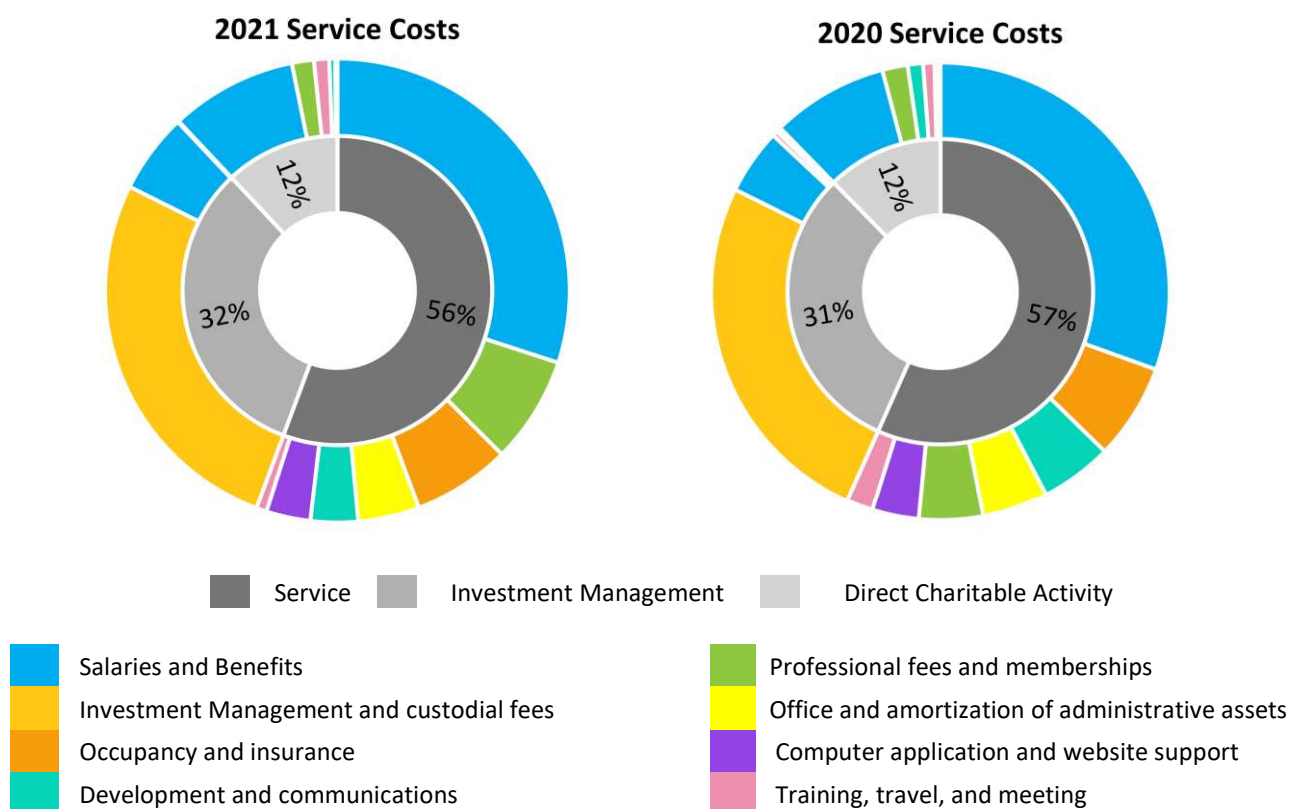
Operations

Further analysis of fund balances, or equity, endowment contributions and grants illustrates the allocation by Community & Field of Interest, from which grants are made at the discretion of the Foundation, Donor Advised & Designated from which grants are directed to charitable organizations with the advice of donors or designated at the time the fund is established, respectively, and non-endowed Flow-through funds from which grants are also directed to charitable organizations with the advice of donors.





The service costs are distinguished for management purposes between service costs (e.g. donor engagement, communications, accounting, computer support, general and administrative and related management), investment management costs (e.g. portfolio management, custodian, performance measurement and related management), and direct charitable activity costs (e.g. granting programs, proactive community leadership and related management). These costs totalled \$10.5 million (\$10.3 million in 2020).



The service and investment management costs incurred to operate the Foundation that are not directly attributable to a particular gift are recovered from the funds. A percentage of the market value of the individual endowment funds is recovered by way of a tiered schedule while costs recovered from funds administered for others.

Interest earned on the money market instruments and fixed income securities, in which flow-through contributions are invested, totalled \$0.3 million (2020 – \$1.0 million). This interest revenue will be used to augment the funds available for unrestricted granting programs.

Direct charitable activity costs are funded from the grant amounts available to spend from Community and Field of Interest funds.

PROSPECTIVE RISKS

Operational Risk: COVID-19 Pandemic Recovery

As commented on in the “*Forward-looking statements*” section at the beginning of this report, the impact of the COVID-19 pandemic on donors’ future support of the Foundation, charitable organizations’ ongoing ability to serve their clientele and deliver their programs, and businesses’ mid- and long-term ability to continue as going concerns to provide jobs and support to the economy are unknown.

In the normal course of business, the Foundation follows a structured approach to enterprise risk management, wherein a risk register is established, and risks are evaluated, and periodically re-evaluated, as to their consequence and likelihood. Considering existing mitigating factors such as financial controls, resource allocation to technology, organization-wide attention to strategic planning and governance oversight – separate and distinct from the unknown potential impact of COVID-19 – two specifically-identified risks have been rated as having the highest potential negative impact on the Foundation’s long-term ability to carry out its mission:

Reputational Risk: Brand Management

Media and social media relations are at the centre of reputational crisis management. The Foundation has a strong history of professional, accurate social media communication and has built healthy relationships with key media contacts over the years. The Foundation has a formal crisis communications strategy in place to monitor and assess issues as they relate to the Foundation’s reputation.

Reputational Risk: Partnerships

In working towards its vision, the Foundation works in relationship with many others. Alignment with an individual, business, or organization whose own

values, missions, or actions do not align with the Foundation's role, the Foundation is at risk of being misperceived as an advocate or supporter of those values, missions, or actions. Sound judgment and thorough due diligence will be applied when evaluating new relationships or partnerships.



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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, 2021;
- the consolidated statement of operations and changes in foundation funds for the year then ended;
- the consolidated statement 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, 2021, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

KPMG LLP

Chartered Professional Accountants

June 24, 2021
Calgary, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP

THE CALGARY FOUNDATION

Consolidated Statement of Financial Position

March 31, 2021, with comparative figures for 2020
(thousands of dollars)

	2021	2020
Assets (note 3)		
Current assets:		
Cash and cash equivalents	\$ 80,665	\$ 50,850
Prepaid expenses	298	283
Accrued investment income	562	1,016
Current portion of loans receivable (notes 5 and 11 (c))	294	3,437
	81,819	55,586
Investments, at fair value (note 4)	1,109,959	938,818
Loans receivable (notes 5 and 11 (c))	11,886	12,125
Other assets (note 6)	2,878	3,348
	\$ 1,206,542	\$ 1,009,877
Liabilities and Foundation funds		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,822	\$ 1,447
Grants payable	5,342	7,096
Deferred flow-through grants (note 7)	50,819	47,914
	57,983	56,457
Non-current grants payable	55	321
Funds administered for others (note 8)	76,757	66,789
Foundation funds:		
Community and Field of Interest funds (note 7)	358,412	288,955
Donor Advised and Designated funds (note 7)	713,335	597,355
	1,071,747	886,310
Commitments and contingency (notes 9 and 11 (c))		
	\$ 1,206,542	\$ 1,009,877

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Philip Scherman

Director

Elizabeth Peters

Director

THE CALGARY FOUNDATION

Consolidated Statement of Operations and Changes in Foundation Funds

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

	Community & Field of Interest	Donor Advised & Designated	Flow-through	Total 2021	Total 2020
Revenue					
Contributions	\$ 27,225	\$ 38,798	\$ 22,627	\$ 88,650	\$ 35,421
Interest and dividends	7,532	15,384	291	23,207	23,164
Flow-through funds interest	277	—	36	313	1,026
Costs recovered from funds administered for others (note 8)	885	—	—	885	946
Realized capital gains (losses), net	8,674	17,626	(39)	26,261	21,533
Unrealized capital gains (losses), net	40,702	85,602	48	126,352	(54,450)
Total revenue	85,295	157,410	22,963	265,668	27,640
Expenditures					
Grants	(11,763)	(34,786)	(20,319)	(66,868)	(54,923)
Service costs, net (note 10)	(3,633)	(6,327)	(498)	(10,458)	(10,321)
Total expenditures	(15,396)	(41,113)	(20,817)	(77,326)	(65,244)
Transfers	(442)	(317)	759	—	—
(Increase) decrease in deferred flow-through grants	—	—	(2,905)	(2,905)	10,891
Change during the year	69,457	115,980	—	185,437	(26,713)
Balance, beginning of year	288,955	597,355	—	886,310	913,023
Balance, end of year	\$ 358,412	\$ 713,335	\$ —	\$ 1,071,747	\$ 886,310

See accompanying notes to the consolidated financial statements.

THE CALGARY FOUNDATION

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

	2021	2020
Cash provided from (used in):		
Operating activities:		
Change in Foundation funds	\$ 185,437	\$ (26,713)
Change in deferred flow-through grants	2,905	(10,890)
Change in funds administered for others (note 8)	9,968	(6,575)
Change in funds	198,310	(44,178)
Change in non-current grants payable	(266)	(393)
Items not involving cash:		
Realized capital gain on sale of investments	(28,227)	(23,352)
Unrealized capital loss (gain) on investments	(135,836)	58,289
Contributions of non-cash gifts	(59,243)	(8,616)
Amortization of leasehold improvements and administration assets (note 6)	373	376
	(24,889)	(17,873)
Changes in non-cash working capital:		
Prepaid expenses	(15)	11
Accrued investment income	454	(204)
Accounts payable and accrued liabilities	375	221
Grants payable	(1,754)	(103)
	(25,829)	(17,949)
Investing activities:		
Purchase of leasehold improvement and administrative assets	—	(59)
Loans receivable (note 5)	—	(11,450)
Repayment of loans receivable (note 5)	3,382	2,807
Proceeds from sale of endowment investments	314,139	163,749
Proceeds from sale of flow-through investments	—	13,154
Purchase of endowment investments	(252,824)	(160,632)
Purchase of flow-through investments	(9,053)	(11,090)
	55,644	(3,521)
Net increase (decrease) in cash and cash equivalents	29,815	(21,468)
Cash and cash equivalents, beginning of year	50,850	72,318
Cash and cash equivalents, end of year	\$ 80,665	\$ 50,850

See accompanying notes to the consolidated financial statements.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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 owner of all of the shares of a for-profit company. The investment in the company is accounted for using the equity method as prescribed by part III, section 4450 of the CPA Handbook (note 4).

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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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 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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

2. Significant accounting policies (continued)

(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) 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	\$ 22,585	\$ 40,831	\$ 12,796	\$ 4,453	\$ 80,665
Prepaid expenses	281	17	—	—	298
Accrued investment income	169	233	134	26	562
Current portion of loan receivable	—	—	294	—	294
Investments, at fair value	337,193	671,540	28,948	72,278	1,109,959
Loan receivable	—	—	11,886	—	11,886
Other assets	1,870	1,008	—	—	2,878
March 31, 2021	\$ 362,098	\$ 713,629	\$ 54,058	\$ 76,757	\$ 1,206,542
March 31, 2020	\$ 293,106	\$ 598,894	\$ 51,089	\$ 66,789	\$ 1,009,877

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

4. Investments

The Foundation records its investments at fair value except for the value of a gifted corporation which is accounted for using the equity method and is not fair valued. The following table is a summary of the value of the Foundation's investments.

	2021	2020
Bonds and debentures		
Investment grade	\$ 174,564	\$ 172,520
Private debt	85,953	80,499
Stocks		
Canada	260,095	195,481
International	327,093	264,777
	587,188	460,258
Real estate	61,273	60,772
Infrastructure	57,084	61,467
Private equity	118,897	103,302
Gifted corporation	25,000	—
	\$ 1,109,959	\$ 938,818

During the year, the Foundation accounted for a gift of all the shares of a private, for-profit real estate holding company as a contribution with an estimated fair value of \$24,778. The Foundation subsequently applies the equity method to recognize the company's net income or losses after the date of the gift less any distributions received.

Gifted corporation (unaudited)	
As at and for year ended	March 31, 2021
Revenues	\$ 1,601
Expenses	1,379
Net Income	222
Assets	13,487
Liabilities	3,847
Shareholders' equity	9,640

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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.

	2021	2020
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	\$ 5,000
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
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	2,600
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	1,000
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.	788	788
Inn from the Cold Society. Bears interest at 3% per annum with monthly payments of principal and interest through to maturity in June 2024.	736	948
Various loans to other organizations 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.	2,056	2,226
Current portion of loans receivable	(294)	(3,437)
	\$ 11,886	\$ 12,125

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

6. Other assets

	2021	2020
Cash surrender value of donated life insurance policies	\$ 1,008	\$ 1,105
Leasehold improvements, net of accumulated amortization of \$1,424 (2020 – \$1,120)	1,775	2,079
Administrative assets, net of accumulated amortization of \$606 (2020 – \$537)	90	159
Miscellaneous	5	5
	\$ 2,878	\$ 3,348

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

	2021			2020	
	Premiums paid	Cash surrender value	Face value	Face value	
Whole life policies	\$ 114	\$ 1,008	\$ 15,349	\$ 15,748	
Term life policies	7	–	100	390	
	\$ 121	\$ 1,008	\$ 15,449	\$ 16,138	

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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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.

	2021	2020
Community	\$ 291,658	\$ 230,746
Field of Interest	66,754	58,209
	\$ 358,412	\$ 288,955
Donor Advised	\$ 398,483	\$ 328,520
Designated	314,852	268,835
	\$ 713,335	\$ 597,355
Deferred flow-through	50,819	47,914
	\$ 1,122,566	\$ 934,225

Deferred flow-through grants represent flow-through contributions received prior to March 31, 2021 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

	2021	2020
Increases		
Deposits	\$ 1,167	\$ 8,728
Interest and dividends	1,763	1,951
Realized capital gains, net	1,966	1,818
Unrealized capital gains, net	9,484	—
Total increases	14,380	12,497
Decreases		
Withdrawals	(3,527)	(14,287)
Service costs	(885)	(946)
Unrealized capital losses, net	—	(3,839)
Total decreases	(4,412)	(19,072)
Change during the year	9,968	(6,575)
Balance, beginning of year	66,789	73,364
Balance, end of year	\$ 76,757	\$ 66,789

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

8. Funds administered for others (continued)

b) Assets held on the statement of financial position:

	2021	2020
Anonymous Account	\$ 11,051	\$ 9,292
Genesis Centre Common Areas Lifecycle Reserve Account	10,974	9,311
Calgary Academy Account	6,331	5,318
Calgary Public Library Foundation Account	5,481	4,618
Edmonton YMCA Foundation Account	5,420	4,777
Genesis Centre Common Areas Operating Reserve Account	5,075	3,728
Ann & Sandy Cross Conservation Area	4,645	4,114
NECCS Capital Maintenance (Life Cycle) Reserve Account	3,849	3,242
Rotary Club of Calgary Account	1,986	954
CSPG Foundation Account	1,700	1,429
Kerr Account for Calgary Grace Lutheran Church	1,615	1,414
Estelle J. Siebens Outreach Endowment Fund	1,590	1,386
NECCS Operating Reserve Account	1,544	2,498
Calgary Quest Children's Society Account	1,465	1,236
Safe Haven Foundation Managed Fund	1,339	1,130
CSEG Foundation Account	1,319	1,112
Foothills Academy Society Bursary Trust	1,239	1,081
Stockmen's Memorial Foundation Account	1,205	1,070
Christ Church Endowment Trust Account	1,108	882
Calgary Highlanders Regimental Funds Foundation	994	780
Knox United Church Foundation of Calgary Account	935	858
Alberta Emerald Foundation Account	805	679
Habitat for Humanity Southern Alberta Society Account	762	643
Bow River Basin Council Society Account	671	566
Sonshine Society of Christian & Community Services Account	606	511
Foothills Academy Tuition Assistance Fund	530	463
Friends of Canadian Simmental Foundation	509	356
Brown Bagging for Calgary Street Kids Society Account	476	342
Camp Okotoks Society Fund	451	403
Miistakis Institute Account	426	359
Fig Tree Foundation Account	372	416
Inside Education Account	239	202
Calgary Centre for Global Community Account	40	33
CLERC Account	5	240
Canadian Hockey Foundation	—	951
KidSport Calgary and Area Account	—	395
	\$ 76,757	\$ 66,789

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

9. Commitments

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

Currency			
March 31, 2021			
Asset class	Canadian dollar	US dollar	Euro
Commitments	\$ 4,419	\$ 148,511	€ 29,241
Private debt	485	6,400	4,682
Real estate	3,934	38,747	20,000
Infrastructure	—	49,376	—
Private equity	—	53,988	4,559

Currency			
March 31, 2020			
Asset class	Canadian dollar	US dollar	Euro
Commitments	\$ 8,131	\$ 94,132	€ 14,520
Private debt	1,941	7,101	9,961
Real estate	6,190	11,089	—
Infrastructure	—	32,426	—
Private equity	—	43,516	4,559

At March 31, 2021, the unfunded investment commitments denominated in U.S. dollars is \$148,512 (2020 – \$94,133), translated into Canadian dollars in the amount of \$186,664 (2020 – \$133,984). The unfunded investment commitments denominated in Euros is €29,241 (2020 – €14,520), translated into Canadian dollars in the amount of \$43,196 (2020 – \$22,677). 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, 2021, with comparative figures for 2020
(thousands of dollars)

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:

2022	\$	672
2023		672
2024		672
2025		672
2026		280
	\$	2,968

10. Service costs

	2021	2020
Salaries and benefits	\$ 4,615	\$ 4,432
Investment management and custodial fees	2,772	2,627
Occupancy and insurance	720	706
Development and communications	519	634
Professional fees	701	489
Office	144	435
Amortization of leasehold improvements and administrative assets	373	375
Computer application and website support	321	371
Memberships	250	187
Premiums to maintain life insurance policies	121	168
Contributions to pay premiums to maintain life insurance policies	(78)	(103)
	\$ 10,458	\$ 10,321

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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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 normally 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, 2021, the market value of the four funds totalled \$16,994 (2020 – \$14,776).

Esther Honens International Piano Competition Foundation		
As at and for the year ended	December 31, 2020	December 31, 2019
Revenues	\$ 1,499	\$ 1,589
Revenues from the endowment funds	632	577
Expenses	1,144	1,471
Assets	943	641
Liabilities	313	345
Unrestricted net assets	575	220

(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, 2021, the Luxton Historical Foundation Fund had a market value of \$6,202 (2020 - \$5,432).

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

11. Controlled organizations (continued)

(b) Eleanor Luxton Historical Foundation (continued):

The Luxton Foundation financial statements are subject to review.

Eleanor Luxton Historical Foundation		
As at and for the year ended	(unaudited) December 31, 2020	December 31, 2019
Revenues	\$ 307	\$ 293
Revenues from the endowment fund	234	215
Expenses	280	267
Assets	2,275	1,488
Liabilities	930	169
Unrestricted net assets	(38)	15

(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, 2020	December 31, 2019
Revenues	\$ 4,468	\$ 4,567
Expenses	5,128	5,348
Assets	40,932	41,631
Liabilities	35,356	35,395
Unrestricted (deficit)	(4,117)	(3,457)

In the Foundation's fiscal year ended March 31, 2021, no grant was approved or paid to the Kahanoff Centre (2020 - \$7 grant from a Community fund).

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Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

11. Controlled organizations (continued)

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

The Foundation has guaranteed up to \$37,500 of financing related to the mortgage on the facility. As of March 31, 2021, the Kahanoff Centre has an outstanding mortgage balance with the lender of \$33,421 (2020 – \$33,994).

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 Foundation paid \$671 (2020 – \$660) in lease payments to the Kahanoff Centre (Note 9).

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, 2021, grants totalling \$24 were approved and paid from Donor Advised and Flow-through funds to the Stampede Foundation (2020 - \$38 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 (2020 - \$nil). The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$308 (2020 - \$316).

No disposition of contributions equalled or exceeded 10% of the gross contributions received for the twelve-month period ended March 31, 2021 (2020 – A grant of \$5,000 to a public foundation for its charitable work exceeded 10% of the gross contributions).

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
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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, except for the gifted corporation, which is accounted for using the equity method, 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, 2021				
	Level 1	Level 2	Level 3	Total
Bonds and debentures, Investment grade	\$ —	\$ 174,564	\$ —	\$ 174,564
Private debt	—	—	85,953	85,953
Stocks, Canada	260,095	—	—	260,095
Stocks, International	327,093	—	—	327,093
Real estate	—	—	61,273	61,273
Infrastructure	—	—	57,084	57,084
Private equity	—	—	118,897	118,897
Gifted corporation	—	—	25,000	25,000
	\$ 587,188	\$ 174,564	\$ 348,207	\$ 1,109,959

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

14. Financial instruments (continued)

Investments at fair value as at March 31, 2020				
	Level 1	Level 2	Level 3	Total
Bonds and debentures, Investment grade	\$ —	\$ 172,520	\$ —	\$ 172,520
Private debt	—	—	80,499	80,499
Stocks, Canada	195,481	—	—	195,481
Stocks, International	264,777	—	—	264,777
Real estate	—	—	60,772	60,772
Infrastructure	—	—	61,467	61,467
Private equity	—	—	103,302	103,302
	\$ 460,258	\$ 172,520	\$ 306,040	\$ 938,818

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 segregated investments, 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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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 year end, the Foundation's credit exposures in its fixed income portfolios were as follows:

Credit rating	Percentage of the market value of the fixed income portfolios	
	Investment grade bonds	
	2021	2020
Bonds and debentures, at fair value	\$ 174,564	\$ 172,520
AAA	44.9%	38.5%
AA	33.3%	23.8%
A	12.4%	28.4%
BBB	9.4%	9.0%
<BBB	—	0.3%

The Foundation's exposure to, and management of, credit 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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
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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	
	2021	2020
Investments, at fair value	\$ 1,109,959	\$ 938,818
Canadian dollar	47.9%	46.6%
US dollar	29.8%	32.7%
Euro	9.8%	10.1%
British pound	2.8%	2.6%
Japanese yen	1.7%	1.5%
Other	8.0%	6.5%

Total unhedged investments held in foreign currencies as at March 31, 2021 were \$577,807 or 52.1% of investments (2020 - \$500,832, 53.3%). The most significant exposure to currency risk is \$330,252 or 29.8% of investments (2020 - \$306,716, 32.7% 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, 2021 would have increased (decreased) net assets and investment income for the year by \$33,025 (2020 - \$30,700). This analysis assumes that all other variables, in particular interest rates, remained constant.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
(thousands of dollars)

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:

	2021	2020
Bonds and debentures, at fair value	\$ 174,564	\$ 172,520
Duration (years)	6.5	6.5
Assumed increase in interest rates	+1%	+1%
Approximate resulting decrease in value	\$ (11,347)	\$ (11,214)
Approximate resulting percentage decrease	(6.5%)	(6.5%)
Assumed decrease in interest rates	-1%	-1%
Approximate resulting increase in value	\$ 11,347	\$ 11,214
Approximate resulting percentage increase	6.5%	6.5%

(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.

THE CALGARY FOUNDATION

Notes to the Consolidated Financial Statements, continued

Year ended March 31, 2021, with comparative figures for 2020
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15. Financial risk management (continued)

(c) Market risk (continued):

(iii) Equity price risk:

2021			
		Canada	International
Stocks, at fair value	\$	260,095	\$ 327,093
Assumed increase in market prices		+7%	+7%
Approximate resulting increase in value	\$	18,207	\$ 22,897
Assumed decrease in market prices		-7%	-7%
Approximate resulting decrease in value	\$	(18,207)	\$ (22,897)

2020			
		Canada	International
Stocks, at fair value	\$	195,481	\$ 264,777
Assumed increase in market prices		+7%	+7%
Approximate resulting increase in value	\$	13,684	\$ 18,534
Assumed decrease in market prices		-7%	-7%
Approximate resulting decrease in value	\$	(13,684)	\$ (18,534)

16. Government remittances

The Foundation has no significant outstanding government remittances as at March 31, 2021 (2020 – \$nil).