

# **The Calgary Zoological Society**

Financial Statements  
**December 31, 2010**  
(in thousands of dollars)

March 21, 2011

## **Independent Auditor's Report**

### **To the To the Members of The Calgary Zoological Society**

We have audited the accompanying financial statements of The Calgary Zoological Society, which comprise the balance sheet as at December 31, 2010 and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Calgary Zoological Society as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# The Calgary Zoological Society

## Balance Sheet

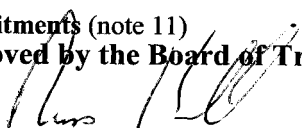
As at December 31, 2010

(in thousands of dollars)

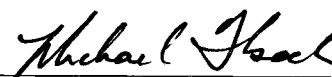
	Operating Fund \$	Capital Fund \$	Venture Fund \$	Endowment Fund \$	Total 2010 \$	Total 2009 \$
<b>Assets</b>						
<b>Current assets</b>						
Cash and short-term investments	5,656	(3,678)	1,420	-	3,398	8,190
Accounts receivable	1,389	834	8	-	2,231	2,347
Inventories	353	-	-	-	353	385
Prepays	120	-	-	-	120	219
Due to (from) funds	52	(890)	838	-	-	-
	7,570	(3,734)	2,266	-	6,102	11,141
<b>Investments</b> (notes 3 and 13(a))	-	7,671	5,163	870	13,704	13,560
<b>Capital assets</b> (note 4)	-	106,904	-	-	106,904	101,650
<b>Other assets</b>	71	315	-	-	386	71
	7,641	111,156	7,429	870	127,096	126,422
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	1,011	2,797	13	-	3,821	5,990
Accrued vacation liability	900	-	4	-	904	970
Deferred revenue	1,720	-	-	-	1,720	1,661
Current portion of long-term debt (note 6)	-	1,361	-	-	1,361	1,472
	3,631	4,158	17	-	7,806	10,093
<b>Long-term debt</b> (note 6)	-	8,292	-	-	8,292	9,532
<b>Deferred contributions</b>	386	-	-	-	386	376
	4,017	12,450	17	-	16,484	20,001
<b>Fund balances</b>						
Internally restricted for investment in capital assets	-	90,398	-	-	90,398	86,597
Internally restricted (note 7)	-	-	5,922	-	5,922	5,616
Externally restricted (note 8)	-	8,308	1,490	-	9,798	10,467
Endowments (note 9)	-	-	-	870	870	886
Unrestricted	3,624	-	-	-	3,624	2,855
	3,624	98,706	7,412	870	110,612	106,421
	7,641	111,156	7,429	870	127,096	126,422

Commitments (note 11)

Approved by the Board of Trustees



Chairman



Treasurer

# The Calgary Zoological Society

## Statement of Revenue and Expenses and Changes in Fund Balances

### For the year ended December 31, 2010

(in thousands of dollars)

	Operating Fund \$	Capital Fund \$	Venture Fund \$	Endowment Fund \$	Total 2010 \$	Total 2009 \$
<b>Revenue</b>						
Admissions	8,820	-	-	-	8,820	8,251
Grants (note 13)	6,990	5,807	174	-	12,971	16,539
Food and beverage	6,481	-	-	-	6,481	5,964
Memberships	3,008	-	-	-	3,008	2,779
Donations and sponsorships (note 10)	1,247	1,034	209	-	2,490	3,769
Gift services	2,537	-	-	-	2,537	2,637
Programs	1,132	-	-	-	1,132	1,060
Parking	864	-	-	-	864	18
Fundraising	199	-	-	-	199	60
Other	218	-	126	-	344	384
Investment income	249	75	29	-	353	255
Gain (loss) on sale of investments	25	9	9	-	43	(83)
	31,770	6,925	547	-	39,242	41,633
<b>Expenses</b>						
Salaries and benefits	16,313	-	287	-	16,600	16,088
General and administrative	5,882	624	112	-	6,618	5,066
Amortization	-	5,368	-	-	5,368	6,901
Cost of goods sold	3,238	-	-	-	3,238	3,147
Facility operations and maintenance	2,320	-	8	-	2,328	2,434
Animal care	516	-	-	-	516	638
Project expenditures	-	286	-	-	286	581
Donations, grants and scholarships	-	-	129	-	129	163
Botanical	144	-	-	-	144	73
	28,413	6,278	536	-	35,227	35,091
<b>Excess of revenue over expenses</b>	3,357	647	11	-	4,015	6,542
<b>Fund balances – Beginning of year</b>	2,855	95,540	7,140	886	106,421	95,640
Transfer of assets from The Calgary Zoo Foundation (note 10)	-	-	-	-	-	4,003
Change in fair value of available-for-sale investments (note 7)	156	-	20	-	176	236
Interfund transfer	(2,744)	2,519	241	(16)	-	-
<b>Fund balances – End of year</b>	3,624	98,706	7,412	870	110,612	106,421

# The Calgary Zoological Society

## Statement of Cash Flows

For the year ended December 31, 2010

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(in thousands of dollars)

	2010 \$	2009 \$
<b>Cash flows provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	4,015	6,542
Items not affecting cash		
Amortization	5,368	6,901
Amortization of deferred contributions	(376)	(366)
Changes in fair value of available for sale investments	176	236
	<hr/> 9,183	<hr/> 13,313
Net change in non-cash working capital items affecting operations	(855)	(729)
	<hr/> 8,328	<hr/> 12,584
<b>Financing activities</b>		
Proceeds from long-term debt	-	9,541
Repayments on long-term debt	(1,298)	(478)
Repayments on capital lease	(124)	(97)
Increase in deferred contributions	386	376
	<hr/> (1,036)	<hr/> 9,342
<b>Investing activities</b>		
Net (increase) decrease in investments	(144)	9,447
Additions to capital assets	(10,600)	(27,614)
Addition to other assets	(315)	-
Net change in non – cash working capital items affecting investing	(1,025)	2,268
	<hr/> (12,084)	<hr/> (15,899)
<b>Increase (decrease) in cash and cash equivalents</b>	(4,792)	6,027
<b>Cash and cash equivalents – Beginning of year</b>	<hr/> 8,190	<hr/> 2,163
<b>Cash and cash equivalents – End of year</b>	<hr/> <hr/> 3,398	<hr/> <hr/> 8,190
<b>Supplemental information</b>		
Interest paid	654	167

# The Calgary Zoological Society

## Notes to Financial Statements

December 31, 2010

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(in thousands of dollars)

### 1 Purpose of the Society

The Calgary Zoological Society (the “Society”), operating under the title “The Calgary Zoo”, develops, operates, and promotes an integrated zoological, botanical, prehistoric park and conservation centre for the combined purposes of conservation, education, recreation and scientific study. The Society is a not-for-profit organization and is a registered charity under the Income Tax Act of Canada.

The Society operates under an agreement with the City of Calgary (the “City”) which expires December 31, 2015. As part of the agreement, the City annually provides a grant to support the operating expenses of the Society. The agreement also allows the Society to make application for capital support. Operating support for the year was \$6,844 (2009 – \$6,548), and capital support was \$5,782 (2009 – \$9,652).

### 2 Significant accounting policies

#### Fund accounting

The Operating Fund accounts for the Society’s program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society’s capital assets and projects under development.

The Venture Fund reports internally and externally restricted resources that are to be used for conservation and scientific study purposes, funds designated for capital purposes and Zoo operations.

The Endowment Fund reports resources contributed that are subject to restrictions stipulating that the principal amount of the resources be maintained in perpetuity.

Amounts due to (from) funds are non-interest bearing with no fixed terms of repayment.

#### Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair values at the date of donation. Amortization is provided on a straight-line basis over the assets’ estimated useful lives, as follows:

Buildings	40 years
Exhibits	20 years
Equipment	4 years
Computer hardware	2 years
Vehicles	4 years

No amortization is provided on assets under construction until the assets are put in use and on artifacts which are held for public exhibition.

# **The Calgary Zoological Society**

## **Notes to Financial Statements**

### **December 31, 2010**

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(in thousands of dollars)

#### **Revenue recognition**

The Society follows the restricted fund method of accounting for contributions.

Contributions externally restricted by third parties and related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable unless the amount to be received cannot be reasonably estimated or collection is not reasonably assured.

Revenues for admissions, food and beverage and gift sales and programs, are recognized as services are provided. Membership revenue is recorded as deferred revenue when received and recognized in revenue over the period of membership.

Restricted investment income is recorded as revenue of the appropriate restricted fund when earned. Unrestricted investment income earned on Capital and Venture Funds is recognized as revenue of the Operating Fund and allocated to the Capital and Venture Funds through interfund transfer. Other investment income is recognized as revenue of the Operating Fund when earned.

#### **Inventories**

Inventories consisting primarily of goods purchased and held for resale are valued at the lower of cost using the first-in, first-out method and net realizable value.

#### **Animal and botanical collection**

Animal and botanical collection purchases are expensed at the time of purchase.

#### **Donated services**

Services donated to the Society through volunteer work are not reflected in the accounts.

#### **Financial instruments**

The Society's financial instruments included in the balance sheet are comprised of cash and short-term investments, accounts receivable, investments, accounts payable and accrued liabilities, accrued vacation liability and long-term debt.



# The Calgary Zoological Society

## Notes to Financial Statements

### December 31, 2010

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(in thousands of dollars)

Financial instruments are initially recognized at fair value on the balance sheet. The Society has classified each financial instrument into the following categories:

<b>Category</b>	<b>Financial Instrument</b>
Held for trading	Cash and cash equivalents
Loans and receivables	Accounts receivable
Available for sale	Investments
Other financial liabilities	Accounts payable and accrued liabilities, accrued vacation liability, long- term debt

Subsequent measurement of the financial instruments is based on their classification. Held for trading instruments are measured at fair value. Loans and receivables and other financial liabilities are measured at cost or amortized cost. Available for sale investments are measured at fair market value with unrealized gains or losses recognized directly in Fund Balances, unless an unrealized loss is considered to be other than temporary in which case the loss is recognized as an expense.

**a) Interest rate risk**

The Society is exposed to interest rate fluctuations on the revolving demand operating facility which is at prime rate.

**b) Credit risk**

The Society does not have a concentration of credit exposure with any one donor or member. The Society does not consider that it is exposed to undue credit risk.

**c) Price risk**

The investments of the Society are subject to price risk because changing interest rates impact the market value of the fixed rate investments, general economic conditions affect the market value of equity investments and currency exchange rate changes impact the market value of the investments denominated in currencies other than the Canadian dollar. This risk is mitigated through the use of an investment manager for the long term portfolio investments and by investing other funds in short term fixed rate products with high credit ratings.

**d) Liquidity risk**

The Society uses an investment manager for the investments it plans to hold for a long period of time. These investments are subject to liquidity risk if the Society is required to sell at a time that the market for the investments is unfavourable.

**e) Fair values**

The fair values of financial instruments, excluding investments and long-term debt, approximate their carrying values at December 31, 2010 due to the short-term nature of the instruments. The fair value of

# The Calgary Zoological Society

## Notes to Financial Statements

### December 31, 2010

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(in thousands of dollars)

long-term debt approximates its carrying amount as interest rates approximate current market rates. Investments are carried at fair market value.

#### Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that are highly liquid and are readily convertible to known amounts of cash.

#### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

#### Comparative figures

Certain of the prior year figures have been reclassified to conform to the financial statement presentation format of the current year.

### 3 Investments

	2010 \$	2009 \$
<b>Venture Fund</b>		
Short-term	195	15
Fixed income	1,920	1,783
Equities	3,048	2,629
	5,163	4,427
<b>Endowment Fund</b>		
Fixed income	505	497
Equities	365	314
	870	811

Capital Fund investments are described in note 13(a).

**The Calgary Zoological Society**  
**Notes to Financial Statements**  
**December 31, 2010**

(in thousands of dollars)

**4 Capital assets**

			<b>2010</b>	<b>2009</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
	\$	\$	\$	\$
Land	50	-	50	50
Buildings	101,513	17,509	84,004	84,427
Exhibits	38,682	28,067	10,615	11,673
Computer hardware	4,949	4,429	520	1,259
Equipment	6,291	5,310	981	859
Vehicles	613	511	102	152
Artifacts	351	-	351	349
Assets under construction	10,281	-	10,281	2,881
	<b>162,730</b>	<b>55,826</b>	<b>106,904</b>	<b>101,650</b>

Additions to capital assets during the year were funded as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
City of Calgary grant	5,782	9,652
Other grants, donations and fundraising of the Society	1,144	1,624
Internally funded	3,674	16,338
	<b>10,600</b>	<b>27,614</b>

Under the terms of the agreement with the City, title to lands acquired, buildings constructed and other capital projects is vested with the City. As the Society has the beneficial risks and rewards of ownership for the assets, the financial statements account for these expenditures as capital assets of the Society. The Society is restricted from encumbering the land, and also restricted from encumbering its capital assets without express authorization from the City.

**5 Operating line**

The Society has a \$2,000 (2009 – \$2,000) revolving demand operating facility, which bears interest at prime rate. The line is secured by a general security agreement including a first charge on all property of the Society. No amounts were outstanding at December 31, 2010 (2009 – \$nil).

The Society has a \$250 (2009 – \$250) revolving lease line of credit, which bears interest at a rate to be determined for each perspective lease. The facility is made available to finance the acquisition of computers. The line is secured by a general security agreement including a first charge on all property of the Society. No amounts were outstanding at December 31, 2010 (2009 – \$nil).

**The Calgary Zoological Society**  
**Notes to Financial Statements**  
**December 31, 2010**

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(in thousands of dollars)

**6 Long term debt**

	<b>2010</b>	<b>2009</b>
	\$	\$
Fixed rate term loan #1 bearing interest at 5.60% with monthly principal and interest payments of \$47, maturing April 30, 2012.	696	1,208
Fixed rate term loan #2 bearing interest at 5.23% with annual principal and interest payments of \$700, maturing February 1, 2017.	3,939	4,500
Fixed rate term loan #3 bearing interest at 4.94% with monthly principal and interest payments of \$39, maturing December 18, 2019.	4,818	5,040
Fixed rate term loan #4 bearing interest at 0% with monthly principal and interest payments of \$0.5, maturing April 30, 2015.	26	-
Obligations under capital lease bearing interest at rates varying from 3.91 – 14.9%, expiring in 2011 – 2014.	174	256
	<hr/>	<hr/>
	9,653	11,004
Current portion	1,361	1,472
	<hr/>	<hr/>
	8,292	9,532
	<hr/>	<hr/>

The term loans are collateralized by a general security agreement covering all personal property of the Society. The fixed rate term loans #1 and #3 have as additional collateral guarantees from the City of Calgary for \$4,000 and \$5,040 respectively. The fixed rate term loan #2 has as additional collateral an assignment of the proceeds of a sponsorship agreement with a net present value of \$4,262.

The capital leases are collateralized by the underlying assets. Assets with a net book value of \$100 (2009 – \$206) are held under capital lease.

Estimated principal repayments for all long-term debt over the next five years are as follows:

	\$
2011	1,361
2012	1,015
2013	824
2014	873
2015	902

# The Calgary Zoological Society

## Notes to Financial Statements

December 31, 2010

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(in thousands of dollars)

### 7 Internally restricted fund balances

The Board of Trustees has internally restricted the following balances which are not available for other purposes without approval of the Board of Trustees:

	<b>Accumulated realized fund balance</b>	<b>Accumulated unrealized gains (losses)</b>	<b>Total 2010</b>	<b>Total 2009</b>
	\$	\$	\$	\$
<b>Venture Fund</b>				
Zoo Vision Fund	5,107	81	5,188	4,941
Conservation Fund	704	30	734	675
	<hr/>	<hr/>	<hr/>	<hr/>
	5,811	111	5,922	5,616
	<hr/>	<hr/>	<hr/>	<hr/>

A continuity of the accumulated unrealized gains (losses) is as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
Opening accumulated unrealized gains (losses)	(69)	(222)
Realized gains (or losses) recognized in income	24	(83)
Unrealized gains recorded in the year	156	236
	<hr/>	<hr/>
Ending accumulated unrealized gains (losses)	111	( 69)
	<hr/>	<hr/>

During 2010 the Venture Fund was simplified to better align resources with their intended purposes.

### 8 Externally restricted fund balances

#### Capital Fund

Externally restricted balances of the Capital Fund represent contributions received for the following projects which had not been spent at year end:

	<b>2010</b>	<b>2009</b>
	\$	\$
Project Discovery	7,671	8,322
Animal Health Clinic	612	521
Community Enhancement Fund	25	100
	<hr/>	<hr/>
	8,308	8,943
	<hr/>	<hr/>

**The Calgary Zoological Society**  
**Notes to Financial Statements**  
**December 31, 2010**

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(in thousands of dollars)

**Venture Fund**

	<b>2010</b>	<b>2009</b>
	\$	\$
Conservation Fund	908	899
Research Fund	303	362
Zoo Vision Fund	279	263
	<hr/>	<hr/>
	1,490	1,524
	<hr/>	<hr/>

During 2010 the Venture Fund was simplified to better align resources with their intended purposes.

**9 Endowment fund balances**

	<b>2010</b>	<b>2009</b>
	\$	\$
Endangered Species Conservation Endowment Fund	25	25
Canadian Wilds Endowment Fund	25	25
Conservation Endowment Fund	100	100
Zooshare Fund	720	720
Tom Baines Professional Development Fund	-	16
	<hr/>	<hr/>
	870	886
	<hr/>	<hr/>

**10 The Calgary Zoo Foundation**

The financial statements do not include the financial activities of The Calgary Zoo Foundation (the "Foundation"), which the Society controls through a common Board of Trustees.

The Foundation, which was incorporated under the Societies Act of the Province of Alberta on April 29, 1988, has been granted tax-exempt status as a registered charity under the Income Tax Act of Canada. It was established to carry out the fundraising activities to support the long-term operational needs of the Society.

On December 31, 2009, the assets and fund balances of the Foundation were transferred to the Society to simplify the structure of the Foundation given its limited fundraising activities. During 2010, the Foundation was inactive. During 2009, the Foundation made a contribution of \$800 to the Society which is included in donations and sponsorships revenue.

**The Calgary Zoological Society**  
**Notes to Financial Statements**  
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(in thousands of dollars)

Condensed financial information of the Foundation as at and for the year ended December 31, 2009 is as follows:

	<b>2009</b>
	<b>\$</b>
Revenue	4
Expenditures	821
Excess (deficiency) of revenue over expenditures	(817)

**11 Commitments**

The Society is committed under energy agreements for minimum consumption as follows:

	<b>\$</b>
2011	910
2012	972
2013	972
2014	911
2015	-

**12 Fundraising expenses**

As required under Section 7(2) of the Charitable Fund-raising Regulation in Alberta, the following amounts are disclosed:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Amounts paid as remuneration to employees whose principal duties involve fund-raising	475	420
Amounts paid as remuneration to a fund-raising business	81	94
Direct expenses incurred for the purpose of soliciting contributions including grants, donations and sponsorships	106	185

**13 Grants**

**a) Centennial Grant**

During the year, the Society received \$nil (2009 – \$nil) in Centennial Grant funding as well as \$75 (2009 – \$189) in related interest, exclusively for the purpose of Project Discovery. The grant and any interest expended to date have been used solely for the purpose set out in the agreement between the Province and the Society. Investments and accrued interest in the amount of \$7,671 (2009 – \$8,322) are held in a

# The Calgary Zoological Society

## Notes to Financial Statements

### December 31, 2010

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(in thousands of dollars)

Government of Alberta Consolidated Cash Investment Trust Fund at December 31, 2010 related to this grant, on behalf of the Society.

**b) Culture, Parks, Recreation Infrastructure Investment Plan Program (CPRiiP) Grant**

During the year the Society received \$nil (2009 – \$199) from the City of Calgary for CPRiiP funding and recorded matching funds of \$nil (2009 – \$90). Further \$nil (2009 – \$289) in expenditures were recorded related to the program.

**c) Community Investment Fund (CIF) Grant**

During the year, the Society received \$5,782 (2009 – \$7,821) from the City of Calgary for CIF funding. Matching funds of \$35,000 were recorded in 2006. Further, \$8,214 (2009 – \$21,464) in expenditures were recorded to this program.

**d) Capital Grant**

During the year, the Society received \$706 (2009 – \$1,061) from the City of Calgary to fund the construction of the parking lot. Further \$826 (2009 – \$5,442) in expenditures were recorded to this program.

## 14 Capital disclosures

The Society defines its capital as the amounts included in its Fund balances.

The Society's objective when managing its capital is to safeguard the Society's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

A portion of the Society's capital is restricted in that the organization is required to meet certain requirements in order to utilize its externally restricted fund balance, as described in note 8. The Society has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

The Society sets the amount of fund balances in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.



