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Financial statements of  
The Calgary Zoological Society

December 31, 2019

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## Independent Auditor's Report

To the Members of  
The Calgary Zoological Society

### Opinion

We have audited the financial statements of The Calgary Zoological Society (the "Society"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
April 16, 2020

**The Calgary Zoological Society**  
**Statement of revenue and expenses and changes in fund balances**

Year ended December 31, 2019  
(In thousands of dollars)

		2019				2018
Notes	Operating Fund	Capital Fund	Conservation Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
	15,727	—	—	—	15,727	18,435
Admissions						
Grants	8,257	1,464	—	—	9,721	14,810
Food and beverage	8,548	—	—	—	8,548	10,709
Memberships	6,016	—	—	—	6,016	5,648
Donations, sponsorships and fundraising	520	836	—	107	1,463	2,735
Gift services	3,369	—	—	—	3,369	4,608
Parking	2,540	—	—	—	2,540	2,316
Education programs	1,046	—	—	—	1,046	1,252
Other	1,002	19	—	—	1,021	1,032
	<b>47,025</b>	<b>2,319</b>	<b>—</b>	<b>107</b>	<b>49,451</b>	<b>61,545</b>
<b>Expenses</b>						
Salaries, wages and benefits	17,541	121	—	—	17,662	21,624
General and administrative	8,428	106	37	—	8,571	11,876
Amortization	—	7,022	—	—	7,022	6,700
Cost of goods sold	3,895	—	—	—	3,895	4,881
Facility operations and maintenance	2,455	18	—	—	2,473	2,689
Botanical and animal care supplies	1,467	—	—	—	1,467	1,640
Project expenditures	—	2,924	—	—	2,924	4,211
Donations, grants and scholarships	5	—	—	—	5	48
Panda conservation payment	1,303	—	—	—	1,303	962
Wildlife conservation activities	2,036	—	—	—	2,036	—
Other	—	—	5	—	5	147
	<b>37,130</b>	<b>10,191</b>	<b>42</b>	<b>—</b>	<b>47,363</b>	<b>54,778</b>
Excess (deficiency) of revenue over expenses before the undernoted	9,895	(7,872)	(42)	107	2,088	6,767
(Loss) gain due to write-off of capital assets	—	(388)	—	—	(388)	8
Investment income						
Realized gains	198	1	63	138	400	119
Unrealized gains (losses)	984	57	—	60	1,101	(933)
Net investment income	342	19	32	34	427	489
Calgary Zoo Foundation start-up contribution	126	(3,644)	(6,825)	(3,873)	(14,216)	—
(Deficiency) excess of revenue over expenses	<b>11,545</b>	<b>(11,827)</b>	<b>(6,772)</b>	<b>(3,534)</b>	<b>(10,588)</b>	<b>6,450</b>
Fund balances, beginning of year	<b>4,507</b>	<b>143,296</b>	<b>6,724</b>	<b>5,311</b>	<b>159,838</b>	<b>153,388</b>
Interfund transfers						
Loan repayment support	(476)	476	—	—	—	—
Other	(1,511)	1,516	48	(53)	—	—
	<b>(1,987)</b>	<b>1,992</b>	<b>48</b>	<b>(53)</b>	<b>—</b>	<b>—</b>
<b>Fund balances, end of year</b>	<b>14,065</b>	<b>133,461</b>	<b>—</b>	<b>1,724</b>	<b>149,250</b>	<b>159,838</b>

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

**The Calgary Zoological Society**

**Statement of financial position**


As at December 31, 2019

(In thousands of dollars)

		2019				2018	
	Notes	Operating Fund	Capital Fund	Conservation Fund	Endowment Fund	Total	Total
		\$	\$	\$	\$	\$	\$
<b>Assets</b>							
Current assets							
Cash		14,279	7,189	2	—	21,470	28,917
Accounts receivable	3	5,402	728	—	—	6,130	6,076
Inventories		905	—	—	—	905	925
Prepays		623	—	—	—	623	716
Due from The Calgary Zoo Foundation	14	—	—	—	—	—	225
Due from (to) other funds		97	—	(97)	—	—	—
Loan receivable from The Calgary Zoo Foundation	14	500	—	—	—	500	—
		<b>21,806</b>	<b>7,917</b>	<b>(95)</b>	<b>—</b>	<b>29,628</b>	36,859
Investments	4	—	10,366	97	1,617	12,080	11,331
Capital assets	5	—	118,935	—	—	118,935	123,622
Other assets	6	5	—	—	—	5	504
		<b>21,811</b>	<b>137,218</b>	<b>2</b>	<b>1,617</b>	<b>160,648</b>	172,316
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued liabilities		3,175	1,838	—	—	5,013	5,394
Accrued vacation liability		613	—	—	—	613	923
Deferred revenue	9	3,296	—	—	—	3,296	3,582
Deferred contributions	10	150	—	—	—	150	102
Current portion of long-term debt	8	—	2,128	—	—	2,128	364
Due to (from) The Calgary Zoo Foundation	14	512	(291)	2	(107)	116	—
		<b>7,746</b>	<b>3,675</b>	<b>2</b>	<b>(107)</b>	<b>11,316</b>	10,365
Long-term debt	8	—	82	—	—	82	2,113
		<b>7,746</b>	<b>3,757</b>	<b>2</b>	<b>(107)</b>	<b>11,398</b>	12,478
Commitments	15						
<b>Fund balances</b>							
Invested in capital assets		—	116,807	—	—	116,807	121,151
Internally restricted	11	3,000	15,080	—	—	18,080	27,127
Externally restricted	12	—	1,574	—	—	1,574	4,742
Endowments	13	—	—	—	1,724	1,724	5,311
Unrestricted		11,065	—	—	—	11,065	1,507
		<b>14,065</b>	<b>133,461</b>	<b>—</b>	<b>1,724</b>	<b>149,250</b>	159,838
		<b>21,811</b>	<b>137,218</b>	<b>2</b>	<b>1,617</b>	<b>160,648</b>	172,316

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

Approved by the Board of Trustees

  
Chairman

  
Treasurer

## The Calgary Zoological Society

### Statement of cash flows

Year ended December 31, 2019

(In thousands of dollars)

	2019	2018
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(10,588)</b>	6,450
Items not affecting cash		
Foundation start-up contribution - non-cash	<b>9,162</b>	—
Amortization	<b>7,022</b>	6,700
Unrealized (gains) losses on investments	<b>(1,101)</b>	933
Loss (gain) due to write-off of capital assets	<b>388</b>	(8)
	<b>4,883</b>	14,075
Change in non-cash working capital items		
Accounts receivable	<b>(54)</b>	1,560
Prepaid expenses	<b>92</b>	(516)
Inventory	<b>20</b>	(332)
Accounts payable, accrued vacation liability and other accrued liabilities	<b>(1,295)</b>	1,267
Deferred revenue	<b>(286)</b>	971
Deferred contributions	<b>48</b>	5
Due to (from) The Calgary Zoo Foundation, net	<b>341</b>	(225)
Change in non-cash, non-working capital items		
Collection of long term receivable for charitable remainder trust	<b>66</b>	—
	<b>3,815</b>	16,805
<b>Financing activities</b>		
Repayments on long-term debt	<b>(363)</b>	(345)
Repayments on capital lease	<b>(4)</b>	(1)
Capital lease additions	<b>100</b>	—
	<b>(267)</b>	(346)
<b>Investing activities</b>		
Net purchase of investments	<b>(5,291)</b>	(520)
Purchase of capital assets	<b>(5,942)</b>	(4,953)
Proceeds on disposal	<b>8</b>	8
Loan to The Calgary Zoo Foundation	<b>(500)</b>	—
Change in accounts payable affecting investing activities	<b>730</b>	(4,597)
	<b>(10,995)</b>	(10,062)
Net (decrease) increase in cash	<b>(7,447)</b>	6,397
Cash, beginning of year	<b>28,917</b>	22,520
<b>Cash, end of year</b>	<b>21,470</b>	28,917

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

# The Calgary Zoological Society

## Notes to the financial statements

December 31, 2019

(In thousands of dollars)

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### 1. Purpose of the Society

The Calgary Zoological Society (the "Society" or "CZS"), operating under the title "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 incorporated under the Societies Act of the province of Alberta on January 9, 1929, 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, 2027. As part of the agreement, the City annually provides a grant to support the operating expenses of the Society (Note 17).

### 2. Significant accounting policies

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

#### *Cash*

Cash includes bank balances.

#### *Fund accounting*

The Operating Fund accounts for the Society's program delivery and administrative activities related to the operation of the Calgary Zoo. 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, projects under development and funds designated for long-term capital development initiatives.

The Conservation Fund reports internally and externally restricted resources that are to be used for Canadian and international conservation and scientific study purposes and funds designated for long-term conservation initiatives that yield tangible conservation outcomes in the wild.

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

#### *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 and endowments are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

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**2. Significant accounting policies (continued)**

*Revenue recognition (continued)*

Revenues for admissions, food and beverage, gift services, education programs and parking 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 Conservation Funds is recognized as revenue of the Operating Fund and allocated to the Capital and Conservation Funds through interfund transfer when internally restricted by the Board of Trustees.

Pledges are recognized only if amounts are received during the year, due to uncertainty surrounding collectability.

*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. Net realizable value is determined using the current estimated selling price less the selling cost.

*Controlled Related Party*

The Society has a controlled related party, The Calgary Zoo Foundation (the "Foundation"), which is a not-for-profit organization that has the same mission as that of the Society, to take and promote action to sustain wildlife and wild places. The Foundation is not consolidated.

*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 and infrastructure	20 years
Other assets	18 years
Major software application	10 years
Short term exhibit	5 Years
Equipment	4 years
Vehicles	4 years
Computer hardware and software	2 years

No amortization is provided on assets under construction until the assets are put in use, on land, or on artifacts that are held for public exhibition.

Leased assets that are treated as capital leases are amortized over the term of the lease agreement.

*Other assets*

Other assets include the development costs of a long-range Master plan for the Society. Amortization was provided on a straight-line basis over the plan's estimated implementation period of 18 years and commenced in 2012 upon formal approval of the Master plan by the Board of Trustees. See Note 6 for further information.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

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**2. Significant accounting policies (continued)**

*Impairment of long-lived assets*

When a tangible capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value will be recognized as an expense in the statement of revenue and expenses. A write-down will not be reversed.

*Animal and botanical purchases*

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

*Donated materials and services*

Donated materials and services, including volunteer services, are not recognized in the financial statements.

*Financial instruments*

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash, amounts due from The Calgary Zoo Foundation, accounts receivable and the loan receivable from The Calgary Zoo Foundation. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued vacation liability and long-term debt.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of revenue and expenses and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of revenue and expenses and changes in fund balances in the period in which the reversal occurs.

*(a) Interest rate risk*

The Society would be exposed to interest rate fluctuations on the revolving demand operating facility if this facility were drawn upon, as the facility is provided at prime rate.

*(b) Credit risk*

The Society does not have a concentration of credit exposure with any one donor or member. The majority of the Society's accounts receivables balances are related to government grant funding and the collectability of these balances is reasonably assured. Thus, the Society does not consider that it is exposed to undue credit risk.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

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**2. Significant accounting policies (continued)**

*Financial instruments (continued)*

(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*

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from the accounts payable and accrued liabilities and current portion of long-term debt. The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society monitors its cash balances and cash flows generated from operations to meet its requirements. The Society's investments are subject to liquidity risk if the Society is required to sell at a time when the market value of the investments is unfavorable.

*Use of estimates*

The preparation of the financial statements in conformity with ASNPO 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. The most significant of these estimates are related to the recoverable amount of the Society's accounts receivable, the amortization period for and potential impairment of capital and other assets, accrued liabilities and potential contingencies. Actual results could differ from those estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

*Government remittances*

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts are due. In respect of government remittances, payroll withholding tax of \$88 (\$90 in 2018) is included in accounts payable and accrued liabilities and \$12 (\$91 in 2018) of Goods and Services Tax recoverable is included in accounts receivable.

*Adoption of new accounting standards*

The Society has adopted ASNPO Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations; Section 4434, Intangible Assets Held by Not-for-Profit Organizations; and Section 4441, Collections Held by Not-for-Profit Organizations. These accounting standards are effective for fiscal years beginning on or after January 1, 2019. The adoption of these standards did not affect the financial statements.

*Accounting standards beginning on or after January 1, 2021*

ASNPO Section 3032 – Inventories held by not-for-profit organizations prescribes clarification around accounting treatment for inventories of a not-for-profit organization. This standard has been amended to clarify that a not-for-profit organization accounts for agricultural inventories in accordance with Section 3041. The Society has assessed the impact of the new standard and has deemed that the amendment is not applicable.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

**2. Significant accounting policies (continued)**

*Presentation of prior year balances*

Certain comparative figures have been reclassified to conform to the current year's presentation.

**3. Accounts receivable**

Accounts receivable is comprised of:

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
City of Calgary - Operating Grant	<b>4,441</b>	4,074
City of Calgary - Capital Grant	<b>669</b>	753
Trade Accounts Receivable	<b>737</b>	841
Accrued Accounts Receivable	<b>283</b>	408
	<b>6,130</b>	6,076

**4. Investments**

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Capital Fund		
Short-term	<b>264</b>	289
Fixed income funds	<b>3,198</b>	2,946
Equity funds	<b>6,904</b>	5,619
	<b>10,366</b>	8,854
Conservation Fund		
Short-term	<b>2</b>	52
Fixed income funds	<b>30</b>	542
Equity funds	<b>65</b>	1,033
	<b>97</b>	1,627
Endowment Fund		
Short-term	<b>41</b>	27
Fixed income funds	<b>499</b>	285
Equity funds	<b>1,077</b>	538
	<b>1,617</b>	850
Total	<b>12,080</b>	11,331

During the year, the Society recorded interest income of \$1,062 (\$975 in 2018). Interest from investments of \$473 (\$535 in 2018) was recorded as a component of net investment income. Interest from other financial assets of \$589 (\$440 in 2018) was recorded as a component of other revenue.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>
	\$	\$	\$
Buildings	131,337	39,344	91,993
Exhibits	46,861	31,070	15,791
Major software application	913	192	721
Short term exhibits	2,794	885	1,909
Computer hardware and software	2,704	2,572	132
Equipment	11,306	8,565	2,741
Vehicles	439	313	126
Artifacts	364	—	364
Assets under construction	5,158	—	5,158
	<b>201,876</b>	<b>82,941</b>	<b>118,935</b>

	Cost	Accumulated amortization	2018 Net book value
	\$	\$	\$
Land	2,242	—	2,242
Buildings	131,336	36,060	95,276
Exhibits	47,613	30,403	17,210
Major software application	819	109	710
Short term exhibits	2,794	326	2,468
Computer hardware and software	2,704	2,197	507
Equipment	11,611	7,676	3,935
Vehicles	537	437	100
Artifacts	364	—	364
Assets under construction	810	—	810
	<b>200,830</b>	<b>77,208</b>	<b>123,622</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; however, the Society is restricted from encumbering these capital assets without express authorization from the City.

In 2018 the Society solely owned the land and other capital assets related to the existing Devonian Wildlife Conservation Centre and the new Wildlife Conservation Centre, which were both unencumbered by the City. These assets were transferred to the Calgary Zoo Foundation in 2019.

Assets under capital lease are recorded in Equipment.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

**6. Other assets**

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Operating Fund				
Long term trust receivable	5	—	5	71
Capital fund				
Master plan	—	—	—	433
	<b>5</b>	<b>—</b>	<b>5</b>	<b>504</b>

During the year, amortization of \$37 (\$36 in 2018) was recorded on the Master plan. At the end of 2019 the remaining net book value of the Master plan was written off as the plan was revised and the remaining future benefit of the old plan was insignificant.

**7. Operating line**

The Society has a \$2,000 (\$2,000 in 2018) revolving demand operating facility, which bears interest at the Bank's prime interest rate per annum. 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, 2019 or 2018.

**8. Long-term debt**

	2019 \$	2018 \$
Fixed rate term loan bearing interest at 3.11% per annum with monthly principal and interest payments of \$38, maturing December 18, 2020 with a renewal provision for a further 4 year term to December 18, 2024	<b>2,107</b>	2,471
Obligations under capital leases bearing interest at a rates varying from 3.95% - 9.50% per annum	<b>103</b>	6
	<b>2,210</b>	2,477
Less: current portion	<b>2,128</b>	364
	<b>82</b>	2,113

The term loan is collateralized by a general security agreement covering all personal property of the Society. Fixed rate term loan has additional collateral guarantees from the City for \$5,040 (\$5,040 in 2018).

The capital leases are collateralized by the underlying assets. Assets with a net book value of \$99 (\$6 in 2018) are held under capital lease.

During the year, interest expense on long-term debt of \$114 (\$131 in 2018) was reported as part of general and administrative expense.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
(In thousands of dollars)

**8. Long-term debt (continued)**

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

	\$
2020	2,128
2021	21
2022	22
2023	21
2024	18
	<u>2,210</u>

**9. Deferred revenue**

Deferred revenue consists of revenue that the Society has received but not yet utilized for the purpose provided. It consists of the following:

	2019	2018
	\$	\$
Memberships	<b>2,361</b>	2,687
Gift cards	<b>662</b>	615
Customer deposits	<b>175</b>	150
Education programs	<b>37</b>	37
Miscellaneous	<b>36</b>	81
Bulk Ticket Sales	<b>17</b>	4
Exclusivity fees	<b>8</b>	8
	<b><u>3,296</u></b>	<u>3,582</u>

**10. Deferred contributions**

	2019	2018
	\$	\$
Balance, beginning of year	<b>102</b>	97
Additions	<b>150</b>	102
Amortized	<b>(102)</b>	(97)
Balance, end of year	<b><u>150</u></b>	<u>102</u>

The balance in deferred contributions of \$150 (\$102 in 2018) contains donations and sponsorships directed to support programs to be delivered in the following fiscal year.

**The Calgary Zoological Society**  
**Notes to the financial statements**

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**11. 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. Reserve funds are to be used to fund the Society's Master plan, conservation and other extraordinary expenses:

*Operating Fund*

	<b>2019</b>	2018
	\$	\$
Operating reserve	<b>3,000</b>	3,000

*Capital Fund*

	<b>2019</b>	2018
	\$	\$
Zoo master planning reserve	<b>14,661</b>	18,729
Funds restricted for use in specific projects	<b>419</b>	419
	<b>15,080</b>	19,148

*Conservation Fund*

	<b>2019</b>	2018
	\$	\$
Conservation program reserve	—	3,763
Conservation Fund	—	1,216
	—	4,979

**12. Externally restricted fund balances**

Externally restricted balances represent contributions received for the following purposes, which had not been spent at year-end:

*Capital Fund*

	<b>2019</b>	2018
	\$	\$
Funds restricted for use in specific projects	<b>1,574</b>	3,012

*Conservation Fund*

	<b>2019</b>	2018
	\$	\$
Reintroduction fund	—	988
Community conservation fund	—	742
	—	1,730



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**13. Endowment fund balances**

	<b>2019</b>	2018
	\$	\$
Ruth Barker Endowment Fund	<b>979</b>	—
Zooshare Fund	<b>720</b>	700
Canadian Wilds Endowment Fund	<b>25</b>	25
Conservation Endowment Funds	—	4,586
	<b>1,724</b>	<b>5,311</b>

**14. Related party**

*The Calgary Zoo Foundation*

The Calgary Zoo Foundation (the "Foundation"), which was incorporated under the Societies Act of the Province of Alberta on April 29, 1988, is a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada. Its purpose is to take and promote action to sustain wildlife and wild places through activities directed toward saving, supporting or protecting endangered animals and the environment. Its action plans are co-ordinated with those of the Society. The Society controls the Foundation through its membership in the Foundation and through common Board members.

The Board of Trustees of the Society authorized the reactivation of the Foundation effective January 1, 2019. The Foundation's financial accounts are not consolidated with the Society's financial statements. There are no differences in accounting policies between the Society and the Foundation.

Financial summaries of the Foundation as at December 31, 2019, and for the year then ended are as follows:

*Statement of financial position*

	<b>2019</b>	2018
	\$	\$
Total assets (a)	<b>15,632</b>	—
Total liabilities (b)	<b>1,017</b>	—
Total net assets	<b>14,615</b>	—

- (a) In accordance with donor imposed restrictions, \$2,561 (2018 — \$nil) of the Foundation's total assets must be used for various conservation-related purposes. A further \$4,642 (2018 — \$nil) of the Foundation's total assets is subject to donor imposed restrictions that they be maintained permanently with the investment revenue earned to be used for various conservation-related purposes.
- (b) Total Assets includes amounts of \$116 (\$nil in 2018) due from the Society to the Foundation representing the net of funding to be provided from the Society to support the Foundation's operations.

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019

(In thousands of dollars)

**14. Related party (continued)**

<i>Statement of operations</i>	<b>2019</b>	2018
	<b>\$</b>	\$
Calgary Zoological Society (CZS) - Gift Transfer (a)	<b>14,216</b>	—
CZS - Conservation Contributions (b)	<b>2,036</b>	—
Other Grant and Donation revenues	<b>3,628</b>	—
Total revenue	<b>19,880</b>	—
Total expenses (c)	<b>5,685</b>	—
Change in investments	<b>420</b>	—
Excess of revenue over expenses	<b>14,615</b>	—

- (a) As part of the reactivation of the Foundation, the Society transferred by way of gift the following assets with a net book value of \$14.2 million at their carrying amount:

	<b>\$</b>
Cash	<b>5,054</b>
Prepays	<b>1</b>
Investments - internally restricted	<b>1,326</b>
Investments - externally restricted	<b>444</b>
Endowments	<b>3,873</b>
Land	<b>2,242</b>
Other tangible capital assets	<b>1,155</b>
Assets under construction	<b>247</b>
Vacation pay accrual	<b>(126)</b>
	<b>14,216</b>

- (b) CZS - Conservation Contributions relate to an agreement between the entities whereby the Society provides operating and administrative expense support to the Foundation as required.
- (c) Total expenses include reimbursement of \$1,575 (2018 - \$nil) to the Society for allocated costs. The Society incurs a number of general support expenses that are common to the administration of both the Society and the Foundation. The Society allocates these expenses by identifying the appropriate basis for allocating each component expense, and applies that basis consistently each year. Expenses have been allocated to the Foundation based on an approximation of time spent, per capita or space, depending on the type of expense. The amounts allocated to the Foundation from each expense category in the Society were:

<i>Reimbursement of Expenses</i>	<b>2019</b>	2018
	<b>\$</b>	\$
Salaries, wages and benefits	<b>897</b>	—
General and administrative	<b>468</b>	—
Facility operations and maintenance	<b>20</b>	—
Botanical and animal care supplies	<b>190</b>	—
	<b>1,575</b>	—

**The Calgary Zoological Society**  
**Notes to the financial statements**

December 31, 2019  
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**14. Related party (continued)**

*Statement of Cash Flows*

	<b>2019</b>	2018
	\$	\$
Cash flow provided by operating activities	<b>5,583</b>	—
Cash flow provided by financing activities	<b>500</b>	—
Cash flow provided by investing activities	<b>(955)</b>	—
Increase in cash	<b>5,128</b>	—

**15. Commitments**

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

	\$
2020	572
2021	412
2022	412
2023	35
	<b>1,431</b>

**16. Fundraising expenses**

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

	<b>2019</b>	2018
	\$	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	<b>402</b>	934
Direct expenses incurred for the purpose of soliciting contributions including grants, donations and sponsorships	<b>62</b>	188

**The Calgary Zoological Society**  
**Notes to the financial statements**

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**17. Grants**

Included in grants are the following municipal, provincial and federal funds received:

*(a) The City of Calgary Operating Grant*

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 \$8,022 (\$8,296 in 2018), and capital support was \$1,389 (\$1,475 in 2018) per sections b), c), d) and e) below.

*(b) The City of Calgary Civic Partner Infrastructure Grant (CPIG)*

During the year, the Society received \$1,328 (\$1,145 in 2018) from the City for CPIG funding.

*(c) The City of Calgary Municipal Sustainability Initiative for Lemur Exhibit*

During the year, the Society received \$nil (\$14 in 2018) from the City of Calgary as financial support of the new Lemur exhibit being constructed at the Calgary Zoo.

*(d) The City of Calgary Municipal Sustainability Initiative for Panda Exhibit*

During the year, the Society received \$nil (\$268 in 2018) from the City of Calgary as financial support of the new Panda exhibit being constructed at the Calgary Zoo.

*(e) The City of Calgary Public Art Funding*

During the year, the Society received \$61 (\$48 in 2018) from the City of Calgary as part of the City of Calgary's Corporate Public Art Program.

*(f) The Province of Alberta Community Facility Enhancement Program (CFEP)*

During the year, the Society received \$nil (\$103 in 2018) in CFEP funding to upgrade various exhibits in the Canadian Wilds section of the Calgary Zoo.

*(g) The Province of Alberta Capital Grant Funding*

During the year, the Society received \$nil (\$3,300 in 2018) to be used as funding towards the Calgary Zoo's Panda exhibit and other projects described as Pathway to Pandas. Of these funds \$65 (\$1,561 in 2018) has been recorded in the externally restricted fund balances within the Capital Fund (see Note 12).

*(h) The Province of Alberta Minister of Environment and Sustainable Resource Development Grant*

During the year, the Society received \$nil (\$172 in 2018) to be used as funding towards its Recovering Greater Sage Grouse captive breeding and reintroduction program.

*(i) The Federal Government Summer Employment Grant*

During the year, the Society received \$47 (\$nil in 2018) to be used as funding towards summer employment.

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**Notes to the financial statements**

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**17. Grants (continued)**

*(j) The Federal Government Minister of Environment Grant*

During the year, the Society received \$nil (\$152 in 2018) to be used as funding towards its Recovering Greater Sage Grouse captive breeding and reintroduction program.

*(k) The Federal Government Parks Canada Grant*

During the year, the Society received \$nil (\$84 in 2018) for the restoration of the prairie dog ecosystem in Grasslands National Park.

**18. Subsequent Events**

As a result of the COVID-19 global pandemic, the Calgary Zoo closed on March 16th, 2020. This was done on the advice of Alberta's Chief Medical Officer of Health. The length of the closure and the extent of the impact on The Calgary Zoological Society is unknown at this time but may be significant.