

Financial statements of

**Calgary Science Centre Society**  
(Operating as TELUS Spark)

December 31, 2018

# Calgary Science Centre Society

(Operating as TELUS Spark)

December 31, 2018

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# Independent Auditor's Report

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**Grant Thornton LLP**

Suite 1100, Centrium Place  
332 - 6 Avenue SW  
Calgary, AB  
T2P 0B2

T +1 403 260 2500  
F +1 403 260 2571

**To the Directors of**

The Calgary Science Centre Society (Operating as TELUS Spark)

**Opinion**

We have audited the financial statements of the Calgary Science Centre Society (Operating as TELUS Spark) (the "Society"), which comprise of the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Calgary Science Centre Society (Operating as TELUS Spark) as at December 31, 2018, and 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. 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 these 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 a 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 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 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 these 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 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.

Calgary, Canada  
April 25, 2019

  
Chartered Professional Accountants

# Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of operations

Year ended December 31, 2018

	2018	2017		
	Reserve Fund	Operating Fund	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Grants, sponsorship and donations (Note 14)	3,190,001	786,924	3,976,925	4,496,758
Admissions	-	2,844,986	2,844,986	2,940,590
Civic operating grant (Note 15)	-	2,212,562	2,212,562	2,152,586
Facility rentals	-	1,260,255	1,260,255	1,847,533
Café Retail	-	1,111,813	1,111,813	894,547
Store Retail	-	387,576	387,576	533,526
Memberships	-	1,360,648	1,360,648	1,239,887
School programs	-	691,165	691,165	687,577
Parking	-	398,024	398,024	378,254
Paid programs	-	476,269	476,269	371,244
Other income	42,707	103,933	146,640	178,438
	<b>3,232,708</b>	<b>11,634,155</b>	<b>14,866,863</b>	<b>15,720,940</b>
<b>Expenses</b>				
Compensation	389,858	6,489,795	6,879,653	6,993,067
Direct cost - facility rentals and retail	-	1,452,552	1,452,552	2,075,437
Program and exhibit costs	15,232	944,341	959,573	1,511,072
Professional fees and contract services	96,321	690,378	786,699	1,472,812
Utilities and maintenance	-	550,750	550,750	589,603
Advertising	-	322,690	322,690	477,731
Administration	3,874	387,570	391,444	402,002
Computer and telecommunications	-	360,329	360,329	312,761
Travel and hosting	5,477	33,201	38,678	72,318
Amortization	3,380,448	169,334	3,549,782	3,686,713
	<b>3,891,210</b>	<b>11,400,940</b>	<b>15,292,150</b>	<b>17,593,517</b>
<b>(Deficiency) excess of revenue over expenses before other item</b>	<b>(658,502)</b>	<b>233,215</b>	<b>(425,287)</b>	<b>(1,872,577)</b>
Inventory obsolescence (Note 5)	-	135,686	135,686	-
<b>(Deficiency) excess of revenue over expenses</b>	<b>(658,502)</b>	<b>97,529</b>	<b>(560,973)</b>	<b>(1,872,577)</b>

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

# Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of changes in fund balances

Year ended December 31, 2018

	2018		2017	
	Reserve Fund	Operating Fund	Total	Total
	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	-	<b>6,841,904</b>	<b>6,841,904</b>	8,714,481
(Deficiency) excess of revenue over expenses	<b>(658,502)</b>	<b>97,529</b>	<b>(560,973)</b>	(1,872,577)
Interfund transfer	<b>658,502</b>	<b>(658,502)</b>	-	-
<b>Fund balances, end of year</b>	-	<b>6,280,931</b>	<b>6,280,931</b>	6,841,904

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

# Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of financial position

As at December 31, 2018

	2018	2017
	\$	\$
<b>Assets</b>		
Current assets		
Cash	10,188	10,188
Restricted cash (Note 3)	1,754,733	1,186,106
Investments (Note 4)	2,068,827	2,033,904
Accounts receivable	195,005	292,167
Current portion of contributions receivable (Note 6)	256,771	256,771
Goods and Services Tax recoverable	-	5,564
Prepaid expenses	301,265	573,081
Inventory (Note 5)	87,357	243,240
	<b>4,674,146</b>	<b>4,601,021</b>
Contributions receivable (Note 6)	1,214,506	1,445,105
Tangible capital assets (Note 7)	86,838,147	90,259,274
	<b>92,726,799</b>	<b>96,305,400</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	700,372	929,586
Government remittances payable	8,274	-
Current portion of financing obligations (Note 9)	45,052	45,370
Deferred revenue	1,079,170	976,641
Current portion of deferred contributions related to tangible capital assets (Notes 10 and 15)	2,569,019	2,634,985
Current portion of deferred contributions related to sponsorships (Note 12)	256,771	256,771
Current portion of deferred contributions related to operations (note 11)	2,557	3,506
	<b>4,661,215</b>	<b>4,846,859</b>
Financing obligations (Note 9)	-	45,052
Deferred contributions related to tangible capital assets (Notes 10 and 15)	80,570,147	83,126,480
Deferred contributions related to sponsorships (Note 12)	1,214,506	1,445,105
	<b>86,445,868</b>	<b>89,463,496</b>
<b>Fund balances</b>		
Internally restricted (Note 13)	6,280,931	6,841,904
	<b>92,726,799</b>	<b>96,305,400</b>

Commitments (Note 17)

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

# Calgary Science Centre Society

(Operating as TELUS Spark)

Statement of cash flows

Year ended December 31, 2018

	2018	2017
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses	(560,973)	(1,872,577)
Items not affecting cash		
Amortization	3,549,782	3,686,713
Amortization of deferred contributions related to tangible capital assets (Note 10)	(2,622,299)	(2,767,782)
	<b>366,510</b>	<b>(953,646)</b>
Changes in non-cash working capital		
Accounts receivable	97,162	(68,640)
Contributions receivable	230,599	548,057
Goods and Service Tax recoverable	5,564	8,149
Prepaid expenses	271,816	668,333
Inventory	155,883	(90,218)
Accounts payable and accrued liabilities	(229,214)	(181,797)
Government remittances payable	8,274	-
Deferred revenue	102,529	(129,153)
Deferred contributions related to sponsorships	(230,599)	(548,057)
Deferred contributions related to operations	(949)	(35,600)
	<b>777,575</b>	<b>(782,572)</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(128,655)	(860,348)
Purchase of investments including interest	(34,923)	(27,564)
Change in restricted cash	(568,627)	1,623,986
	<b>(732,205)</b>	<b>736,074</b>
<b>Financing activities</b>		
Financing obligations, advances net of repayments	(45,370)	49,538
	<b>(45,370)</b>	<b>49,538</b>
Net increase in cash	-	3,040
Cash, beginning of year	10,188	7,148
<b>Cash, end of year</b>	<b>10,188</b>	<b>10,188</b>

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

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

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## 1. Purpose of the organization

Calgary Science Centre Society (the "Society"), operating as TELUS Spark, is incorporated under the Societies Act of Alberta. The Society is committed to helping people of all ages including families and students understand the importance of the arts, science, and technology in their lives by providing fun-filled learning experiences. The Society is a registered charity and is, therefore, exempt from the payment of income taxes under Section 149(1) of the Income Tax Act.

## 2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

### *Cash*

Cash includes cash on hand and balances with the bank.

### *Revenue recognition*

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, and collection is reasonably assured. Amounts pledged are recorded when received by the Society or when the amount can be reasonably estimated and the collection is reasonably assured. Donations received in kind are recorded at fair market value determined at the date the donation is made.

Donated tangible capital assets and contributions received towards the purchase of tangible capital assets are deferred and amortized to revenue on the same basis as the related depreciable tangible capital assets are amortized.

Operating grants, admissions, facility rentals, café and store retail, memberships, school programs, parking, paid programs and other income are recognized when the service has been provided, the prices are fixed or determinable, and collection is reasonably assured.

### *Fund accounting*

The Reserve Fund is used for future projects and operational requirements. The (deficiency) excess of revenue over expenses in the Reserve Fund is transferred to the Operating Fund each year.

The Operating Fund is used to account for revenue and expenses related to operations, program delivery, and administrative activities. The Society restricts the use of portions of its unrestricted fund balances for specific future uses. When incurred, related expenses are charged to the Operating Fund and the balance of internally restricted fund balances is reduced accordingly.

### *Tangible capital assets*

Purchased tangible capital assets are recorded at cost. Donated tangible 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:

Building	40 years
Site improvements	40 years
Exhibits	5 years
Leasehold improvements	5 years

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

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## 2. Summary of significant accounting policies (continued)

### *Tangible capital assets (continued)*

Computers	3 years
Furniture and fixtures	3 years
Café and catering equipment	3 years
Vehicles	5 years

Assets under construction are not amortized until the assets are available for use.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and its carrying value may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally expected.

### *Inventory*

Inventory is valued at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. The cost is comprised of the purchase price, duties and non-recoverable taxes, transport and other costs directly attributable to get the product in saleable form.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated variable selling costs. Inventories are written down to net realizable value when the cost is estimated to not be recoverable, the inventory is damaged, or it becomes obsolete. The amount of any write-down of inventories to net realizable value and any losses are recognized as an expense, and included in the statement of operations, in the period the write-down or loss occurs.

### *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

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

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of operations 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 operations in the period the reversal occurs.

### *Contributed materials and services*

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably estimated and when the Society would have otherwise purchased them. Contribution of time by volunteers is not recorded as an expense as the dollar amount is not reasonably determinable.

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

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## 2. Summary of significant accounting policies (continued)

### *Capital leases*

Leases that transfer substantially all of the benefits and risk of ownership to the Society are accounted for as a capital lease. Assets under capital lease are initially recorded at the present value of minimum lease payments at the beginning of the lease. The capitalized value of the depreciable asset is amortized over the economic useful life of the asset, if the ownership passes to the Society at the end of the lease term. Lease payments are allocated to a reduction of the lease obligation, interest expense, and any related costs.

### *Operating leases*

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Society. Lease rentals under operating leases are included in the statement of operations over the lease term on a straight-line basis.

### *Use of estimates*

The financial statements have been prepared in conformity with ASNPO, which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to present fairly the results for the year presented. Actual results could differ from these estimates. Assumptions are used in estimating the useful life and potential impairment of tangible capital assets, the collectability of accounts and contributions receivable and accrued liabilities. Management reviews its estimates annually based on current available information.

## 3. Restricted cash

	2018	2017
	\$	\$
Externally restricted	112,284	120,340
Internally restricted	1,642,449	1,065,766
	<b>1,754,733</b>	<b>1,186,106</b>

Externally restricted cash primarily relates to grants and donations received which have specified restrictions. The Society has internally restricted cash to accumulate an operating and project reserve (Note 13).

## 4. Investments

At December 31, 2018, the Society's investments consisted of Guaranteed Investment Certificates (GIC's) with an interest rate of 2.65% (2017 – 1.6%) per annum, with a maturity date of December 23, 2019 (2017– October 3, 2018).

Interest accrued on these investments was \$34,923 in 2018 (2017 - \$27,564).

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 5. Inventory

	2018	2017
	\$	\$
Liquor	12,279	7,660
Retail	59,513	220,773
Café	15,565	14,807
	<b>87,357</b>	<b>243,240</b>

Inventory in the amount of \$702,660 (2017 - \$744,594) was sold during the year and recognized in cost of sales.

Excess inventory brought in for the 2017 Star Trek exhibit was written off in 2018, aggregating \$135,686, due to obsolescence.

## 6. Contributions receivable

The outstanding contributions receivable are unsecured, non-interest bearing and expected to be collected over the following periods:

	2018	2017
	\$	\$
2018	-	256,771
2019	256,771	252,082
Thereafter	1,214,506	1,193,023
	<b>1,471,277</b>	<b>1,701,876</b>
Current portion of contributions receivable	256,771	256,771
Contributions receivable	1,214,506	1,445,105
	<b>1,471,277</b>	<b>1,701,876</b>

Contributions receivable have been discounted using the Government of Canada bond yield of 1.88% (2017 – 1.86%) per annum.

## 7. Tangible capital assets

	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	91,642,791	16,229,763	75,413,028
Site improvements	12,105,821	2,150,212	9,955,609
Leasehold improvements	822,852	243,486	579,366
Exhibits	3,302,274	2,663,258	639,016
Café equipment	100,461	50,231	50,230
Catering equipment	114,666	57,333	57,333
Computers	234,782	180,262	54,520
Furniture and fixtures	33,583	19,466	14,117
Vehicles	134,368	59,440	74,928
	<b>108,491,598</b>	<b>21,653,451</b>	<b>86,838,147</b>

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 7. Tangible capital assets (continued)

			2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	91,642,791	13,938,693	77,704,098
Site improvements	12,105,821	1,847,566	10,258,255
Leasehold improvements	806,006	80,601	725,405
Exhibits	4,784,847	3,527,381	1,257,466
Café equipment	100,461	16,744	83,717
Catering equipment	114,666	19,111	95,555
Computers	484,328	413,902	70,426
Furniture and fixtures	287,339	262,918	24,421
Vehicles	78,122	38,191	39,931
	110,404,381	20,145,107	90,259,274

During the year, the Society removed fully amortized assets from cost and accumulated amortization respectively, aggregating \$2,041,439 (2017 - \$18,368,389).

Included in café equipment are assets under capital lease with a net book value of \$25,533 (2017 - \$42,588).

## 8. Bank indebtedness

An overdraft facility has been authorized to a maximum of \$500,000 and bears interest at the bank's prime interest rate per annum. As security, a Canadian chartered bank has a general security agreement covering the assets of the Society. At December 31, 2018, \$nil was outstanding on the overdraft facility (2017 - \$nil).

## 9. Financing obligations

The Society entered into a capital lease in 2016 for café equipment in the amount of \$51,105. This lease expires in 2019 and is financed at 0% interest per annum over a period of 36 months.

The Society entered into a financing agreement to finance the Society's SmartNet maintenance coverage. The total obligation is \$97,650 over 36 months, concluding in fiscal 2019, at the rate of 2.5% per annum.

Future minimum lease payments under the capital lease and loan payments under the financing agreement are as follows:

	Café equipment	Maintenance coverage	Total
2019	\$ 12,509	\$ 32,543	\$ 45,052

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 10. Deferred contributions related to tangible capital assets

	2018				
	Balance, beginning of year	Contributions received and receivable	Expended on current acquisitions	Utilization	Balance, end of year
	\$	\$		\$	\$
Deferred contributions related to tangible capital assets	85,761,465	-	-	(2,622,299)	83,139,166

	2017				
	Balance, beginning of year	Contributions received and receivable	Expended on current acquisitions	Utilization	Balance, end of year
	\$	\$		\$	\$
Deferred contributions related to tangible capital assets	88,529,247	-	-	(2,767,782)	85,761,465

Deferred contributions related to tangible capital assets represent the unamortized contributions received for the purchase of tangible capital assets that have been acquired. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized. The contributions are being recognized as revenue on the same basis as the assets acquired are amortized (Note 7). The deferred contributions related to tangible capital assets are expected to be recognized over the following periods:

	2018	2017
	\$	\$
Current	2,569,019	2,634,985
Long-term	80,570,147	83,126,480
	<b>83,139,166</b>	<b>85,761,465</b>

### *Deferred contributions restricted for future period tangible capital assets and expenditures*

Contributions restricted for future period acquisitions of tangible capital assets and expenditures are deferred until the tangible capital assets are acquired, and at that time, amortization of the contribution to revenue begins, as described above. Contributions used to fund expenditures are recognized as revenue as funds are expended.

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 11. Deferred contributions related to operations

Deferred contributions related to operations represent funding received in the current period for future period operations.

				2018
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Casino	3,506	70,351	(71,300)	2,557

				2017
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
City of Calgary - Life Cycle contribution	19,339	-	(19,339)	-
Casino	19,767	-	(16,261)	3,506
	39,106	-	(35,600)	3,506

## 12. Deferred contributions related to sponsorships

				2018
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	1,701,876	-	(230,599)	1,471,277

				2017
	Balance, beginning of year	Contributions received and receivable	Utilization	Balance, end of year
	\$	\$	\$	\$
Community funding - sponsorships	2,249,933	-	(548,057)	1,701,876

Deferred contributions related to sponsorships are deferred until the fiscal period in which the funds are provided for and accordingly are recognized as revenue in that corresponding period. The deferred contributions related to sponsorships are expected to be recognized, net of commissions, over the following periods:

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 12. Deferred contributions related to sponsorships (continued)

	2018	2017
	\$	\$
Current	256,771	256,771
Long-term	1,214,506	1,445,105
	<b>1,471,277</b>	<b>1,701,876</b>

## 13. Internally restricted funds

The board of directors restricts the balance of \$6,280,931 (2017 - \$6,841,904) that is otherwise unrestricted funds at the end of the fiscal year to accumulate an operating reserve. These funds are not available for expenditure without prior approval of the board of directors.

## 14. Grants, sponsorships and donations

	Reserve	Fund	Operating Fund	2018	2017
	\$	\$		\$	\$
The City of Calgary*	635,539	-		635,539	767,081
Government of Alberta	969,483	221,760		1,191,243	1,207,486
Government of Canada	999,991	25,179		1,025,170	999,991
Donations	584,988	539,985		1,124,973	1,522,200
	<b>3,190,001</b>	<b>786,924</b>		<b>3,976,925</b>	<b>4,496,758</b>

\* Included in the 2017 City of Calgary grant is an amount of \$116,250 for the City CRIIP grant received in 2017. This amount was reserved for repairs and was spent in fiscal 2017.

## 15. City of Calgary funding

The City of Calgary has requested the following schedule be reported which relates to their annual cash contributions. For accounting purposes, the cash contributions may be recognized as revenue in the year received or deferred and amortized on the same basis as the tangible capital assets that the cash was used for, depending on the terms of the agreement (Note 10).

*Operating and life cycle*

	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	\$	\$	\$	\$
Operations grant				
City of Calgary				
Operating Grant	-	2,212,562	(2,212,562)	-

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

## 15. City of Calgary funding (continued)

				2017
	Contributions deferred, beginning of year	Funding	Expenses	Contributions deferred, end of year
	\$	\$	\$	\$
Operations grant				
City of Calgary				
Operating Grant	-	2,133,247	(2,133,247)	-
City Life Cycle Grant				
Life Cycle Grant	19,339	-	(19,339)	-
	19,339	2,133,247	(2,152,586)	-

*For building and capital*

				2018
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year
	\$	\$	\$	\$
City of Calgary Building Grant	8,623,887	-	(254,778)	8,369,109
City of Calgary Land				
Improvement Grant	10,258,254	-	(302,645)	9,955,609
2014 CRIIP Grant	75,000	-	(50,000)	25,000
	18,957,141	-	(607,423)	18,349,718

				2017
	Contributions deferred, beginning of year	Contributions	Expensed	Contributions deferred, end of year
	\$	\$	\$	\$
City of Calgary Building Grant	8,893,956	-	(270,069)	8,623,887
City of Calgary Land				
Improvement Grant	10,560,900	-	(302,646)	10,258,254
2014 CPRIP Grant	125,000	-	(50,000)	75,000
	19,579,856	-	(622,715)	18,957,141

## 16. Financial instruments

### *Market risk*

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency, interest rate, and other price risk. The Society is mainly exposed to interest rate risk.

### *Interest rate risk*

Interest rate risk refers to adverse consequences of interest rate changes on the Society's cash flows, financial position, and interest expense. The Society's short-term investments and contributions receivable are exposed to interest rate changes. The impact of adverse changes in interest rates is not considered material.

# Calgary Science Centre Society

(Operating as TELUS Spark)

Notes to the financial statements

December 31, 2018

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## 16. Financial instruments (continued)

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failure to discharge an obligation. The Society has a concentration of credit risk pertaining to its cash and accounts receivable.

The Society mitigates its exposure to credit loss pertaining to cash by placing its cash with reputable financial institutions.

The Society is exposed to credit risk to the extent that its donors and customers may experience financial difficulty and would be unable to meet their obligations. However, The Society has a large number of diverse donors and customers, which minimizes its concentration of credit risk in this regard.

### *Liquidity risk*

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.

## 17. Commitments

The Society has contracts with vendors amounting to \$175,802 for consulting services, maintenance services and expenses related to upcoming exhibits and dome shows. The Society has also entered into contracts for communication services, consulting fees, future exhibits and operating leases for office equipment.

The contracts expire at various dates from 2019 through 2024.

Annual commitments under the contracts are as follows:

	\$
2019	672,755
2020	662,865
2021	326,192
2022	251,221
2023	73,639
Thereafter	27,200
	<hr/> 2,013,872

## 18. Reclassification of prior year balances

Certain prior year's revenue comparative figures in the statement of operations have been reclassified to conform to the current year's presentation.