
Financial statements of
Glenbow-Alberta Institute

March 31, 2023

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Independent Auditor's Report

To the Board of Governors of
Glenbow-Alberta Institute

Opinion

We have audited the financial statements of Glenbow-Alberta Institute ("Glenbow"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in Operating Fund balance, operations and changes in Restricted Funds balances, operations and changes in Revitalization Fund balance 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 Glenbow as at March 31, 2023, 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 Glenbow 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 audit 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 Glenbow'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 Glenbow or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Glenbow'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 Glenbow'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 Glenbow'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 Glenbow 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

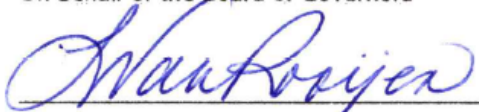
Chartered Professional Accountants
June 23, 2023
Calgary, Alberta

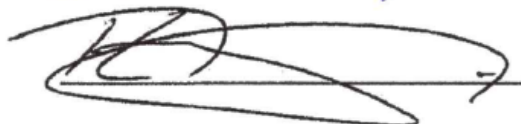
Glenbow-Alberta Institute
Statement of financial position
As at March 31, 2023

		Operating Fund	Restricted Funds	Revitalization Fund	2023 Total	2022 Total
	Notes	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash		3,126,453	—	2,779,474	5,905,927	1,215,633
Investments	6	560,530	—	—	560,530	557,386
Accounts receivable	4	63,121	—	380,757	443,878	159,463
Government capital grant receivable	5	—	—	2,788,933	2,788,933	1,330,205
Due from Revitalization Fund	7	309,381	—	—	309,381	797,710
Due from Operating Fund	7	—	82,115	—	82,115	44,759
Prepaid expenses		241,353	—	—	241,353	359,458
		4,300,838	82,115	5,949,164	10,332,117	4,464,614
Investments	6	—	34,885,101	—	34,885,101	34,448,845
Collections	3(c)	1	—	—	1	1
Deposits	18	—	—	486,600	486,600	—
Capital assets	8	866,153	—	51,080,122	51,946,275	20,480,256
		5,166,992	34,967,216	57,515,886	97,650,094	59,393,716
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities		819,839	—	5,674,795	6,494,634	3,534,602
Due to Operating Fund	7	—	—	309,381	309,381	797,710
Due to Restricted Funds	7	82,115	—	—	82,115	44,759
Bank indebtedness	11	—	—	6,999,000	6,999,000	—
Deferred revenue	9	278,970	—	—	278,970	80,000
		1,180,924	—	12,983,176	14,164,100	4,457,071
Deferred capital contributions	10	760,643	—	—	760,643	702,308
		1,941,567	—	12,983,176	14,924,743	5,159,379
Contingencies and commitments	16					
Fund balances						
Unrestricted		3,225,425	—	—	3,225,425	2,062,033
Externally restricted		—	24,514,968	—	24,514,968	23,917,914
Internally restricted		—	10,452,248	44,532,710	54,984,958	28,254,390
		3,225,425	34,967,216	44,532,710	82,725,351	54,234,337
		5,166,992	34,967,216	57,515,886	97,650,094	59,393,716

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

On behalf of the Board of Governors

 Governor

 Governor

Glenbow-Alberta Institute**Statement of operations and changes in Operating Fund balance**

Year ended March 31, 2023

		2023	2022
	Notes	\$	\$
Revenue			
Government of Alberta		2,288,000	2,288,000
Donations, sponsorships and memberships		3,122,338	526,761
Grants and subsidies	12	692,752	848,346
Admissions and programs		36,357	61,320
Retail sales and rentals		23,000	23,106
Other income		151,539	27,880
Amortization of deferred capital contributions	10	463,309	25,602
		6,777,295	3,801,015
Expenses			
Exhibitions and programs		1,336,215	1,002,688
Collections, conservation and curatorial		909,135	798,070
Building operations and technology		1,264,383	858,963
Fund development and membership		822,630	843,743
Marketing and communications		352,031	218,987
Retail sales and rentals		6,830	18,438
General, administrative and governance		1,651,032	1,398,920
Amortization of tangible capital assets		553,021	112,934
		6,895,277	5,252,743
Deficiency of operating expenses over revenue		(117,982)	(1,451,728)
Allocation of investment income from endowment funds		1,281,374	1,198,991
Fund balance, beginning of year		2,062,033	2,314,770
Fund balance, end of year		3,225,425	2,062,033

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

Glenbow-Alberta Institute
Statement of operations and changes in Restricted Funds balances
Year ended March 31, 2023

	Endowment Funds			Internally Restricted Funds		2023 Total \$	2022 Total \$
	Founding Fund \$	Legacy Fund \$	JR Shaw Institute Fund \$	Collections Fund \$	Future Fund \$		
Revenue							
Investment income							
Interest, dividends, capital gains and losses	638,602	127,149	12,898	380,701	591	1,159,941	1,513,990
Donations	—	300	1,500,000	—	—	1,500,300	600
	638,602	127,449	1,512,898	380,701	591	2,660,241	1,514,590
Expenses							
Unrealized loss (gain) on investments	592,586	118,416	2,695	24,783	1,452	739,932	(870,507)
Investment management	91,278	16,132	1,948	55,815	150	165,323	141,712
Excess (deficiency) of revenue over expenses	(45,262)	(7,099)	1,508,255	300,103	(1,011)	1,754,986	2,243,385
Allocation of investment income from							
Endowment Funds to Operations Fund	(733,608)	(125,232)	—	(421,850)	(684)	(1,281,374)	(1,198,991)
Fund balances, beginning of year	20,394,663	3,523,251	—	10,549,855	25,835	34,493,604	33,449,210
Fund balances, end of year	19,615,793	3,390,920	1,508,255	10,428,108	24,140	34,967,216	34,493,604

Glenbow-Alberta Institute
Statement of operations and changes in Revitalization Fund balance
Year ended March 31, 2023

	Notes	2023 Total \$	2022 Total \$
Revenue			
Government capital grants	5	23,005,542	12,399,371
Campaign contributions		3,707,498	2,133,213
Other contributions		170,663	78,540
		26,883,703	14,611,124
Expenses			
Campaign		29,693	13,669
Excess of revenue over expenses		26,854,010	14,597,455
Fund balances, beginning of year		17,678,700	3,081,245
Fund balances, end of year		44,532,710	17,678,700

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

Glenbow-Alberta Institute
Statement of cash flows
Year ended March 31, 2023

	Operating Fund	Restricted Funds	Revitalization Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Notes					
Operating activities					
Excess (deficiency) of revenue over expenses	(117,982)	1,754,986	26,854,010	28,491,014	15,389,112
Items not affecting cash					
Unrealized loss (gain) on investments	13,178	739,932	—	753,110	(886,068)
Amortization of capital assets	553,021	—	—	553,021	112,934
Amortization of deferred capital contributions	(463,309)	—	—	(463,309)	(25,602)
	(15,092)	2,494,918	26,854,010	29,333,836	14,590,376
Changes in non-cash operational working capital					
Accounts receivable and government capital grants receivable	(31,865)	—	(1,711,278)	(1,743,143)	299,309
Prepaid expenses	118,106	—	(486,600)	(368,494)	(310,848)
Accounts payable and accrued liabilities	(138,535)	—	3,098,566	2,960,031	2,024,568
Due to Restricted Funds	37,355	—	—	37,355	(21,888)
Due to Operating Fund	—	(37,355)	(488,329)	(525,684)	366,688
Due from Revitalization Fund	488,329	—	—	488,329	(366,688)
Due from Operating Fund	—	—	—	—	21,888
Deferred revenue	198,970	—	—	198,970	(104,171)
	657,268	2,457,563	27,266,369	30,381,200	16,499,234
Investing activities					
Proceeds from sale of investments, net of purchases (purchases of investments, net of sale proceeds)	(16,319)	(1,176,189)	—	(1,192,508)	(165,511)
Bank indebtedness	—	—	6,999,000	6,999,000	—
Purchase of capital assets, net of proceeds from disposal	(68,227)	—	(31,950,814)	(32,019,041)	(17,726,212)
	(84,546)	(1,176,189)	(24,951,814)	(26,212,549)	(17,891,723)
Financing activities					
Allocation of investment income from endowment funds	1,281,374	(1,281,374)	—	—	—
Deferred capital contributions	521,643	—	—	521,643	641,982
	1,803,017	(1,281,374)	—	521,643	641,982
Net increase (decrease) in cash	2,375,739	—	2,314,555	4,690,294	(750,507)
Cash, beginning of year	750,714	—	464,919	1,215,633	1,966,140
Cash, end of year	3,126,453	—	2,779,474	5,905,927	1,215,633

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

1. General

The Glenbow-Alberta Institute (the "Institute" or "Glenbow") operates under the authority of the Glenbow-Alberta Institute Act, Chapter G-6, Revised Statutes of Alberta 2000, as amended ("the GAI Act"). The Institute is registered as a charity under the Income Tax Act and is exempt from income taxes.

The Institute curates and administers seven collections comprising Art, Cultural History, Ethnology, Military History, Mineralogy, Library and Archives. The majority of the collections are owned by the Government of Alberta. Under the GAI Act and through a fee for service arrangement, the Institute is responsible for caring for these collections and providing reasonable public access. As such, the Institute is economically dependent on the Government of Alberta meeting its financial obligation under the GAI Act.

2. Nature of and extent of operations

For over 50 years, the Institute has provided public service by operating an art gallery, a human history museum and a library and archives. Recent events that have impacted current operations are described below:

Glenbow Revitalization Capital Project (GRCP) is a multi-phase capital program that will see Glenbow modernized over the next several years. The first three phases of the program consist of interior abatement, removal and replacement of the concrete exterior building envelope and major changes to the museum's interior spaces. Subsequent phases relate to the activation and programming of these spaces (i.e., exhibition design and construction).

The first phase of the program was funded primarily through the City of Calgary's Municipal Sustainability program (MSP) grant (\$14M) and was completed on March 31st, 2022. The Institute secured further commitments in the past year from the Province of Alberta (\$40M) and the Federal government under the federal investing in Canada Infrastructure Program ("ICIP") (\$40M), to support the second and third phase of the program.

During the year, Glenbow remained closed for renovations and opened a temporary gallery at the Edison Building which held four exhibitions. The space underwent major leasehold renovations to accommodate a Class A Museum gallery space. To support this initiative Glenbow secured \$2.0 million in funding from the City of Calgary through the Downtown Strategy Fund to cover the leasehold improvement costs and 36-month lease with Aspen Properties (Note 16).

3. Significant accounting policies

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

(a) *Fund accounting*

The accounts of the Institute are maintained in accordance with the principles of fund accounting, whereby the resources of the Institute are classified into funds associated with specific activities or objectives.

(i) *Operating Fund*

Revenue and expenses relating to the Institute's operations, including activities related to the provision of care and access to the collections are reported in the Operating Fund.

(ii) *Externally Restricted Endowment Funds*

The *Founding Fund* endowment contains the founding gifts of the Devonian Foundation and the Government of Alberta in the original amounts of \$5 million each, along with undistributed investment income earned from the investment of these gifts. Under the GAI Act, investment income derived from the gifts is to be used: a) toward the operating expenses of the Institute, b) for reinvestment or c) to further the general objects of the Institute. The GAI Act also requires a portion of the gifts' annual investment income to be reinvested in order to maintain the inflation-adjusted value of the gifts unless the Board, having complied with the requirements of Section 17 of the GAI Act, passes a motion that allows the investment income to be used for an alternate purpose. On February 3, 2010, the Board passed a motion that allows the investment income to be used for purposes of meeting the capital and operating expenses of the Institute. In the case of the Government of Alberta gift, such use is still subject to compliance with Subsection 16(4) of the GAI Act. The amount that the carrying value of the provincial gift is less than its inflation-adjusted value has not been reflected on the statement of financial position. This deficiency will fluctuate from time to time based on the investment portfolio performance.

In addition to the Founding Fund, other externally endowed gifts that support designated areas of operations are reported in the Legacy Fund and the JR Shaw Institute for Art in Canada Fund ("JR Shaw Institute Fund"). During the past year, the JR Shaw Institute Fund was established and received a founding donation of \$1.5M from the Shaw Family Foundation. The interest and investment income earned on the capital of the JR Shaw Institute Fund shall be distributed to Glenbow to support activities at the JR Shaw Institute for Art in Canada.

(iii) *Internally Restricted Endowment Funds*

The Collections Fund is an internally endowed fund established over time from the proceeds of various deaccessioning programs. Although there are no legal restrictions on this Fund, industry practice for Class A museums requires that expenditures be restricted for the future care and purchase of collection items of the Collections Fund. In fiscal 2021, the Board passed a motion whereby up to \$8.65 million of the Fund could be pledged as security, if needed, to bridge finance any shortfall in raising the remainder of the matching funds required to release the \$40 million Provincial capital grant for the Revitalization project (Note 2). As of March 31st, 2023, the security pledge on the collections has been reduced to \$1.9M.

The Future Fund contains an undesignated gift that was endowed by the Board to support the continuing care of the Maverick's exhibit.

3. Significant accounting policies (continued)

(a) Fund accounting (continued)

(iv) Revitalization Fund

The Revitalization Fund was established in fiscal 2021 to receive and expend restricted campaign contributions and capital grants for the Revitalization project as well as other strategic revitalization initiatives.

(b) Revenue recognition

(i) Recognition of contributions

The Institute follows the restricted fund method whereby externally restricted contributions (donations, grants and sponsorships) are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the Operating Fund. Externally restricted contributions related to expenses of future periods or acquisition of tangible capital assets in the Operating Fund are deferred and recognized as revenue in the period in which the related expenses are incurred or over the life of the related asset that is purchased.

Government grants are not recognized until there is reasonable assurance that the Institute will comply with the conditions attached to them and that the grants will be received.

(ii) Allocations to Operating Fund

Allocations of investment income from the Institute's Restricted Funds in support of the Institute's operations is recognized as an adjustment to the Operating fund (not as revenue). In addition to the annual allocations, special allocations may be authorized by the Board to provide supplemental or specified operational support. Investment income not allocated to the Operating Fund is retained in the respective funds.

(iii) Investment income

Interest, dividends and capital gains are recognized in the period in which the income is earned. Unrealized increases or decreases in the market value of investments held for resale are recognized on the last day of each accounting period based on the closing market prices of the underlying securities.

(iv) Contributed goods and services

In-kind contributions, including works of art, artifacts, books, other tangible gifts, and services to the Institute's own collections, are recognized at a nominal amount in the financial statements.

Unpaid volunteers make significant contributions of their time in support of the Institute's programs. The value of this contributed time is not included in these financial statements as an objective measurement of valuation is indeterminable.

(v) Recognition of other revenues

Revenues from admissions, memberships, publication sales, and fee for service are recognized in the year when the service is provided, and persuasive evidence of an arrangement exists and those from fundraising activities when such activities are held.

3. Significant accounting policies (continued)

(c) Collections

The Institute oversees collections belonging to both the Institute and to the Province of Alberta. Combined the two collections include approximately 230,000 objects. These include nationally significant collections relating to Art, Cultural History, Indigenous Studies, Military History, Mineralogy and a small Archive and Library collection.

The art collection includes the work of nationally important artists from this region, along with works by prominent Canadians and selected international artists. It includes paintings, drawings, prints, sculpture, ceramics, installation and multi-media art, and photography. Amongst other areas of strength is an exceptional collection of modern Canadian prints, a strong collection of contemporary art by Albertans and nationally recognized Canadian artists, and very strong collections of Canadian Pacific Railway art, wildlife art, and works by early artists/teachers in modern Alberta. Gifts to the Art collection are often certified by the Canadian Cultural Property Export Review Board.

The Cultural History collection reflects the history of Calgary and southern Alberta. Examples of strengths include fashion and textiles, immigration, Alberta industries, and Canadian glass. The Institute is well known for its work with First Nations communities in this region. The core of the Indigenous Studies collection is from the northwest quadrant of North America, including the Plains, the Northwest Coast, the Arctic, and the subarctic. It also has large collections relating to South America, West Africa and Asia. The Military History collection includes material relating to Canadian military history with an emphasis on this region, Northwest Mounted Police and RCMP material, a large collection of historic firearms, and European and Japanese armor. The Mineralogy collection includes rocks, minerals, and gems from Canadian and international sites.

In addition to the above, Glenbow's extensive Library and Archives collection includes books and fonds relating to specific areas of the art and artefact collections. Under a long-term agreement with the University of Calgary, substantially all of this collection is held at the University of Calgary which provides the requisite care and public access under the operating name "Glenbow Western Research Centre".

During the year the Institute received donations of artwork and artifacts valued at approximately \$13,000 (\$2,173,675 in 2022) that have been recorded at a nominal carrying value of nil. The Institute made nil purchases of art for its collection in 2023 (nil in 2022). In the past year, the objects owned by Institute were insured for \$102,279,000 (\$102,759,000 in 2022). The policy premium for this insurance coverage was \$58,805 (\$58,108 in 2022). The vast majority of Glenbow's collections are stored on site and have remained on site over the course of the renovation. A very small number of objects are stored at offsite warehouses.

3. Significant accounting policies (continued)

(d) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization.

(e) Amortization

Amortization of capital assets is provided using the straight-line method over the estimated useful life of the asset at the following rates:

Furniture and Equipment	3 – 10 years
Leasehold improvements	15 years

(f) Impairment of long-lived assets

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of tangible capital assets is recognized as an expense in the statement of revenues and expenses. A write-down shall not be reversed.

(g) Financial instruments

The Institute initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost except for Investments which have elected to be recognized 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 excess (deficiency) of revenue over expenses as investment income.

(h) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as disclosures of contingent assets and liabilities. The most significant of these estimates are related to the allowances for accounts receivable, the accrual of liabilities, the amortization period and potential impairment of tangible capital assets, and potential contingencies. Actual results could differ from these estimates.

4. Government remittances recoverable

Included in accounts receivable are government remittances recoverable aggregating \$52,403 (\$17,340 in 2022).

5. Government capital grant receivable

Pursuant to a federal government agreement under the federal investing in Canada Infrastructure Program ("ICIP"), the Institute has been awarded a capital grant of up to \$40 million to be used for the second and third phase of the Revitalization project (Note 2). Eligible expenditures under the ICIP grant are first paid by the Institute and then submitted to the federal government for reimbursement.

As of March 31, 2023, eligible ICIP expenditures totaling \$9,672,541 have been incurred and submitted to ICIP (\$9,652,541 in 2022), with another \$2,389,987 in eligible expenses incurred but not yet submitted by the Institute, for a total of \$12,062,528 total expenses incurred of which \$5,178,920 had not yet been reimbursed. An additional \$13,333,000 was received from the Province of Alberta (Note 2), for a total of \$23,005,542 received from Government sources for FY2023 with the balance of the capital grant to be received over the next two fiscal years.

6. Investments

The investments have been recorded at fair market value as follows:

	2023	2022
	\$	\$
Investments – Operating Fund		
Pooled bond fund (short term maturities)	560,530	557,386
Investments – Endowment Funds		
Founding Fund	19,591,902	20,390,820
Legacy Fund	3,344,982	3,481,053
JR Shaw Institute Fund	1,508,159	—
Collections Fund	10,416,263	10,551,456
Future Fund	23,795	25,516
Pooled balanced funds	34,885,101	34,448,845
	35,445,631	35,006,231

6. Investments (continued)

The pooled fund investments were externally managed by professional Fund Managers. The weightings for the Endowment Fund's pooled balanced portfolios are set out below.

	2023	2022
	%	%
Cash	14.3	5.4
Fixed income		
Canadian	15.6	15.3
International	3.8	3.1
Equities		
Canadian	19.9	26.8
United States	24.8	25.8
International	14.4	16.4
Real assets	7.2	7.2
	100.0	100.0

7. Inter-fund balances

Advances due to or from other funds are non-interest bearing and have no fixed terms of repayment.

8. Capital assets

	Cost	Accumulated amortization	2023 Net book value
	\$	\$	\$
Operating Fund			
Furniture and equipment	417,729	351,034	66,695
Leasehold improvements	1,244,019	444,561	799,458
	1,661,748	795,595	866,153
Revitalization Fund			
Leasehold improvements in progress	51,080,122	—	51,080,122
	52,741,870	795,595	51,946,275

8. Capital assets (continued)

	Cost \$	Accumulated amortization \$	2022 Net book value \$
Operating Fund			
Furniture and equipment	381,239	242,573	138,666
Leasehold improvements	<u>1,212,282</u>	<u>—</u>	<u>1,212,282</u>
	<u>1,593,521</u>	<u>242,573</u>	<u>1,350,948</u>
Revitalization Fund			
Leasehold improvements in progress	<u>19,129,308</u>	<u>—</u>	<u>19,129,308</u>
	<u>20,722,829</u>	<u>242,573</u>	<u>20,480,256</u>

9. Deferred revenue

Externally restricted contributions related to expenses of future periods in the Operating Fund are deferred and recognized as revenue in the period in which the related expenses are incurred. Changes in the deferred revenue balance are as follows:

	2023 \$	2022 \$
Balance, beginning of year	80,000	184,171
Contributions	335,293	80,000
	415,293	264,171
Recognized in the current year	136,323	184,171
Balance, end of year	278,970	80,000

10. Deferred capital contributions

Deferred capital contributions comprise the unamortized balance of contributions earned by the Institute for the acquisition of capital assets in the Operating Fund. The amount earned is initially deferred and then recognized as revenue over the life of the related asset.

	2023	2022
	\$	\$
Balance, beginning of year	702,308	85,928
Contributions	521,643	641,982
	1,223,951	727,910
Recognized in the current year	463,309	25,602
Balance, end of year	760,643	702,308

11. Bank indebtedness

The Institute has access to a revolving, demand credit facility to a maximum of \$1,000,000 with a Canadian chartered bank to support operations. The facility is provided on an unsecured basis and bears interest at the bank's prime interest rate plus 0.25% per annum. The Institute did not draw on this facility in the current fiscal year.

Moreover, to support the Glenbow Reimagined Capital Campaign, the institute has access to revolving credit facilities of up to \$30,000,000 to bridge finance the government receivables (Note 5). The facility bears an interest at the bank's prime interest rate plus 0.25%. As security, a Canadian Chartered bank has a general security agreement covering the assets of the institute.

As at March 31st, 2023 the balance is \$6,999,000. Interest expenses of \$120,002 were incurred on the revolving credit facility for the Glenbow Reimagined Capital Campaign to bridge the timing of government receivable.

12. Grants and subsidies

Received a \$349,000 grant from Calgary Arts Development in 2023 and recognized \$340,213 in municipal grants to support the exhibitions at the Edison for the year. Also received \$1,539 in job grants for employee training, and \$2,000 in other Grants.

13. Pension obligations

The Institute has a defined contribution plan which is available to all full-time and permanent part-time employees. Under the terms of the plan, the Institute matches contributions of up to 5% of employee earnings. During the year, the Institute contributed \$135,279 (\$104,529 in 2022) in connection with the plan.

14. Building lease

The Glenbow Centre is leased to The City of Calgary by the Government of Alberta for a nominal amount under a 50-year lease that, if not extended under the terms of the lease, will expire in 2024. Under the terms of the lease, The City of Calgary must sublease the building to the Institute for \$1 per year. Fair market value of the sublease has not been determined. Under the sublease, The City of Calgary provides janitorial, maintenance and utility services for the Glenbow Centre at no cost to the Province of Alberta or the Institute. The value of these services as determined by The City of Calgary for the year was \$2,086,828 (\$1,902,497 in 2022) and has not been included in these financial statements.

Previously, the Institute received consent from both the Government of Alberta and the City of Calgary to commence the renovation of the building (Note 2). In this respect, the Institute has been advised that negotiations between the Government of Alberta and the City of Calgary to renew the lease are ongoing.

15. Related party transaction

During the year, the Institute received sponsorships from two organizations with a value of \$50,000 where two board members are affiliated (one as a proprietor, one as an employee). The Institute also received in kind services including office space and consulting services from two Board members.

16. Contingencies and commitments

There are currently no known claims outstanding against the Institute as at March 31, 2023.

At March 31, 2023 the Institute had entered into planning, design, construction and other contracts related to the second & third phases of the Revitalization project (Note 2). The total value of the contracts was \$75,056,109 (Construction) and \$4,948,385 (Planning & Design) for a total overall commitment of \$82,686,057. The remaining commitment will be expended over the next 3 fiscal years with a total of \$80M eligible for recovery under the Federal ICIP (\$40M) and from the Government of Alberta (\$40M). The Institute has entered into lease agreements for the Edison satellite gallery, its warehouse as well as for office equipment and other services, which expire at various times over the next several years.

The Institute is committed to payments under temporary gallery, and warehouse space lease agreements for the next five years as follows:

	\$
2024	434,341
2025	205,909
2026	14,645
2027	—
2028	—
	<u>654,895</u>

17. Financial instruments

The Institute's financial risks are as follows:

Equity risk

The Institute's investment portfolio includes a large portion of equities. The portfolio is invested in a balanced pooled fund which is professionally managed by an independent fund manager appointed by the Board. The fund manager is governed by an investment policy of the Board, which places certain parameters on the investment portfolio. The performance of the fund manager is routinely assessed by the Audit and Investment Committee of the Board. The value of equity investments changes in concert with the business, financial condition, management, and other relevant factors affecting the underlying organization that issued the securities. In addition, general economic conditions of the markets in which such organizations operate change, thereby exposing the Institute to fluctuations in the value of investments. The Audit and Investment Committee has authority to change fund managers or make certain changes to the asset mix as needed to mitigate equity risk.

The Institute does not directly enter into any derivative financial instruments; however, the professionally managed pooled funds may contain certain derivative instruments from time to time that are used exclusively for hedging purposes. No use of leverage is permitted.

Liquidity risk

In the current economic environment, the Institute may be subject to liquidity risk if required to realize its long-term investments in the near term. This risk is mitigated by the fact that the investment portfolio consists of marketable securities traded on major national and international exchanges. The Institute also has significant financial commitments, and although having pledges and grants in place to cover those commitments, there is a risk of some of those promised funds not being delivered.

Interest rate risk

The Institute is exposed to interest rate risk given that its fixed income investments have varying maturity dates. Accordingly, if interest rates decline, the Institute may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing thereby causing fluctuations in investment income. This is mitigated by the fact that the Institute's pooled fund investments are managed by an experienced fund manager.

The Institute is also subject to interest rate risk given that its bank indebtedness and demand bank loan are at a floating rate of interest. Accordingly, the Institute is susceptible to fluctuations in the bank's prime interest rate.

Foreign exchange risk

Because a portion of the Institute's investment portfolio and cash accounts are denominated in foreign currencies, the Institute is exposed to fluctuations in those currencies. At March 31, 2023, the foreign content of the managed portfolios was 50.2% (52.6% in 2022) (Note 6).

Credit risk

The Institute's major source of contract revenue is from the Government of Alberta which is received in monthly instalments as a direct deposit to the Institute's bank account. Sponsorships, grants and pledges receivable are not concentrated in one particular sector or group but are from a broad variety of government agencies and private sector organizations. Therefore, management is of the opinion that the Institute is not substantially exposed to credit risk.

18. Deposits

As of March 31, 2023, the Institute had a refundable security deposit for surface improvements from the City of Calgary that is reimbursable upon completion of the renovation project. These assets represent funds that the organization will not receive in the next year.

19. Comparative figures

Certain 2022 figures have been reclassified to correspond with the current year's presentation

20. Subsequent events

Subsequent to year end, the following events have occurred:

The Institute secured an additional \$5,500,000 in a revolving demand term facility for the Capital Campaign.

Glenbow has added \$14M in Construction commitments, and an additional \$1M in commitments for Planning and Design, increasing total commitments from \$83M to \$97M as of May 31, 2023, of which \$39M has been spent.

Glenbow and the City of Calgary executed the funding agreement for MSI (Municipal Sustainability Initiative) that would see Glenbow receive \$11M.

Glenbow has retired the pledge of security on the internally restricted Collections Fund that is mentioned in Note 3(a)(iii).