
Financial statements of Glenbow-Alberta Institute

March 31, 2024

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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 ("the Institute"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in operating fund balance, operations and changes in restricted fund 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2024, and its results of operations and 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 Institute 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.

Other Matter

The financial statements for the year ended March 31, 2023 were audited by another firm of chartered professional accountants who expressed an unmodified opinion on those financial statements on June 23, 2023.

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 Institutes, 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 Institute'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 Institute'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 Institute 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.

Grant Thornton LLP

Chartered Professional Accountants

Calgary, Canada
September 27, 2024

Glenbow-Alberta Institute
Statement of financial position
As at March 31, 2024

		Operating Fund	Restricted Funds	Revitalization Fund	2024 Total	2023 Total
	Notes				\$	\$
Assets						
Current assets						
Cash		2,949,846	-	2,528,176	5,478,022	5,905,927
Investments	6	587,622	-	-	587,622	560,530
Accounts receivable	4	62,054	-	282,287	344,341	443,878
Government capital grant receivable	5	-	-	7,848,463	7,848,463	2,788,933
Interfund loans receivable (payable)	7	1,327,568	53,756	(1,381,324)	-	-
Prepaid expenses		267,985	-	9,776	277,761	241,353
		5,195,075	53,756	9,287,378	14,536,209	9,940,621
Investments	6	-	40,356,325	-	40,356,325	34,885,101
Collections	3(c)	1	-	-	1	1
Deposits	18	-	-	486,600	486,600	486,600
Capital assets	8	443,222	-	96,407,600	96,850,822	51,946,275
		5,638,298	40,410,081	106,181,578	152,229,957	97,258,598
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities		909,105	-	10,805,429	11,714,534	6,494,634
Bank indebtedness	11	-	-	4,960,000	4,960,000	6,999,000
Deferred revenue	9	402,846	-	-	402,846	278,970
		1,311,951	-	15,765,429	17,077,380	13,772,604
Deferred capital contributions	10	1,178,835	-	-	1,178,835	760,643
		2,490,786	-	15,765,429	18,256,215	14,533,247
Contingencies and commitments	16					
Fund balances						
Unrestricted		3,147,512	-	-	3,147,512	3,225,425
Externally restricted		-	14,236,654	90,416,149	104,652,803	55,685,938
Internally restricted		-	26,173,427	-	26,173,427	23,813,988
		3,147,512	40,410,081	90,416,149	133,973,742	82,725,351
		5,638,298	40,410,081	106,181,578	152,229,957	97,258,598

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, 2024

	Notes	2024	2023
		\$	\$
Revenue			
Government of Alberta		2,288,000	2,288,000
Donations, sponsorships and memberships		2,139,102	3,122,338
Grants and subsidies	12	659,137	692,752
Programs		32,742	36,357
Retail sales and rentals		23,000	23,000
Other income		278,201	151,539
Amortization of deferred capital contributions		460,184	463,309
		5,880,366	6,777,295
Expenses			
Exhibitions and programs		1,295,750	1,336,215
Collections, conservation and curatorial		912,426	909,135
Building operations and technology		1,394,299	1,264,383
Fund development and membership		758,519	822,630
Marketing and communications		423,680	352,031
Retail sales and rentals		11,118	6,830
General, administrative and governance		1,894,886	1,651,032
Amortization of tangible capital assets		507,355	553,021
		7,198,033	6,895,277
Deficiency of operating expenses over revenue		(1,317,667)	(117,982)
Fund balance, beginning of year		3,225,425	2,062,033
Allocation of investment income from restricted funds		1,239,754	1,281,374
Fund balance, end of year		3,147,512	3,225,425

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, 2024

	Endowment Funds			Internally Restricted Funds			2024 Total	2023 Total
	Founding Fund	Legacy Fund	JR Shaw Fund	Endowment Income Fund	Collections Fund	Future Fund		
Revenue	\$	\$	\$	\$	\$	\$	\$	\$
Investment income								
Interest, dividends, gains and losses	—	—	91,668	2,771,283	1,018,647	1,871	3,883,469	420,009
Donations	—	250	3,000,000	—	—	—	3,000,250	1,500,300
	—	250	3,091,668	2,771,283	1,018,647	1,871	6,883,719	1,920,309
Expenses								
Investment management	—	—	8,492	150,555	41,730	323	201,100	165,323
Excess of revenue over expenses	—	250	3,083,176	2,620,728	976,917	1,548	6,682,619	1,754,986
Fund balances, beginning of year	6,644,973	3,000,000	1,508,255	13,361,740	10,428,108	24,140	34,967,216	34,493,604
Transfer to Operating Fund	—	—	—	(1,107,020)	(131,810)	(924)	(1,239,754)	(1,281,374)
Fund balances, end of year	6,644,973	3,000,250	4,591,431	14,875,448	11,273,215	24,764	40,410,081	34,967,216

Glenbow-Alberta Institute
Statement of operations and changes in Revitalization Fund balance
Year ended March 31, 2024

	2024	2023
	\$	\$
Revenue		
Government capital grants	41,026,162	23,005,542
Campaign contributions	4,634,808	3,707,498
Other contributions	445,227	170,663
	46,106,197	26,883,703
Expenses		
Campaign	222,758	29,693
Excess of revenue over expenses	45,883,439	26,854,010
Fund balances, beginning of year	44,532,710	17,678,700
Fund balances, end of year	90,416,149	44,532,710

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

Glenbow-Alberta Institute
Statement of cash flows

Year ended March 31, 2024

	Operating Fund	Restricted Funds	Revitalization Fund	2024 Total	2023 Total
Operating activities					
Excess of revenue over expenses	(1,317,667)	6,682,619	45,883,439	51,248,391	28,491,014
Items not affecting cash					
Unrealized loss (gain) on investments	3,828	(2,537,244)	—	(2,533,416)	753,110
Amortization of capital assets	507,355	—	—	507,355	553,021
Amortization of deferred capital contributions	(460,184)	—	—	(460,184)	(463,309)
	(1,266,668)	4,145,375	45,883,439	48,762,146	29,333,836
Changes in non-cash operational working capital					
Accounts receivable and government capital grant receivable	1,067	—	(4,961,060)	(4,959,993)	(1,743,143)
Interfund loans and transfers	139,452	(1,211,395)	1,071,943	—	—
Prepaid expenses	(26,632)	—	(9,776)	(36,408)	(368,494)
Accounts payable and accrued liabilities	89,266	—	5,130,634	5,219,900	2,960,031
Deferred revenue	123,876	—	—	123,876	198,970
	(939,639)	2,933,980	47,115,180	49,109,521	30,381,200
Investing activities					
Purchases of investments, net of sales proceeds	(30,920)	(2,933,980)	—	(2,964,900)	(1,192,508)
Bank indebtedness	—	—	(2,039,000)	(2,039,000)	6,999,000
Purchase of capital assets, net of proceeds from disposal	(84,424)	—	(45,327,478)	(45,411,902)	(32,019,041)
	(115,344)	(2,933,980)	(47,366,478)	(50,415,802)	(26,212,549)
Financing activities					
Deferred capital contributions received	878,376	—	—	878,376	521,643
	878,376	—	—	878,376	521,643
(Decrease) Increase in cash	(176,607)	—	(251,298)	(427,905)	4,690,294
Cash, beginning of year	3,126,453	—	2,779,474	5,905,927	1,215,633
Cash, end of year	2,949,846	—	2,528,176	5,478,022	5,905,927

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. Most 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, 2023. The Institute secured further commitments from the Province of Alberta (\$40M), the Federal government under the federal investing in Canada Infrastructure Program ("ICIP") (\$40M), and the City of Calgary's Municipal Sustainability initiative (\$11M), to support the second and third phase of the program. The Institute continues to explore and secure additional funding for the final phase of the Revitalization Capital Project.

The Institute has remained closed for renovations and in 2023 opened a temporary gallery at the Edison Building. The space underwent major leasehold renovations to accommodate a Class A Museum gallery space. To support this initiative, in 2023, the Institute secured \$2 million in funding from the City of Calgary through the Downtown Strategy Fund to cover the leasehold improvement costs and lease with Aspen Properties. The Aspen lease agreement expires on December 31, 2024 (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.

3. Significant accounting policies (continued)

(a) Fund accounting (continued)

(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 gift of the Government of Alberta in the original amount of \$5 million, along with undistributed investment income earned from the investment of this gift to March 31, 1996. Under the GAI Act, investment income derived from the gift 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 gift's annual investment income to be reinvested in order to maintain the inflation-adjusted value of the gift 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. Notwithstanding the absence of requirements to reinvest income generated from the Founding Fund endowment as endowment principal, such income is internally restricted by the Board in the Internally Restricted Endowment Income Fund to support current and future operational and capital requirements of the Institute.

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 Fund. Income generated from the Legacy Fund does not maintain external restrictions on use, however such income is internally restricted by the Board in the Internally Restricted Endowment Income Fund to support current and future operational and capital requirements of the Institute. The JR Shaw Fund was established in fiscal 2023. Income generated from JR Shaw Fund endowment contributions is externally restricted for reinvestment in the principal amount of the endowment or to support activities related to the JR Shaw Institute for Art in Canada.

(iii) Internally Restricted Funds

The Endowment Income Fund comprises a \$5 million gift from the Devonian Foundation as well as accumulated investment income generated from externally restricted endowment contributions. The accumulated investment income is not externally restricted as to its use. This Fund has been established to support current and future operational and capital requirements of the Institute. The Collections Fund has been established from the proceeds of various deaccessioning programs. Although there are no external restrictions concerning use of the Collections Fund, the Board has restricted, consistent with industry practice for Class A museums requires, the use of this Fund for expenditures associated with the future care and purchase of collection items. The Future Fund has been restricted by the Board to support the continuing care of the Maverick's exhibit.

(iv) Revitalization Fund

The Revitalization Fund was established in fiscal 2021 to receive and expend externally restricted campaign contributions and capital grants for Glenbow Revitalization Capital Project (GRCP).

3. Significant accounting policies (continued)

(b) Revenue recognition

(i) Recognition of contributions

The Institute follows the restricted fund method whereby externally restricted contributions (donations, grants, and sponsorships) are recognized as revenue 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 for the acquisition of capital assets for which the Institute has not established a corresponding fund, are deferred and recognized as revenue in the Operating Fund in the period in which the related expenses are incurred or over the life of the related asset that is purchased in accordance with the Institute's accounting policy for capital assets.

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) Recognition of other revenues

Revenues from programs, admissions, sales, sponsorships and memberships, publication sales and fee for service are recognized as revenue in the year when the services are provided or goods delivered, persuasive evidence of an arrangement exists and collectability of the relevant receivable is reasonably assured. Revenue from donations and other fundraising activities are recognized amounts have been received or when pledges or funding agreements are in place and collection of the relevant receivable is reasonably assured.

(iii) Allocations to Operating Fund

Allocations of investment income from the Institute's Restricted Funds in support of the Institute's operations are recognized as transfers from the relevant Restricted Funds 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 Restricted Funds.

(iv) 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 the month based on the closing market prices of the underlying securities.

(v) 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.

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 an Archive and Library collection.

The art collection includes the work of nationally important artists, along with works by prominent Canadians and selected international artists. The art collection is comprised of paintings, drawings, prints, sculptures, ceramics, photography, installation, and multi-media art. In addition, the collections include an exceptional collection of modern Canadian prints, a strong collection of contemporary art by Albertans, collections of Canadian Pacific Railway, wildlife art, and works by early artists and teachers. 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 include fashion and textiles, immigration, Alberta industries, and Canadian glass. The Institute is well known for its work with First Nations communities. 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 materials relating to Canadian military history with an emphasis on Alberta. Other collections include materials from the Northwest Mounted Police, RCMP, including historic firearms, 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 artifact collections. Under a long-term agreement with the University of Calgary, the majority portion 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 \$89,200 (2023 - \$13,000) that have been recorded at a nominal carrying value. The Institute made no purchases of art for its collection in 2024 or 2023. In the past year, the objects owned by Institute were insured for \$110,799,000 (2023 - \$102,759,000). The policy premium for this insurance coverage was \$71,375 (2023 - \$58,805). 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.

(d) Capital assets

Capital assets are measured and recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the capital asset is amortized on a straight-line basis over the estimated useful life as follows:

Computer Equipment	- 3 years
Equipment	- 5 years
Furniture	- 10 years
Leasehold Improvements	- 3 to 15 years

The Institute applies the half-year rule for amortization charges in the year of acquisition. Assets under construction are not amortized until the assets are available for use.

3. Significant accounting policies (continued)

(e) Impairment of long-lived assets

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

(f) Financial instruments

The Institute considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Institute accounts for the following as financial instruments:

- Cash
- Investments
- Accounts receivable
- Accounts payable
- Bank indebtedness

A financial asset or liability is recognized when the Institute becomes party to contractual provisions of the instrument. The Institute initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions. The Institute subsequently measures its financial assets and liabilities at cost or amortized cost less any reduction for impairment, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Institute has elected to measure at fair value. Changes in fair value are recognized in the statement of operations. The Institute's investments are measured at fair value.

Financial assets and liabilities that are not subsequently measured at fair value are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption. Transaction costs and financing fees are recorded as revenue or expense over the term of the related financial asset or liability. All other transaction costs are recognized in the statement of operations when incurred.

The Institute removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

Financial instruments in related party transactions

Financial assets and liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Institute does not have any financial assets or liabilities in related party transactions which are initially measured at fair value. Gains or losses arising on initial measurement differences are generally recognized in the statement of operations when the transaction is in the normal course of operations, and in net assets when the transaction is not in the normal course of operations, subject to certain exceptions.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Financial assets and liabilities recognized in related party transactions are subsequently measured based on how the Institute initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Institute has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. The most significant of these estimates are related to the allowances for accounts receivable, accrual of liabilities, amortization periods and potential impairment of capital assets, and fair value of investments. Actual results could differ from these estimates

4. Government remittances recoverable

Included in accounts receivable are government remittances recoverable aggregating \$51,311 (2023 - \$52,403).

5. Government capital grant receivable

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

As of March 31, 2024, eligible ICIP expenditures totaling \$24,668,516 have been incurred and submitted to ICIP (2023 - \$9,652,541), with another \$2,596,891 (2023 - \$2,389,987) in eligible expenses incurred but not yet submitted by the Institute, for a total of \$27,265,407 (2023 - \$12,042,528) incurred of which \$10,443,778 (2023 - \$5,178,920) have not yet been reimbursed.

6. Investments

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

	2024	2023
	\$	\$
Investments - Operating Fund		
Pooled bond fund (short term maturities)	587,622	560,530
Investments - Restricted Funds		
Founding Fund	20,816,336	19,591,901
Legacy Fund	3,602,306	3,344,982
JR Shaw Fund	4,652,195	1,508,159
Collections Fund	11,261,083	10,416,263
Future Fund	24,405	23,796
Pooled balanced funds	40,356,325	34,885,101
	40,943,947	35,445,631

6. Investments (continued)

The pooled fund investments are externally managed by professional Fund Managers. The weightings for the Endowment Funds' pooled balanced portfolios are as follows:

	2024 (%)	2023 (%)
Cash	14.9	14.3
Fixed Income		
Canadian	15.2	15.6
International	13.8	3.8
Equities		
Canadian	7.3	19.9
United States	22.5	24.8
International	13.7	14.4
Hedge Funds	0.6	-
Private Credit	1.0	-
Real Assets	11.0	7.2
	100.0	100.0

7. Inter-fund balances

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

8. Capital assets

	Cost	Accumulated Amortization	2024 Net book value
	\$	\$	\$
Operating Fund			
Furniture and equipment	112,376	24,050	88,326
Leasehold improvements	577,176	222,280	354,896
	689,552	246,330	443,222
Revitalization Fund			
Leasehold improvements in construction	96,407,600	-	96,407,600
	97,097,152	246,330	96,850,822

8. Capital assets (continued)

	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
	<u>1,661,748</u>	<u>795,595</u>	<u>866,153</u>
Revitalization Fund			
Leasehold improvements in construction	51,080,122	-	51,080,122
	<u>52,741,870</u>	<u>795,595</u>	<u>51,946,275</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:

	2024	2023
	\$	\$
Balance, beginning of year	278,970	80,000
Contributions	381,266	335,293
	660,236	415,293
Recognized in the current year	257,390	136,323
Balance, end of year	402,846	278,970

10. Deferred capital contributions

Deferred capital contributions comprise the unamortized balance of externally restricted contributions expended by the Institute for the acquisition of capital assets in the Operating Fund. Changes in deferred capital contributions in the year are as follows:

	2024	2023
	\$	\$
Balance, beginning of year	760,643	702,308
Contributions	1,032,065	521,644
	1,792,708	1,223,952
Amortization	460,184	463,309
Other	153,689	-
Balance, end of year	1,178,835	760,643

11. Bank indebtedness

To support the Glenbow Reimagined Capital Campaign, the institute has access to revolving credit facilities of up to \$35,500,000 to bridge finance \$30,000,000 for government receivables (Note 5), and an additional \$5,500,000 for future pledges. The facility bears interest at the bank's prime interest rate plus 0.25% per annum. As security, a Canadian Chartered bank has a general security agreement covering the assets of the Institute.

As at March 31, 2024 the balance is \$4,960,000 (2023 - \$6,999,000). Interest expense of \$62,044 (2023 - \$120,002) was recognized as additions to capital assets in the year.

In addition, 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 secured by a general security agreement covering the assets of the Institute 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 year.

12. Grants and subsidies

During the year, the Institute received a total of \$369,940 (2023 - \$349,000) from Calgary Arts Development and received \$225,294 (2023 - \$340,213) in municipal grants to support the exhibitions at the Edison. The Institute also recognized \$63,377 (2023 - \$1,539) of Provincial funding from the Other Initiatives Program and \$526 (2023 - \$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 \$157,295 (2023 - \$135,279) 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. The 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 \$1,971,230 (2023 - \$2,086,828) and has not been included in these financial statements.

15. Related party transactions

During the year, the Institute received gifts from Board members totaling \$47,467. The Institute received in-kind consulting services including office space and in-kind services from a consulting service company affiliated with a Board member and consulting services from a spouse of a Board member. In addition, during the year, the Institute received discounted services valued at \$7,250 from a former Board member.

16. Contingencies and commitments

There are currently no known claims outstanding against the Institute as of March 31, 2024.

During the year, the Institute continued planning, designing, and constructing the GRCP (Note 2). The total value of the contracts was \$94,525,528 (2023 - \$75,056,109) for construction and \$7,592,400 (2023 - \$4,948,385) for planning and design and other costs. The total overall commitment as at March 31, 2024 was \$107,911,272 (2023 - \$82,686,057). The remaining commitments will be expended over the next three fiscal years. A total of \$80 million is eligible for recovery under the Federal ICIP program (\$40 million) and from the Government of Alberta (\$40 million).

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 estimated contract payments and operating lease payments for the next five years as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 711,670
2026	302,142
2027	179,570
2028	173,810
2029	167,333
	<u>\$ 1,534,525</u>

17. Financial risks

The Institute's financial risks are as follows:

Other price risk

The Institute's investment portfolio includes a substantial 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 relative to the business, financial conditions, management, and other relevant factors. In addition, the general economic conditions of the markets expose 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 this 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 that some of those promised funds will not be 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

A portion of the Institute's investment portfolio and cash accounts are denominated in foreign currencies, exposing the Institute to fluctuations in those currencies.

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. The Institute's capital grant receivable is due from the Canadian Federal Government (Note 5). Therefore, management is of the opinion that the Institute is not exposed to significant credit risk arising from these financial instruments.

18. Deposits

As of March 31, 2024, 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. Subsequent events

In April of 2024, the Institute bridge financed \$3.4 million for the Capital Campaign secured against Government capital grant receivable (Note 5).

In May of 2024, an additional \$12 million of funding from the City of Calgary's Municipal Sustainability initiative (MSI) was executed. The funding will be used to support the Capital Campaign (Note 2).

20. Comparative figures

Certain of the comparative figures presented in these financial statements have been adjusted to conform to the presentation adopted for the current year.

Of the adjustments to the comparative figures, \$13,361,740 of Restricted Fund balances previously reported as Endowment Funds have been presented as Endowment Income Fund as at March 31, 2023 in accordance with the absence of externally imposed restrictions on income generated from certain of the Institute's endowment contributions (Note 3(a)(ii)). This adjustment had no impact to previously reported assets, liabilities, fund balances, revenues or expenses of the Institute.