

**Arts & Heritage Foundation of St. Albert**  
**Financial Statements**  
**Year Ended December 31, 2021**

**Arts & Heritage Foundation of St. Albert  
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Year Ended December 31, 2021**

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## Independent Auditor's Report

To the Members of Arts & Heritage Foundation of St. Albert

### Qualified Opinion

We have audited the financial statements of Arts & Heritage Foundation of St. Albert (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 Foundation in accordance with 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 qualified 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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the To the Members of Arts & Heritage Foundation of St. Albert  
(continued)

### **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 Foundation'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 Foundation'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 Foundation 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.



Edmonton, Alberta  
February 17, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**Arts & Heritage Foundation of St. Albert**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	\$ 184,590	\$ 184,257
Term deposit (Note 4)	86,506	86,281
Accounts receivable (Note 5)	72,695	68,552
Inventory	4,136	4,194
Goods and services tax recoverable	12,120	9,447
Prepaid expenses and deposits	65,033	51,492
	425,080	404,223
<b>Restricted cash (Note 6)</b>	<b>209,677</b>	<b>172,824</b>
<b>Furniture and equipment (Note 7)</b>	<b>35,920</b>	<b>31,364</b>
<b>Collections (Note 8)</b>	<b>13</b>	<b>13</b>
	<b>\$ 670,690</b>	<b>\$ 608,424</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 138,487	\$ 165,046
Deferred revenue (Note 10)	269,903	219,578
	408,390	384,624
<b>Deferred contributions related to furniture and equipment (Note 11)</b>	<b>18,207</b>	<b>6,978</b>
	<b>426,597</b>	<b>391,602</b>
<b>Net assets</b>		
General Fund	16,701	19,612
Restricted Funds (Note 6)	209,677	172,824
Invested in Capital Assets Fund	17,715	24,386
	<b>244,093</b>	<b>216,822</b>
	<b>\$ 670,690</b>	<b>\$ 608,424</b>

**ON BEHALF OF THE BOARD**

*Craig Cameron*

Trustee

*Suzanne Richford*

Trustee

**Arts & Heritage Foundation of St. Albert**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>Revenues</b>		
City of St. Albert operating grant	\$ 1,185,121	\$ 1,118,925
Other grants	167,209	320,717
Gift shop, art rental & sales, and exhibition sales	79,713	64,582
Program and site administration	65,032	84,207
Donations, fundraising and sponsorship	60,965	78,860
Miscellaneous	3,361	7,040
	<u>1,561,401</u>	<u>1,674,331</u>
<b>Expenditures</b>		
Wages, benefits and contracted services	1,501,149	1,565,393
Repairs and maintenance	114,265	159,000
Office	108,715	96,619
Rent	81,457	53,315
Program supplies and expenses	68,031	82,449
Advertising and promotion	60,767	53,185
Utilities and telephone	56,171	58,021
Goods purchased for resale	48,229	41,023
Exhibition supplies and expenses	38,236	33,908
Professional fees	15,530	19,753
Insurance	15,097	12,820
Professional development	8,617	6,824
Projects	3,315	16,029
Amortization	8,067	10,283
	<u>2,127,646</u>	<u>2,208,622</u>
<b>Deficiency of revenues over expenditures from operations</b>	<u>(566,245)</u>	<u>(534,291)</u>
<b>Other income (expenses)</b>		
COVID-19 subsidies ( <i>Note 12</i> )	556,663	502,508
St. Albert Historical Society Legacy Fund ( <i>Note 6</i> )	36,853	-
Loss on disposal of furniture and equipment	-	(2,031)
	<u>593,516</u>	<u>500,477</u>
<b>Excess (deficiency) of revenues over expenditures for the year</b>	<u>\$ 27,271</u>	<u>\$ (33,814)</u>

**Arts & Heritage Foundation of St. Albert**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2021**

	General Fund	Restricted Funds	Invested in Capital Assets Fund	<b>2021</b>	2020
<b>Net assets - beginning of year</b>	\$ 19,612	\$ 172,824	\$ 24,386	<b>\$ 216,822</b>	\$ 250,636
Excess (deficiency) of revenues over expenditures for the year	(9,582)	36,853	-	<b>27,271</b>	(33,814)
Amortization, net of write-offs and deferred contributions	6,671	-	(6,671)	-	-
Capital assets purchased net of deferred contributions	-	-	-	-	-
<b>Net assets - end of year</b>	<b>\$ 16,701</b>	<b>\$ 209,677</b>	<b>\$ 17,715</b>	<b>\$ 244,093</b>	<b>\$ 216,822</b>

**Arts & Heritage Foundation of St. Albert**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures for the year	\$ 27,271	\$ (33,814)
Items not affecting cash:		
Amortization, net of deferred contributions	6,671	8,052
Loss on disposal of furniture and equipment	-	2,031
	<u>33,942</u>	<u>(23,731)</u>
Changes in non-cash working capital:		
Accounts receivable	(4,142)	(42,721)
Inventory	58	752
Goods and services tax recoverable	(2,673)	(3,136)
Prepaid expenses and deposits	(13,541)	(12,123)
Accounts payable and accrued liabilities	(26,559)	60,264
Deferred revenue	50,325	79,467
	<u>3,468</u>	<u>82,503</u>
	<u>37,410</u>	<u>58,772</u>
<b>Investing activities</b>		
Purchase of furniture and equipment	(12,625)	(4,160)
Purchase of term deposits	(224)	(1,068)
	<u>(12,849)</u>	<u>(5,228)</u>
<b>Financing activity</b>		
Deferred contributions received for furniture and equipment	12,625	-
	<u>12,625</u>	<u>-</u>
<b>Increase in cash flow</b>	<b>37,186</b>	<b>53,544</b>
<b>Cash - beginning of year</b>	<b>357,081</b>	<b>303,537</b>
<b>Cash - end of year</b>	<b>\$ 394,267</b>	<b>\$ 357,081</b>
<b>Cash consists of:</b>		
Cash	\$ 184,590	\$ 184,257
Restricted cash	<u>209,677</u>	<u>172,824</u>
	<u>\$ 394,267</u>	<u>\$ 357,081</u>



**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**1. Purpose of the Foundation**

Arts & Heritage Foundation of St. Albert (the Foundation) is a not-for-profit organization incorporated on November 19, 1998 under the Societies Act of Alberta. The Foundation was formed to promote the development and awareness of the visual arts and heritage within the St. Albert community. The Foundation receives 55% (2020 - 51%) of its revenue in the form of an operating grant from the City of St. Albert. The Foundation is a registered charity and qualifies as a not-for-profit organization within the context of the Income Tax Act, Canada; the Foundation is therefore exempt from paying income taxes.

**2. Summary of significant accounting policies**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. The significant areas requiring management estimate include the allowance for doubtful accounts, the allowance for inventory obsolescence and the estimated useful lives of furniture and equipment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized as follows:

**Cash**

Cash consists of demand deposits held with a financial institution.

**Inventory**

The Foundation's inventory is valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

**Furniture and equipment**

Furniture and equipment is stated at cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Furniture and fixtures	20% declining balance method
Leasehold improvements	20% declining balance method
Equipment	20% declining balance method
Computer equipment	55% declining balance method

Contributions received for acquiring furniture and equipment are recorded as deferred contributions and are recognized on the same basis and rates as the related furniture and equipment. The contributions are recorded as revenue under miscellaneous.

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**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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

**Collections**

Collections held by the Foundation are recorded at nominal value and are not amortized. While the fair value of the collections are anticipated to be greater than the nominal value that they are recorded at, the collections are not resources that are directly available to meet the financial obligations of the Foundation by conversion into currency or as security to raise monetary loans. Proceeds from the sale of any collections can only be used for the care and development of the collection.

**Fund accounting**

The Foundation uses fund accounting to segregate its activities. Interfund transfers are not recognized as revenues and expenditures but rather as changes in fund balances.

The following funds are used:

General fund - this fund reports the excess of revenues over expenditures for the year.

Invested in capital assets fund - this fund reports the net assets invested in furniture and equipment.

Asset replacement fund - this fund reports the internally restricted balance of funds available for future equipment expenditures.

Information technology fund - this fund reports the internally restricted balance of funds available for future information technology expenditures and information technology related projects, at the recommendation of the Executive Director to the Board of Trustees.

Capital restoration fund - this fund reports the internally restricted balance of funds available for future capital restoration projects.

Management fund - this fund reports the internally restricted balance of funds available for future non-routine transactions, at the recommendation of the Executive Director to the Board of Trustees.

Board contingency fund - this fund reports the internally restricted balance of funds available to protect the Board of Trustees against any potential or unforeseen liabilities for which they might be held liable, at the recommendation of the Executive Director to the Board of Trustees.

St. Albert Historical Society Legacy Fund - this fund reports the internally restricted balance of funds available for future non-routine transactions, at the recommendation of the Executive Director to the Board of Trustees.

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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

**Contributed goods and services**

Volunteers contribute large numbers of hours every year to assist the Foundation in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed goods are recorded at their fair market value at the time of the donation, as long as the goods would otherwise have been purchased by the Foundation in the normal course of operations. During the year, \$42,765 (2020 - \$45,271) of contributed goods were received and recorded in the statement of revenues and expenditures.

**Impairment of long lived assets**

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

**Government assistance**

Government assistance for current expenses is recorded as other revenue in the period to which it relates.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenues and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

**3. Cash**

The Foundation has a line of credit available to a maximum of \$37,000 (2020 - \$37,000) bearing interest at the bank's prime rate plus 4.85% per annum (2020 - prime rate plus 4.85% per annum), calculated and payable monthly and due on demand. The credit facility is unsecured.

At December 31, 2021, the Foundation had undrawn capacity of \$37,000 (2020 - \$37,000) on the line of credit.

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**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**3. Cash (continued)**

Casino funds are restricted to the uses allowed by the Alberta Gaming and Liquor Commission and are required to be held in a separate bank account. The amount of restricted cash at year end is \$nil (2020 - \$6,133).

**4. Term deposit**

Term deposit consists of a redeemable guaranteed investment certificate with internally restricted use by the General Fund, Capital Restoration Fund, Asset Replacement Fund, Information Technology Fund, and/or Board Contingency Fund. The guaranteed investment certificate matures in October 2022 and earns interest at a rate of 0.30% per annum.

**5. Accounts receivable**

	2021	2020
City of St. Albert receivable	\$ 55,860	\$ 39,356
Other receivables	16,835	2,777
COVID-19 subsidies receivable (Note 12)	-	26,419
	\$ 72,695	\$ 68,552

**6. Restricted balances and interfund transfers**

During the year, there were \$nil funds (2020 - \$4,160) transferred to the Invested in Capital Assets Fund from the General Fund for the purchase of fixed assets that were not funded by external donors.

During the year, the Board approved the transfer of net assets from the General Fund to the St. Albert Historical Society Legacy Fund.

	2021	2020
Restricted cash	\$ 209,677	\$ 172,824
Capital Restoration Fund	\$ 96,000	\$ 96,000
St. Albert Historical Society Legacy Fund	36,853	-
Information Technology Fund	22,750	22,750
Asset Replacement Fund	19,074	19,074
Board Contingency Fund	17,500	17,500
Management Fund	17,500	17,500
Total Restricted Funds	\$ 209,677	\$ 172,824

**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**7. Furniture and equipment**

	Cost	Accumulated amortization	<b>2021 Net book value</b>	2020 Net book value
Furniture and fixtures	\$ 80,308	\$ 55,274	\$ <b>25,034</b>	\$ 15,513
Leasehold improvements	59,570	54,854	<b>4,716</b>	5,895
Equipment	10,480	6,617	<b>3,863</b>	4,829
Computer equipment	14,533	12,226	<b>2,307</b>	5,127
	<b>\$ 164,891</b>	<b>\$ 128,971</b>	<b>\$ 35,920</b>	<b>\$ 31,364</b>

As at year end, there is \$12,624 (2020 - \$nil) of furniture and equipment that is not available for use, no amortization has been recorded in the current year.

**8. Collections**

The Foundation's thirteen collections include rare and unique artifacts, textual records, photographs, audio-visual records, digital records, maps and books that support the mission statement of the Foundation and are preserved. The collections are accessioned and held with a view to permanency and not for the purpose of eventual disposal.

There were no new collections acquired during the year. All collections were previously held. There are no disposals, write-downs or expenditures on collection items in the year.

**9. Accounts payable and accrued liabilities**

	<b>2021</b>	2020
Accounts payable and accrued liabilities	\$ <b>117,999</b>	\$ 116,334
Government source deductions payable	<b>20,262</b>	21,354
City of St. Albert payable	<b>226</b>	27,358
	<b>\$ 138,487</b>	<b>\$ 165,046</b>

**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**10. Deferred revenue**

The Foundation receives the majority of its funding by way of grants and restricted donations. This funding is deferred and recognized in conjunction with the related expense. The balance at year end consists of the following:

	Opening	Funds received	Recognized in revenue	Closing
Museum Assistance Program - Reopening Funds for Heritage Organizations	\$ -	\$ 100,000	\$ -	\$ 100,000
Alberta Foundation for the Arts Gallery Grant	41,429	130,124	72,851	98,702
Other	3,028	38,532	17,265	24,295
Alberta Museums Association	28,533	25,000	28,533	25,000
Edmonton Community Foundation	-	9,000	1,874	7,126
City of St. Albert Operating Grant	-	6,083	507	5,576
Beryl Madden Fund	3,146	1,577	582	4,141
Projects	6,258	1,000	4,113	3,145
TD Canada Grant	5,649	-	3,731	1,918
Museum Assistance Program - COVID-19 Emergency Support Fund	100,000	-	100,000	-
Community Initiatives Program	16,438	-	16,438	-
Museum Assistance Program	8,964	-	8,964	-
Casino funds	6,133	-	6,133	-
	<u>\$ 219,578</u>	<u>\$ 311,316</u>	<u>\$ 260,991</u>	<u>\$ 269,903</u>

No grants or deferred revenue have been recorded to or adjusted to the restricted funds in the current or prior years.

**11. Deferred contributions related to furniture and equipment**

Deferred contributions related to furniture and equipment represent amounts that are received for the purpose of purchasing furniture and equipment. These contributions are amortized to revenue over the life of the asset purchased. The change in the deferred contributions balance for the year is as follows:

	2021	2020
Beginning balance	\$ 6,978	\$ 9,209
From: operating grants	12,625	-
Less: amount amortized to revenue	(1,396)	(2,231)
	<u>\$ 18,207</u>	<u>\$ 6,978</u>

As at year end, the additions were not available for use, therefore no amortization has been taken on these additions in the current year.

**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**12. COVID-19 subsidies**

The outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities are continuing to implement measures to mitigate the spread of the virus. The outbreak and related mitigation measures may have adverse impact on global economic conditions as well as on the Foundation's activities. The extent to which the coronavirus may impact the Foundation's activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Foundation cannot determine their financial impact at this time.

Federal government assistance was provided under the Canada Emergency Wage Subsidy (CEWS) program, the Canada Emergency Rent Subsidy (CERS) program, and the Museums Assistance Program (MAP). CEWS provides non-repayable subsidies to companies experiencing a decrease in revenues over the eligibility period to subsidize labour costs in the face of COVID-19 and ceased in fall 2021. CERS provides non-repayable subsidies to companies who are seeking rent support in the face of COVID-19. MAP provides a one-time, non-repayable subsidy of \$100,000 to help non-profit, heritage organizations carry out its operations that have been greatly affected by the COVID-19 pandemic. Provincial government assistance from the Government of Alberta was provided under the Restrictions Exemption Program (REP) grant. REP provides a non-repayable grant for eligible small- and medium-sized organizations that choose to implement the Restrictions Exemption Program.

In the prior fiscal year, further government assistance was provided under the Temporary Wage Subsidy (TWS). This program provided a credit for payroll remittances for employee remuneration between March 18 and June 19, 2020. The program was a one-time, temporary measure intended to provide immediate COVID-19 relief.

There were no amounts related to CEWS or CERS in accounts receivable at December 31, 2021 (2020 - \$24,662 and \$1,757, respectively).

	<u>2021</u>	<u>2020</u>
Canada Emergency Wage Subsidy	\$ 420,695	\$ 471,052
Museums Assistance Program, COVID-19 Emergency Support Fund	100,000	-
Canada Emergency Rent Subsidy	31,968	6,456
Restrictions Exemption Program Grant	4,000	-
Temporary Wage Subsidy	-	25,000
	<u>\$ 556,663</u>	<u>\$ 502,508</u>

No COVID-19 subsidies have been recorded to or adjusted to the restricted funds in the current or prior years.

**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**13. Contractual obligations**

The Foundation's total commitment, under various operating leases and property lease agreements, exclusive of occupancy costs, is as follows:

	2022		\$ 68,861
	2023		47,020
	2024		43,419
	2025		40,678
	2026		36,965
	Thereafter		151,749
			<u>\$ 388,692</u>

**14. Financial instruments**

Financial instruments are defined as contractual rights to receive or deliver cash or another financial asset. The Foundation's financial instruments consist of recorded amounts of cash, term deposit, accounts receivable and accounts payable and accrued liabilities.

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2021.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from funders. The Foundation is exposed to a concentration of credit risk as one funder comprises 75% (2020 - two funders comprised 96%) of accounts receivable at year end.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from the City of St. Albert, members, funders and other related sources.

**Market risk**

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

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk on its interest-bearing term deposit.



**Arts & Heritage Foundation of St. Albert**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**15. Comparative figures**

Some of the comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification of certain balances has no impact on net assets.