

# **THE LEIGHTON FOUNDATION**

## **FINANCIAL STATEMENTS (Audited)**

**December 31, 2022**

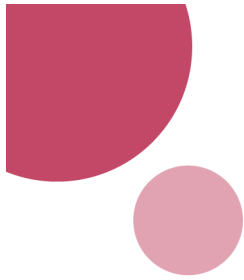


# THE LEIGHTON FOUNDATION

December 31, 2022

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# Nancy Murdoch

## Chartered Professional Accountant

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### Independent Auditor's Report

To the members of The Leighton Foundation

#### **Opinion**

I have audited the Statement of Financial Position of The Leighton Foundation as at December 31, 2022 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2022.

In my opinion, these financial statements present fairly as described in the Basis for Opinion paragraph below, in all material respects, the financial position of The Leighton Foundation as at December 31, 2022 and the results of its operations and cash flows for the year ended December 31, 2022 in accordance with Canadian accounting standards for not-for-profit associations.

#### **Basis for Opinion**

I conducted my audit in accordance with Canadian auditing standards. I am independent of The Leighton Foundation in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### **Management's Responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Leighton 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.

## Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.



*Nancy Murdoch  
Chartered Professional  
Accountant*

Calgary, Alberta  
June 15, 2023

Nancy Murdoch  
Chartered Professional Accountant

# THE LEIGHTON FOUNDATION

## STATEMENT OF FINANCIAL POSITION

(Audited)

As at December 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents, unrestricted	\$ 99,586	\$ 278,208
Externally restricted assets (Note 3)	60,369	69,338
Short term investments (Note 4)	30,546	20,000
Accounts receivable	17,504	11,629
Goods and Services Tax receivable	4,579	-
Inventory	5,171	3,268
Prepaid expenses	9,621	3,181
	227,376	385,624
<b>Long term investments (Note 4)</b>	-	30,546
<b>Art collection</b>	1	1
<b>Capital assets (Note 5)</b>	213,796	116,077
	\$ 441,173	\$ 532,248
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 52,053	\$ 27,345
Goods and Services Tax payable	-	5,545
Deferred revenue	14,448	13,123
Deferred cash contributions (Note 3)	60,369	69,338
	126,870	115,351
<b>Canada Emergency Business Loan (Note 6)</b>	-	60,000
<b>Deferred capital contributions (Note 7)</b>	58,682	11,708
	185,552	187,059
 <b>NET ASSETS</b>		
<b>Unrestricted surplus</b>	100,506	240,819
<b>Investment in art collection</b>	1	1
<b>Investment in capital assets</b>	155,114	104,369
	255,621	345,189
	\$ 441,173	\$ 532,248

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS



Treasurer



Director

See Notes to the Financial Statements

**THE LEIGHTON FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
(Audited)  
For the Year Ended December 31, 2022

	Invested in capital assets	Invested in art collection	Unrestricted surplus	2022 Totals	2021 Totals
Balances, beginning of the year	<b>\$ 104,369</b>	<b>1</b>	<b>240,819</b>	<b>345,189</b>	306,557
Purchase of capital assets	<b>9,885</b>	-	<b>(9,885)</b>	-	-
Excess of revenue (deficit)	<b>40,860</b>	-	<b>(130,428)</b>	<b>(89,568)</b>	38,632
Balances, end of the year	<b>\$ 155,114</b>	<b>1</b>	<b>100,506</b>	<b>255,621</b>	345,189

See Notes to the Financial Statements

# THE LEIGHTON FOUNDATION

## STATEMENT OF OPERATIONS

(Audited)

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Contributions from casino	\$ 41,261	\$ 25,204
Contributions from grants	254,049	203,381
Donations and sponsorships	64,280	106,046
Interest and other income (Note 9)	4,074	8,367
Membership fees	22,513	16,400
Sales	520,356	392,874
Subsidies - Wages	56,782	53,563
	<u>963,315</u>	<u>805,835</u>
<b>Expenses</b>		
Advertising and promotion	26,849	17,382
Art supplies	74,330	73,534
Bus service	15,327	-
Catering	4,158	515
Consignment artists	166,544	191,000
Instructors and consultants	35,859	35,353
Interest and bank charges	15,124	15,258
Insurance	19,815	19,164
Janitorial supplies	42	245
Office	15,764	4,631
Professional fees	113,814	23,027
Property taxes	2,188	2,116
Repairs and maintenance	18,070	24,453
Travel	2,429	865
Utilities	22,876	14,757
Volunteer appreciation	1,863	1,094
Wages and benefits	489,149	339,652
	<u>1,024,201</u>	<u>763,046</u>
<b>Excess of revenue (expenses) before amortization</b>	<b>(60,886)</b>	42,789
Amortized contributions (Note 7)	28,026	3,841
Amortization expense	<u>(56,708)</u>	<u>(7,998)</u>
<b>Excess of expenses</b>	<b>\$ (89,568)</b>	<b>\$ 38,632</b>

See Notes to the Financial Statements

# THE LEIGHTON FOUNDATION

## STATEMENT OF CASH FLOWS

(Audited)

For the Year Ended December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>Funds provided by (used In) operations:</b>		
Excess of revenue (deficit)	\$ (89,568)	\$ 38,632
Changes in non-cash operating working capital		
Amortization	56,708	7,998
Amortization of deferred capital contributions	<u>(28,026)</u>	<u>(3,841)</u>
	<u>(60,886)</u>	<u>42,789</u>
Changes in non-cash operating working capital:		
Account receivable	(5,875)	(5,089)
Prepaid expenses	(6,440)	9,979
Inventory	(1,904)	10,249
Accounts payable and accrued liabilities	24,708	16,088
Goods and Services Tax	(10,124)	3,078
Deferred revenue	<u>1,326</u>	<u>5,329</u>
	<u>1,691</u>	<u>39,634</u>
<b>Cash flows from operations</b>	<u>(59,195)</u>	<u>82,423</u>
<b>Cash flows from financing activities</b>		
Receipt of casino proceeds	71,987	-
Receipt of grant funding	342,864	211,812
Receipt of CEBA loan proceeds	-	20,000
Use of deferred cash contributions	<u>(408,820)</u>	<u>(283,256)</u>
	<u>6,031</u>	<u>(51,444)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(154,427)	(9,885)
Purchase of GIC investments	-	(50,546)
Proceeds from matured GIC investments	<u>20,000</u>	<u>50,391</u>
	<u>(134,427)</u>	<u>(10,040)</u>
<b>Increase (decrease) In cash and cash equivalents</b>	<b>(187,591)</b>	<b>20,939</b>
<b>Cash and cash equivalents, beginning of the year</b>	<u><b>347,546</b></u>	<u><b>326,607</b></u>
<b>Cash and cash equivalents, end of the year</b>	<u><b>\$ 159,955</b></u>	<u><b>\$ 347,546</b></u>
<b>Cash and cash equivalents consists of:</b>		
Unrestricted cash	\$ 99,586	\$ 278,208
Externally restricted cash	<u>60,369</u>	<u>69,338</u>
	<u><b>\$ 159,955</b></u>	<u><b>\$ 347,546</b></u>

See Notes to the Financial Statements



# THE LEIGHTON FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

(Audited)  
December 31, 2022

### 1. NATURE OF THE ORGANIZATION

The Leighton Foundation (the Foundation) was incorporated as a not-for-profit organization under the Societies Act of Alberta on September 18, 1974. The Foundation is a registered charity under the Income Tax Act and is therefore exempt from income tax.

The Foundation was established as custodian for the public interest from the estate of A.C. and Barbara Leighton to preserve the paintings of A.C. Leighton, provide encouragement and education to local artists and cultivate public awareness and appreciation for art through the use of its property, collection, exhibition space and buildings which include the Leighton Residence and three working studios on 80 acres of land overlooking Millarville Valley and the Rocky Mountains. The Foundation hosts exhibitions and sales of works of local artists and operates art, craft and conservation classes. To fulfil its commitment for services to the community, the Foundation operates classes for adults and children throughout the year with special week long classes for children in the summer.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### (a) Revenue Recognition

The Foundation uses the deferral method of recording externally restricted contributions. Under the deferral method externally restricted contributions are recognized as revenue in the year that the related expenses are incurred.

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

Operating grants, operating and investment income is recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Membership fees are recognized in the quarterly period to which they relate.

Revenue received from the Endowment Fund at the Calgary Foundation is recognized when received.

#### (b) Inventory

Inventory is comprised of art for resale, books, cards and sundries and is recorded at the lower of cost and net realizable value. Cost is determined using the specific identification inventory method.

**THE LEIGHTON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
December 31, 2022

**2. SIGNIFICANT ACCOUNTING POLICIES** Continued

**(c) Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value as at the date of contribution. Amortization is recorded on the straight line basis over the estimated useful lives of the capital assets as follows:

Buildings, fences and roads	10 and 20 years
Furniture and fixtures	10 years
Automotive	4 years
Equipment	5 years
Website	4 years

**(d) Collection**

The estate of Barbara Leighton was completed in 1995. At that time the Foundation took legal title to the building, land and paintings which it already occupied and held. While there was a stated value of the bequest for probate purposes, the importance and value of these properties in assisting the Foundation in achieving its goals is considered invaluable. As a consequence, rather than ascribe a value to the properties, the Foundation chose to carry the entire bequest at the nominal value of \$1 for accounting purposes.

The permanent art collection is comprised of A.C. Leighton and Barbara Leighton artworks, sketches, postcards, lithographs, photographs, etchings, books, furniture, personal items and unknown paintings. At December 31, 2022 the permanent art collection is not specifically insured beyond the insurance for general building contents.

Donations and bequests to the collection are recorded upon receipt at estimated fair market value at the date of donation. Effective in 1999, all art work included in the collection is carried at the nominal value of \$1 for accounting purposes, therefore art work donated to the Foundation which is included in the collection must be expensed on the statement of operations in the year of donation in order that the carried value of the collection remains at \$1. During the year two A.C. Leighton oil on canvas paintings, four watercolours and on mixed media drawing valued at \$28,500 were donated to the collection.

Donation of other capital assets or art work that are not considered part of the collection are recorded at the lower of amortized cost and net realizable value until disposal or sale.

**THE LEIGHTON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
December 31, 2022

**2. SIGNIFICANT ACCOUNTING POLICIES** Continued

**(e) Measurement Uncertainty and the Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Foundation to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates of the collectibility of receivables, the useful lives of capital assets and liability accruals are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

**3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS**

Deferred cash contributions represent contributions externally restricted for expenditures according to the specific grant contract. Casino proceeds are restricted by Alberta Gaming and Liquor Commission to be spent on previously approved items. Grant funding is restricted by parameters on spending within each grant contract.

	<u>2022</u>	<u>2021</u>
Gaming funds (casino and raffle) held in casino bank account	\$ 57,039	\$ 23,041
Restricted grant funds held in designated funds account	2,643	5,610
Restricted grant funds held in operating account	687	40,687
	<u>\$ 60,369</u>	<u>\$ 69,338</u>

**4. INVESTMENTS**

	<u>2022</u>	<u>2021</u>
GIC, 0.5%, matured July 2022	\$ -	\$ 20,000
GIC, 1.0%, maturing December 2023, non-redeemable	30,546	30,546
	30,546	50,546
Less: Long term investment	-	(30,546)
Short term investment	<u>\$ 30,546</u>	<u>\$ 20,000</u>

**THE LEIGHTON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
December 31, 2022

**5. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2022 Net	2021 Net
Building improvements	\$ 292,103	207,514	84,589	88,469
Leasehold - Sprung building	139,326	46,442	92,884	-
Parking lot	19,811	19,811	-	-
Equipment	60,210	41,353	18,857	11,470
Office equipment	39,589	32,878	6,711	9,633
Website	30,000	30,000	-	-
Furniture and fixtures	33,498	22,743	10,755	6,505
	<b>\$ 614,537</b>	<b>400,741</b>	<b>213,796</b>	<b>116,077</b>

**6. CANADA EMERGENCY BUSINESS LOAN**

During the year \$40,000 of the Canada Emergency Business Loan was repaid with the remaining \$20,000 forgiven and taken into income.

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent externally restricted funding or donations received to assist in the purchase of capital assets and are recognized as revenue on the same basis that the related asset is amortized.

	2022	2021
Balance, beginning of year	\$ 11,708	\$ 15,549
Contributions received during the year	75,000	-
Amortized to revenue	(28,026)	(3,841)
Balance, end of the year	<b>\$ 58,682</b>	<b>\$ 11,708</b>

**8. BANK INDEBTEDNESS**

The Foundation has a revolving independent business loan with a credit limit of \$30,000, none of which was outstanding at December 31, 2022.

**THE LEIGHTON FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
December 31, 2022

**9. INTEREST AND OTHER INCOME**

	<b>2022</b>	<b>2021</b>
Interest income	\$ 460	\$ 455
Distribution from endowment (Note 10)	2,994	2,913
Christmas in the Country	-	1,860
Harvest Dinner	480	-
Clothesline Sales	-	1,344
Other income	36	1,795
	<b>\$ 4,074</b>	<b>\$ 8,367</b>

**10. ENDOWMENT FUND AT THE CALGARY FOUNDATION**

An endowment fund in the name of The Leighton Art Centre has been established at The Calgary Foundation. Investment income earned on this fund will be retained by The Calgary Foundation as part of the endowment. Distributions from the endowment fund are recorded as revenue in the year received (Note 9). The principal of the endowment is recorded as an asset of The Calgary Foundation. Revenue and expenses of the endowment fund are not recorded in these financial statements.

**11. CONTRIBUTED MATERIALS AND SERVICES**

Contributed materials and services are recognized in the financial statements when the fair value can be reasonably estimated, when the materials or services are used in the normal course of the Foundation's operations and when they would otherwise have been purchased. Contributions for the year ended December 31, 2022 include \$Nil in contributed services and materials (2021- \$6,400).

**12. RELATED PARTY TRANSACTIONS**

The Foundation provides house rental to certain staff in exchange for maintenance and repair functions. The value of the transaction has been determined to be \$12,000 and is recorded in these financial statements.

During the year \$50 in donations were received from board members.

**13. FUNDRAISING EXPENSES**

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions  
\$2,035 (2021 - \$1,298)

Amounts paid as remuneration to employees whose principal duties involve fundraising  
\$21,000 (2021 - \$22,096)