CALGARY opera

Financial Statements of

CALGARY OPERA ASSOCIATION

And Independent Auditor's Report thereon

Year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Calgary Opera Association

Opinion

We have audited the financial statements of the Calgary Opera Association (the Entity), which comprise:

- the statement of financial position as at June 30, 2023;
- the statement of operations for the year then ended;
- the statement of changes in net assets (deficiency in net assets) for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Entity 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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has a working capital deficit of $1,580,916, deficiency of revenues over expenses of $1,244,455, deficiency in unrestricted net assets of $395,997 and cash flows used in operations of $1,286,149 and will need to increase revenues, decrease expenses and/or obtain sufficient funding to meet current and future obligations. As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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- 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 21, 2023

CALGARY OPERA ASSOCIATION

Statement of Financial Position

June 30, 2023, with comparative information for 2022

	Operating fund	Building fund	2023 Total	2022 Total
Assets				
Current assets:				
Cash and cash equivalents	$ 569,715	$ 14,771	$ 584,486	$ 898,175
Short term investments (notes 3 and 11)	103,559	824,876	928,435	3,137,537
Accounts receivable	54,171	–	54,171	38,222
Government remittances receivable	1,738	–	1,738	450
Deferred set and production costs	52,177	–	52,177	120,564
	781,360	839,647	1,621,007	4,194,948
Long term investments (notes 3 and 11)	421,985	920,000	1,341,985	444,046
Long term accounts receivable	–	–	–	45,000
Property and equipment (note 5)	378,921	–	378,921	1,999,281
	$ 1,582,266	$ 1,759,647	$ 3,341,913	$ 6,683,275
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 6)	$ 111,544	$ 1,754,229	$ 1,865,773	$ 104,887
Government remittances payable	–	–	–	40,349
Deferred revenue (note 6)	514,012	5,418	519,430	2,446,401
Deferred grant revenue (note 7)	816,720	–	816,720	780,357
	1,442,276	1,759,647	3,201,923	3,371,994
Long term liabilities:				
Deferred contributions for property and equipment (note 8)	35,987	–	35,987	1,962,823
Total liabilities	1,478,263	1,759,647	3,237,910	5,334,817
Net assets (deficiency in net assets):				
Unrestricted	(395,997)	–	(395,997)	175,758
Internally restricted net assets:				
Internally restricted fund (notes 11 and 13)	–	–	–	672,700
Working capital reserve (note 11)	500,000	–	500,000	500,000
	104,003	–	104,003	1,348,458
Nature of operations and going concern (note 1)				
Contingencies (notes 9 and 12)				
Commitments (note 12)				
	$ 1,582,266	$ 1,759,647	$ 3,341,913	$ 6,683,275

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________ Director

T. Lachlin Miller _______________ Director

CALGARY OPERA ASSOCIATION

Statement of Operations

Year ended June 30, 2023, with comparative information for 2022

	Operating fund	Building fund	2023 Total	2022 Total
Revenues:				
Earned revenues:				
Ticket sales	$ 1,233,139	$ –	$ 1,233,139	$ 589,884
Interest and other income	350,884	–	350,884	301,087
	1,584,023	–	1,584,023	890,971
Change in investment gains (losses) (note 3)	8,687	–	8,687	(32,296)
Operating grant revenues:				
Canada Council	530,000	–	530,000	636,000
Alberta Foundation for the Arts	417,557	–	417,557	417,557
Calgary Arts Development	360,878	–	360,878	345,900
	1,308,435	–	1,308,435	1,399,457
Program grant revenues:				
Department of Canadian heritage	229,036	–	229,036	125,000
Canada Emergency Wage subsidy (note 10)	–	–	–	111,310
Canada Emergency Rent subsidy (note 10)	–	–	–	31,418
Canada Council	68,395	–	68,395	63,500
Other (note 10)	1,600	–	1,600	32,500
	299,031	–	299,031	363,728
Development revenues:				
Corporate, private and special donations (notes 4, 8, 13 and 15)	1,250,310	245,143	1,495,453	1,864,369
Special projects (note 14)	64,862	–	64,862	131,719
	1,315,172	245,143	1,560,315	1,996,088
	4,515,348	245,143	4,760,491	4,617,948
Expenses:				
Direct production	3,491,362	–	3,491,362	2,600,028
General and administrative (notes 5 and 13)	1,176,824	203,762	1,380,586	1,253,372
Promotion and advertising	641,139	–	641,139	488,198
Special projects (note 14)	80,916	–	80,916	14,662
Fundraising (note 17)	369,562	41,381	410,943	255,653
	5,759,803	245,143	6,004,946	4,611,913
Other income (expense):				
Derecognition of deferred contributions for property and equipment (notes 5 and 8)	–	1,905,500	1,905,500	–
Impairment of property and equipment (note 5)	–	(1,905,500)	(1,905,500)	–
(Deficiency) excess of revenues over expenses	$ (1,244,455)	$ –	$ (1,244,455)	$ 6,035

See accompanying notes to financial statements.

CALGARY OPERA ASSOCIATION

Statement of Changes in Net Assets (Deficiency in Net Assets)

Year ended June 30, 2023, with comparative information for 2022

	Operating fund				
	Internally restricted, working capital reserve	Unrestricted	Internally restricted fund	Building fund	Total
Balance, June 30, 2022	$ 500,000	$ 139,923	$ 702,500	$ –	$ 1,342,423
Excess of revenues over expenses	–	6,035	–	–	6,035
Transfer during the year (note 11)	–	29,800	(29,800)	–	–
Balance, June 30, 2022	500,000	175,758	672,700	–	1,348,458
Deficiency of revenues over expenses	–	(1,244,455)	–	–	(1,244,455)
Transfer during the year (note 11)	–	672,700	(672,700)	–	–
Balance, June 30, 2023	$ 500,000	$ (395,997)	$ –	$ –	$ 104,003

See accompanying notes to financial statements.

CALGARY OPERA ASSOCIATION

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenses	$(1,244,455)	$ 6,035
Add (deduct) items not affecting cash:		
Impairment of property and equipment	1,905,500	–
Derecognition of deferred contributions for property and equipment	(1,905,500)	–
Depreciation (note 5)	62,250	44,886
Amortization of deferred contributions for property and equipment (note 8)	(21,336)	(27,371)
Change in investment (gains) losses	(8,687)	32,296
Forgiveness of long term debt (note 10)	–	(20,000)
	(1,212,228)	35,846
Net change in non-cash working capital (note 18)	(73,921)	(363,391)
	(1,286,149)	(327,545
Investments:		
Purchase of property and equipment	(347,390)	(19,287)
Proceeds on sale of investments	5,617,250	3,782,462
Purchase of investments	(4,297,400)	(3,212,479)
	972,460	550,696
Financing:		
Advances of long term debt	–	–
Repayment of long term debt	–	(40,000)
Contributions for deferred contributions for property and equipment (note 8)	–	31,332
	–	(8,668)
(Decrease) increase in cash and cash equivalents	(313,689)	214,483
Cash and cash equivalents, beginning of year	898,175	683,692
Cash and cash equivalents, end of year	$ 584,486	$ 898,175

See accompanying notes to financial statements.

1. Nature of operations and going concern:

The Calgary Opera Association (the "Association") was formed under the Societies Act (Alberta) in 1972 with the general purpose of presenting opera to the people of Southern Alberta. During the year ended June 30, 2023, the Association produced three live mainstage productions and various workshops, concerts, productions and a virtual school tour (2022 – two live mainstage productions and various workshops, concerts, productions and a virtual school tour). The Association is a charitable organization as defined in the Income Tax Act and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met.

As at and for the year ended June 30, 2023, the Association has a working capital deficiency of $1,580,916, deficiency of revenues over expenses of $1,244,455, deficiency in unrestricted net assets of $395,997 and cash flows used in operations of $1,286,149.

The Association's ability to continue to operate is dependent upon its ability to increase revenues, decrease expenses and/or obtain sufficient funding during the year ended June 30, 2024. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Association's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which assumes that the Association will be able to realize its assets and meet its obligations and continue its operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classification used. These adjustments could be material.

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting:

The Association accounts for its activities using the following funds:

(i) Operating fund:

This fund accounts for the Association's program delivery and administrative activities.

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

(ii) Building fund:

This fund reports the assets, liabilities, revenues and expenses related to a long term capital project.

(iii) Internally restricted fund:

This fund was set up in 2020 to set aside certain funds received where disbursements will be utilized in future projects at the discretion of the Board.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and cheques issued in excess of cash in bank with a major Canadian financial institution with original maturities of less than three months.

(d) Revenue recognition:

The Association follows the deferral method of accounting for contributions whereby contributions are recognized as revenue in the year to which it relates when expenses are incurred. Unrestricted contributions are recognized as revenue when received or when receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged unrestricted contributions are included in revenue at fair market value in the years to which the contributions are directed per the terms of the pledge if an estimate of the amount can be made and it is expected the benefits will be obtained.

Contributions which are restricted for the acquisition of property and equipment are initially deferred and are recognized as revenue in amounts that match the amortization of the related assets.

Grants and sponsorships which will defray operating costs in future seasons are deferred and included in revenue when such costs are incurred. Revenues associated with ticket sales and special events are deferred until the fiscal year in which the events take place. Set and other production costs are deferred until the fiscal year in which the production takes place.

(e) Donated materials and services:

A substantial number of unpaid volunteers make significant contributions of their time in developing the Association's programs. The value of this contributed time is not reflected in these financial statements since objective measurement or valuation is not determinable.

Contributions of material and/or services are recorded at their estimated fair market value, as determined at the date of the contribution.

2. Significant accounting policies (continued):

(f) Marketable securities:

Periodically, the Association receives donations of securities of publicly traded companies. The fair value of these securities is determined by the closing market price on the day the securities were received and when the securities are freely tradable by the Association.

After the initial revenue recognition, the securities will be re-measured at their fair value without any deduction for transaction costs that may be incurred on their future sale. To the extent the fair value changes from the initial fair value recognition, such difference, either positive or negative, is recorded as income or as an expense in the statement of operations with the carrying value of the securities adjusted accordingly on the statement of financial position.

(g) Property and equipment:

Property and equipment is recorded at cost on acquisition or at estimated fair market value at the date of acquisition. Depreciation is provided for on a straight line basis over the estimated useful lives as follows:

Leasehold improvements	5 years
Computer equipment	5 years
Office furniture and equipment	10 years
Piano	25 years
Sound and video equipment	5 years
Summer festival stage	5 years
Production sets, props and wardrobe	5 years
Vehicle	5 years

Assets under construction are not subject to depreciation until the asset is put into use.

(h) Use of estimates:

Management has been required to make estimates and assumptions within the financial statements. These estimates and assumptions affect the reported amounts of assets and net assets at the date of the financial statements and the reported amounts of expenses during the reporting period. The most significant estimates relate to the valuation and useful lives of property and equipment, recognition and valuation of the Association's accounts receivable, donations and pledges. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(i) Financial instruments:

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line-method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount of Association expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Government assistance:

Government assistance is recognized in income when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as an increase to revenue in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently measured in revenue over the expected useful life of the related assets through lower changes to depreciation.

3. Investments:

	2023		2022	
	Cost	Market	Cost	Market
Cash	$ 13,423	$ 13,423	$ 3,840	$ 3,840
Guaranteed Investment Certificate (GIC)	1,740,000	1,740,000	3,060,000	3,060,000
Other fixed income securities	547,754	516,997	557,187	517,743
	2,301,177	2,270,420	3,621,027	3,581,583
Less current portion	932,007	928,435	3,131,840	3,137,537
	$ 1,369,170	$ 1,341,985	$ 489,187	$ 444,046

Other fixed income securities have maturity dates ranging from August 2023 to June 2031 (2022 – November 2022 to June 2031) and bear interest at rates ranging from 1.05% per annum to 5.35% per annum (2022 – 1.10% per annum to 3.37% per annum).

The GIC's have maturity dates ranging from June 2024 to July 2024 (2022 – October 2022 to June 2023) and bear interest rates of 4.95% per annum (2022 – 0.89% per annum to 3.55% per annum).

4. The S.A. Opera Development Foundation:

The S.A. Opera Development Foundation (the "Foundation") supports the development of opera generally throughout the Province of Alberta and assists the Association in the education of the public in opera and the related arts. Throughout the fiscal year, there was one common director between the Foundation and the Association (2022 – one common director). The amount donated by the Foundation during the year ended June 30, 2023 was $50,000 (2022 – $nil), which is included in corporate, private and special donations revenues. At June 30, 2023, $nil (2022 – $nil) was owed by the Foundation to the Association.

5. Property and equipment:

	Cost	Accumulated depreciation	2023 Net book value	2022 Net book value
Building under construction	$ –	$ –	$ –	$ 1,905,500
Leasehold improvements	5,760	2,304	3,456	4,608
Computer equipment	115,935	97,372	18,563	27,036
Office furniture and equipment	102,002	80,462	21,540	24,690
Pianos	91,766	30,168	61,598	12,469
Sound and video equipment	163,132	158,240	4,892	12,943
Stage equipment	52,109	50,411	1,698	2,517
Summer Festival Stage	53,754	53,754	–	–
Production sets, props and wardrobe	290,514	29,051	261,463	–
Vehicle	19,037	13,326	5,711	9,518
	$ 894,009	$ 515,088	$ 378,921	$ 1,999,281

During the year ended June 30, 2023, the Board determined that the building under construction was no longer a viable construction project. As a result the building under construction of $1,905,500 was written off and recognized as an expense on the statement of operations during the year ended June 30, 2023 and the corresponding deferred contributions for property and equipment of $1,905,500 (note 8) was derecognized with a corresponding increase to other income.

During the year ended June 30, 2023, the Association recognized $62,250 (2022 – $44,886) of depreciation which is included in general and administrative expenses.

6. Deferred revenue:

	2023	2022
Building campaign	$ 5,418	$ 1,938,782
Season tickets	504,717	368,044
Other	9,295	139,575
	$ 519,430	$ 2,446,401

As a result of the Association determining that the building under construction was no longer a viable construction project (note 5) $1,754,229 of previously recognized deferred revenue in the building fund became payable to the donor and was reclassified to accounts payable and accrued liabilities as at June 30, 2023.

7. Deferred grant revenue:

	2023	2022
Canada Council for the Arts, Digital Now	$ –	$ 36,500
Alberta Foundation for the Arts	397,520	417,557
Calgary Arts Development Authority	326,300	326,300
United Way	92,900	–
	$ 816,720	$ 780,357

8. Deferred contributions for property and equipment:

	2023	2022
Balance, beginning of year	$ 1,962,823	$ 1,958,862
Plus additions in the year	–	31,332
Less derecognized in the year (note 5)	(1,905,500)	–
Less amortized to revenue in the year	(21,336)	(27,371)
Balance, end of year	$ 35,987	$ 1,962,823

9. Long term debt:

The Association maintained three credit facilities during the year ended June 30, 2023. Facility #1a is a revolving demand loan facility with a borrowing limit of $100,000 of which $nil was drawn as at June 30, 2023 (2022 – $nil). Facility #1b is a revolving demand loan facility with a borrowing limit of $150,000 of which $nil was drawn as at June 30, 2023 (2022 – $nil). These facilities bear interest at the bank's prime rate plus 1.00% per annum. Facility #1b is only available from February 1 to May 31 each year.

Facility #2 is a $100,000 revolving demand facility by way of letters of credit (note 12a) issued by the Association, as required by the collective bargaining agreement with the Canadian Actors' Equity Association.

These facilities are secured by a general security agreement and have no financial covenants.

10. Government assistance:

During the year ended June 30, 2023, the Association recognized $nil revenue related to the Canada Emergency Wage Subsidy ("CEWS") (2022 – $111,310) and $nil revenue related to the Canada Emergency Rent Subsidy ("CERS") (2022 – $31.418).

The Association applied for and received the Government of Canada Emergency Business Account (CEBA) of which $nil was drawn as at June 30, 2023 (2022 – $nil). The Association repaid $40,000 prior to December 31, 2022 and as such $20,000 was forgiven and included in other program grant revenues for the year ended June 30, 2022 in accordance with the agreement.

11. Internally restricted net assets:

(a) Internally restricted working capital reserve:

The Board of Directors of the Association established a working capital reserve policy in accordance with the requirements of the Alberta Foundation for the Arts ("AFA"). This policy requires the Association to hold unencumbered funds that can only be accessed upon a resolution of the Association's board of directors, approved by a majority vote, to temporarily finance unbudgeted operating deficits. Funds removed from the reserve must be replenished within three fiscal years from the end of the fiscal year in which the cash reserve funds were utilized. The policy sets as a guideline a reserve of 10% of the three year average of the Association's annual operating budgets, and has been set at $500,000 (2022 – $500,000). At June 30, 2023, the Association has internally restricted $103,559 (2022 – $72,812) of short term investments and $421,985 (2022 – $444,046) of long term investments to satisfy this requirement.

(b) Internally restricted fund:

During the year ended June 30, 2023, $672,700 was transferred from the internally restricted fund to the unrestricted fund in accordance with the board policy (2022 – $29,800).

12. Commitments and contingencies:

(a) Contractual commitments:

The Association has entered into contractual commitments aggregating $449,128 (2022 – $535,075) with respect to future obligations to be incurred. Of this amount, $100,000 (2022 – $100,000) is covered by a letter of credit (note 9) issued by the Association, as required by the collective bargaining agreement with the Canadian Actors' Equity Association.

12. Commitments and contingencies (continued):

(b) Lease commitments:

The Association is committed to making the following approximate annual lease payments relating to its office, rehearsal space, warehouse for storage and certain equipment:

2024	$ 324,746
2025	285,101
2026	282,690
2027	282,690
2028	282,690
	$ 1,457,917

During the year ended June 30, 2023, the Association recovered approximately $52,000 (2021 – $39,700) through various subleases and space rentals to other arts organizations which is included in interest and other income. No amounts have been estimated as recoveries for the amounts shown above in the Association's minimum annual lease payments.

13. Corporate, private and special donations:

(a) Contributions of material and/or services:

Included in donations is an amount of approximately $71,730 (2022 – $37,680) which represents the estimated fair value of material and services provided to the Association during the year ended June 30, 2023. The corresponding amounts have been charged to the appropriate expense accounts.

(b) Donations by the Board of Directors:

Also included in donations is an amount of approximately $71,480 (2022 – $53,900) made by members of the Board of Directors of the Association during the year ended June 30, 2023.

13. Corporate, private and special donations (continued):

(c) Capital campaign:

During the year ended June 30, 2023, the Association continued a capital campaign which commenced in 2014 for the purpose of building a community arts centre, rehearsal space and administrative offices. Funds raised during the year are deferred and recognized as revenue when spent on general and administrative expenses or continue to be deferred and will be amortized as revenue relative to the amortization of the capitalized assets purchased with the funds. During the years ended June 30, 2023 and 2022, there were no fees or expenses related to the pre-construction cost of the building capitalized to property and equipment.

(d) Beneficiary of estate:

During the year ended June 30, 2023, the Association received $123,425 (2022 – $nil) for settlement of an estate which has been included in corporate, private and special donation revenue.

(e) Marketable securities:

During the year ended June 30, 2023, marketable securities were donated to the Association with a value of $154,627 (2022 – $114.944) which were included in corporate, private and special donations. These marketable securities were disposed of during the year ended June 30, 2023 for total proceeds of $151,345 (2022 – $116,075) resulting in a loss on disposal of $3,282 (2022 – loss on disposal of $1,131) which was included in general and administrative expenses.

14. Special projects:

	2023		2022	
	Revenues	Expenses	Revenues	Expenses
Brunches and other	$ 64,862	$ 80,916	$ 131,719	$ 14,662
	$ 64,862	$ 80,916	$ 131,719	$ 14,662

15. Calgary Opera Endowment Fund:

The Association established the Calgary Opera Endowment Fund as an agency fund within The Calgary Foundation. The Calgary Opera Endowment Fund is held in perpetuity by The Calgary Foundation. As the Calgary Opera Endowment Fund is managed by The Calgary Foundation, it is managed and invested in accordance with The Calgary Foundation's investment policies. Grants from the Calgary Opera Endowment Fund are disbursed annually by The Calgary Foundation to the Association for general charitable purposes. The amount to be disbursed is determined annually in accordance with the policies of The Calgary Foundation.

At June 30, 2023, the market value of the Calgary Opera Endowment Fund was $4,545,362 (2022 – $4,413,765). During the year ended June 30, 2023, the Association received $216,816 (2022 – $218,976) as a disbursement from the Calgary Opera Endowment Fund, which was recorded as donation revenue.

16. Financial instruments:

Risk management:

The Association has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Foreign exchange risk; and
- Interest rate risk.

(i) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment resulting in a financial loss to the Association. The fair value of a financial instrument takes into account the credit rating of its issuer. The Association's cash and cash equivalents, investments and accounts receivable are subject to credit risk. Cash and cash equivalents are deposited with a Canadian chartered bank. The maximum exposure to credit risk on these instruments is their carrying value.

16. Financial instruments (continued):

(ii) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet its liabilities as they become due. Substantially all of the Association's assets are comprised of cash and investments traded in active markets that can be readily liquidated and therefore the Association's liquidity risk is considered minimal. In addition, the Association aims to retain a sufficient cash position to manage liquidity. The Association currently has a working capital deficiency and will need to increase revenues, decrease expenses and/or obtain sufficient funding to meet current liabilities during the year ended June 30, 2024 (note 1).

(iii) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, and general price fluctuations related to market conditions will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

(iv) Foreign exchange risk:

Investments in securities denominated in foreign currencies are exposed to currency risk due to fluctuations in foreign exchange rates. The Association is exposed to currency risk on its foreign denominated investments, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. At June 30, 2023 and 2022, the Association has no foreign denominated investments.

(v) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest bearing financial instruments held by the Association. The weighted average interest rate of the fixed income investments at June 30, 2023 was 2.42% (2022 – 2.07%). Interest rate risk is managed by the Association entering into a fixed interest rate agreement on its long term debt. The Association has not entered into hedging transactions to manage this risk.

There is no change in the risk exposure compared to 2022.

17. Additional information to comply with the disclosure requirement of the Charitable Fund – raising Act and Regulation:

The Association paid $292,765 (2022 – $212,341) as remuneration to employees of the Association whose principal duties involved fundraising.

18. Supplemental cash flow disclosure:

Changes in non cash operating working capital and other items:

	2023	2022
Accounts receivable	$ 29,051	$ 95,315
Deferred set and production costs	68,387	(83,244)
Accounts payable and accrued liabilities	6,657	(447)
Government remittances receivable	(1,288)	8,583
Government remittances payable	(40,349)	20,387
Deferred revenue	(172,742)	(347,295)
Deferred grant revenue	36,363	(56,690)
	$ (73,921)	$ (363,391)