



Financial Statements of

THE CALGARY FOUNDATION

Year ended March 31, 2008



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AUDITORS' REPORT

To the Directors of
The Calgary Foundation

We have audited the statement of financial position of The Calgary Foundation as at March 31, 2008, the statement of operations and changes in Foundation funds and statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
June 6, 2008

THE CALGARY FOUNDATION

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

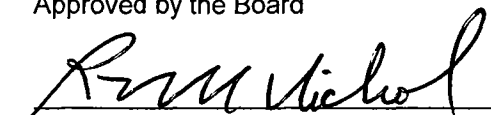
	2008	2007
Assets (note 2)		
Current assets		
Cash and cash equivalents	\$ 26,829,094	\$ 34,172,482
Accrued investment income	684,184	571,913
	<u>27,513,278</u>	<u>34,744,395</u>
Investments, at fair value (note 3)	298,295,823	297,943,232
Other assets (note 4)	821,735	1,230,750
	<u>\$ 326,630,836</u>	<u>\$ 333,918,377</u>

Liabilities and Funds


Current liabilities		
Grants payable and accrued liabilities	\$ 1,627,890	\$ 338,784
Deferred flow-through grants	20,135,891	16,980,180
	<u>21,763,781</u>	<u>17,318,964</u>
Managed funds (note 5)	14,232,207	22,884,596
Foundation funds		
Community and field of interest funds (note 6)	49,866,841	54,326,952
Donor advised and designated funds (note 6)	240,768,007	239,387,865
	<u>290,634,848</u>	<u>293,714,817</u>
Commitments (note 7)		
	<u>\$ 326,630,836</u>	<u>\$ 333,918,377</u>

See accompanying notes to financial statements.

Approved by the Board



Director



Director

THE CALGARY FOUNDATION

Statement of Operations and Changes in Foundation Funds

Year ended March 31, 2008, with comparative figures for 2007

	Community & Field of Interest	Donor Advised & Designated	Flow-through	Total 2008	Total 2007
Revenue					
Contributions	\$ 2,773,311	\$ 22,835,231	\$ 17,089,645	\$ 42,698,187	\$ 45,593,387
Interest and dividends	1,581,187	8,051,324	38,916	9,671,427	9,357,603
Flow-through funds interest	892,537	—	—	892,537	638,637
Managed funds fees	185,123	—	—	185,123	225,553
Realized capital gains (losses), net	2,236,293	9,110,957	(11,830)	11,335,420	9,214,419
Unrealized capital gains (losses), net	(5,058,983)	(22,983,861)	112,789	(27,930,055)	4,902,510
Total revenue	2,609,468	17,013,651	17,229,520	36,852,639	65,029,599
Expenditures					
Grants	(5,500,670)	(13,221,084)	(14,006,104)	(32,727,858)	(32,788,496)
Service costs, net (note 7)	(1,399,869)	(2,601,778)	(47,392)	(4,049,039)	(3,436,042)
Total expenditures	(6,900,539)	(15,822,862)	(14,053,496)	(36,776,897)	(36,224,538)
Transfers	(169,040)	189,353	(20,313)	—	—
(Increase) decrease in deferred flow-through grants	—	—	(3,155,711)	(3,155,711)	5,316,413
Change during the year	(4,460,111)	1,380,142	—	(3,079,969)	39,023,984
Balance, beginning of year	54,326,952	239,387,865	—	293,714,817	254,690,833
Balance, end of year	\$ 49,866,841	\$ 240,768,007	\$ —	\$ 290,634,848	\$ 293,714,817

See accompanying notes to financial statements.

THE CALGARY FOUNDATION

Statement of Cash Flow

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided from (used in):		
Operating activities:		
Change in Foundation funds	\$ (3,079,969)	\$ 39,023,985
Change in Managed funds (note 5)	(8,652,389)	1,027,440
Change in Foundation and Managed funds	(11,732,358)	40,051,425
Items not involving cash:		
Realized capital gain on sale of investments	(11,897,663)	(9,935,842)
Unrealized capital (gain) loss on investments	29,304,812	(5,465,251)
Contributions of non-cash gifts	(16,178,850)	(30,255,053)
Grants of real estate	252,000	-
Managed fund fees (note 6)	(185,123)	(225,553)
Amortization of administration assets (note 7)	56,117	85,181
	(10,381,065)	(5,745,093)
Changes in non-cash working capital:		
Accrued investment income	(112,271)	1,148,208
Grants payable and accrued liabilities	1,289,106	(191,262)
	(9,204,230)	(4,788,147)
Investing activities:		
Deferred flow-through grants	3,155,711	(5,316,413)
Commutation of annuity	103,725	-
Proceeds of life insurance policies	91,397	-
Purchase of capital assets	(42,996)	(39,037)
Proceeds from sale of endowment investments	81,433,969	187,110,005
Purchase of endowment investments	(82,880,964)	(172,012,542)
	1,860,842	9,742,013
Net increase (decrease) in cash and cash equivalents	(7,343,388)	4,953,866
Cash and cash equivalents, beginning of year	34,172,482	29,218,616
Cash and cash equivalents, end of year	\$ 26,829,094	\$ 34,172,482

See accompanying notes to financial statements.

THE CALGARY FOUNDATION

Notes to Financial Statements

Year ended March 31, 2008, with comparative figures for 2007

Description of the Foundation

The Calgary Foundation (the "Foundation") was incorporated in 1955 by The Calgary Foundation Act of the Legislative Assembly of Alberta. The Foundation is a registered charity classified as a public foundation under the Income Tax Act (Canada) and accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes.

Foundation funds

Community & Field of Interest

These are endowment funds from which grants are directed to new and emerging needs of the community at the discretion of the Foundation. Field of interest fund grants are restricted to a charitable area, population or region at the time the fund is established.

Donor Advised & Designated

Donor advised funds are endowment funds from which grants are directed to charitable organizations with the advice of donors. Designated fund grants are directed to charitable organizations designated at the time the fund is established.

Flow-through

These are funds from which grants are directed to charitable organizations with the advice of donors. These funds are not maintained in perpetuity.

Managed funds

These are funds owned by other charitable organizations and pooled with Foundation assets for investment purposes.

Preservation of purchasing power

To support the policy of preserving the purchasing power of the permanent endowment funds, the Foundation limits the amount of annual grants to 5% of the market value of each fund.

THE CALGARY FOUNDATION

Notes to Financial Statements, page 2

Year ended March 31, 2008, with comparative figures for 2007

1. Significant accounting policies

(a) Change in accounting policy:

Effective April 1, 2007 the Foundation adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA); "Financial Instruments - Recognition and Measurement", "Comprehensive Income", "Hedges" and "Financial Instruments - Disclosure and Presentation". These new standards have been adopted retroactively without restatement.

All financial instruments must be initially recognized at fair value on the balance sheet date. The Foundation has classified each financial instrument into the following categories; held for trading financial assets and liabilities, loans or receivables, held to maturity investments, available for sale financial assets, and other financial liabilities. Subsequent measurement of the financial instruments is based on their classification.

Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available for sale financial assets are recognized in net assets and transferred to earnings when the asset is derecognized. The other categories of financial instruments are recognized at amortized cost using the effective interest rate method.

There are no financial assets on the balance sheet designated as available-for-sale or held-to-maturity. Cash and term deposits, and marketable securities are classified as held-for-trading. All other financial assets are classified as loans or receivables and are accounted for on an amortized cost basis.

All financial liabilities are classified as other financial liabilities and are accounted for on an amortized cost basis.

Transaction costs are recorded in the statement of operations and changes in Foundation funds.

There were no transitional adjustments on adoption of these standards.

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Notes to Financial Statements, page 3

Year ended March 31, 2008, with comparative figures for 2007

1. Significant accounting policies (continued)

(b) Foreign currency translation

Investments denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect on the date of the statement of financial position. Investment income denominated in foreign currencies is translated to Canadian dollars at the exchange rate in effect when realized.

(c) Contributions

The Foundation follows the restricted fund method of accounting for endowment and flow-through contributions. Contributions are recognized when the amount can be reasonably estimated and collection is assured. Flow-through contributions, not distributed in the year of receipt, are established as a liability until the grants are made.

(d) Administrative assets

The Foundation capitalizes and amortizes administrative assets. The assets are amortized over their useful lives of 3 to 5 years using the straight-line method of amortization.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and temporary investments with a maturity date of three months or less.

(f) Investments

Investments are recognized in the statement of financial position at fair value as established by the closing bid price on a recognized public stock exchange and as determined based on the Foundation's assessment of available market information. Realized and unrealized gains and losses are recorded in the statement of operations and changes in foundation funds.

(g) Controlled organizations

The Foundation discloses the resources of its controlled organizations. The controlled organizations follow the deferral method of accounting for contributions.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the valuation of investments and the recoverability and useful life of administrative assets.

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Notes to Financial Statements, page 4

Year ended March 31, 2008, with comparative figures for 2007

1. Significant accounting policies (continued)

(i) Comparative balances

Certain comparative balances have been reclassified to conform to the current year's financial statement presentation.

(j) Future accounting and reporting changes:

On December 31, 2006, the Canadian Institute of Chartered Accountants ("CICA") issued three new accounting standards: Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments - Disclosures; and Handbook Section 3863 Financial Instruments - Presentation. These new standards became effective for the Foundation as of April 1, 2008. These sections emphasize disclosure on how the Foundation manages capital and financial risk exposure on financial instruments, and their required changes will be reflected in future reporting documents. None of these required reporting changes are expected to have a material impact on the expenses or performance of the Foundation.

2. Assets by fund

	Community & Field of Interest	Donor Advised & Designated	Flow-through	Managed	Total
Cash and cash equivalents	\$ 1,771,534	\$ 6,321,578	\$ 18,490,692	\$ 245,290	\$ 26,829,094
Accrued investment income	281,274	379,585	24	23,301	684,184
Investments, at fair value	48,652,307	233,602,716	2,077,184	13,963,616	298,295,823
Other	90,191	726,544	5,000	–	821,735
March 31, 2008	\$ 50,795,306	\$241,030,423	\$ 20,572,900	\$14,232,207	\$326,630,836
March 31, 2007	\$ 54,569,284	\$239,484,116	\$ 16,980,381	\$ 22,884,596	\$333,918,377

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Notes to Financial Statements, page 5

Year ended March 31, 2008, with comparative figures for 2007

3. Investments

	2008	2007
Bonds and debentures		
Canadian Bonds	\$ 106,416,198	\$ 97,339,710
Stocks		
Canada	109,387,840	111,500,963
United States	68,526,218	72,940,259
International	13,965,567	16,162,300
	191,879,625	200,603,522
	\$ 298,295,823	\$ 297,943,232

Substantially all of the bonds and debentures are invested in investment grade securities in a fixed income pooled fund. At March 31, 2008 the average term to maturity of the fund is 9.69 years (2007 – 9.98 years).

The Foundation is exposed to fluctuations in market prices of stocks and bonds, interest rates and exchange rates, and credit risks on bonds. These risks are mitigated by the Foundation's investment policies, which prescribe the asset mix of investments, including the amount of foreign content, and credit ratings of bond issuers.

4. Other assets

	2008	2007
Cash surrender value of donated life insurance policies	\$ 703,298	\$ 705,234
Real estate and other	53,968	340,922
Administrative assets, net of accumulated amortization of \$311,289 (2007 - \$281,605)	64,469	79,729
Annuities established to pay premiums to maintain life insurance policies	-	104,865
	\$ 821,735	\$ 1,230,750

THE CALGARY FOUNDATION

Notes to Financial Statements, page 6

Year ended March 31, 2008, with comparative figures for 2007

4. Other assets (continued)

The Foundation is the beneficiary named under whole life and term life insurance policies as follows:

	2008		2007	
	Premiums paid	Cash surrender value	Face value	Face value
Whole life policies	\$ 69,743	\$ 703,298	\$ 13,511,053	\$ 3,378,303
Term life policies	35,270	-	1,209,104	1,219,104
	\$ 105,013	\$ 703,298	\$ 14,720,157	\$ 4,597,407

The cash surrender value is recorded as an asset. As the realizable amount in excess of the cash surrender value is not certain, the Foundation will record the benefits when the proceeds are certain.

5. Managed funds

	2008	2007
Increases		
Deposits	\$ 1,323,119	\$ 536,110
Interest and dividends	519,568	716,111
Realized capital gains, net	562,242	721,423
Unrealized capital gains, net	-	562,741
Total increases	2,404,929	2,536,385
Decreases		
Withdrawals	(9,490,082)	(1,276,648)
Service costs		
Fees	(185,123)	(225,553)
Other	(7,356)	(6,744)
Unrealized capital losses, net	(1,374,757)	-
Total decreases	(11,057,318)	(1,508,945)
Change during the year	(8,652,389)	1,027,440
Balance, beginning of year	22,884,596	21,857,156
Balance, end of year	\$ 14,232,207	\$ 22,884,596

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Notes to Financial Statements, page 7

Year ended March 31, 2008, with comparative figures for 2007

5. Managed funds (continued)

	2008	2007
Canadian Hockey Foundation Fund	4,378,862	4,115,401
Heritage Park Foundation Fund	3,667,547	3,803,387
CSPG Educational Trust Fund	1,174,409	1,219,631
Estelle J. Siebens Outreach Endowment Fund	1,141,097	1,252,057
Alberta Stockmen's Memorial Association Fund	672,659	627,499
Foothills Academy Society Bursary Trust	591,454	649,239
Alberta Emerald Foundation Managed Fund	430,110	-
Foothills Academy Tuition Assistance Fund	382,657	420,043
Calgary Highlanders Regimental Funds Foundation	371,394	385,858
Calgary Habitat for Humanity House Repurchase Fund	354,645	330,286
Vocational and Rehabilitational Research Institute Capital Fund	325,463	338,138
St. Stephen's Anglican Church Managed Fund	228,467	211,230
Girl Guides of Canada, Calgary Area Fund	213,764	222,089
Rotary Club of Calgary Managed Fund	209,042	101,875
Calgary Birth Control Association Fund	90,386	93,904
Nat Christie Foundation Fund	251	656,715
Calgary Stampede Foundation Fund	-	8,457,244
	\$ 14,232,207	\$ 22,884,596

6. Foundation funds

The capital of the Foundation is comprised of funds for which the Board seeks varying degrees of donor input on grant distribution.

	2008	2007
Community	\$ 25,146,771	\$ 25,535,056
Field of Interest	24,720,070	28,791,896
	\$ 49,866,841	\$54,326,952
Donor Advised	\$ 153,981,959	\$ 154,210,569
Designated	86,786,048	85,177,296
	\$ 240,768,007	\$ 239,387,865
	\$ 290,634,848	\$ 293,714,817

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Notes to Financial Statements, page 8

Year ended March 31, 2008, with comparative figures for 2007

7. Service Costs

	2008	2007
Salaries and benefits	\$ 1,669,918	\$ 1,345,463
Investment management and custodial fees	1,090,992	1,037,275
Development and communications	347,853	231,153
Occupancy and insurance	338,446	266,505
Professional fees	193,459	124,447
Office	176,002	209,742
Computer application and website support	101,190	58,525
Membership	75,060	63,750
Amortization of administration assets	56,117	85,181
Premiums to maintain life insurance policies	105,013	120,216
Contributions to pay premiums to maintain life insurance policies	(105,013)	(106,215)
	<u>\$ 4,049,039</u>	<u>\$ 3,436,042</u>

The Foundation allocates service costs to Community & Field of Interest and Donor Advised & Designated funds by way of a cost allocation based on the market value of each fund. Service costs are allocated to Managed funds in accordance with the agreements. Expenses incurred for a specific fund are charged to that fund.

The Foundation has entered into a five year office lease that commenced October 2007. Also in October 2007, the Foundation entered into a twenty seven month sublease for additional space to carry out a charitable project. Future annual payments under these leases are estimated to be:

2009	\$ 360,000
2010	345,000
2011	300,000
2012	300,000
2013 and thereafter	150,000
	<u>\$ 1,455,000</u>

THE CALGARY FOUNDATION

Notes to Financial Statements, page 9

Year ended March 31, 2008, with comparative figures for 2007

8. Controlled organizations

(a) Esther Honens Calgary International Piano Competition Foundation

The Foundation is the beneficial owner of all the shares of the Esther Honens Calgary International Piano Competition Foundation ("Competition Foundation") which is responsible for a piano competition held every three years. The Competition Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Foundation holds the Esther Honens International Piano Competition Foundation Fund, the Honens Future Growth Fund and the American Friends of Canada Fund which provide annual revenue to the Competition Foundation in the amount of 5% of the market value of the funds, which at March 31, 2008 was \$7.8 million (2007 - \$8.2 million). During its fiscal year ended December 31, 2007, the Competition Foundation had revenues of \$1,177,597 (2006 - \$2,183,011), including \$385,840 from the Endowment Funds (2006 - \$367,622), expenses of \$ 1,110,276 (2006 - \$2,126,916), assets of \$901,643 (2006 - \$848,651), liabilities of \$169,833 (2006 - \$152,576) and an accumulated surplus at that date of \$731,813 (2006 - \$696,075).

(b) Eleanor Luxton Historical Foundation

The Foundation is the beneficial owner of all the shares of the Eleanor Luxton Historical Foundation ("Luxton Foundation"). The Luxton Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The purpose of the Luxton Foundation is to preserve and promote the historical real estate and artifacts relating to the original settlements of the Banff area. The Foundation holds the Luxton Historical Foundation Fund, which provides annual revenue to support the Luxton Foundation. At March 31, 2008 the Luxton Historical Foundation Fund had a market value of \$4.4 million (2007 - \$5.0 million). During its fiscal year ended December 31, 2007, the Luxton Foundation had revenues of \$292,667 (2006 - \$289,150), including \$245,000 (2006 - \$246,153) from the Luxton Historical Foundation Fund, expenditures of \$381,128 (2006 - \$325,587), assets of \$1,166,808 (2006 - \$869,626), liabilities of \$9,289 (2006 - \$6,056) and unrestricted net assets at that date of \$211,658 (2006 - \$302,019).

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Notes to Financial Statements, page 10

Year ended March 31, 2008, with comparative figures for 2007

9. Significantly influenced organization

Calgary Stampede Foundation

The Foundation is the beneficial owner of one of the two authorized, issued and outstanding shares of the Calgary Stampede Foundation ("Stampede Foundation"). The Stampede Foundation was incorporated under the Companies Act and has been granted tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. The Foundation has a right to appoint a minority of the Stampede Foundation's board of directors. The Stampede Foundation's objective is to establish programs for the benefit of young residents of Southern Alberta to advance their knowledge and understanding of the history, heritage, traditions and culture of Alberta. During the year, the Stampede Foundation withdrew the balance of the Calgary Stampede Foundation Fund.

10. Fund-raising expenses and other

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, the Foundation discloses that the expenses incurred for the purposes of soliciting contributions were \$nil (2007 - \$nil). The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$122,529 (2007 - \$145,694).

No single disposition of contributions equaled or exceeded 10% of the gross contributions received for the twelve month period ending March 31, 2008. (2007 - \$10,000,000 to the Calgary Health Trust to support the "Reach" Campaign's Advanced Imaging Diagnostics Fund exceeded 10% of the gross contributions received.)