

Financial Statements of

**CALGARY FLAMES FOUNDATION**

Year ended June 30, 2018

(unaudited)



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## REVIEW ENGAGEMENT REPORT

To the Directors of the Calgary Flames Foundation

We have reviewed the accompanying financial statements of the Calgary Flames Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2018, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit 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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial standards based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagement, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.



The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Foundation as at June 30, 2018, and its statement of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

Chartered Professional Accountants

March 21, 2019  
Calgary, Canada

# CALGARY FLAMES FOUNDATION

## Statement of Financial Position

As at June 30, 2018, with comparative information for 2017  
(unaudited)

	2018	2017
<b>Assets</b>		
Current assets:		
Cash (note 3)	\$ 273,952	\$ 3,082,287
Cash – internally restricted for donation commitments (note 3)	2,774,000	800,000
Investment in guaranteed investments (note 4)	5,900,000	3,920,000
Accounts receivable	156,025	121,230
GST recoverable	9,656	22,708
	<u>9,113,633</u>	<u>7,946,225</u>
Equipment (note 5)	49,983	60,295
	<u>\$ 9,163,616</u>	<u>\$ 8,006,520</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 397,669	\$ 197,271
Deferred revenue	37,500	41,500
	<u>435,169</u>	<u>238,771</u>
Net Assets:		
Internally restricted for donation commitments (note 9)	2,774,000	800,000
Unrestricted	5,954,447	6,967,749
	<u>8,728,447</u>	<u>7,767,749</u>
Commitments (note 9)		
	<u>\$ 9,163,616</u>	<u>\$ 8,006,520</u>

See accompanying notes to financial statements.

Approved by the board:

	Director
	Director

# CALGARY FLAMES FOUNDATION

## Statement of Operations

Year ended June 30, 2018, with comparative information for 2017  
(unaudited)

	2018	2017
Revenue:		
50/50 raffles	\$ 2,577,292	\$ 2,482,273
Fundraising events	1,071,658	1,097,367
Donations	481,695	211,065
Sponsorships	100,364	103,000
Interest	95,238	56,296
Lottery	—	39,385
	<u>4,326,247</u>	<u>3,989,386</u>
General and administrative expenses:		
Personnel	155,831	144,958
Community and promotion	57,841	47,119
Professional fees	36,567	24,658
Advertising	26,194	28,079
Office and general	25,556	37,340
Bank charges	5,615	4,783
Other	5,586	7,377
	<u>313,190</u>	<u>294,314</u>
Excess of revenue over expenses before disbursements and amortization	4,013,057	3,695,072
Charitable disbursements and programs	3,042,047	2,467,952
Excess of revenue over expenses before amortization	971,010	1,227,120
Amortization	10,312	13,947
Excess of revenue over expenses	<u>960,698</u>	<u>1,213,173</u>

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Statement of Changes in Net Assets

Year ended June 30, 2018, with comparative information for 2017  
(unaudited)

	Internally restricted	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 800,000	\$ 6,967,749	\$ 7,767,749	\$ 6,554,576
Excess of revenues over expenses	–	960,698	960,698	1,213,173
Transfer to internally restricted	1,974,000	(1,974,000)	–	–
Balance, end of year	\$ 2,774,000	\$ 5,954,447	\$ 8,728,447	\$ 7,767,749

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Statement of Cash Flows

Year ended June 30, 2018, with comparative information for 2017  
(unaudited)

	2018	2017
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 960,698	\$ 1,213,173
Add item not involving cash:		
Amortization	10,312	13,947
	<u>971,010</u>	<u>1,227,120</u>
Change in non-cash operating working capital:		
Decrease in deferred revenue	(4,000)	(23,970)
Change in other non-cash operating working capital (note 6)	178,655	51,337
	<u>1,145,655</u>	<u>1,254,487</u>
Investing:		
Acquisition of equipment	–	(7,729)
Investment in guaranteed investments	(4,980,000)	(4,600,000)
Proceeds on redemption of guaranteed investments	3,000,000	4,660,000
	<u>(1,980,000)</u>	<u>52,271</u>
Net increase (decrease) in cash	(834,335)	1,306,758
Cash, beginning of year (note 3)	3,882,287	2,575,529
Cash, end of year (note 3)	<u>\$ 3,047,952</u>	<u>\$ 3,882,287</u>

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
(unaudited)

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### 1. Nature of operations:

The Calgary Flames Foundation (the "Foundation") is a registered non-profit organization. The Foundation is incorporated under the Companies Act of Alberta as a not-for-profit organization. The Foundation is committed to supporting education, health and medical research, and amateur and grassroots sports in Calgary and raises funds throughout the year for these key areas. Fundraising initiatives include contests and special events such as celebrity poker and golf tournaments. The Foundation carries out 50/50 raffles at each Flames, Roughnecks, and Stampeders home game which are regulated by the Alberta Gaming and Liquor Commission ("AGLC").

As a registered non-profit organization under Section 149(1)(f) of the Income Tax Act, the Foundation is exempt from income taxes; therefore, no provision for income taxes is recorded in the financial statements.

### 2. Significant accounting policies:

#### (a) Cash:

Cash includes the amounts held in current accounts maintained by the Foundation as well as interest-bearing deposits. Certain cash, segregated in separate accounts, is required to be used for AGLC approved disbursements only.

#### (b) Equipment:

Equipment is recorded at cost less accumulated amortization and is amortized over its useful life as follows:

Asset	Method	Rate
Furniture and fixtures	Straight-line	3 years
Computer hardware and software	Declining balance	20%

#### (c) Revenue recognition:

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. Deposits for events that have not occurred are deferred and recognized at the time of the event.

Revenues and related expenses generated from certain programs are reported as net amounts within the financial statements.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
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### 2. Significant accounting policies (continued):

(d) Contributed materials and services:

Volunteers contribute their labour each year to assist the Foundation in delivering its services. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

(e) 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, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

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 Foundation determines if there is a significant adverse change in the expected amount of 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 the Foundation expects to realize by exercising its right to 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.

(f) Use of estimates:

The preparation of financial statements of the Foundation are in conformity with Canadian accounting standards for not-for-profit organizations which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Specific items subject to estimation include amortization and potential impairment of equipment, the provision for uncollectable receivables and accrued liabilities.

These estimates are subject to measurement uncertainty and the effects of changes in these estimates in future periods could be significant.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
(unaudited)

### 3. Cash:

Cash is comprised of:

	2018	2017
Cash - internally restricted for donation commitments	\$ 2,774,000	\$ 800,000
Cash - unrestricted	273,952	3,082,287
	<u>\$ 3,047,952</u>	<u>\$ 3,882,287</u>

### 4. Guaranteed investments:

The investment in guaranteed investments of \$5,900,000 (2017 – \$3,920,000) consists of guaranteed investment certificates (GICs) held with a major Canadian bank. Below are the details of each GIC held at June 30, 2018:

Maturity Date	Interest Rate	Amount
November 16, 2018	1.60%	\$ 1,000,000
January 17, 2019	1.95%	\$ 2,000,000
January 17, 2019	1.45%	\$ 2,900,000

### 5. Equipment:

2018	Cost	Accumulated amortization	Net Book Value
Computer hardware and software	\$ 236,929	\$ 187,236	\$ 49,693
Furniture and fixtures	19,280	18,990	290
	<u>\$ 256,209</u>	<u>\$ 206,226</u>	<u>\$ 49,983</u>

2017	Cost	Accumulated amortization	Net Book Value
Computer hardware and software	\$ 236,929	\$ 179,220	\$ 57,709
Furniture and fixtures	19,280	16,694	2,586
	<u>\$ 256,209</u>	<u>\$ 195,914</u>	<u>\$ 60,295</u>

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
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### 6. Changes in non-cash working capital:

	2018	2017
Changes in non-cash working capital:		
Accounts receivable	\$ (34,795)	\$ 114,648
GST recoverable	13,052	(10,551)
Prepaid expenses	–	8,429
Accounts payable and accrued liabilities	200,398	(61,189)
	<u>\$ 178,655</u>	<u>\$ 51,337</u>

### 7. Related party transactions:

The Calgary Flames Limited Partnership (“CFLP”) exercises significant influence over the Foundation by virtue of the Board members consisting, in part, of CFLP employees and owners. Related party transactions during the year not separately disclosed in the financial statements include reimbursements and purchases of goods and services from CFLP for fundraising events and raffles in the amount of \$404,299 (2017 – \$343,480) as well as payroll expense reimbursements in the amount of \$155,831 (2017 – \$144,958). Accounts receivable includes amounts due from CFLP in the amount of \$nil (2017 – \$12,000). CFLP provides office space, equipment and support services at no charge to the Foundation including event planning, event ticketing, marketing and creative services, accounting, regulatory compliance, information technology and communications.

### 8. Financial instruments and risk:

The Foundation has assessed the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Interest rate risk:

Interest rate risk arises on cash. The Foundation is exposed to interest rate risk due to fluctuations in bank’s interest rates.

(b) Credit risk:

Accounts receivable are subject to minimal liquidity risk as the majority of receivables relate to GST refunds or amounts that have been collected subsequent to year end.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
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### 8. Financial instruments and risk (continued):

#### (c) Market risk:

Market risk is the risk that change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. The Foundation is not exposed to significant market risk.

### 9. Donation commitments and internally restricted net assets:

The Foundation has an internally restricted reserve fund which is made up of donation commitments for future years that the Foundation has entered into during the year.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Alberta Children's Hospital Foundation	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 800,000
Kids Cancer Care Foundation							
Camp Kindle	75,000	75,000	75,000	-	-	-	225,000
KidSport – Hockey Programs	125,000	75,000	-	-	-	-	200,000
Hockey Education Reaching Out Society	50,000	50,000	-	-	-	-	100,000
Comrie Equipment Bank	50,000	50,000	100,000	-	-	-	200,000
YMCA – Flames Grade 6 Membership Program	250,000	-	-	-	-	-	250,000
Other	76,500	-	-	-	-	-	76,500
	826,500	450,000	375,000	200,000	-	-	1,851,500
Subsequent events:							
Kidsport – Flames Evenstrength Program	150,000	150,000	150,000	150,000	150,000	150,000	900,000
Hockey Education Reaching Out Society	7,500	7,500	7,500	-	-	-	22,500
	\$ 984,000	\$ 607,500	\$ 532,500	\$ 350,000	\$ 150,000	\$ 150,000	\$ 2,774,000

- (a) The Foundation is committed to donating \$800,000 to Alberta Children's Hospital Foundation over a 4 year period beginning in July 2019 with \$200,000 to be donated each year until the final donation paid in July 2022.
- (b) The Foundation is committed to donating \$225,000 to the Kids Cancer Care Foundation's Camp Kindle over a three year period beginning in July 2018 with \$75,000 to be donated each year with the final donation paid in July 2021.
- (c) The Foundation is committed to donating \$200,000 to KidSport over a two year period with a payment of \$125,000 in fiscal year 2018-2019 and \$75,000 in fiscal 2019-2020 for hockey programs. Subsequent to June 30, 2018, the Foundation increased its commitment to Kidsport by \$900,000 with annual payments of \$150,000 each year until the 2023-24 year.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2018, with comparative information for 2017  
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### **9. Commitments and internally restricted net assets (continued):**

- (d) The Foundation is committed to donating \$100,000 to Hockey Education Reaching Out Society over a two year period with a payment of \$50,000 in 2018-2019 and 2019-2020. Subsequent to June 30, 2018, the Foundation increased its commitment by \$22,500.
- (e) The Foundation is committed to donating \$200,000 to Comrie Equipment Bank over a three year period with payments of \$50,000 in 2018-2019 and 2019-2020 and a payment of \$100,000 in 2020-2021.
- (f) The Foundation is committed to donating \$250,000 to the YMCA in 2018-19 to support free memberships for grade six students.

### **10. Comparative figures:**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.