

Financial Statements of

CALGARY FLAMES FOUNDATION

And Independent Practitioners' Review Engagement Report thereon

Year ended June 30, 2019

(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, 2019, the statements 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, 2019, 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

Calgary, Canada

September 26, 2019

CALGARY FLAMES FOUNDATION

Statement of Financial Position

As at June 30, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Assets		
Current assets:		
Unrestricted funds (note 3)	\$ 6,099,531	\$ 6,173,952
Internally restricted funds (note 3)	865,500	984,000
Prepaid expenses	2,000	–
Accounts receivable	265,794	156,025
GST recoverable	5,931	9,656
	<u>7,238,756</u>	<u>7,323,633</u>
Internally restricted funds (note 3)	1,874,500	1,790,000
Equipment (note 4)	40,429	49,983
	<u>\$ 9,153,685</u>	<u>\$ 9,163,616</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 94,679	\$ 397,669
Deferred revenue	–	37,500
	<u>94,679</u>	<u>435,169</u>
Net assets:		
Internally restricted for donation commitments (note 8)	2,740,000	2,774,000
Unrestricted	6,319,006	5,954,447
	<u>9,059,006</u>	<u>8,728,447</u>
Commitments (note 8)		
	<u>\$ 9,153,685</u>	<u>\$ 9,163,616</u>

Approved by the board:

 Director
 Director

CALGARY FLAMES FOUNDATION

Statement of Operations

Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Revenue:		
50/50 raffles	\$ 2,901,611	\$ 2,577,292
Fundraising events	844,681	1,071,658
Other revenue	283,626	47,864
Donations	195,870	481,695
Interest	164,936	95,238
Sponsorships	83,000	100,364
	<u>4,473,724</u>	<u>4,374,111</u>
General and administrative expenses:		
Personnel	159,570	155,831
Community and promotion	61,245	57,842
Professional fees	33,297	36,567
Advertising	26,906	26,194
Office and general	24,215	25,556
Other	8,595	5,586
Bank charges	4,183	5,615
	<u>318,011</u>	<u>313,191</u>
Excess of revenue over expenses before disbursements and amortization	4,155,713	4,060,920
Charitable disbursements and programs	3,815,600	3,089,910
	<u>340,113</u>	<u>971,010</u>
Amortization	9,554	10,312
Excess of revenue over expenses	<u>\$ 330,559</u>	<u>\$ 960,698</u>

See accompanying notes to financial statements.

CALGARY FLAMES FOUNDATION

Statement of Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

	Internally restricted	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	\$ 2,774,000	\$ 5,954,447	\$ 8,728,447	\$ 7,767,749
Excess of revenues over expenses	(984,000)	1,314,559	330,559	960,698
Transfer to internally restricted	950,000	(950,000)	–	–
Balance, end of year	\$ 2,740,000	\$ 6,319,006	\$ 9,059,006	\$ 8,728,447

See accompanying notes to financial statements.

CALGARY FLAMES FOUNDATION

Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Unrestricted funds, provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 330,559	\$ 960,698
Add item not involving cash:		
Amortization	9,554	10,312
	<u>340,113</u>	<u>971,010</u>
Change in non-cash operating working capital:		
Decrease in deferred revenue	(37,500)	(4,000)
Change in other non-cash operating working capital (note 5)	(411,034)	178,655
	<u>(108,421)</u>	<u>1,145,665</u>
Investing:		
Net transfer in from (out to) internally restricted funds	34,000	(1,974,000)
	<u>34,000</u>	<u>(1,974,000)</u>
Decrease in unrestricted funds	(74,421)	(828,335)
Unrestricted funds, beginning of year (note 3)	6,173,952	7,002,287
Unrestricted funds, end of year (note 3)	<u>\$ 6,099,531</u>	<u>\$ 6,173,952</u>

See accompanying notes to financial statements.

CALGARY FLAMES FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

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, 2019, with comparative information for 2018
(Unaudited)

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 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.

(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, 2019, with comparative information for 2018
(Unaudited)

3. Internally restricted funds and unrestricted funds:

- (a) Funds are comprised of cash deposits in a major Canadian bank and redeemable guaranteed investment certificates (“GICs”) that may be internally restricted by virtue of donation commitments made by the Foundation.

	2019	2018
Cash	\$ 2,339,531	\$ 3,047,952
Guaranteed investment certificates	6,500,000	5,900,000
Total funds – restricted and unrestricted	8,839,531	8,947,952
Internally restricted funds - current (note 8)	865,500	984,000
Internally restricted funds (note 8)	1,874,500	1,790,000
Unrestricted funds available for other charitable purposes	\$ 6,099,531	\$ 6,173,952

- (b) GICs are held with a major Canadian bank. Below are the details of GICs held at June 30, 2019:

Maturity Date	Interest Rate	Amount
January 21, 2020	2.45%	\$ 2,000,000
July 18, 2020	2.60%	2,000,000
January 18, 2021	2.70%	2,500,000
		\$ 6,500,000

4. Equipment:

2019	Cost	Accumulated amortization	Net Book Value
Computer hardware and software	\$ 236,929	\$ 196,500	\$ 40,429
Furniture and fixtures	19,280	19,280	–
	\$ 256,209	\$ 215,780	\$ 40,429

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
	\$ 256,209	\$ 206,226	\$ 49,983

CALGARY FLAMES FOUNDATION

Notes to Financial Statements

Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

5. Changes in non-cash working capital:

	2019	2018
Changes in non-cash working capital:		
Accounts receivable	\$ (109,769)	\$ (34,795)
GST recoverable	3,725	13,052
Prepaid expenses	(2,000)	–
Accounts payable and accrued liabilities	(302,990)	200,398
	<u>\$ (411,034)</u>	<u>\$ 178,655</u>

6. 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 \$361,446 (2018 – \$404,299) as well as payroll expense reimbursements in the amount of \$159,570 (2018 – \$155,831). Accounts payable includes amounts due to CFLP in the amount of \$32,445 (2018 – \$14,835). 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.

7. 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

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Year ended June 30, 2019, with comparative information for 2018
(Unaudited)

7. 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.

(d) Liquidity risk:

Liquidity risk is the risk that the foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation does not believe this is a significant risk.

There have been no changes to the risk exposures from 2018.

8. Donation commitments and internally restricted net assets:

The Foundation has an internally restricted reserve fund which is made up of donation commitments for future periods that the Foundation has entered into. The commitments are as follows:

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
Alberta Children's Hospital Foundation	\$ 200,000	\$ 200,000	\$ 200,000	\$ –	\$ –	\$ 600,000
Alberta Sport Connection	200,000	–	–	–	–	200,000
Kidsport Calgary – Flames EvenStrength Program	150,000	150,000	150,000	150,000	150,000	750,000
Kidsport Calgary – Hockey Program	75,000	–	–	–	–	75,000
Kids Cancer Care Foundation	75,000	75,000	–	–	–	150,000
HEROS	57,500	7,500	–	–	–	65,000
Comrie's Sports Equipment Bank	50,000	100,000	–	–	–	150,000
Hockey Alberta Foundation	40,000	40,000	40,000	40,000	–	160,000
Post-Secondary Scholarships	18,000	18,000	18,000	18,000	18,000	90,000
YMCA Calgary – Grade 6 Program	–	–	250,000	250,000	–	500,000
	\$ 865,500	\$ 590,500	\$ 658,000	\$ 458,000	\$ 168,000	\$ 2,740,000

9. Comparative figures:

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