

Financial Statements of

**CALGARY FLAMES FOUNDATION**

Year ended June 30, 2020

(unaudited)



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## **INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT**

To the Directors of the Calgary Flames Foundation

We have reviewed the accompanying financial statements of the Calgary Flames Foundation, which comprise the statement of financial position as at June 30, 2020, the statement of operations, statement of changes in net assets and 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.

### ***Practitioners' Responsibility***

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, 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 Calgary Flames Foundation as at June 30, 2020, 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.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada  
October 29, 2020

# CALGARY FLAMES FOUNDATION

## Statement of Financial Position

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

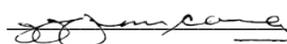
	2020	2019
<b>Assets</b>		
Current assets:		
Unrestricted funds (note 3)	\$5,289,769	\$ 6,099,531
Internally restricted funds (note 3)	1,028,000	865,500
Prepaid expenses	–	2,000
Accounts receivable	205,852	265,794
GST recoverable	6,654	5,931
	<u>6,530,275</u>	<u>7,238,756</u>
Internally restricted funds (note 3)	1,864,000	1,874,500
Equipment (note 4)	30,306	40,429
	<u>\$ 8,424,581</u>	<u>\$ 9,153,685</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 354,024	\$ 94,679
Net assets:		
Internally restricted for donation commitments (note 8)	2,892,000	2,740,000
Unrestricted	5,178,557	6,319,006
	<u>8,070,557</u>	<u>9,059,006</u>
Commitments (note 8)		
Subsequent event (note 9)		
	<u>\$ 8,424,581</u>	<u>\$ 9,153,685</u>

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

# CALGARY FLAMES FOUNDATION

## Statement of Operations

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

	2020	2019
Revenue:		
50/50 raffle	\$ 1,942,192	\$ 2,901,611
Fundraising events	827,790	844,681
Donations	344,909	195,870
Other revenue	270,255	283,626
Interest	203,191	164,936
Sponsorship	83,200	83,000
	<u>3,671,537</u>	<u>4,473,724</u>
General and administrative expenses:		
Personnel	166,012	159,570
Advertising	23,226	26,906
Community and promotion	57,546	61,245
Professional fees	23,819	33,297
Office and general	4,052	24,215
Other	3,948	8,595
Bank charges	3,753	4,183
	<u>282,356</u>	<u>318,011</u>
Excess of revenue over expenses before disbursements and amortization	3,389,181	4,155,713
Charitable disbursements and programs	4,367,507	3,815,600
(Deficit) surplus before amortization	<u>(978,326)</u>	<u>340,113</u>
Amortization	10,123	9,554
(Deficit) surplus for the year	<u>\$ (988,449)</u>	<u>\$ 330,559</u>

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Statement of Changes in Net Assets

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

	Internally restricted	Unrestricted	2020 Total	2019 Total
Net assets, beginning of year	\$ 2,740,000	\$ 6,319,006	\$ 9,059,006	\$ 8,728,447
(Deficit) surplus for the year	(865,500)	(122,949)	(988,449)	330,559
Transfer to internally restricted	1,017,500	(1,017,500)	–	–
Net assets, end of year	\$ 2,892,000	\$ 5,178,557	\$ 8,070,557	\$ 9,059,006

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

	2020	2019
Unrestricted funds, provided by (used in):		
Operating:		
(Deficit) surplus for the year	\$ (988,449)	\$ 330,559
Add item not involving cash:		
Amortization	10,123	9,554
	<u>(978,326)</u>	<u>340,113</u>
Change in non-cash operating working capital:		
Decrease in deferred revenue	–	(37,500)
Change in other non-cash operating working capital (note 5)	320,564	(411,034)
	<u>(657,762)</u>	<u>(108,421)</u>
Investing:		
Net transfer (out to) in from - internally restricted funds	(152,000)	34,000
	<u>(809,762)</u>	<u>(74,421)</u>
Decrease in unrestricted funds	(809,762)	(74,421)
Unrestricted funds, beginning of year	6,099,531	6,173,952
<u>Unrestricted funds, end of year (note 3)</u>	<u>\$ 5,289,769</u>	<u>\$ 6,099,531</u>

See accompanying notes to financial statements.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(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 Calgary Flames, Calgary Roughnecks, and Calgary Stampeders home game which are regulated by the Alberta Gaming Liquor and Cannabis 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.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 ("COVID-19") outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Alberta resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The Foundation has experienced temporary declines in fundraising revenues in relation to the COVID-19 pandemic.

As at the reporting date, the Foundation has determined that COVID-19 has had no impact on its contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. Management has assessed the financial impacts of the COVID-19 pandemic and did not identify any impacts on its financial statements as at June 30, 2020.

### 2. Significant accounting policies:

#### (a) Unrestricted and internally restricted funds:

Internally restricted funds includes cash amounts held in current accounts maintained by the Foundation as well as interest-bearing deposits that have been committed for donation by the Foundation as set out in Note 8. Unrestricted funds are cash amount held in current accounts and interest bearing deposits that are uncommitted. Certain cash, segregated in separate accounts, is required to be used for AGLC approved disbursements only.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

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### 2. Significant accounting policies (continued):

(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.

(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.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

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### 2. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

(g) Changes in accounting policies:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in the Accounting Standards for Not-for-Profit Organizations Part III of the Handbook as follows:

- i. Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at July 1, 2019.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

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### 2. Significant accounting policies (continued):

#### (g) Changes in accounting policies (continued):

- ii. Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at July 1, 2019.

- iii. Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at July 1, 2019.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019.

The implementation of these changes had no impact on the financial statements.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(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.

	2020	2019
Cash	\$ 3,681,769	\$ 2,339,531
Guaranteed investment certificates	4,500,000	6,500,000
Total funds – restricted and unrestricted	8,181,769	8,839,531
Internally restricted funds - current (note 8)	1,028,000	865,500
Internally restricted funds (note 8)	1,864,000	1,874,500
Unrestricted funds available for other charitable purposes	\$ 5,289,769	\$ 6,099,531

(b) GICs are held with a major Canadian bank. Below are the details of GICs held at June 30, 2020:

Maturity Date	Interest Rate	Amount
July 18, 2020	2.60%	2,000,000
January 18, 2021	2.70%	2,500,000
		\$ 4,500,000

### 4. Equipment:

2020	Cost	Accumulated amortization	Net book value
Computer hardware and software	\$ 236,929	\$ 206,623	\$ 30,306
Furniture and fixtures	19,280	19,280	–
	\$ 256,209	\$ 225,903	\$ 30,306

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

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

### 5. Changes in non-cash working capital:

	2020	2019
Changes in non-cash working capital:		
Accounts receivable	\$ 59,942	\$ (109,769)
GST recoverable	(723)	3,725
Prepaid expenses	2,000	(2,000)
Accounts payable and accrued liabilities	259,345	(302,990)
	<u>\$ 320,564</u>	<u>\$ (411,034)</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 \$333,913 (2019 – \$361,446) as well as payroll expense reimbursements in the amount of \$168,452 (2019 – \$159,570). Accounts receivable includes amounts due from CFLP in the amount of \$5,337 (2019 – \$0). Accounts payable includes amounts due to CFLP in the amount of \$0 (2019 – \$32,445). 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.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 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.

# CALGARY FLAMES FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

### 7. Financial instruments and risk (continued):

(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.

The Foundation is exposed to credit risk on its GICs. The Foundation manages this risk by depositing cash and GICs with large financial institutions.

(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. See the introductory comments on page one of the notes to the financial statements for additional comments on liquidity risk.

There have been no changes to the risk exposures from June 30, 2019.

### 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:

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
The Parks Foundation, Calgary	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Alberta Children's Hospital Foundation	200,000	200,000	-	-	-	400,000
Kidsport Calgary – Flames EvenStrength Program	150,000	150,000	150,000	150,000	-	600,000
Flames Sports Bank	100,000	100,000	100,000	100,000	100,000	500,000
Kids Cancer Care Foundation	75,000	-	-	-	-	75,000
HEROS	65,000	65,000	65,000	-	-	195,000
Kidsport Calgary- Community League	50,000	50,000	-	-	-	100,000
Hockey Alberta Foundation	40,000	40,000	40,000	-	-	120,000
Impact Society	30,000	-	-	-	-	30,000
Post-Secondary Scholarships	18,000	18,000	18,000	18,000	-	72,000
YMCA Calgary – Grade 6 Program	-	250,000	250,000	-	-	500,000
	\$ 1,028,000	\$ 873,000	\$ 623,000	\$ 268,000	\$ 100,000	\$ 2,892,000

# CALGARY FLAMES FOUNDATION

Notes to Financial Statements

Year ended June 30, 2020, with comparative information for 2019  
(unaudited)

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## **9. Subsequent event:**

The AGLC has approved the Foundation to sell online 50/50 tickets for the 2020 NHL Playoff games in which the Calgary Flames are playing. The 50/50 operated for nine games and raised gross revenues of \$5,532,000.