

FORT EDMONTON FOUNDATION
Financial Statements
Year Ended December 31, 2014

FORT EDMONTON FOUNDATION
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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fort Edmonton Foundation

We have audited the accompanying financial statements of Fort Edmonton Foundation, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Fort Edmonton Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Fort Edmonton Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2014, current assets and net assets as at January 1, 2014 and December 31, 2014.

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Independent Auditor's Report to the Members of Fort Edmonton Foundation *(continued)*

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Fort Edmonton Foundation as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

King + Company

Edmonton, AB
June 16, 2015

CHARTERED ACCOUNTANTS

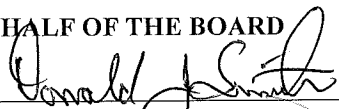
FORT EDMONTON FOUNDATION

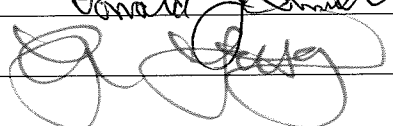
Statement of Financial Position

As at December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and short-term deposits <i>(Note 2)</i>	\$ 854,433	\$ 704,160
Accounts receivable <i>(Note 3)</i>	22,478	6,588
Inventories	-	1,600
Prepaid expenses	3,438	3,367
	<u>880,349</u>	<u>715,715</u>
EQUIPMENT <i>(Note 4)</i>	-	498
STEAM RAILWAY ROLLING STOCK COLLECTION <i>(Note 5)</i>	429,651	429,651
	<u>\$ 1,310,000</u>	<u>\$ 1,145,864</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 18,797	\$ 19,449
Deferred contributions related to park development expenses <i>(Note 7)</i>	369,718	146,144
	<u>388,515</u>	<u>165,593</u>
NET ASSETS		
Externally restricted <i>(Note 8)</i>	429,651	429,651
Unrestricted	491,834	550,620
	<u>921,485</u>	<u>980,271</u>
	<u>\$ 1,310,000</u>	<u>\$ 1,145,864</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

FORT EDMONTON FOUNDATION**Statement of Operations****Year Ended December 31, 2014**

	2014	2013
REVENUE		
Dr. Oz	\$ 421,871	\$ -
Contribution from the City of Edmonton	200,000	200,000
Deferred restricted contributions utilized <i>(Note 7)</i>	134,839	93,179
Unrestricted donations and fundraising	50,121	119,849
Interest	2,315	2,225
Other	225	4,067
	<u>809,371</u>	<u>419,320</u>
PARK DEVELOPMENT EXPENSES		
Midway and Exhibition	280,171	90,266
Blatchford Field Aviation Hangar	-	8,179
Rotary Legacy Project	-	2,139
	<u>280,171</u>	<u>100,584</u>
OPERATIONAL EXPENSES		
Dr. Oz	421,871	-
Salaries and benefits	83,512	163,010
Professional fees	33,487	10,051
Office	32,718	54,112
Contract labour	12,183	-
Fundraising	3,717	48,385
Amortization of equipment	498	493
	<u>587,986</u>	<u>276,051</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (58,786)</u>	<u>\$ 42,685</u>

FORT EDMONTON FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2014

	Externally Restricted (Note 8)	Unrestricted	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 429,651	\$ 550,620	\$ 980,271	\$ 937,586
Excess (deficiency) of revenue over expenses	-	(58,786)	(58,786)	42,685
NET ASSETS - END OF YEAR	\$ 429,651	\$ 491,834	\$ 921,485	\$ 980,271

FORT EDMONTON FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Cash receipts from donors and fundraising	\$ 813,072	\$ 286,268
Cash receipts from the City of Edmonton	200,000	236,999
Cash receipts from interest	2,312	3,151
Cash payments for park development and operations	<u>(865,111)</u>	<u>(373,591)</u>
INCREASE IN CASH	150,273	152,827
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>704,160</u>	<u>551,333</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 854,433</u>	<u>\$ 704,160</u>

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2014

PURPOSE AND GOVERNANCE OF THE ORGANIZATION

Purpose

Fort Edmonton Foundation (the "Foundation") is a not-for-profit organization established to develop and promote Fort Edmonton Park in Edmonton, Alberta.

The vision of the Foundation is "to raise funds for and promote an internationally acclaimed living history experience."

The Foundation is incorporated under the laws of Alberta and is a registered charity under the Income Tax Act.

Governance

The Foundation consists of up to 100 members, the majority of whom must be residents of The City of Edmonton. Each member has a vote, and is admitted to membership by the Foundation's directors. At each annual general meeting of members the existing board of directors retires and the members elect a new board. Retiring directors are eligible for re-election. There must be between 5 and 20 directors, none of whom are remunerated. The board meets several times a year to direct the business of the Foundation. The directors must present audited annual financial statements for the Foundation at each annual general meeting of members.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions and related interest are recognized in revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenue are recognized in revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from all other sources is included in revenue in the year in which it is received or receivable.

Contributed Services

Materials and services contributed to the Foundation are not recorded as their fair value cannot be reasonably estimated.

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FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenue and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term deposits.

Inventories

Inventories are measured at the lower of cost and current replacement cost.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at 33% using the straight-line method.

Steam Railway Rolling Stock Collection

The steam railway rolling stock collection is stated at cost. The steam railway rolling stock collection is not amortized because it is estimated to have a virtually unlimited life.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2014

2. CASH AND SHORT-TERM DEPOSITS

	2014	2013
Unrestricted	\$ 484,715	\$ 558,016
Externally restricted - Windsor Block	270,564	65,373
Externally restricted - casino and lottery	73,154	80,771
Externally restricted - current capital projects	26,000	-
	<u>\$ 854,433</u>	<u>\$ 704,160</u>

Unrestricted cash includes a guaranteed investment certificate of \$272,795 (2013 - \$270,630) with an interest rate of 0.8% (2013 - 0.8%) maturing on February 9, 2015.

Externally restricted cash represents restricted revenue received for projects described in Note 7. Casino and lottery funds are restricted to expenses approved by Alberta Gaming and Liquor Commission. They have been allocated to current capital projects.

3. ACCOUNTS RECEIVABLE

	2014	2013
Contributions	\$ 20,050	\$ 2,500
Interest	1,940	1,928
Goods and services tax	310	1,779
Other	178	381
	<u>\$ 22,478</u>	<u>\$ 6,588</u>

4. EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Office Equipment	\$ 10,699	\$ 10,699	\$ -	\$ 498
Donor Wall	11,992	11,992	-	-
Software	8,995	8,995	-	-
	<u>\$ 31,686</u>	<u>\$ 31,686</u>	<u>\$ -</u>	<u>\$ 498</u>

5. STEAM RAILWAY ROLLING STOCK COLLECTION

The Foundation owns a steam railway in Fort Edmonton Park called the Edmonton, Yukon & Pacific Railway, named after the first railway built in Edmonton. The steam railway comprises a locomotive and several train cars. The locomotive and train cars were originally built in the early 1900's. It is available for the public as a train ride which is included in admission to Fort Edmonton Park.

The Foundation has an agreement with the City of Edmonton not to remove any rolling stock from the park without the approval of the City and the City maintains a right of first refusal for the purchase of the stock.

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade	\$ 10,856	\$ 16,012
Government remittances	4,774	549
Vacation	3,167	1,846
Wages	-	1,042
	<u>\$ 18,797</u>	<u>\$ 19,449</u>

7. DEFERRED CONTRIBUTIONS RELATED TO PARK DEVELOPMENT EXPENSES

Deferred contributions represent resources externally restricted by donors for the following projects:

	2014	2013
Windsor Block	\$ 270,564	\$ 65,373
Current capital projects	99,154	80,771
	<u>\$ 369,718</u>	<u>\$ 146,144</u>

Changes in deferred contributions are as follows:

Balance - beginning of year	\$ 146,144	\$ 90,241
Donations	358,413	65,674
Casino	-	82,941
Interest income	-	467
Deferred restricted contributions utilized	<u>(134,839)</u>	<u>(93,179)</u>
Balance - end of year	<u>\$ 369,718</u>	<u>\$ 146,144</u>

8. EXTERNALLY RESTRICTED NET ASSETS

The disposal of the steam railway rolling stock is restricted by the City of Edmonton. As a result, net assets equal to the net book value of the steam railway rolling stock are externally restricted.

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2014

9. PARK DEVELOPMENT EXPENDITURES

Funds raised by the Foundation and spent on park development over the past 10 years are as follows:

	<u>2014</u>
Midway and Exhibition	\$ 3,727,247
Hotel Selkirk	251,612
Park Development Plan	220,466
Capitol Theatre	200,000
The Spirit of Pehonan	134,986
Windsor Block	59,224
Bi-plane Hangar	52,816
Blatchford Field Aviation Hangar	34,512
1920 Street	30,862
1905 Street	7,403
Other	<u>6,509</u>
	<u>\$ 4,725,637</u>

10. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation's financial instruments that are exposed to credit risk are primarily cash and short-term deposits and accounts receivable. The Foundation maintains its cash and short-term deposits with a major financial institution. Accounts receivable are principally with government entities.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its cash and short-term deposits.

11. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENT OF THE CHARITABLE FUNDRAISING ACT AND REGULATION

Gross contributions received were \$1,030,405 (2013 - \$477,865).

Gross contributions received were used for park development.

There was one employee whose principal duties involved fundraising. The total amount paid as remuneration was \$33,048 (2013 - \$105,706).

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2014

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.