

FORT EDMONTON FOUNDATION

Financial Statements

Year Ended December 31, 2016

FORT EDMONTON FOUNDATION
Index to Financial Statements
Year Ended December 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11

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, 2016 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 revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at January 1, 2015 and December 31, 2016.

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, 2016 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 6, 2017

CHARTERED ACCOUNTANTS

FORT EDMONTON FOUNDATION

Statement of Financial Position

As at December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash (Note 2)	\$ 1,053,046	\$ 2,466,765
Accounts receivable (Note 3)	824	2,700
Prepaid expenses	6,383	5,486
	<u>1,060,253</u>	<u>2,474,951</u>
STEAM RAILWAY ROLLING STOCK COLLECTION (Note 5)	<u>429,651</u>	<u>429,651</u>
	<u>\$ 1,489,904</u>	<u>\$ 2,904,602</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 15,967	\$ 23,405
Payable to Fort Edmonton Management Company	-	675,839
Deferred contributions related to Community Facility Enhancement Program (CFEP) (Note 7)	-	724,583
Deferred contributions related to operations and park development (Note 8)	557,879	484,840
	<u>573,846</u>	<u>1,908,667</u>
NET ASSETS		
Externally restricted (Note 9)	429,651	429,651
Unrestricted	486,407	566,284
	<u>916,058</u>	<u>995,935</u>
	<u>\$ 1,489,904</u>	<u>\$ 2,904,602</u>

ON BEHALF OF THE BOARD

Paul Harris Treasurer

FORT EDMONTON FOUNDATION
Statement of Operations
Year Ended December 31, 2016

	2016	2015
REVENUE		
Deferred contributions recognized from CFEP <i>(Note 7)</i>	\$ 727,171	\$ 775,840
Unrestricted donations and fundraising	140,042	102,139
Deferred contributions related to operations utilized <i>(Note 8)</i>	44,610	18,569
Interest	3,329	1,847
Other	450	579
Contribution from the City of Edmonton	-	200,000
	<u>915,602</u>	<u>1,098,974</u>
PARK DEVELOPMENT EXPENSES		
CFEP project expenditures	<u>727,171</u>	<u>775,840</u>
OPERATIONAL EXPENSES		
Salaries and benefits	158,163	151,228
Fundraising	67,091	40,043
Office	34,294	47,832
Professional fees	8,760	9,276
Contract labour	-	305
	<u>268,308</u>	<u>248,684</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (79,877)</u>	<u>\$ 74,450</u>

FORT EDMONTON FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Externally Restricted (Note 9)	Unrestricted	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 429,651	\$ 566,284	\$ 995,935	\$ 921,485
Excess (deficiency) of revenue over expenses	-	(79,877)	(79,877)	74,450
NET ASSETS - END OF YEAR	\$ 429,651	\$ 486,407	\$ 916,058	\$ 995,935

FORT EDMONTON FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash receipts from donors and fundraising	\$ 255,473	\$ 253,954
Cash receipts from interest	7,991	4,318
Cash receipts from CFEP	-	1,500,000
Cash receipts from the City of Edmonton	-	200,000
Cash payments for park development and operations	(274,172)	(245,940)
Cash payments for CFEP project	(1,403,011)	(100,000)
INCREASE (DECREASE) IN CASH	(1,413,719)	1,612,332
CASH - BEGINNING OF YEAR	2,466,765	854,433
CASH - END OF YEAR	\$ 1,053,046	\$ 2,466,765

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

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 50 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 and collection is reasonably assured.

Contributed Services

Materials and services contributed to the Foundation are not recorded unless their fair value can be reasonably estimated. During the year, there were nil (2015 - \$20,000) materials received and recorded as unrestricted donations and fundraising revenue and fundraising expenses on the statement of operations.

(continues)

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

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

Cash is comprised of cash held with financial institutions.

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 revenues 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, 2016

2. CASH

	<u>2016</u>	<u>2015</u>
Unrestricted		
Cash	\$ 495,167	\$ 581,503
Externally restricted		
Windsor Block	330,952	\$ 322,878
Current capital projects	124,858	26,000
Casino, lottery and raffle	102,069	135,962
CFEP	-	1,400,422
	<u>557,879</u>	<u>1,885,262</u>
	<u>1,053,046</u>	<u>\$ 2,466,765</u>

Externally restricted cash represents restricted revenue received for projects described in Note 8. Casino and lottery funds are restricted to expenses approved by Alberta Gaming and Liquor Commission.

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Goods and services tax	\$ 440	\$ 320
Other	384	2,380
	<u>\$ 824</u>	<u>\$ 2,700</u>

4. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Office Equipment	\$ 10,699	\$ 10,699	\$ -	\$ -
Donor Wall	11,992	11,992	-	-
Software	8,995	8,995	-	-
	<u>\$ 31,686</u>	<u>\$ 31,686</u>	<u>\$ -</u>	<u>\$ -</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, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Trade	\$ 13,606	\$ 14,596
Vacation	2,361	1,481
Government remittances	-	7,328
	<u>\$ 15,967</u>	<u>\$ 23,405</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CFEP

Deferred contributions related to CFEP represent resources externally restricted by CFEP for the Blatchford Aviation Hangar Kitchen Project.

	<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$ 724,583	\$ -
Contributions received	-	1,500,000
Interest received	2,588	423
Recognized as revenue	<u>(727,171)</u>	<u>(775,840)</u>
Balance - end of year	<u>\$ -</u>	<u>\$ 724,583</u>

8. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS AND PARK DEVELOPMENT

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

	<u>2016</u>	<u>2015</u>
Park development - Windsor Block	\$ 330,952	\$ 322,878
Park development - capital projects	<u>176,927</u>	<u>111,962</u>
	507,879	434,840
Operations	<u>50,000</u>	<u>50,000</u>
	<u>\$ 557,879</u>	<u>\$ 484,840</u>

Changes in deferred contributions are as follows:

Balance - beginning of year	\$ 484,840	\$ 369,718
Donations received	104,858	52,260
Raffle proceeds received	10,717	-
Interest received	2,074	117
Casino proceeds received	-	81,314
Deferred contributions related to operations utilized	<u>(44,610)</u>	<u>(18,569)</u>
Balance - end of year	<u>\$ 557,879</u>	<u>\$ 484,840</u>

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

9. 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.

10. PARK DEVELOPMENT EXPENDITURES

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

Blatchford Field Aviation Hangar Kitchen	\$ 2,186,923
Midway and Exhibition	2,117,293
Park Development Plan	220,466
Hotel Selkirk	207,671
Capitol Theatre	200,000
Indigenous Peoples' Experience	134,986
Windsor Block	59,224
Bi-plane Hangar	52,816
1920 Street	30,862
Other	<u>6,509</u>
	<u>\$ 5,216,750</u>

11. SUMMARY OF EXTERNALLY RESTRICTED ACCOUNTS

The following is a summary of the externally restricted assets and liabilities included on the Statement of Financial Position:

	<u>2016</u>	<u>2015</u>
Assets		
Cash	<u>\$ 557,879</u>	<u>\$ 1,885,262</u>
Liabilities		
Payable to Fort Edmonton Management Company	\$ -	\$ 675,839
Deferred CFEP Grant	-	724,583
Deferred contributions related to operations and park development	<u>557,879</u>	<u>484,840</u>
	<u>\$ 557,879</u>	<u>\$ 1,885,262</u>

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

12. 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, 2016.

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.

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

Gross contributions received were \$255,617 (2015 - \$1,935,713).

Gross contributions received were used for park development.

There was one employee (2015 - 2 employees) whose principal duties involved fundraising. The total amount paid as remuneration was \$100,000 (2015 - \$95,295).