

FORT EDMONTON FOUNDATION
Financial Statements
Year Ended December 31, 2018

FORT EDMONTON FOUNDATION
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fort Edmonton Foundation

Qualified Opinion

We have audited the financial statements of Fort Edmonton Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the 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 the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to unrestricted fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, current assets and net assets as at December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

(continues)

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

King + Company

Edmonton, AB
June 11, 2019

CHARTERED ACCOUNTANTS

FORT EDMONTON FOUNDATION
Statement of Financial Position
As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash (Note 2)	\$ 2,045,132	\$ 1,703,855
Accounts receivable (Note 3)	47,273	2,119
Prepaid expenses	4,971	4,510
	<u>2,097,376</u>	<u>1,710,484</u>
LONG-TERM INVESTMENTS (Note 5)	61,640	60,000
EQUIPMENT (Note 4)	1,359	-
STEAM RAILWAY ROLLING STOCK COLLECTION (Note 6)	<u>429,651</u>	<u>429,651</u>
	<u>\$ 2,590,026</u>	<u>\$ 2,200,135</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 39,978	\$ 34,119
DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS AND PARK DEVELOPMENT (Note 8)	<u>1,119,237</u>	<u>873,134</u>
	<u>1,159,215</u>	<u>907,253</u>
NET ASSETS		
Externally Restricted (Note 10)	429,651	429,651
Restricted For Endowment Purposes (Note 10)	61,640	60,000
Unrestricted (Note 10)	<u>939,520</u>	<u>803,231</u>
	<u>1,430,811</u>	<u>1,292,882</u>
	<u>\$ 2,590,026</u>	<u>\$ 2,200,135</u>

ON BEHALF OF THE BOARD

Paul Harris Treasurer

FORT EDMONTON FOUNDATION**Statement of Operations****Year Ended December 31, 2018**

	2018	2017
REVENUES		
Unrestricted donations and fundraising <i>(Note 9)</i>	\$ 342,562	\$ 510,215
Contribution from the Fort Edmonton Management Company	200,000	200,000
Deferred contributions related to operations utilized and park development utilized <i>(Note 8)</i>	81,978	49,668
Interest	15,499	4,725
Other	1,404	289
	<u>641,443</u>	<u>764,897</u>
EXPENSES		
Salaries and benefits	263,233	224,291
Fundraising	82,330	102,991
Office	64,831	54,006
Consulting fees	49,200	-
Park Sponsorship	20,000	-
History Book project	15,974	-
Professional fees	7,431	6,785
Amortization of equipment	515	-
	<u>503,514</u>	<u>388,073</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 137,929</u>	<u>\$ 376,824</u>

FORT EDMONTON FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2018

	Externally Restricted (Note 10)	Restricted For Endowment Purposes (Note 10)	Unrestricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 429,651	\$ 60,000	\$ 803,231	\$ 1,292,882	\$ 916,058
Excess of revenues over expenses	-	1,640	136,289	137,929	376,824
NET ASSETS - END OF YEAR	\$ 429,651	\$ 61,640	\$ 939,520	\$ 1,430,811	\$ 1,292,882

FORT EDMONTON FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Cash receipts from donors and fundraising	\$ 621,514	\$ 871,360
Cash receipts from the City of Edmonton	200,000	200,000
Cash receipts from interest	19,239	7,497
Cash paid to suppliers and employees	(497,602)	(368,048)
Cash flow from operating activities	343,151	710,809
INVESTING ACTIVITIES		
Purchase of long-term investments	-	(60,000)
Purchase of equipment	(1,874)	-
Cash flow used by investing activities	(1,874)	(60,000)
INCREASE IN CASH	341,277	650,809
CASH - BEGINNING OF YEAR	1,703,855	1,053,046
CASH - END OF YEAR	\$ 2,045,132	\$ 1,703,855

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2018

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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 \$2,779 (2017 - 1,450) materials received and recorded as unrestricted donations and fundraising revenue and fundraising expenses on the statement of operations.

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2018

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

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.

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, 2018

2. CASH

	2018	2017
Unrestricted		
Cash	\$ 925,895	\$ 830,721
Externally restricted		
Current capital projects	595,321	\$ 289,917
Windsor Block	421,574	411,833
Casino, lottery and raffle	102,342	151,384
Operating grant	-	20,000
	<u>1,119,237</u>	<u>873,134</u>
	<u>2,045,132</u>	<u>\$ 1,703,855</u>

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

3. ACCOUNTS RECEIVABLE

	2018	2017
Estate donation	\$ 43,897	\$ -
Other	2,000	636
Goods and services tax	1,376	1,483
	<u>\$ 47,273</u>	<u>\$ 2,119</u>

4. EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Office Equipment	\$ 11,628	\$ 10,269	\$ 1,359	\$ -
Donor Wall	11,992	11,992	-	-
Software	8,995	8,995	-	-
	<u>\$ 32,615</u>	<u>\$ 31,256</u>	<u>\$ 1,359</u>	<u>\$ -</u>

5. LONG-TERM INVESTMENTS

	2018	2017
Invested with Edmonton Community Foundation	\$ 62,260	\$ 60,000

Long-term investments comprise funds deposited in administered funds of the Edmonton Community Foundation.

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

6. 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade	\$ 26,592	\$ 23,690
Vacation	9,125	5,151
Government remittances	4,261	5,278
	<u>\$ 39,978</u>	<u>\$ 34,119</u>

8. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS AND PARK DEVELOPMENT

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

	2018	2017
Park development - capital projects	\$ 647,663	\$ 391,301
Park development - Windsor Block	421,574	411,833
	<u>1,069,237</u>	<u>803,134</u>
Operations	50,000	70,000
	<u>\$ 1,119,237</u>	<u>\$ 873,134</u>

Changes in deferred contributions are as follows:

Balance - beginning of year	\$ 873,134	\$ 557,879
Donations and fundraising (Note 9)	324,341	362,151
Interest received	3,740	2,772
Recognized as revenue	(81,978)	(49,668)
	<u>\$ 1,119,237</u>	<u>\$ 873,134</u>

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2018

9. DONATIONS AND FUNDRAISING

Gross donations and fundraising by the Foundation was comprised of the following for the year-ending December 31:

	2018	2017
Donations	\$ 406,489	\$ 530,932
Events	160,427	235,276
Sponsorships	68,875	14,500
Raffle	15,612	10,716
Programs	15,500	5,000
Casino	-	75,942
	<hr/>	<hr/>
Gross funds	666,903	872,366
Allocated to deferred contributions related to operations and park development	(324,341)	(362,151)
	<hr/>	<hr/>
Unrestricted donations and fundraising	\$ 342,562	\$ 510,215

10. NET ASSETS

Externally Restricted

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.

Restricted for Endowment

Net assets restricted for endowment purposes is subject to externally imposed restrictions stipulating that the resources be maintained permanently with an annual maximum 5 percent encroachment on capital.

Unrestricted

Unrestricted funds are available for use by the Board for future operations and capital projects.

11. PARK DEVELOPMENT EXPENDITURES

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

Blatchford Aviation Hanger Kitchen	\$ 2,186,923
Midway and Exhibition	544,512
Park Development Plan	220,466
Capitol Theatre	200,000
Indigenous Peoples' Experience	134,986
Windsor Block	59,224
Hotel Selkirk	11,736
1920 Street	1,624
	<hr/>
	\$ 3,359,471

FORT EDMONTON FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2018

12. 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>2018</u>	<u>2017</u>
Assets		
Cash	\$ 1,119,237	\$ 873,134
Liabilities		
Deferred contributions related to operations and park development	\$ 1,119,237	\$ 873,134

13. 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, 2018.

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.

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

Gross contributions received were \$871,357 (2017 - \$871,357).

Gross contributions received were used for park development.

There were 2 employees (2017 - 2 employee) whose principal duties involved fundraising. The total amount paid as remuneration was \$177,625 (2017 - \$156,250).

15. COMPARATIVE FIGURES

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