

FORT EDMONTON FOUNDATION

Financial Statements

Year Ended December 31, 2021

FORT EDMONTON FOUNDATION
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fort Edmonton Foundation

Opinion

We have audited the financial statements of Fort Edmonton Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information which comprises the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 related 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.

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

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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 21, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

As at December 31, 2021

ON BEHALF OF THE BOARD

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FORT EDMONTON FOUNDATION**Statement of Operations****Year Ended December 31, 2021**

	2021	2020
REVENUE		
Donations and fundraising <i>(Note 9)</i>	\$ 882,183	\$ 1,161,317
Deferred contributions related to operations and park development utilized <i>(Note 8)</i>	123,319	55,641
Interest	43,947	41,405
History Book sales and other	6,450	8,859
Transferred to deferred contributions related to operations and park development <i>(Note 9)</i>	(541,186)	(682,408)
	<u>514,713</u>	<u>584,814</u>
EXPENSES		
Salaries and benefits	379,421	317,774
Print and promotional materials	74,993	155,925
Office	62,052	38,616
Fundraising	52,653	54,517
Park development	23,186	-
Repairs and maintenance	8,195	-
Professional fees	7,815	7,671
Amortization of equipment	1,539	3,419
Consulting fees	103	513
	<u>609,957</u>	<u>578,435</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(95,244)	6,379
OTHER INCOME <i>(Note 10)</i>	44,640	80,828
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (50,604)	\$ 87,207

FORT EDMONTON FOUNDATION**Statement of Changes in Net Assets****Year Ended December 31, 2021**

	Externally restricted (Note 11)	Restricted for endowment purposes (Note 11)	Unrestricted (Note 11)	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 429,651	\$ 71,288	\$ 1,106,983	\$ 1,607,922	\$ 1,520,715
Excess (deficiency) of revenue over expenses	-	10,608	(61,212)	(50,604)	87,207
NET ASSETS - END OF YEAR	\$ 429,651	\$ 81,896	\$ 1,045,771	\$ 1,557,318	\$ 1,607,922

FORT EDMONTON FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from donors and fundraising	\$ 1,082,847	\$ 974,395
Cash receipts from government assistance	57,715	67,753
Cash receipts from interest	43,947	41,405
Cash paid to suppliers and employees	(627,683)	(538,662)
	<u>556,826</u>	<u>544,891</u>
Cash flow from operating activities		
INVESTING ACTIVITY		
Purchase of long-term investments	(10,608)	(3,253)
	<u></u>	<u></u>
INCREASE IN CASH	546,218	541,638
CASH - BEGINNING OF YEAR	3,243,072	2,701,434
	<u></u>	<u></u>
CASH - END OF YEAR	\$ 3,789,290	\$ 3,243,072

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

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.

Changes in Significant Accounting Policy

Financial Instruments - Related Party Transactions

The Foundation applied the amendments to Financial Instruments, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction effective January 1, 2021.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on the Foundation's financial statements.

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.

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FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government Assistance

Government assistance for current expenses is recorded as other income. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

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 \$2,473 (2020 - \$830) materials received and recorded as unrestricted donations and fundraising revenue and fundraising expenses on the statement of operations.

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

The Foundation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

Financial assets measured at fair value include long-term investments.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash

Cash is comprised of cash held with financial institutions.

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FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2. CASH

	2021	2020
<u>Unrestricted</u>		
Cash	\$ 1,074,554	\$ 946,204
<u>Externally restricted</u>		
Current capital projects	1,427,510	\$ 1,188,833
Rotary Legacy Project	1,219,934	992,133
FEF CARES	52,183	-
Gaming	15,109	115,902
	2,714,736	2,296,868
	3,789,290	\$ 3,243,072

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

3. ACCOUNTS RECEIVABLE

	2021	2020
Donations and other	\$ 6,116	\$ 200,000
Goods and services tax	1,809	2,139
Canada Emergency Wage Subsidy	-	13,075
	\$ 7,925	\$ 215,214

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

4. LONG-TERM INVESTMENTS

	2021	2020
Invested with Edmonton Community Foundation	\$ 81,896	\$ 71,288

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

5. EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Office Equipment	\$ 17,531	\$ 16,272	\$ 1,259	\$ 2,797
Donor Wall	11,992	11,992	-	-
Software	8,995	8,995	-	-
	\$ 38,518	\$ 37,259	\$ 1,259	\$ 2,797

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

	2021	2020
Benefits	\$ 15,055	\$ 16,100
Trade	14,645	30,253
Vacation	8,766	12,007
Government remittances	5,493	4,563
	\$ 43,959	\$ 62,923

FORT EDMONTON FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2021****8. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS AND PARK DEVELOPMENT**

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

	2021	2020
Park development - Capital Projects	\$ 1,427,510	\$ 1,254,735
Park development - Rotary Legacy Project	1,219,934	992,133
FEF CARES	52,183	-
Operations (Gaming)	15,109	50,000
	<u>\$ 2,714,736</u>	<u>\$ 2,296,868</u>

Changes in deferred contributions are as follows:

Balance - beginning of year	\$ 2,296,868	\$ 1,670,098
Donations and fundraising (Note 9)	541,186	682,408
Interest received	1	3
Recognized as revenue	<u>(123,319)</u>	<u>(55,641)</u>
Balance - end of year	<u>\$ 2,714,736</u>	<u>\$ 2,296,868</u>

9. DONATIONS AND FUNDRAISING

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

	2021	2020
Donations	\$ 754,655	\$ 1,001,094
Events	67,461	60,113
Gaming	59,717	95,960
Sponsorships	350	4,150
Gross funds	882,183	1,161,317
Allocated to deferred contributions related to operations and park development	<u>(541,186)</u>	<u>(682,408)</u>
Unrestricted donations and fundraising	<u>\$ 340,997</u>	<u>\$ 478,909</u>

10. OTHER INCOME**Government Assistance**

The Foundation has been approved for the Canada Emergency Wage Subsidy in the amount of \$44,640 (2020 - \$80,828) which has been credited to the income statement as other income.

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

11. 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.

12. PARK DEVELOPMENT EXPENDITURES

Funds raised by the Foundation and spent on park development over the past 20 years are as follows:

Midway and Exhibition	\$ 4,080,098
Hotel Selkirk	3,964,121
Blatchford Aviation Hanger Kitchen	2,178,720
Blatchford Field Aviation Hangar	152,345
1905 Street	227,909
Capitol Theatre	200,000
Indigenous Peoples Experience	134,986
1920 Street	30,862
Rotary Legacy Project	59,224
Other	24,449
	<u>\$ 11,052,714</u>

13. SUMMARY OF EXTERNALLY RESTRICTED ACCOUNTS

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

	2021	2020
Assets		
Cash	<u>\$ 2,714,736</u>	<u>\$ 2,296,868</u>
Liabilities		
Deferred contributions related to operations and park development	<u>\$ 2,714,736</u>	<u>\$ 2,296,868</u>

FORT EDMONTON FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2021

14. 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, 2021.

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 accounts receivable. The Foundation maintains its cash 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 long-term investments.

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

Gross contributions received were \$939,259 (2020 - \$1,148,192).

Gross contributions received were used for park development.

There were 2 employees (2020 - 2 employee) whose principal duties involved fundraising. The total amount paid as remuneration was \$189,069 (2020 - \$185,275).

16. COMPARATIVE FIGURES

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