

# **Calgary Stampede Foundation**

Financial Statements  
**December 31, 2019**



## *Independent auditor's report*

To the Members of the Audit and Finance Committee of Calgary Stampede Foundation

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Calgary Stampede Foundation (the Foundation) as at December 31, 2019 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.

#### **What we have audited**

The Foundation's financial statements comprise:

- the statement of financial position as at December 31, 2019;
  - the statement of revenue and expenses for the year then ended;
  - the statement of changes in fund balances for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *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.

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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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
April 23, 2020

# Calgary Stampede Foundation

## Statement of Financial Position

As at December 31, 2019

|  |                    |                             |                                   |                    | 2019        | 2018        |
|--|--------------------|-----------------------------|-----------------------------------|--------------------|-------------|-------------|
|  | General Fund<br>\$ | Designated Youth Fund<br>\$ | Designated Fund<br>\$<br>(note 9) | Capital Fund<br>\$ | Total<br>\$ | Total<br>\$ |
| <b>Assets</b>  |                    |                             |                                   |                    |             |             |
| <b>Current assets</b>                                      |                    |                             |                                   |                    |             |             |
| Cash   | 3,343,589          | 500                         | -                                 | -                  | 3,344,089   | 3,918,241   |
| Accounts receivable (notes 12, 13 and 15)                  | 140,227            | 187,469                     | -                                 | 75,927             | 403,623     | 344,687     |
| Prepaid expenses   | -                  | 3,748                       | -                                 | -                  | 3,748       | 27,013      |
| Current portion of prepaid rent (note 12)                  | -                  | 346,952                     | -                                 | -                  | 346,952     | 342,903     |
| Due to/from funds  | (3,802,110)        | 175,086                     | (192,378)                         | 3,819,402          | -           | -           |
|  | (318,294)          | 713,755                     | (192,378)                         | 3,895,329          | 4,098,412   | 4,632,844   |
| <b>Long-term portion of prepaid rent</b> (note 12)         | -                  | 2,081,713                   | -                                 | -                  | 2,081,713   | 2,400,320   |
| <b>Investments</b> (note 4)                                | 5,366,569          | 3,375,417                   | 7,714,267                         | 16,138,647         | 32,594,900  | 29,004,456  |
| <b>Tangible capital assets</b> (note 5)                    | 132,308            | -                           | -                                 | 29,977,548         | 30,109,856  | 30,078,548  |
| <b>Collections</b>   | 1                  | -                           | -                                 | -                  | 1           | 1           |
|  | 5,180,584          | 6,170,885                   | 7,521,889                         | 50,011,524         | 68,884,882  | 66,116,169  |
| <b>Liabilities</b>   |                    |                             |                                   |                    |             |             |
| <b>Current liabilities</b>                                 |                    |                             |                                   |                    |             |             |
| Accounts payable and accrued liabilities (notes 12 and 15) | 310,700            | 50,158                      | -                                 | 77,381             | 438,239     | 455,419     |
| Deferred donations   | 647,812            | 395,611                     | -                                 | -                  | 1,043,423   | 395,808     |
| Deferred capital contributions (note 7)                    | 27,001             | -                           | -                                 | -                  | 27,001      | 31,504      |
|  | 985,513            | 445,769                     | -                                 | 77,381             | 1,508,663   | 882,731     |
| <b>Long-term debt</b> (notes 6 and 12)                     | -                  | -                           | -                                 | 5,000,000          | 5,000,000   | 5,000,000   |
|  | 985,513            | 445,769                     | -                                 | 5,077,381          | 6,508,663   | 5,882,731   |
| <b>Share capital</b>                                       |                    |                             |                                   |                    |             |             |
| Authorized   |                    |                             |                                   |                    |             |             |
| 2 common shares without nominal or par value               |                    |                             |                                   |                    |             |             |
| Issued and outstanding 2 (2018 – 2) common shares          | 2                  | -                           | -                                 | -                  | 2           | 2           |
| <b>Fund Balances</b>                                       |                    |                             |                                   |                    |             |             |
| Externally restricted (note 9)                             | -                  | 5,725,116                   | 431,710                           | 33,685,361         | 39,842,187  | 38,209,217  |
| Internally restricted (notes 9 and 14)                     | 300,485            | -                           | 5,391,109                         | -                  | 5,691,594   | 5,300,000   |
| Restricted to endowments (note 9)                          | -                  | -                           | 1,699,070                         | -                  | 1,699,070   | 1,599,070   |
| Invested in tangible capital assets                        | 29,637             | -                           | -                                 | 11,248,782         | 11,278,419  | 11,278,419  |
| Unrestricted   | 3,864,947          | -                           | -                                 | -                  | 3,864,947   | 3,846,730   |
|  | 4,195,069          | 5,725,116                   | 7,521,889                         | 44,934,143         | 62,376,217  | 60,233,436  |
|  | 5,180,584          | 6,170,885                   | 7,521,889                         | 50,011,524         | 68,884,882  | 66,116,169  |

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

# Calgary Stampede Foundation

## Statement of Revenue and Expenses

For the year ended December 31, 2019

|   |                    |                             |                       |                    | 2019             | 2018              |
|---|--------------------|-----------------------------|-----------------------|--------------------|------------------|-------------------|
|   | General Fund<br>\$ | Designated Youth Fund<br>\$ | Designated Fund<br>\$ | Capital Fund<br>\$ | Total<br>\$      | Total<br>\$       |
| <b>Revenue</b>  |                    |                             |                       |                    |                  |                   |
| Donations (note 12)                                     | 233,680            | 1,268,708                   | 111,017               | 2,372,214          | 3,985,619        | 9,028,113         |
| Grants (note 8)   | -                  | -                           | -                     | 81,767             | 81,767           | 1,553,577         |
| Sponsorship (note 12)                                   | -                  | 150,000                     | -                     | -                  | 150,000          | 145,000           |
| Investment income (notes 4, 9 and 13)                   | 671,553            | 68,122                      | 711,316               | 373,003            | 1,823,994        | 197,175           |
| Amortization of deferred capital contributions (note 7) | 4,503              | -                           | -                     | -                  | 4,503            | 2,228             |
| Other   | 120,004            | 431,875                     | -                     | -                  | 551,879          | 554,289           |
|   | <u>1,029,740</u>   | <u>1,918,705</u>            | <u>822,333</u>        | <u>2,826,984</u>   | <u>6,597,762</u> | <u>11,480,382</u> |
| <b>Expenses</b>   |                    |                             |                       |                    |                  |                   |
| Programs  |                    |                             |                       |                    |                  |                   |
| Young Canadians School of Performing Arts               | -                  | 674,669                     | -                     | -                  | 674,669          | 924,765           |
| Stampede Band   | -                  | 1,161,350                   | -                     | -                  | 1,161,350        | 1,224,411         |
| Stampede School   | -                  | 235,799                     | -                     | -                  | 235,799          | 214,303           |
| OH Ranch Education Program                              | -                  | 98,077                      | -                     | -                  | 98,077           | 95,257            |
| Indigenous Youth Programming                            | -                  | 24,463                      | -                     | -                  | 24,463           | 71,450            |
| 4-H Programs  | -                  | 258,178                     | -                     | -                  | 258,178          | 254,127           |
| Grants and scholarships (note 11)                       | -                  | 185,440                     | 5,000                 | -                  | 190,440          | 166,375           |
| Fundraising (note 10)                                   | 229,488            | 22,657                      | -                     | -                  | 252,145          | 440,308           |
| Facility expenses                                       | 248,020            | -                           | -                     | -                  | 248,020          | 338,597           |
| Administration  | 575,166            | -                           | -                     | -                  | 575,166          | 473,447           |
| Amortization  | 5,574              | -                           | -                     | 731,100            | 736,674          | 581,214           |
|   | <u>1,058,248</u>   | <u>2,660,633</u>            | <u>5,000</u>          | <u>731,100</u>     | <u>4,454,981</u> | <u>4,784,254</u>  |
| <b>Excess (deficiency) of revenue over expenses</b>     | <u>(28,508)</u>    | <u>(741,928)</u>            | <u>817,333</u>        | <u>2,095,884</u>   | <u>2,142,781</u> | <u>6,696,128</u>  |

The accompanying notes are an integral part of these financial statements.

# Calgary Stampede Foundation

## Statement of Changes in Fund Balances

For the year ended December 31, 2019

|   | <b>2019</b>                    |   |                                   |                                |                     |
|---|--------------------------------|---|-----------------------------------|--------------------------------|---------------------|
|   | <b>General<br/>Fund<br/>\$</b> | <b>Designated<br/>Youth<br/>Fund<br/>\$</b> | <b>Designated<br/>Fund<br/>\$</b> | <b>Capital<br/>Fund<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Balance – Beginning of year</b>  |                                |   |                                   |                                |                     |
| Externally restricted   | -                              | 6,389,143                                   | 230,597                           | 31,589,477                     | 38,209,217          |
| Internally restricted   | 150,000                        | -   | 5,150,000                         | -                              | 5,300,000           |
| Fund balances subject to restrictions that they be maintained permanently as endowments | -                              | -   | 1,599,070                         | -                              | 1,599,070           |
| Internally restricted fund balances invested in tangible capital assets                 | 29,637                         | -   | -                                 | 11,248,782                     | 11,278,419          |
| Unrestricted  | 3,846,730                      | -   | -                                 | -                              | 3,846,730           |
|   | 4,026,367                      | 6,389,143                                   | 6,979,667                         | 42,838,259                     | 60,233,436          |
| Excess (deficiency) of revenue over expenses  | (28,508)                       | (741,928)                                   | 817,333                           | 2,095,884                      | 2,142,781           |
| Interfund transfers (notes 9 and 14)  | 197,210                        | 77,901                                      | (275,111)                         | -                              | -                   |
| <b>Balance – End of year</b>  | <b>4,195,069</b>               | <b>5,725,116</b>                            | <b>7,521,889</b>                  | <b>44,934,143</b>              | <b>62,376,217</b>   |
|   |                                |   |                                   |                                |                     |
|   | <b>2018</b>                    |   |                                   |                                |                     |
|   | <b>General<br/>Fund<br/>\$</b> | <b>Designated<br/>Youth<br/>Fund<br/>\$</b> | <b>Designated<br/>Fund<br/>\$</b> | <b>Capital<br/>Fund<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Balance – Beginning of year</b>  |                                |   |                                   |                                |                     |
| Externally restricted   | -                              | 5,639,222                                   | 270,203                           | 25,885,927                     | 31,795,352          |
| Internally restricted   | 75,000                         | -   | -                                 | 5,000,000                      | 5,075,000           |
| Fund balances subject to restrictions that they be maintained permanently as endowments | -                              | -   | 599,070                           | -                              | 599,070             |
| Internally restricted fund balances invested in tangible capital assets                 | 29,637                         | -   | -                                 | 11,248,782                     | 11,278,419          |
| Unrestricted  | 4,789,467                      | -   | -                                 | -                              | 4,789,467           |
|   | 4,894,104                      | 5,639,222                                   | 869,273                           | 42,134,709                     | 53,537,308          |
| Excess (deficiency) of revenue over expenses  | (462,666)                      | 527,549                                     | 927,695                           | 5,703,550                      | 6,696,128           |
| Interfund transfers (notes 9 and 14)  | (405,071)                      | 222,372                                     | 5,182,699                         | (5,000,000)                    | -                   |
| <b>Balance – End of year</b>  | <b>4,026,367</b>               | <b>6,389,143</b>                            | <b>6,979,667</b>                  | <b>42,838,259</b>              | <b>60,233,436</b>   |

The accompanying notes are an integral part of these financial statements.

# Calgary Stampede Foundation

## Statement of Cash Flows

For the year ended December 31, 2019

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|   | 2019<br>\$  | 2018<br>\$  |
|---|-------------|-------------|
| <b>Cash provided by (used in)</b>   |             |             |
| <b>Operating activities</b>   |             |             |
| Excess of revenue over expenses of the General, Designated Youth and Designated Funds | 46,897      | 992,578     |
| Items not affecting cash  |             |             |
| Amortization of tangible capital assets in the General Fund                           | 5,574       | 3,300       |
| Amortization of deferred capital contributions  | (4,503)     | (2,228)     |
| Contribution of donated tangible capital assets                                       | -           | -           |
| Unrealized gain on investments  | (739,675)   | (701)       |
|   | <hr/>       | <hr/>       |
|   | (691,707)   | 992,949     |
| Changes in non-cash working capital   |             |             |
| Accounts receivable   | 16,991      | (126,198)   |
| Prepaid expenses (note 12)  | 23,265      | 185,948     |
| Prepaid rent (note 12)  | 314,558     | 285,217     |
| Accounts payable and accrued liabilities  | (32,788)    | 136,529     |
| Deferred revenue  | 647,615     | (98,509)    |
|   | <hr/>       | <hr/>       |
|   | 277,934     | 1,375,936   |
| <b>Investing activities</b>   |             |             |
| Purchase of tangible capital assets   | (767,982)   | (2,716,291) |
| Contribution of investments   | (100,000)   | (101,814)   |
| Receipt of deferred contributions   | -           | 15,912      |
| Purchase of investments   | (1,666,450) | (4,862,646) |
| Sale of investments   | -           | 150,000     |
| Net change in non-cash working capital  | (60,319)    | (518,475)   |
|   | <hr/>       | <hr/>       |
|   | (2,594,751) | (8,033,314) |
| <b>Financing activities</b>   |             |             |
| Endowment contributions   | 100,000     | 960,000     |
| Increase in Endowment investments   | (811,316)   | (931,490)   |
| Donations and grants to the Capital Fund  | 2,453,981   | 6,056,479   |
|   | <hr/>       | <hr/>       |
|   | 1,742,665   | 6,084,989   |
| <b>Decrease in cash during the year</b>   | (574,152)   | (572,389)   |
| <b>Cash – Beginning of year</b>   | <hr/>       | <hr/>       |
|   | 3,918,241   | 4,490,630   |
| <b>Cash – End of year</b>   | <hr/>       | <hr/>       |
|   | 3,344,089   | 3,918,241   |

The accompanying notes are an integral part of these financial statements.



# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2019

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### 1 Purpose of the organization

The Calgary Stampede Foundation (the “Foundation”) is committed to providing the youth of Alberta with the opportunity to develop strong roots in their culture and heritage through programs that enhance personal growth, citizenship and education. The Foundation’s programs include Stampede School, Young Canadians School of Performing Arts, Calgary Stampede Showband, Band of Outriders, Showriders, OH Ranch Education Program, 4-H Programs and Indigenous Youth Programming. The Foundation also administers a number of youth scholarship programs.

The Foundation was incorporated under the Companies Act of Alberta in 1994 as a not-for-profit organization and is a registered charity under the Income Tax Act and, accordingly, is not subject to income taxes. The Foundation’s two shareholders are the Calgary Exhibition and Stampede Limited (the “Calgary Stampede”) and the Calgary Foundation.

### 2 Change in accounting policies

Effective January 1, 2019, the Foundation adopted the new standards in the CPA Canada Handbook, Part III – Accounting for Not-for-Profit Organizations (“ASNPO”) - Sections 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations (“Section 4433”) and 4441 – Collections Held by Not-for-Profit Organizations (“Section 4441”). Section 4434 – Intangible Assets Held by Not-for-Profit Organizations is not applicable as the Foundation does not have intangible assets.

The adoption of Section 4433 resulted in a change to the Foundation’s accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets made up of significant separable component parts is now allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

In accordance with transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were allocated to their component parts as of January 1, 2019, based on the proportional value of the original cost at the date the assets were acquired. Estimates of the useful lives of the components were made and applied on a prospective basis.

Also in accordance with Section 4433, the Foundation’s accounting policies with respect to impairment of tangible capital assets has also been revised (note 3).

Section 4441 has been adopted effective January 1, 2019 and an accounting policy has been added to note 3. Per Section 4441, organizations can account for collections at either cost or nominal value on the statement of financial position. This standard is applied retrospectively.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2019

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### 3 Significant accounting policies

#### *Basis of accounting*

The financial statements of the Foundation are prepared in accordance with ASNPO as issued by the Canadian Accounting Standards Board.

These financial statements include the Foundation's 42% interest in the ENMAX Park jointly controlled assets.

The Foundation follows the restricted-fund method of accounting for contributions, with the following funds:

- General Fund

The General Fund accounts for the Foundation's equipment, youth campus and administrative activities and programs.

- Designated Youth Fund

The Designated Youth Fund accounts for activities related to the Foundation's programs.

- Designated Fund

The Designated Fund accounts for the Foundation's endowment funds, the principal of which must be permanently maintained and for contributions specified by the donor to be held for a period of not less than ten years, the income from which is to be used for the benefit of a specified activity. Once a contribution exceeds the ten-year minimum, the funds are transferred to the General Fund until the Foundation's board of directors determines the specific use for any remaining funds from that contribution.

- Capital Fund

The Capital Fund accounts for the assets, liabilities, revenue and expenses related to land, as well as the fundraising revenue, construction costs and amortization associated with capital projects.

#### **Revenue recognition**

Restricted contributions for the acquisition of land and capital projects are recognized as revenue in the Capital Fund. Restricted contributions for equipment are recognized in the General Fund as deferred contributions and are recognized over the period that the related asset is amortized. Contributions of gifts to be held for a period of no less than ten years and contributions for endowments are recognized as revenue in the Designated Fund. Restricted contributions for youth programming are recognized as revenue in the Designated Youth Fund.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2019

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Unrestricted donations, contributions, investments and other income are recognized as revenue when received or receivable in the General Fund. Restricted contributions related to general operations are recognized as revenue in the General Fund in the period in which the expenses are incurred.

Investment income restricted by the contributor for capital projects is recorded in the Capital Fund. Investment income on designated funds restricted by the contributor is recorded in the Designated Fund. Investment income restricted by the contributor for designated youth programs is recorded in the Designated Youth Fund. Unrestricted investment income is recorded in the General Fund.

### **Investments**

Investments include cash, bonds, debentures, pooled and non-pooled equities and the cash surrender value of a life insurance policy and are recorded at fair value in accordance with the Foundation's investment policies. Investment income is valued using bid pricing rates. Long-term investments include cash items held in the investment portfolio that are not for operating purposes and cannot be relied on for immediate liquidation and use.

Investment income including interest and dividends is recognized as revenue when receivable. Realized and unrealized gains and losses due to changes in fair value are recorded in investment income in the period in which they arise.

### **Tangible capital assets**

Tangible capital assets are recorded at cost. The Foundation provides for amortization of equipment on a straight-line basis designed to amortize the cost of the asset over its estimated useful life. The cost of tangible capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

Tangible capital assets are tested for impairment when conditions indicate that a tangible capital asset no longer contributes to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The writedowns of tangible capital assets are recognized as expenses in the statement of revenue and expenses. Writedowns are not subsequently reversed.

The Foundation has been gifted artwork for public display. The value of the artwork has been determined at fair market value at the time of gifting, and if the artwork were to be sold, the proceeds of disposition would be used for general operations of the Foundation. Amortization is not applied to the public art collection.

### **Collections**

The Foundation collects and preserves materials that help tell the story of the Calgary Stampede from the mid-1880s to the present for public display. Materials include artifacts, photographs and works of art.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2019

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The Foundation collections are recorded on the statement of financial position at a nominal value. The difference between the purchase price for a collection item and the nominal value is recognized in the statement of revenue and expenses. In addition, all other costs attributable to the purchase or receipt of contributed collections items are recognized in the statement of revenue and expenses.

### **Donations of materials and services**

Donated materials that would otherwise be paid for by the Foundation are recorded at fair value when provided. The work of the Foundation is dependent on the voluntary services of many individuals. As such, these services are not normally purchased by the Foundation, and because of the difficulty of determining their fair value, such donated services are not recognized in these financial statements.

### **Financial instruments**

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in the statement of revenue and expenses an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of revenue and expenses in the period the reversal occurs.

### **Use of estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the reporting periods. The most significant of these estimates are related to the recoverable amount of the Foundation's accounts receivable, the amortization period for and potential impairment of tangible capital assets, accrued liabilities and potential contingencies. Actual results could differ significantly from the estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2019

### 4 Investments

Investments aggregating \$32,594,900 (2018 – \$29,004,456) are composed of \$32,543,275 (2018 – \$28,954,514) held by third party investment managers and \$51,625 (2018 – \$49,942) in cash surrender value of an insurance policy.

The investment portfolio is composed of cash, bonds, debentures and both pooled and non-pooled equities in accordance with the Foundation's investment policies. The asset mix of the funds as at December 31 is as follows:

|                      | 2019      |         |         | 2018      |         |         |
|----------------------|-----------|---------|---------|-----------|---------|---------|
|                      | Capital % | Other % | Total % | Capital % | Other % | Total % |
| Cash                 | 1.7       | 2.8     | 4.5     | 1.7       | 1.8     | 3.5     |
| Bonds                | 48.0      | 10.1    | 58.1    | 69.5      | 13.7    | 83.2    |
| Canadian equity      | -         | 10.7    | 10.7    | -         | 5.8     | 5.8     |
| U.S. equity          | -         | 7.4     | 7.4     | -         | 3.6     | 3.6     |
| International equity | -         | 19.3    | 19.3    | -         | 3.9     | 3.9     |
|                      | 49.7      | 50.3    | 100.0   | 71.2      | 28.8    | 100.0   |

As at December 31, 2019, the bonds in the investment portfolio had an average term of 10.17 years (2018 – 9.41 years), average duration of 7.67 years (2018 – 7.25 years), and an effective interest yield of 2.32% (2018 – 2.89%).

### 5 Tangible capital assets

|                                      | Useful lives | 2019       |                             |            |
|--------------------------------------|--------------|------------|-----------------------------|------------|
|                                      |              | Cost \$    | Accumulated amortization \$ | Net \$     |
| Equipment                            | 5 – 40       | 2,274,822  | 449,962                     | 1,824,860  |
| Buildings and leasehold improvements | 9 – 50       | 17,402,982 | 1,454,805                   | 15,948,177 |
| Land                                 | -            | 11,248,782 | -                           | 11,248,782 |
| Art                                  | -            | 98,870     | -                           | 98,870     |
| Youth Campus development projects    | -            | 989,167    | -                           | 989,167    |
|                                      |              | 32,014,623 | 1,904,767                   | 30,109,856 |

# Calgary Stampede Foundation

## Notes to Financial Statements

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|                                      |                     |                    | <b>2018</b>                                |                   |
|--------------------------------------|---------------------|--------------------|--|-------------------|
|                                      | <b>Useful lives</b> | <b>Cost<br/>\$</b> | <b>Accumulated<br/>amortization<br/>\$</b> | <b>Net<br/>\$</b> |
| Equipment                            | 5 – 10              | 1,382,023          | 225,070                                    | 1,156,953         |
| Buildings and leasehold improvements | 10 – 40             | 17,710,296         | 943,023                                    | 16,767,273        |
| Land                                 | -                   | 11,248,782         | -  | 11,248,782        |
| Art                                  | -                   | 98,869             | -  | 98,869            |
| Youth Campus development projects    | -                   | 806,671            | -  | 806,671           |
|                                      |                     | <u>31,246,641</u>  | <u>1,168,093</u>                           | <u>30,078,548</u> |

Youth Campus development projects as at December 31, 2019 include \$953,978 (2018 – \$806,671) spent on the SAM Centre and \$35,189 (2018 – \$nil) spent on Oliver House. Amortization on Youth Campus development projects will not commence until they are put into use.

### 6 Long-term debt

In 2015, the Foundation entered into a \$5 million long-term credit facility with the Calgary Stampede to finance the significant renovation of the TransAlta Performing Arts Studios. The facility is a ten-year non-interest bearing loan and is fully advanced.

|   | <b>2019<br/>\$</b> | <b>2018<br/>\$</b> |
|---|--------------------|--------------------|
| Utilized credit facility maturing in 2025 | <u>5,000,000</u>   | <u>5,000,000</u>   |

A mortgage lien has been registered on TransAlta Performing Arts Studios as security for the above credit facility.

### 7 Deferred capital contributions

The Foundation receives capital contributions from various sources to assist in the financing of tangible capital asset acquisitions. Details of deferred contributions are as follows:

|                                    | <b>2019<br/>\$</b> | <b>2018<br/>\$</b> |
|------------------------------------|--------------------|--------------------|
| <b>Balance – Beginning of year</b> | 31,504             | 17,820             |
| Additions                          | -                  | 15,912             |
| Amortization                       | (4,503)            | (2,228)            |
| <b>Balance – End of year</b>       | <u>27,001</u>      | <u>31,504</u>      |

# Calgary Stampede Foundation

## Notes to Financial Statements

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### 8 Government grants

The Foundation received funding from the Government of Canada through the Department of Canadian Heritage in the amount of \$81,767 (2018 – \$1,553,577) to support the construction of Doherty Hall.

### 9 Designated Fund

#### Endowment Funds

Amounts restricted for endowment purposes are donations from donors which have externally imposed restrictions requiring donated funds to be maintained in perpetuity.

|   | 2019<br>\$       | 2018<br>\$       |
|---|------------------|------------------|
| Stampede School endowments  | 1,000,000        | 1,000,000        |
| OH Ranch Education endowments   | 549,070          | 449,070          |
| Performing Arts endowments  | 150,000          | 150,000          |
|   | <hr/>            | <hr/>            |
|   | 1,699,070        | 1,599,070        |
| Accumulated investment income (loss) earned on endowments                 | 222,032          | (7,041)          |
| Annual disbursement/transfer to Designated Youth Fund to support programs | (63,963)         | -                |
| Endowment fund assets not permanently restricted                          | (158,069)        | 7,041            |
|   | <hr/>            | <hr/>            |
| Total Endowment Funds   | <u>1,699,070</u> | <u>1,599,070</u> |

#### Internally restricted funds

The following funds were internally restricted by the Foundation board of directors:

|   | 2019<br>\$       | 2018<br>\$       |
|---|------------------|------------------|
| Nat Christie Fund for Youth Campus  | 5,000,000        | 5,000,000        |
| Performing Arts Fund  | 150,000          | 150,000          |
|   | <hr/>            | <hr/>            |
|   | 5,150,000        | 5,150,000        |
| Accumulated investment income earned on internally restricted funds       | 447,109          | -                |
| Annual disbursement/transfer to Designated Youth Fund to support programs | (6,000)          | -                |
| Annual disbursement/transfer to General Fund to support programs          | (200,000)        | -                |
|   | <hr/>            | <hr/>            |
|   | <u>5,391,109</u> | <u>5,150,000</u> |

# Calgary Stampede Foundation

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### Other designated funds

Other designated funds are composed of the following individual funds:

|   | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Past Presidents and Honorary Life Directors | 150,871     | 127,228     |
| Robson Family Scholarship                   | 47,664      | 45,954      |
| Queen's Alumni Advancement Fund             | 75,106      | 64,456      |
| Endowment funds not permanently restricted  | 158,069     | (7,041)     |
|   | <hr/>       | <hr/>       |
|   | 431,710     | 230,597     |

Other designated funds are used to award scholarships and support youth programming as outlined in the specific donor agreements. All investment income for these funds is restricted, and income that is not disbursed remains within the Designated Fund. In 2019, the other designated funds paid out scholarships of \$5,000 and transferred \$5,148 to the Designated Youth Fund to support the Foundation's Stampede School program.

The Robson Family Scholarship Fund has an agreement with the Foundation, requiring it to be held for a period of not less than ten years. The remaining restrictions of \$47,664 relating to this fund expire in 2020.

### 10 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Regulation in Alberta, the following amounts are disclosed:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Amounts paid as remuneration to employees whose principal duties involve fundraising | 212,647     | 175,782     |
| Amounts paid as remuneration to a fundraising business                               | -           | -           |



# Calgary Stampede Foundation

## Notes to Financial Statements

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### 11 Grants and scholarships

The Foundation awarded the following grants and scholarships:

|  | 2019<br>\$ | 2018<br>\$ |
|--|------------|------------|
| Young Artist Poster Scholarship            | 20,000     | 20,000     |
| Junior Livestock Scholarship               | 67,000     | 71,000     |
| Western Showcase Committee Art Scholarship | 5,000      | 4,000      |
| Brager Scholarship                         | 1,500      | 2,000      |
| Robson Family Scholarship                  | 5,000      | 5,000      |
| Steer Classic Scholarship                  | 41,150     | 42,950     |
| Dr. Margaret Hess Scholarship              | -          | 5,000      |
| Youth Cutting Horse Scholarship            | 9,000      | 3,500      |
| Clyde D'Arcy Scholarship                   | 11,000     | -          |
| Flores La Due Advancement Fund             | 9,500      | 8,925      |
| Rotary Access Fund                         | 21,290     | -          |
| Indigenous Youth Scholarship               | -          | 4,000      |
|  | <hr/>      | <hr/>      |
|  | 190,440    | 166,375    |

### 12 Related party transactions

The Foundation is controlled by the Calgary Stampede by its ability and right to appoint the majority of the Foundation's Board of Directors.

The Foundation conducted business transactions with the Calgary Stampede to assist the Foundation in delivering its programs and host fundraising events. Transactions relating to expenses incurred and services provided, totalling \$775,878 (2018 – \$816,588), are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Of the total amount, \$736,744 (2018 – \$729,138) was used for program expenses and \$39,134 (2018 – \$87,450) was used for administrative activities.

In 2019, the Foundation received \$42,031 (2018 – \$54,959) from the Calgary Stampede to support the operating expenses associated with the ENMAX Park jointly controlled assets, which was recorded as a donation in the General Fund. \$83,038 (2018 – \$nil) representing the net proceeds of the Calgary Stampede Masterworks of the West program was donated to the Foundation in 2019, designated to the construction of the SAM Centre. This donation was recorded in the Capital Fund. The Stampede also contributed \$600,000 to the Foundation with designation pending. Until the designation of these funds is finalized, the donation has been recorded as deferred revenue in the General Fund. In 2018, the Stampede also contributed \$1,905,000 to support the Foundation's youth programs, which was recorded as a donation in the Designated Youth Fund.

The net accounts payable due to the Calgary Stampede as at December 31, 2019 was \$207,393 (2018 – \$229,856). The amount due is non-interest bearing and has no specified terms of repayment.

# Calgary Stampede Foundation

## Notes to Financial Statements

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The net costs to maintain and operate the jointly controlled assets of ENMAX Park in 2019 were \$100,073 (2018 – \$124,624), of which \$42,031 (2018 – \$52,342) was paid by the Foundation, representing its 42% proportionate share in the ENMAX Park jointly controlled assets.

A standby letter of credit was issued by a Canadian chartered bank on behalf of the Calgary Stampede in favour of the City of Calgary for the amount of \$698,000 (2018 – \$698,000) required by the City as security during the construction of the Foundation's BMO Amphitheatre. As at December 31, 2019, no amount has been drawn on the standby letter of credit.

In 2019, the Calgary Stampede and the Foundation entered into a five-year term sponsorship agreement, for a total of \$800,000 of funding over the term of the agreement. In 2019, \$150,000 was contributed to the Foundation under the terms of the agreement. \$145,000 was contributed to the Foundation under the terms of the previous agreement, which expired December 31, 2018.

To fund the renovation of the TransAlta Performing Arts Studios, the Calgary Stampede provided the Foundation with a \$5,000,000 credit facility at zero interest for a ten-year term. As at December 31, 2019, \$5,000,000 was advanced to the Foundation (2018 – \$5,000,000) pursuant to this facility.

Construction Agency Agreements were signed between the Foundation and the Calgary Stampede to support the construction of Doherty Hall, the SAM Centre and other infrastructure. The Calgary Stampede is to act as the Foundation's development manager and agent in all matters pertaining to the services, materials and equipment required to complete the projects. Under the terms of the agreements, project costs incurred by the Calgary Stampede are reimbursed by the Foundation at cost. Expenditures totaled \$nil (2018 – \$2,624,247) for Doherty Hall, \$147,308 for the SAM Centre (2018 – \$62,613) and \$530,241 for other infrastructure (2018 – \$nil).

In 2016, the Foundation signed license and preferred access agreements with the Calgary Stampede to use each of the Nutrien Western Event Centre and the OH Ranch Cookhouse for a ten-year term, expiring in 2026. The aggregate paid-up license fee remaining for the related facilities is \$2,428,665 (2018 – \$2,743,223).

### 13 Financial instruments

The Foundation's financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. The risk assessment of these accounts is as below:

#### Equity risk

A significant portion of the Foundation's financial assets are investments, which represents the Foundation's exposure to equity risk. As disclosed in note 4, the Foundation's investment portfolio is largely invested in marketable securities, such as bonds, common shares, or in equity-like securities, such as mutual funds. The value of these securities changes as the business, financial condition, management and other relevant factors affecting the company that issued the securities change, as well as changes in the general economic condition of the markets in which they operate, thereby exposing the Foundation to these fluctuations in value.

# Calgary Stampede Foundation

## Notes to Financial Statements

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### Foreign exchange risk

As a portion of the Foundation's investment portfolio is denominated in foreign currencies, the organization is exposed to fluctuations in those currencies.

### Credit risk

24% (2018 – 19%) of the Foundation's accounts receivable are from a diverse group and are subject to normal credit risks. 76% (2018 – 81%) of the total accounts receivable are due from a related party or government agencies.

### Liquidity risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances and cash flows generated from operations to meet its requirements.

### Interest rate risk

The Foundation is exposed to interest rate risk given that its investments have varying maturity dates. Accordingly, if interest rates decline, the Foundation may not be able to reinvest the maturing investment at a rate similar to that of the balance maturing.

## 14 Internally restricted

In addition to funds internally restricted by the Foundation Board of Directors to endowments in the Designated Fund (note 9), \$75,000 was internally restricted to the Foundation's Youth Campus Capital Replacement Fund in 2019 (2018 – \$75,000). Total funds internally restricted to the Youth Campus Capital Replacement Fund are \$225,000 (2018 – \$150,000). The remaining \$75,485 internally restricted in the General Fund relates to unspent distributions from the Nat Christie Fund to support Youth Campus operations.

## 15 Government remittances recoverable and/or payable

As at December 31, 2019, the Foundation had government remittances receivable relating to GST rebates of \$12,400 (2018 – \$14,913) and government remittances payable relating to payroll of \$nil (2018 – \$7,617).

## 16 Subsequent events – COVID-19

As at December 31, 2019, the COVID-19 global pandemic had not yet had a significant impact on Foundation operations or global capital markets, therefore no adjustments have been recorded in the Foundation financial statements relating to this crisis for the period then ended. Since December 31, 2019, restrictions of mass gatherings and the closure of schools as a result of COVID-19 have caused the Foundation to postpone operations of its Youth Programs as of March 15, 2020, until such time as Alberta's Ministry of Health lifts these restrictions. Uncertainty in global capital markets as a result of COVID-19 has also caused a decline in the market value of the Foundation's investments.

# Calgary Stampede Foundation

## Notes to Financial Statements

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As the large majority of accounts receivable at December 31, 2019 were receivable from government or related parties, no significant issues with respect to the collectability of accounts receivable have been observed. On April 23, 2020, the Foundation Board of Directors agreed to repay \$3,000,000 of the \$5,000,000 long-term credit facility with the Calgary Stampede (note 6) at its earliest opportunity. As it is not yet known when public health restrictions will be removed, nor the long-term impact of COVID-19 on global capital markets, it is not possible to estimate the financial impact of this event on the Foundation's assets, liabilities, revenues and expenditures subsequent to December 31, 2019.

### 17 Comparative figures

Certain of the prior year figures have been reclassified where necessary to conform to the current year's presentation.