

# **Calgary Stampede Foundation**

Financial Statements  
**December 31, 2020**



## 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, 2020 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, 2020;
- 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 significant accounting policies and other explanatory information.

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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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 22, 2021

# Calgary Stampede Foundation

## Statement of Financial Position

As at December 31, 2020

					2020	2019
	General Fund \$	Designated Youth Fund \$	Designated Fund \$ (note 9)	Capital Fund \$	Total \$	Total \$
<b>Assets</b>						
<b>Current assets</b>						
Cash	3,453,192	500	-	-	3,453,692	3,344,089
Accounts receivable (notes 13, 14 and 15)	97,904	62,922	-	-	160,826	403,623
Prepaid expenses	-	85,914	-	-	85,914	3,748
Current portion of prepaid rent (note 13)	-	399,730	-	-	399,730	346,952
Due to/from funds	(203,151)	1,551,123	(82,064)	(1,265,908)	-	-
	3,347,945	2,100,189	(82,064)	(1,265,908)	4,100,162	4,098,412
<b>Long-term portion of prepaid rent</b> (note 13)	-	1,998,652	-	-	1,998,652	2,081,713
<b>Investments</b> (note 4)	1,472,033	2,132,542	7,517,897	20,916,854	32,039,326	32,594,900
<b>Tangible capital assets</b> (note 5)	126,734	-	-	30,274,463	30,401,197	30,109,856
<b>Collections</b>	1	-	-	-	1	1
	4,946,713	6,231,383	7,435,833	49,925,409	68,539,338	68,884,882
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (notes 13 and 15)	170,938	21,264	-	168,000	360,202	438,239
Deferred donations	669,106	374,207	-	-	1,043,313	1,043,423
Deferred capital contributions (note 7)	22,499	-	-	-	22,499	27,001
Current debt (notes 6, 13 and 16)	-	-	-	2,000,000	2,000,000	-
	862,543	395,471	-	2,168,000	3,426,014	1,508,663
<b>Long-term debt</b> (notes 6 and 13)	-	-	-	-	-	5,000,000
	862,543	395,471	-	2,168,000	3,426,014	6,508,663
<b>Share capital</b>						
Authorized 2 common shares without nominal or par value						
Issued and outstanding 2 (2019 – 2) common shares	2	-	-	-	2	2
<b>Fund Balances</b>						
Externally restricted (note 9)	-	5,835,912	572,795	35,908,627	42,317,334	39,842,187
Internally restricted (notes 9 and 10)	362,883	-	5,058,523	600,000	6,021,406	5,691,594
Restricted to endowments (note 9)	-	-	1,804,515	-	1,804,515	1,699,070
Invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419	11,278,419
Unrestricted	3,691,648	-	-	-	3,691,648	3,864,947
	4,084,168	5,835,912	7,435,833	47,757,409	65,113,322	62,376,217
	4,946,713	6,231,383	7,435,833	49,925,409	68,539,338	68,884,882

Approved by the Board of Directors

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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, 2020

					2020	2019
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$	Total \$
<b>Revenue</b>						
Donations (note 13)	236,715	443,159	102,051	2,585,278	3,367,203	3,985,619
Government grants and subsidies (note 8)	118,927	133,585	-	-	252,512	81,767
Sponsorship (note 13)	-	-	-	-	-	150,000
Investment income (notes 4, 9 and 14)	53,222	57,124	655,835	378,208	1,144,389	1,823,994
Amortization of deferred capital contributions (note 7)	4,502	-	-	-	4,502	4,503
Other	69,047	353,315	-	-	422,362	551,879
	482,413	987,183	757,886	2,963,486	5,190,968	6,597,762
<b>Expenses</b>						
Programs						
Young Canadians School of Performing Arts	-	353,569	-	-	353,569	674,669
Stampede Band	-	386,459	-	-	386,459	1,161,350
Stampede School	-	123,770	-	-	123,770	235,799
OH Ranch Education Program	-	42,133	-	-	42,133	98,077
Indigenous Youth Programming	-	7,064	-	-	7,064	24,463
4-H Programs	-	-	-	-	-	258,178
Grants and scholarships (note 12)	-	78,038	5,000	-	83,038	190,440
Fundraising (note 11)	213,967	-	-	-	213,967	252,145
Facility expenses	197,371	-	-	-	197,371	248,020
Administration	300,698	-	-	-	300,698	575,166
Amortization	5,574	-	-	740,220	745,794	736,674
	717,610	991,033	5,000	740,220	2,453,863	4,454,981
<b>Excess (deficiency) of revenue over expenses</b>	(235,197)	(3,850)	752,886	2,223,266	2,737,105	2,142,781

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, 2020

	2020				
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$
<b>Balance – Beginning of year</b>					
Externally restricted	-	5,725,116	431,710	33,685,361	39,842,187
Internally restricted	300,485	-	5,391,109	-	5,691,594
Fund balances subject to restrictions that they be maintained permanently as endowments	-	-	1,699,070	-	1,699,070
Internally restricted fund balances invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419
Unrestricted	3,864,947	-	-	-	3,864,947
	4,195,069	5,725,116	7,521,889	44,934,143	62,376,217
Excess (deficiency) of revenue over expenses	(235,197)	(3,850)	752,886	2,223,266	2,737,105
Interfund transfers (notes 9 and 10)	124,296	114,646	(838,942)	600,000	-
<b>Balance – End of year</b>	<b>4,084,168</b>	<b>5,835,912</b>	<b>7,435,833</b>	<b>47,757,409</b>	<b>65,113,322</b>
					<b>2019</b>
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$
<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 10)	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>

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

# Calgary Stampede Foundation

## Statement of Cash Flows

For the year ended December 31, 2020

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	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses of the General, Designated Youth and Designated Funds	513,839	46,897
Items not affecting cash		
Amortization of tangible capital assets in the General Fund	5,574	5,574
Amortization of deferred capital contributions	(4,502)	(4,503)
Unrealized gain on investments	(488,555)	(1,204,165)
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	26,356	(1,156,197)
Changes in non-cash working capital		
Accounts receivable	166,870	16,991
Prepaid expenses	(82,166)	23,265
Prepaid rent (note 13)	30,283	314,558
Accounts payable and accrued liabilities	(168,656)	(32,788)
Deferred donations	(110)	647,615
	<hr/>	<hr/>
	(27,423)	(186,556)
<b>Investing activities</b>		
Purchase of tangible capital assets	(1,037,135)	(767,982)
Purchase of investments	(21,415,485)	(19,979,287)
Sale of investments	22,359,614	17,493,008
Net change in non-cash working capital	166,546	(60,319)
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	73,540	(3,314,580)
<b>Financing activities</b>		
Endowment contributions	100,000	100,000
Investment income in the Capital Fund	378,208	373,003
Repayment of debt (note 6)	(3,000,000)	-
Donations and grants to the Capital Fund	2,585,278	2,453,981
	<hr/>	<hr/>
	63,486	2,926,984
<b>Increase (decrease) in cash during the year</b>	109,603	(574,152)
<b>Cash – Beginning of year</b>	3,344,089	3,918,241
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<b>Cash – End of year</b>	3,453,692	3,344,089
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The accompanying notes are an integral part of these financial statements.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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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 Coronavirus pandemic (COVID-19)

In March 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Public health orders and the current economic environment have and may continue to have adverse impacts on the Foundation. These include:

- On March 15, 2020, restrictions of mass gatherings and the closure of schools as a result of COVID-19 caused the Foundation to suspend the operations of its Youth Programs. Some programming began again in the fall of 2020 at a reduced scale; however, there is a risk of ongoing interruption of performing arts and educational programming due to limits on public gatherings and performance;
- Negative impact to cash flows and liquidity as a result of cancelled programming and a repayment of \$3,000,000 of the credit facility with the Calgary Stampede, with the remaining \$2,000,000 to be repaid in 2021;
- Risk of decreased philanthropy due to limits on gatherings for fundraising events and the economic downturn; and
- Volatility in investment portfolio performance due to uncertainty in global capital markets related to COVID-19.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Foundation is not known at this time. To respond to the rapidly evolving circumstances, management has taken the following mitigating actions to reduce costs and preserve liquidity:

- Reduce non-essential operating and capital expenditures;
- Participation in eligible government COVID-19 support programs; and
- Re-balance the risk of the investment portfolio to reduce equity risk.

The Foundation will continue to monitor the impacts of the pandemic on the community that it serves and its employees to adjust to the volatile situation as required.

### 3 Significant accounting policies

#### *Basis of accounting*

The financial statements of the Foundation are prepared in accordance with Accounting Standards for Not-for-Profit Organizations (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.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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- 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.

Unrestricted donations, contributions 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.

Government subsidies provided through COVID-19 relief programs have been recognized as revenue in the relevant fund, in line with the fund in which the associated expense is recognized.

### 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.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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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 write-downs of tangible capital assets are recognized as expenses in the statement of revenue and expenses. Write-downs 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.

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.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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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.

## 4 Investments

Investments aggregating \$32,039,326 (2019 – \$32,594,900) are composed of \$31,985,954 (2019 – \$32,543,275) held by third party investment managers and \$53,372 (2019 – \$51,625) 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:

	2020			2019		
	Capital %	Other %	Total %	Capital %	Other %	Total %
Cash and cash equivalents	2.4	1.1	3.5	1.7	2.8	4.5
Bonds	63.0	15.0	78.0	48.0	10.1	58.1
Canadian equity	-	7.6	7.6	-	10.7	10.7
U.S. equity	-	5.8	5.8	-	7.4	7.4
International equity	-	5.1	5.1	-	19.3	19.3
	65.4	34.6	100.0	49.7	50.3	100.0

As at December 31, 2020, the bonds in the investment portfolio had an average term of 10.4 years (2019 – 10.2 years), average duration of 8.2 years (2019 – 7.7 years) and an effective interest yield of 1.3% (2019 – 2.3%).

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

### 5 Tangible capital assets

				<b>2020</b>
	<b>Useful lives</b>	<b>Cost \$</b>	<b>Accumulated amortization \$</b>	<b>Net \$</b>
Equipment	5 – 40	2,274,822	644,231	1,630,591
Buildings and leasehold improvements	9 – 50	17,405,197	2,006,330	15,398,867
Land	-	11,248,782	-	11,248,782
Art	-	98,870	-	98,870
Youth Campus development projects	-	2,024,087	-	2,024,087
		<u>33,051,758</u>	<u>2,650,561</u>	<u>30,401,197</u>
				<b>2019</b>
	<b>Useful lives</b>	<b>Cost \$</b>	<b>Accumulated amortization \$</b>	<b>Net \$</b>
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
		<u>32,014,623</u>	<u>1,904,767</u>	<u>30,109,856</u>

Youth Campus development projects as at December 31, 2020 included \$1,930,090 (2019 – \$953,978) spent on the SAM Centre and \$93,997 (2019 – \$35,189) spent on Oliver House. Amortization on Youth Campus development projects will not commence until they are put into use.

### 6 Current 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, during 2020, \$3 million of the credit facility was repaid, with the remainder to be repaid in 2021.

	<b>2020 \$</b>	<b>2019 \$</b>
Credit facility maturing in 2021	<u>2,000,000</u>	<u>5,000,000</u>

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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A mortgage lien has been registered on TransAlta Performing Arts Studios as security for the above credit facility, and will be removed upon final repayment.

### 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 capital contributions are as follows:

	2020 \$	2019 \$
<b>Balance – Beginning of year</b>	27,001	31,504
Additions	-	-
Amortization	(4,502)	(4,503)
<b>Balance – End of year</b>	<u>22,499</u>	<u>27,001</u>

### 8 Government grants

The Foundation received funding from the Government of Canada and the Province of Alberta, as follows:

- Funding from the Government of Canada through the Department of Canadian Heritage in the amount of \$nil (2019 – \$81,767) to support the construction of Doherty Hall.
- COVID-19 related government funding
  - a) Canada Emergency Wage Subsidy (CEWS) – due to the decrease in revenue as a result of COVID-19, the Foundation received the Government of Canada’s Canada Emergency Wage Subsidy to cover a portion of its employee wages from March 15 to December 31, 2020 in the amount of \$232,192 (2019 – \$nil).
  - b) 10% Temporary Wage Subsidy – the Foundation received the Government of Canada’s 10% Temporary Wage Subsidy to cover part of its employee wages from March 18 to June 19, 2020 in the amount of \$10,968 (2019 – \$nil).
  - c) Alberta Small and Medium Enterprise Relaunch Grant – the Foundation received the Province of Alberta’s Alberta Small and Medium Enterprise Relaunch Grant to help offset a portion of costs incurred to minimize the risk of virus transmission in its facilities in the amount of \$20,000 (2019 – \$nil) of which \$9,352 was recognized as revenue.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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### 9 Designated Fund

#### Endowment Funds

Amounts restricted for endowment purposes are donations from donors that have externally imposed restrictions requiring donated funds to be maintained in perpetuity and additions made for inflation and other capitalized amounts.

	2020 \$	2019 \$
Stampede School endowments	1,000,000	1,000,000
OH Ranch Education endowments	649,070	549,070
Performing Arts endowments	155,445	150,000
	<hr/>	<hr/>
	1,804,515	1,699,070
Accumulated investment income earned on endowments	370,497	222,032
Annual disbursement/transfer to Designated Youth Fund to support programs	(46,138)	(63,963)
Endowment fund assets not permanently restricted	(324,359)	(158,069)
	<hr/>	<hr/>
Total Endowment Funds	1,804,515	1,699,070

#### Internally restricted funds

The following funds were internally restricted by the Foundation's board of directors. In 2020, the Foundation's board of directors changed the internal restriction of \$600,000 (2019 – \$nil) of the Nat Christie Fund for Youth Campus to internally restricted for capital to support the repayment of \$3,000,000 of the credit facility for the TransAlta Performing Arts Studios.

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 and previously was accounted for in externally restricted funds. The restrictions relating to this fund expired at the end of 2020 and the organization has internally restricted these funds.

	2020 \$	2019 \$
Nat Christie Fund for Youth Campus	4,515,000	5,115,000
Performing Arts Fund	155,445	150,000
Robson Family Scholarship Fund	47,887	-
	<hr/>	<hr/>
	4,718,332	5,265,000
Accumulated investment income earned on internally restricted funds	526,929	332,109
Annual disbursement/transfer to Designated Youth Fund to support programs	(6,138)	(6,000)
Annual disbursement/transfer to General Fund to support programs	(180,600)	(200,000)
	<hr/>	<hr/>
	5,058,523	5,391,109

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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### Other designated funds

Other designated funds are composed of the following individual funds:

	2020 \$	2019 \$
Past Presidents and Honorary Life Directors	163,969	150,871
Robson Family Scholarship	-	47,664
Queen's Alumni Advancement Fund	84,467	75,106
Endowment funds not permanently restricted	324,359	158,069
	<hr/> 572,795	<hr/> 431,710

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 2020, distributions from externally restricted funds included the Robson Family scholarship of \$5,000 (2019 – \$5,000), made before the fund restrictions expired at the end of the year, and a distribution of \$6,066 (2019 – \$5,148) to the Designated Youth Fund to support the Foundation's Stampede School program.

### 10 Other internally restricted funds

#### General fund

In 2020, \$75,000 was internally restricted to the Foundation's Youth Campus Capital Replacement Fund (2019 – \$75,000). Total funds internally restricted to the Youth Campus Capital Replacement Fund are \$300,000 (2019 – \$225,000). The remaining \$62,883 (2019 – \$75,485) internally restricted in the General Fund relates to unspent distributions from the Nat Christie Fund to support Youth Campus operations.

#### Capital fund

Internally restricted funds in the Capital Fund are made up of \$600,000 of Nat Christie funds transferred from the Designated Fund, as referred to in note 9.

#### Designated Youth Fund

During 2020, \$56,304 (2019 – \$2,790) of charity casino proceeds were internally restricted and transferred from the General Fund to the Designated Youth Fund to support the Foundation's Youth Performance programs. All funds were spent in the year of transfer.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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### 11 Fundraising expenses

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

	2020 \$	2019 \$
Amounts paid as remuneration to employees whose principal duties involve fundraising	202,222	212,647
Amounts paid as remuneration to a fundraising business	-	-

As part of the COVID-19 related government funding, \$67,434 of CEWS was received relating to remuneration paid to employees whose principal duties involve fundraising.

### 12 Grants and scholarships

The Foundation awarded the following grants and scholarships:

	2020 \$	2019 \$
Young Artist Poster Scholarship	19,500	20,000
Junior Livestock Scholarship	2,000	67,000
Western Showcase Committee Art Scholarship	5,000	5,000
Brager Scholarship	1,000	1,500
Robson Family Scholarship	5,000	5,000
Steer Classic Scholarship	-	41,150
Youth Cutting Horse Scholarship	2,000	9,000
Clyde D'Arcy Scholarship	12,000	11,000
Flores La Due Advancement Fund	10,000	9,500
Rotary Access Fund	26,538	21,290
	<hr/> 83,038	<hr/> 190,440

### 13 Related party transactions

#### Calgary Stampede

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 \$174,190 (2019 – \$841,386), 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, \$118,727 (2019 – \$747,450) was used for program expenses and \$55,463 (2019 – \$93,936) was used for administrative activities.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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In 2020, the Foundation received \$20,750 (2019 – \$43,082) 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. In 2019, \$83,038 representing the net proceeds of the Calgary Stampede Masterworks of the West program was donated to the Foundation, designated to the construction of the SAM Centre. This donation was recorded in the Capital Fund. The Stampede also contributed \$600,000 in 2019 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.

The net accounts payable due to the Calgary Stampede as at December 31, 2020 was \$254,621 (2019 – \$207,393). The amount due is non-interest bearing and has no specified terms of repayment.

The net costs to maintain and operate the jointly controlled assets of ENMAX Park in 2020 were \$48,200 (2019 – \$100,073), of which \$20,244 (2019 – \$42,031) 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 \$30,000 (2019 – \$698,000) required by the City as security during the construction of the Foundation's BMO Amphitheatre. As at December 31, 2020, no amount had 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 2020, \$nil (2019 – \$150,000) was contributed to the Foundation under the terms of the agreement. Due to the cancellation of Stampede 2020, the agreement was extended to 2024.

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. The Foundation repaid \$3,000,000 of the credit facility to the Calgary Stampede in 2020, with the remainder to be paid in 2021.

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 totalled \$58,807 (2019 – \$nil) for Oliver House, \$976,112 for the SAM Centre (2019 – \$147,308) and \$nil for other infrastructure (2019 – \$530,241).

In 2016, the Foundation signed licence 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 licence fee remaining for the related facilities is \$2,398,382 (2019 – \$2,428,665).

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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### Calgary Foundation

As one of the beneficial owners of the two authorized, issued and outstanding shares of the Foundation, the Calgary Foundation has a right to appoint a minority of the Foundation's board of directors. Grants totalling \$38,500 (2019 – \$42,600) were approved and paid from the Calgary Foundation's Donor Advised and Flow-through funds.

### Board of directors

Donations totalling \$230,567 (2019 – \$165,184) were gifted to the Foundation from members of the Foundation's board of directors and their immediate families.

## 14 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 represent 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. Market uncertainty brought on by the COVID-19 pandemic also impacts this risk.

### 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

58% (2019 – 24%) of the Foundation's accounts receivable are from a diverse group and are subject to normal credit risks. 42% (2019 – 76%) 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.

# Calgary Stampede Foundation

## Notes to Financial Statements

December 31, 2020

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### **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.

### **15 Government remittances recoverable and/or payable**

As at December 31, 2020, the Foundation had government remittances receivable relating to GST rebates of \$11,870 (2019 – \$12,400) and government remittances payable relating to payroll of \$6,503 (2019 – \$nil).

### **16 Subsequent event**

On March 31, 2021, the Foundation repaid the \$2,000,000 current debt outstanding to the Calgary Stampede.

### **17 Comparative figures**

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