

Calgary Stampede Foundation

Consolidated Financial Statements
December 31, 2018



Independent auditor's report

To the Members of the Audit Committee of the Board of Directors of Calgary Stampede Foundation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calgary Stampede Foundation and its subsidiaries (together, the Foundation) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Foundation's consolidated financial statements comprise:

- the Consolidated Statement of Financial Position as at December 31, 2018;
 - the Consolidated Statement of Revenue and Expenses for the year ended December 31, 2018;
 - the Consolidated Statement of Changes in Net Assets for the year ended December 31, 2018;
 - the Consolidated Statement of Cash Flows for the year ended December 31, 2018; and
 - the notes to the consolidated 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 consolidated 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 consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for

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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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 25, 2019

Calgary Stampede Foundation
Consolidated Statement of Financial Position
As at December 31, 2018

					2018	2017
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash	3,917,741	500	-	-	3,918,241	4,490,630
Accounts receivable (notes 11, 12 and 14)	332,818	11,870	-	-	344,688	218,490
Prepaid expenses	-	26,329	-	684	27,013	212,961
Current portion of prepaid rent (note 11)	-	342,903	-	-	342,903	336,493
Interfund balances	(4,683,021)	1,831,828	302,855	2,548,338	-	-
	(432,462)	2,213,430	302,855	2,549,022	4,632,845	5,258,574
Long-term portion of prepaid rent (note 11)	-	2,400,320	-	-	2,400,320	2,691,947
Investments (note 3)	4,765,005	2,152,295	6,676,812	15,410,344	29,004,456	23,992,820
Tangible capital assets (note 4)	137,882	-	-	29,940,666	30,078,548	27,943,471
	4,470,425	6,766,045	6,979,667	47,900,032	66,116,169	59,886,812
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (notes 11 and 14)	378,360	15,286	-	61,773	455,419	837,365
Deferred revenue	34,192	361,616	-	-	395,808	494,317
Deferred capital contributions (note 6)	31,504	-	-	-	31,504	17,820
	444,056	376,902	-	61,773	882,731	1,349,502
Long-term debt (notes 5 and 11)	-	-	-	5,000,000	5,000,000	5,000,000
	444,056	376,902	-	5,061,773	5,882,731	6,349,502
Share capital						
Authorized 2 common shares without nominal or par value						
Issued and outstanding 2 (2017 - 2) common shares	2	-	-	-	2	2
Net Assets						
Externally restricted (note 7)	-	6,389,143	230,597	31,589,477	38,209,217	31,795,352
Internally restricted (note 13)	150,000	-	5,150,000	-	5,300,000	5,075,000
Restricted to endowments (note 8)	-	-	1,599,070	-	1,599,070	599,070
Invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419	11,278,419
Unrestricted	3,846,730	-	-	-	3,846,730	4,789,467
	4,026,367	6,389,143	6,979,667	42,838,259	60,233,436	53,537,308
	4,470,425	6,766,045	6,979,667	47,900,032	66,116,169	59,886,812

Approved by the Board of Directors

_____ Director _____ Director

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

Calgary Stampede Foundation
Consolidated Statement of Revenue and Expenses
For the year ended December 31, 2018

					2018	2017
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$	Total \$
Revenue						
Donations (note 11)	678,843	2,879,448	966,920	4,502,902	9,028,113	7,950,471
Grants (note 7)	-	-	-	1,553,577	1,553,577	-
Sponsorship (note 11)	-	145,000	-	-	145,000	140,000
Investment income (notes 3, 8 and 12)	-	33,295	-	224,985	258,280	443,616
Amortization of deferred capital contributions (note 6)	2,228	-	-	-	2,228	2,228
Other	120,215	434,074	-	-	554,289	454,448
	<u>801,286</u>	<u>3,491,817</u>	<u>966,920</u>	<u>6,281,464</u>	<u>11,541,487</u>	<u>8,990,763</u>
Expenses						
Programs						
Young Canadians School of Performing Arts	-	924,765	-	-	924,765	876,852
Stampede Band	-	1,224,411	-	-	1,224,411	1,079,252
Stampede School	-	214,303	-	-	214,303	240,916
OH Ranch Education Program	-	95,257	-	-	95,257	96,966
Indigenous Youth Programming	-	71,450	-	-	71,450	26,008
4-H Programs	-	254,127	-	-	254,127	283,148
Grants and scholarships (note 10)	-	161,375	5,000	-	166,375	154,005
Fundraising (note 9)	421,728	18,580	-	-	440,308	117,762
Facility expenses	338,597	-	-	-	338,597	219,802
Administration	473,447	-	-	-	473,447	286,058
Loss on investments (notes 3, 8 and 12)	26,880	-	34,225	-	61,105	-
Amortization	3,300	-	-	577,914	581,214	498,622
	<u>1,263,952</u>	<u>2,964,268</u>	<u>39,225</u>	<u>577,914</u>	<u>4,845,359</u>	<u>3,879,391</u>
Excess (deficiency) of revenue over expenses	<u>(462,666)</u>	<u>527,549</u>	<u>927,695</u>	<u>5,703,550</u>	<u>6,696,128</u>	<u>5,111,372</u>

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

Calgary Stampede Foundation

Consolidated Statement of Changes in Net Assets

For the year ended December 31, 2018

	2018				
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$
Balance - Beginning of year					
Externally restricted	-	5,639,222	270,203	25,885,927	31,795,352
Internally restricted	75,000	-	-	5,000,000	5,075,000
Net assets subject to restrictions that they be maintained permanently as endowments	-	-	599,070	-	599,070
Internally restricted net assets 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 (note 13)	(405,071)	222,372	5,182,699	(5,000,000)	-
Balance - End of year	4,026,367	6,389,143	6,979,667	42,838,259	60,233,436
	2017				
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$
Balance - Beginning of year					
Externally restricted	-	5,903,125	237,433	20,727,760	26,868,318
Internally restricted	-	-	-	5,000,000	5,000,000
Net assets subject to restrictions that they be maintained permanently as endowments	-	-	350,000	-	350,000
Internally restricted net assets invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419
Unrestricted	4,929,199	-	-	-	4,929,199
	4,958,836	5,903,125	587,433	36,976,542	48,425,936
Excess (deficiency) of revenue over expenses	214,555	(552,903)	291,553	5,158,167	5,111,372
Interfund transfers	(279,287)	289,000	(9,713)	-	-
Balance - End of year	4,894,104	5,639,222	869,273	42,134,709	53,537,308

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

Calgary Stampede Foundation

Consolidated Statement of Cash Flows

For the year ended December 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses of the General, Designated Youth and Designated Funds	992,578	(46,795)
Items not affecting cash		
Amortization of tangible capital assets in the General Fund	3,300	3,300
Amortization of deferred capital contributions	(2,228)	(2,228)
Contribution of donated tangible capital assets	-	(55,799)
Unrealized and net realized gain on investments	(225,686)	(418,846)
	<u>767,964</u>	<u>(520,368)</u>
Changes in non-cash working capital		
Accounts receivable	(126,198)	181,917
Prepaid expenses (note 11)	185,948	(212,960)
Prepaid rent (note 11)	285,217	207,736
Accounts payable and accrued liabilities	136,529	(1,618,348)
Deferred revenue	(98,509)	(153,929)
	<u>1,150,951</u>	<u>(2,115,952)</u>
Investing activities		
Purchase of property, plant and equipment	(2,716,291)	(10,726,693)
Contribution of investments	(101,814)	(97,690)
Receipt of deferred contributions	15,912	-
Net (purchase) sale of investments	(4,712,646)	5,488,199
Net change in non-cash working capital	(518,475)	580,248
	<u>(8,033,314)</u>	<u>(4,755,936)</u>
Financing activities		
Endowment contributions	960,000	249,070
Increase in Endowment investments	(931,490)	(273,840)
Donations and grants to the Capital Fund	6,056,479	5,572,095
Investment income in the Capital Fund	224,985	81,394
	<u>6,309,974</u>	<u>5,628,719</u>
Decrease in cash during the year	(572,389)	(1,243,169)
Cash - Beginning of year	<u>4,490,630</u>	<u>5,733,799</u>
Cash - End of year	<u>3,918,241</u>	<u>4,490,630</u>

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

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

December 31, 2018

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 the 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 Significant accounting policies

Basis of accounting

The consolidated financial statements of the Foundation are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”) as issued by the Canadian Accounting Standards Board.

In 2017, the ENMAX Park Joint Venture (the “Joint Venture”) was entered into with the Calgary Stampede to further develop, construct, maintain and operate ENMAX Park. The Foundation has a 42% undivided interest in the Joint Venture and its operations are proportionately consolidated into the results of the Foundation.

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

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December 31, 2018

- 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 are recognized as revenue in the Designated Fund. Restricted contributions for youth programming are recognized as revenue in the Designated Youth Fund.

Unrestricted donations, pledges, 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.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that an asset can no longer be used as originally expected and their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

December 31, 2018

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.

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 consolidated 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 consolidated statement of revenue and expenses.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in the consolidated 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 consolidated statement of revenue and expenses in the period the reversal occurs.

Use of estimates

The preparation of consolidated 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 consolidated 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 Consolidated Financial Statements
December 31, 2018

3 Investments

Investments aggregating \$29,004,456 (2017 - \$23,992,820) are composed of \$28,954,514 (2017 - \$23,944,503) held by third party investment managers and \$49,942 (2017 - \$48,317) 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 at December 31 is as follows:

	2018			2017		
	Capital %	Other %	Total %	Capital %	Other %	Total %
Cash	1.7	1.8	3.5	1.6	2.0	3.6
Bonds	69.5	13.7	83.2	65.7	15.9	81.6
Canadian equity	-	5.8	5.8	-	6.5	6.5
U.S. equity	-	3.6	3.6	-	3.9	3.9
International equity	-	3.9	3.9	-	4.4	4.4
	71.2	28.8	100.0	67.3	32.7	100.0

At December 31, 2018, the bonds invested on behalf of the Capital Fund had an average term of 1.41 years (2017 - 1.08 years), duration of 1.33 years (2017 - 1.08 years), and an effective interest yield of 2.40% (2017 - 1.80%).

At December 31, 2018, the remaining bonds in the investment portfolio had an average term of 9.41 years (2017 - 9.42 years), duration of 7.25 years (2017 - 7.25 years), and an effective interest yield of 2.89% (2017 - 2.44%).

4 Tangible capital assets

	Useful lives	2018		
		Cost \$	Accumulated amortization \$	Net \$
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
		31,246,641	1,168,093	30,078,548

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December 31, 2018

			2017	
	Useful lives	Cost \$	Accumulated amortization \$	Net \$
Equipment	5 - 10	1,097,988	153,312	944,676
Buildings and leasehold improvements	10 - 40	14,500,447	433,567	14,066,880
Land	-	11,248,782	-	11,248,782
Art	-	98,869	-	98,869
Youth Campus development projects	-	1,584,264	-	1,584,264
		28,530,350	586,879	27,943,471

Youth Campus development projects as at December 31, 2018 include \$806,671 (2017 - \$744,058) spent on the SAM Centre, and \$nil (2017 - \$840,206) spent on Doherty Hall. Doherty Hall was completed in October, 2018 and transferred to Buildings and leasehold improvements. Amortization on Youth Campus development projects of these projects will not commence until they are put into use.

5 Long-term debt

In 2015, the Calgary Stampede 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 now fully advanced.

	2018 \$	2017 \$
Utilized credit facility maturing in 2025	5,000,000	5,000,000

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

6 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:

	2018 \$	2017 \$
Balance - Beginning of year	17,820	20,048
Additions	15,912	-
Amortization	(2,228)	(2,228)
Balance - End of year	31,504	17,820

Calgary Stampede Foundation
Notes to Consolidated Financial Statements
December 31, 2018

7 Government grants

The foundation received funding from the Government of Canada through the Department of Canadian Heritage in the amount of \$1,553,577 to support the construction of Doherty Hall.

8 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. In 2018, all endowment funds were directed to support the Foundation's education programs.

	2018 \$	2017 \$
Stampede School Endowments	1,000,000	250,000
OH Ranch Education endowments	449,070	349,070
Performing Arts endowments	150,000	-
	<hr/>	<hr/>
	1,599,070	599,070
Accumulated investment (loss) income earned on endowments	(7,041)	24,770
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Total Endowment Funds	<u>1,592,029</u>	<u>623,840</u>

Internally restricted endowments

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

	2018 \$	2017 \$
Nat Christie endowment for Youth Campus	5,000,000	-
Performing Arts endowments	150,000	-
	<hr/>	<hr/>
	<u>5,150,000</u>	<u>-</u>

Other designated funds

Other designated funds are composed of the following individual funds:

	2018 \$	2017 \$
Past Presidents and Honorary Life Directors	127,228	131,845
Robson Family Scholarship	45,954	51,499
Queen's Alumni Advancement Fund	64,456	62,089
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	<u>237,638</u>	<u>245,433</u>

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

December 31, 2018

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 as scholarships remains within the Designated Fund. In 2018, the Designated Fund generated an investment loss of \$34,225 (2017 - income of \$43,397).

At December 31, 2018, as per agreements with the Foundation pertaining to funds required to be held for a period of not less than ten years, restrictions of \$nil expired (2017 - \$5,713) and were released into the General Fund. The remaining restrictions expire as follows:

	\$
2018	-
2019	-
2020	49,750
	<u>49,750</u>

9 Fundraising expenses

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

	2018 \$	2017 \$
Amounts paid as remuneration to employees whose principal duties involve fundraising	175,782	100,271
Amounts paid as remuneration to a fundraising business	-	-

10 Grants and scholarships

The Foundation awarded the following grants and scholarships:

	2018 \$	2017 \$
Young Artist Poster Scholarship	20,000	-
Junior Livestock Scholarship	71,000	69,000
Western Showcase Committee Art Scholarship	4,000	7,000
Brager Scholarship	2,000	2,000
Robson Family Scholarship	5,000	5,000
Steer Classic Scholarship	42,950	43,300
Dr. Margaret Hess Scholarship	5,000	5,000
Youth Cutting Horse Scholarship	3,500	3,500
Clyde D'Arcy Scholarship	-	9,705
Flores La Due Advancement Fund	8,925	9,500
Indigenous Youth Scholarship	4,000	-
	<u>166,375</u>	<u>154,005</u>

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

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11 Related party transactions

The Calgary Stampede 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 \$816,588 (2017 - \$745,490), 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, \$729,138 (2017 - \$704,154) was used for program expenses and \$87,450 (2017 - \$41,336) was used for administrative activities.

In 2018, the Foundation received \$54,959 (2017 - \$37,560) from the Calgary Stampede to support the operating expenses associated with the ENMAX Park Joint Venture, which was recorded as a donation in the General Fund. The Stampede also contributed \$1,905,000 (2017 - \$600,000) 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 at December 31, 2018 was \$229,856 (2017 - \$684,728). The amount due is non-interest bearing and has no specified terms of repayment.

In accordance with the ENMAX Park Joint Venture agreement with the Calgary Stampede \$6,383,447 of the capital costs incurred to construct ENMAX Park was transferred to the Foundation at net book value in 2017. The net cost to maintain and operate ENMAX Park in 2018 was \$124,624 (2017 - \$89,428), of which \$52,342 (2017 - \$37,560) was paid by the Foundation, representing its 42% proportionate share in the Joint Venture.

A standby letter of credit was issued by a Canadian chartered bank on behalf of the Calgary Stampede in favor of the City of Calgary for the amount of \$698,000 (2017 - \$698,000) required by the City as security during the construction of the Foundation's BMO Amphitheatre. As at December 31, 2018, no amount has been drawn on the standby letter of credit.

In 2014, the Calgary Stampede and the Foundation entered into a five year term sponsorship agreement, for a total of \$675,000 of funding over the term of the agreement. In 2018, \$145,000 (2017 - \$140,000) was contributed to the Foundation under the terms of the agreement. As at December 31, 2018, the entire \$675,000 has been received.

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, 2018, \$5,000,000 was advanced to the Foundation (2017 - \$5,000,000) pursuant to this facility.

In 2017 and 2016, Construction Agency Agreements were signed between the Foundation and the Calgary Stampede to support the construction of the BMO Amphitheatre, the SAM Centre and Doherty Hall. 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 on the

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BMO Amphitheatre totaled \$13,520 (2017 - \$2,385,413), \$62,613 for the SAM Centre (2017 - \$78,724) and \$2,624,247 (2017 - \$840,206) for Doherty Hall.

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 \$2,743,223 (2017 - \$3,028,440).

12 Financial instruments

The Foundation's financial instruments include cash, accounts receivable, investments, accounts payable, 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 3, 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.

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

19% (2017 - 40%) of the Foundation's accounts receivable are from a diverse group and are subject to normal credit risks. 81% (2017 - 60%) 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.

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13 Internally restricted

In 2004, the Foundation received a \$5,900,000 contribution from the Nat Christie Foundation, \$5,000,000 of which was internally restricted by the Foundation's board of directors, and invested separately from the other investments. In 2018, the Foundation's board of directors internally restricted these funds to an endowment supporting the ongoing operations of the Foundation's Youth Campus. Other funds internally restricted by the Foundation's board of directors in 2018 include \$75,000 internally restricted to the Foundation's Youth Campus Capital Replacement Fund (2017 - \$75,000) and \$150,000 internally restricted to the Designated Endowment Fund as a match for the external endowment contributions to the Performing Arts Endowments.

14 Government remittances recoverable and/or payable

At December 31, 2018, the Foundation had government remittances receivable relating to GST rebates of \$14,913 (2017 - \$70,866) and government remittances payable relating to payroll of \$7,617 (2017 - \$6,564).

15 Comparative figures

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