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EDMONTON OILERS COMMUNITY FOUNDATION

Financial Statements

June 30, 2017

INDEPENDENT AUDITOR'S REPORT

To the Directors of the Edmonton Oilers Community Foundation

We have audited the accompanying financial statements of the Edmonton Oilers Community Foundation, which comprise the statement of financial position as at June 30, 2017 and the statements of receipts and disbursements, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


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

Basis for Qualified Opinion

In common with many charitable organizations, the Edmonton Oilers Community Foundation derives some of its receipts from the general public in the form of cash donations, auctions and other fundraising activities which are not susceptible to complete audit verification. Accordingly, our verification of receipts from these sources was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to receipts, excess of receipts over disbursements, assets or net assets.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which may have resulted had certain receipts been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Edmonton Oilers Community Foundation as at June 30, 2017 and the results of its operations, changes in assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profits.


Chartered Accountants
November 21, 2017

EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Financial Position****As at June 30, 2017**

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 724,073	\$ 866,579
Restricted cash and cash equivalents (Note 3)	3,757,114	2,185,449
Accounts receivable (Note 4)	452,776	234,706
Inventory	3,459	1,345
Prepays	8,347	208
	<u>4,945,769</u>	<u>3,288,287</u>
PROPERTY AND EQUIPMENT (Note 5)	<u>5,973,330</u>	<u>5,970,571</u>
	<u>\$ 10,919,099</u>	<u>\$ 9,258,858</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 346,962	\$ 228,857
Deferred contribution revenue	60,750	-
	<u>407,712</u>	<u>228,857</u>
COMMITMENTS (Note 6)		
	<u>10,511,387</u>	<u>9,030,001</u>
NET ASSETS	<u>\$ 10,919,099</u>	<u>\$ 9,258,858</u>

EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Receipts and Disbursements****Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
RECEIPTS		
Event night 50/50 (Schedule 1)	\$ 9,110,009	\$ 5,838,769
General (Schedule 2)	1,505,366	950,060
Community Corner (Schedule 3)	1,276,306	966,146
Online auction (Schedule 4)	437,683	435,719
Hockey Helps Kids	239,250	420,000
Golf tournament	101,876	221,524
Interest revenue	35,131	33,556
	<u>12,705,621</u>	<u>8,865,774</u>
DISBURSEMENTS		
Event night 50/50 (Schedule 1)	5,687,109	3,305,093
Community Corner (Schedule 3)	824,052	583,642
General and administrative costs	431,147	392,148
Depreciation	292,635	254,153
ICH operating expense	196,885	187,892
General (Schedule 2)	156,663	448,644
Hockey Helps Kids	154,250	352,876
ICE school	144,210	107,242
Online auction (Schedule 4)	100,960	111,714
Hockey Program expense	38,764	-
Golf tournament	2,100	75,017
	<u>8,028,775</u>	<u>5,818,421</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS BEFORE CHARITABLE ACTIVITIES	4,676,846	3,047,353
Charitable activities and donations	<u>3,195,460</u>	<u>2,567,643</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 1,481,386	\$ 479,710

EDMONTON OILERS COMMUNITY FOUNDATION

Statement of Changes in Net Assets

Year Ended June 30, 2017

2017							
	Unrestricted	Invested in property and equipment	(Note 3) Restricted for Legacy Project	(Note 3) Restricted for ICH Project	(Note 3) Restricted for Hockey Program	(Note 3) Restricted for Community Arena Program	Total
NET ASSETS - BEGINNING OF YEAR	\$ 873,981	\$ 2,580	\$ 1,493,823	\$ 6,659,617	\$ -	\$ -	\$ 9,030,001
Excess of receipts over disbursements	910,180	(1,618)	1,025,229	(417,340)	(36,722)	1,657	1,481,386
Investment in property and equipment	(3,218)	3,218	-	-	-	-	-
Inter-fund transfers	(1,000,000)	-	(1,050,000)	250,000	800,000	1,000,000	-
NET ASSETS - END OF YEAR	\$ 780,943	\$ 4,180	\$ 1,469,052	\$ 6,492,277	\$ 763,278	\$ 1,001,657	\$ 10,511,387

2016						
	Unrestricted	Invested in property and equipment	(Note 3) Restricted for Legacy Project	(Note 3) Restricted for ICH Project	(Note 3) Restricted for ICH Project	Total
NET ASSETS - BEGINNING OF YEAR	\$ 881,939	\$ 2,648	\$ 849,366	\$ 6,816,338	\$ -	\$ 8,550,291
Excess of receipts over disbursements	(5,480)	(2,546)	894,457	(406,721)	-	479,710
Investment in property and equipment	(2,478)	2,478	-	-	-	-
Inter-fund transfers	-	-	(250,000)	250,000	-	-
NET ASSETS - END OF YEAR	\$ 873,981	\$ 2,580	\$ 1,493,823	\$ 6,659,617	\$ -	\$ 9,030,001

EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Cash Flow****Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash receipts from donors and supporters	\$ 12,513,171	\$ 8,815,588
Cash paid to suppliers and prize payouts	(7,521,794)	(5,702,343)
Cash paid to charities and charitable activities	(3,301,955)	(2,674,884)
Interest received	35,131	33,556
	<u>1,724,553</u>	<u>471,917</u>
INVESTING ACTIVITIES		
Purchase of Legacy Fund Project property and equipment	(292,178)	(270,670)
Purchase of property and equipment	(3,216)	(2,478)
Purchase of ICH Project property and equipment	-	(443,979)
	<u>(295,394)</u>	<u>(717,127)</u>
Cash flow used by investing activities	<u>(295,394)</u>	<u>(717,127)</u>
INCREASE (DECREASE) IN CASH	1,429,159	(245,210)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,052,028	3,297,238
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,481,187	\$ 3,052,028
CASH AND RESTRICTED CASH CONSISTS OF:		
Cash	\$ 2,175,511	\$ 171,647
Short-term deposits	2,305,676	2,880,381
Total cash and cash equivalents	<u>4,481,187</u>	<u>3,052,028</u>
Less: restricted cash and cash equivalents (Note 3)	<u>(3,757,114)</u>	<u>(2,185,449)</u>
Unrestricted cash and cash equivalents	<u>\$ 724,073</u>	<u>\$ 866,579</u>

EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

1. LEGAL FORM AND OBJECTIVES

The Edmonton Oilers Community Foundation, hereinafter referred to as the "Foundation", was formed in 1990 under the Societies Act of Alberta. The Foundation is a registered charity for purposes of the Income Tax Act (Canada) and is exempt from income taxes.

The Foundation is dedicated to building strong, vibrant, safe communities by demonstrating philanthropic leadership. The Foundation is committed to developing legacy projects that will improve the quality of life in Edmonton and the region, and to provide support to charitable organizations for youth in the areas of education, health and wellness and hockey programming.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profits and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profits requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with original maturities of one year or less at the time of purchase to be cash equivalents.

Inventory

Inventory is valued at the lower of cost and net realizable value.

Property and Equipment

Property and Equipment are recorded at cost and depreciated over the estimated useful life of the assets using the following methods and rates:

Buildings	4%	declining balance
Leasehold improvements	10 years	straight-line over the term of the lease plus first renewal term
Equipment	20%	declining balance
Furniture and fixtures	20%	declining balance
Computer equipment	55%	declining balance

Contributed Services and Donations in Kind

Volunteers contribute services to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining the fair market value, contributed services are not recognized in the financial statements. Goods donated in kind are recognized at fair market value where deemed material by management.

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EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

2. ACCOUNTING POLICIES (continued)

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. General donations and contributions are recognized in the period received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured.

Revenues received and costs incurred that relate to fundraising campaigns or events of the next fiscal year are recorded as deferred contributions and prepaid assets respectively.

Financial Instruments

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due to/from related parties. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in receipts and disbursements. All other financial instruments are reported at amortized cost, and tested for impairment when there are indications of impairment. A previously recognized impairment loss may be reversed to a maximum of the original impairment. The amount of the write-down and any subsequent reversal is recognized in income in the period realized. Transaction costs on the acquisition, sale, or issue of financial instruments that are measured at fair value are expensed when incurred. Transaction costs and financing fees incurred on the acquisition, sale, or issue of all other financial instruments are added or netted against the carrying value of the instrument and are then recognized over the expected life of the instrument using the straight-line method. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant, interest, currency or credit risks arising from these financial statements.

3. RESTRICTION ON NET ASSETS

The Board of Directors of the Foundation and external parties have restricted the use of net assets of \$9,726,264 (2016 - \$8,153,440) in total.

\$6,492,277 of net assets are restricted for the Inner City High ("ICH") Project which provides a safe environment for inner city youth to complete their high school diploma. The Foundation has agreed to meet future funding commitments as well as provide the land and building for school operations until June 30, 2020. At year-end, \$5,488,827 is invested in property and equipment for ICH and cash and cash equivalents of \$1,003,450 are restricted to fund future operating commitments.

\$1,469,052 of net assets are restricted for the Legacy Project Fund which seeks to invest in projects that will improve the quality of life in Edmonton and the region and to provide support to charitable organizations in the area of youth, education, health and wellness. At year-end, \$480,323 is invested in property and equipment for the Legacy Project Fund and cash and cash equivalents of \$988,729 are restricted to fund future projects to be determined by management and the Board of Directors and is not available for other purposes without approval of the Board of Directors and the Alberta Gaming & Liquor Commission.

\$763,278 of net assets, all of which are cash and cash equivalents, are restricted to fund the Hockey Program Fund which was created to support hockey programming, including activities at the Downtown Community Arena, minor hockey, hockey academy, hockey school, tournament, events, and activities.

\$1,001,657 of net assets, all of which are cash and cash equivalents, are restricted to fund the Community Arena Program Fund which was established to provide programs in the Downtown Community Arena targeted at low-income and high needs residents of Edmonton. The Community Arena Program Fund will be jointly administered and the programs collaboratively planned and implemented with the [REDACTED] and the City of Edmonton.

EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

4. AMOUNTS DUE FROM / TO AND TRANSACTIONS WITH ASSOCIATED PARTIES

Amounts due to or from [REDACTED] and [REDACTED] are unsecured, non-interest bearing and have no fixed terms of repayment. At year-end, \$5,340 included in accounts receivable was receivable from associated parties (2016 - \$85,243 owed to associated parties and included in accounts payable).

During the year, in the normal course of operations, the Foundation purchased management services in the amount of \$398,058 (2016 - \$335,383) from [REDACTED] and [REDACTED] property management services of \$33,604 (2016 - \$32,623) from [REDACTED] and paid rent of \$25,651 (2016 - \$nil) to [REDACTED]. These transactions were recorded at the exchange amount as mutually agreed to by the parties involved.

In the normal course of operations, the Foundation makes donations to registered charities and not-for-profit organizations whose Boards of Directors may consist of directors who are currently volunteer directors for the Foundation. The directors receive no economic benefit from the donations.

In the normal course of operations, the Foundation may engage the services of companies associated with directors. Where this occurs, the transactions are recorded at the exchange amount and are carried out at commercial terms offered to third parties. During the current year, no transactions occurred (2016 - \$49,189).

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	2017 Net book value	2016 Net book value
<i>Restricted - Inner City High Project (Note 3)</i>				
Land	\$ 163,000	\$ -	\$ 163,000	\$ 163,000
Buildings	6,509,094	1,185,797	5,323,297	5,551,893
Furniture and fixtures	23,898	21,368	2,530	3,615
	<u>6,695,992</u>	<u>1,207,165</u>	<u>5,488,827</u>	<u>5,718,508</u>
<i>Restricted - Legacy Project Fund (Note 3)</i>				
Leasehold improvements	314,768	18,489	296,279	55,016
Equipment	237,605	65,241	172,364	194,467
Furniture and fixtures	12,978	1,298	11,680	-
	<u>565,351</u>	<u>85,028</u>	<u>480,323</u>	<u>249,483</u>
<i>Unrestricted</i>				
Computer equipment	7,819	4,167	3,652	1,886
Furniture and fixtures	5,378	4,850	528	694
	<u>13,197</u>	<u>9,017</u>	<u>4,180</u>	<u>2,580</u>
	<u>\$ 7,274,540</u>	<u>\$ 1,301,210</u>	<u>\$ 5,973,330</u>	<u>\$ 5,970,571</u>

EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2017

6. COMMITMENTS

The Board of Directors of the Foundation has committed charitable activities and donations to various local organizations as follows:

	Unrestricted	Restricted	Total
2018	\$ 1,076,683	\$ 2,314,657	\$ 3,391,340
2019	545,000	822,531	1,367,531
2020	260,000	556,287	816,287
2021	250,000	170,000	420,000
Thereafter	100,000	680,000	780,000

The Foundation has entered into a lease agreement for the ICE School for a period of five years, ending on September 16, 2021. The lease commitment is \$25,651 per year.

EDMONTON OILERS COMMUNITY FOUNDATION**Event Night 50/50 Receipts and Disbursements***(Schedule 1)***Year Ended June 30, 2017**

	2017	2016
RECEIPTS	\$ 9,110,009	\$ 5,838,769
DISBURSEMENTS		
Prize pay-outs	4,559,153	2,921,220
License and rights fees	1,070,165	335,406
General and administrative costs	57,791	48,467
	<u>5,687,109</u>	<u>3,305,093</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 3,422,900	\$ 2,533,676

General Receipts and Disbursements*(Schedule 2)***Year Ended June 30, 2017**

	2017	2016
RECEIPTS		
Donations	\$ 1,263,456	\$ 408,950
Hockey Fights Cancer	96,230	76,896
Puck surprise	78,290	78,590
Skills Competition	36,095	28,963
Shirts off our backs	31,295	23,360
Glen Sather Gala	-	333,301
	<u>1,505,366</u>	<u>950,060</u>
DISBURSEMENTS		
Cost of special events	156,663	448,644
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 1,348,703	\$ 501,416

EDMONTON OILERS COMMUNITY FOUNDATION**Community Corner Receipts and Disbursements***(Schedule 3)***Year Ended June 30, 2017**

	2017	2016
RECEIPTS	\$ 1,276,306	\$ 966,146
DISBURSEMENTS		
Silent auction costs	792,916	555,067
Credit card fees	31,136	28,575
	<u>824,052</u>	<u>583,642</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 452,254	\$ 382,504

Online Auction Receipts and Disbursements*(Schedule 4)***Year Ended June 30, 2017**

	2017	2016
RECEIPTS	\$ 437,683	\$ 435,719
DISBURSEMENTS		
Online auction costs	89,992	101,005
Credit card fees	10,968	10,709
	<u>100,960</u>	<u>111,714</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 336,723	\$ 324,005