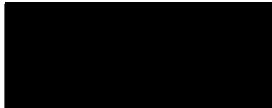


Financial Statements of

**TRUE NORTH YOUTH FOUNDATION
INC.**

Year ended June 30, 2017



INDEPENDENT AUDITORS' REPORT

To the Directors of True North Youth Foundation Inc.

We have audited the accompanying financial statements of True North Youth Foundation Inc., which comprise the statement of financial position as at June 30, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

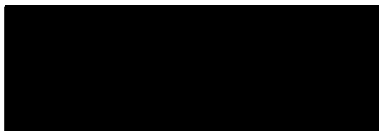
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 our 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, we consider 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 audit opinion.

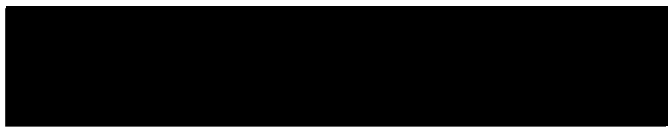
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of True North Youth Foundation Inc. as at June 30, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants

September 19, 2017
Winnipeg, Canada



TRUE NORTH YOUTH FOUNDATION INC.

Statement of Financial Position

As at June 30 2017 2016

Assets

Cash	\$ 964,456	\$ 2,461,935
Restricted cash (note 5)	42,359	30,159
Accounts receivable	777,534	369,911
Prepaid expenses (note 5)	265,972	304,221
Investments (note 4)	6,652,640	6,129,866
Capital assets (note 3)	3,732,742	1,461,183
	<u>\$ 12,435,703</u>	<u>\$ 10,757,275</u>

Liabilities, Deferred Contributions and Net Assets

Accounts payable and accrued liabilities	\$ 641,915	\$ 643,974
Deferred contributions for expenses of future years	456,753	310,639
Deferred contributions relating to capital assets (note 6)	592,690	492,615
Net assets:		
Unrestricted	1,604,293	2,341,479
Invested in capital assets	3,140,052	968,568
Endowment	6,000,000	6,000,000
	<u>10,744,345</u>	<u>9,310,047</u>

Commitments (note 5)

\$ 12,435,703 \$ 10,757,275

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

TRUE NORTH YOUTH FOUNDATION INC.

Statement of Operations

Years ended June 30	2017	2016
Fundraising:		
Event revenue (schedule A)	\$ 2,972,263	\$ 2,286,449
Cost of event expenses (schedule A)	1,104,723	868,847
Event proceeds net of expenses	1,867,540	1,417,602
50/50 revenue	3,845,987	3,535,100
50/50 expenses	2,313,047	2,104,791
50/50 revenue net of expenses	1,532,940	1,430,309
Donations and grants	1,444,547	1,049,182
Net fundraising activities	4,845,027	3,897,093
Other revenue (expenses):		
Investment and other income	547,789	34,685
General and administration expenses	(615,481)	(577,034)
	(67,692)	(542,349)
Program disbursements:		
Camp Manitou revenue	391,616	252,650
Camp Manitou expenses	(971,588)	(709,610)
Camp Manitou expenses in excess of revenue	579,972	456,960
Grants and disbursements (schedule B)	480,291	673,619
Winnipeg Jets Hockey Academy	1,569,765	1,246,336
Project 11	133,271	128,925
Learn to Play	438,558	-
Total program disbursements	3,201,857	2,505,840
Excess of revenue over expenses before the undernoted	1,575,478	848,904
Amortization of capital assets	(185,104)	(87,388)
Amortization of deferred contributions, capital assets (note 6)	43,924	17,837
Excess of revenue over expenses	\$ 1,434,298	\$ 779,353

See accompanying notes to financial statements.

TRUE NORTH YOUTH FOUNDATION INC.

Statement of Changes in Net Assets

	Unrestricted	Invested in capital assets	Endowment	Total
Balance, June 30, 2015	\$ 2,183,674	\$ 347,020	\$ 5,749,677	\$ 8,280,371
Excess (deficiency) of revenue over expenses	848,904	(69,551)	-	779,353
Transfer for capital asset additions	(691,099)	691,099	-	-
Increase of endowment - unrealized gains on investments (note 4)	-	-	250,323	250,323
Balance, June 30, 2016	2,341,479	968,568	6,000,000	9,310,047
Excess (deficiency) of revenue over expenses	1,575,478	(141,180)	-	1,434,298
Transfer for capital asset additions	(2,312,664)	2,312,664	-	-
Balance, June 30, 2017	\$ 1,604,293	\$ 3,140,052	\$ 6,000,000	\$ 10,744,345

See accompanying notes to financial statements.

TRUE NORTH YOUTH FOUNDATION INC.

Statement of Cash Flows

Years ended June 30	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,434,298	\$ 779,353
Items not involving cash:		
Amortization of capital assets	185,104	87,388
Amortization of deferred contributions, capital assets	(43,924)	(17,837)
Unrealized gains on investments	(476,698)	(16,564)
	<u>1,098,780</u>	<u>832,340</u>
Change in non-cash operating working capital:		
Accounts receivable	(407,623)	(180,607)
Prepaid expenses	38,249	8,667
Accounts payable and accrued liabilities	(2,059)	(596,642)
Deferred contributions for expenses of future years	<u>146,114</u>	<u>116,843</u>
	873,461	180,601
Investing activities:		
Additions to capital assets	(2,456,663)	(1,201,551)
Decrease (increase) in investments, net	(46,076)	17,447
Change in restricted cash	<u>(12,200)</u>	<u>(12,109)</u>
	(2,514,939)	(1,196,213)
Financing activities:		
Deferred contributions relating to capital assets	143,999	510,452
	<u>(1,497,479)</u>	<u>(505,160)</u>
Decrease in cash		
Cash, beginning of year	2,461,935	2,967,095
Cash, end of year	<u>\$ 964,456</u>	<u>\$ 2,461,935</u>

See accompanying notes to financial statements.

TRUE NORTH YOUTH FOUNDATION INC.

Notes to Financial Statements

Year ended June 30, 2017

1. Organization:

True North Youth Foundation Inc. (the Foundation) was incorporated in October of 1996 as the Manitoba Moose Yearling Foundation Inc. Effective September 22, 2011, with the acquisition of an NHL franchise in Winnipeg, the Foundation was renamed Winnipeg Jets True North Foundation Inc. Effective October 27, 2016, the Foundation was renamed True North Youth Foundation Inc.

Coupled with raising funds and providing grants to various youth charities in Manitoba, the main purpose of the Foundation is to provide self-programming in the form of four programs. The first is a partnership with various school divisions that provides at-risk youth an opportunity to play the game of hockey, feel connected to their school and community while motivating them to stay in school. The program is called the Winnipeg Jets Hockey Academy, with the motto, "Igniting Potential". The second is Project 11, a positive mental health coping skills curricular resource program for grades 5-8 that is currently being implemented across the province of Manitoba. The third is Camp Manitou, an all-season children's camp designed to deliver camp and outdoor programming to the children and youth across the province of Manitoba. A new program was launched for the 2016-17 NHL season called Learn to Play, which provides children ages 5-9 the opportunity to learn to play hockey.

An independent Board of Directors appointed by the Executive Committee of the Foundation is responsible to monitor administration of activities of the Foundation.

The Foundation is a registered charity under the Income Tax Act (Canada) and is therefore exempted from income taxes.

2. Significant accounting policies:

The Foundation's financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) 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 measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is being provided using the straight-line method, using the following amortization periods:

Asset	Years
Vehicles	5
Office and 50/50 equipment	3-5
Camp Manitou equipment	5-10

Leasehold improvements are amortized on a straight-line basis over the lease term.

Property under development includes direct costs and is stated at the lower of cost and net recoverable amount. Costs associated with the development of the property are capitalized until the property reaches its accounting completion date. The accounting completion date is defined as the date upon which operations of the property commence.

(c) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Deferred contributions for expenses of future years are externally restricted contributions that have been received and relate to expenses to be incurred in subsequent years. The recognition of deferred contributions for expenses of future years is recorded as revenue in the statement of operations. Endowment contributions are recognized as direct increases in endowment net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income from the endowment net assets is unrestricted in accordance with the endowment agreement. Unrestricted investment income, including interest and dividend income, realized gains (losses) on investments and change in unrealized gains (losses) on investments, is included in revenue in the statement of operations except as noted below. Realized and unrealized losses on investments are recognized as direct decreases to endowment net assets to the extent they reduce endowment investments below initial endowment capital. Unrealized gains on endowment investments are then recognized as increases in endowment net assets up to the initial endowment capital.

(d) Investments:

Investments are stated at fair value. Fair value of investments is determined based on period end quoted market prices.

(e) Deferred contributions relating to capital assets:

Deferred contributions related to capital assets include the unamortized portion of the restricted contributions relating to the purchase of capital assets. The deferred contributions will be recognized as revenue on the same basis the capital assets are being amortized.

(f) Grants:

Grants are charged to operations in the year in which the funds are granted.

(g) Endowment net assets:

Endowment net assets are externally restricted donations received by the Foundation where the endowment principal is required to be maintained intact. The investment income generated from these endowments is to be used to support the general programs of the Foundation.

(h) Foreign currency translation:

Monetary assets and liabilities denominated in a foreign currency are adjusted at the date of the financial statements to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions includes the carrying amount of capital assets. Actual results could differ from those estimates.

3. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Leasehold improvement (note 5)	\$2,503,050	\$ 13,083	\$ 2,489,967	\$ 489,924
Property under development	172,394	-	172,394	-
Office and 50/50 equipment	393,963	155,254	238,709	172,217
Vehicles	32,139	28,389	3,750	9,106
Camp Manitou equipment (note 5)	990,218	162,296	827,922	789,936
	\$4,091,764	\$ 359,022	\$ 3,732,742	\$ 1,461,183

4. Investments:

	2017	2016
Canadian equities	\$ 3,370,987	\$ 3,421,928
Corporate bonds	1,790,791	1,803,454
United States equities	1,377,021	837,328
Cash and other assets	113,841	67,156
	\$ 6,652,640	\$ 6,129,866

The corporate bonds yield interest between 1.90 percent and 3.35 percent (2016 - 2.22 percent and 2.98 percent) and have maturities ranging from August 2017 to March 2023.

As at June 30, 2017, \$6,476,698 (2016 - \$6,016,564) of the investments relate to the \$6,000,000 endowment contribution. For the year ended June 30, 2017, unrealized gains of \$476,698 have been recorded as investment income in the statement of operations. For the year ended June 30, 2016, unrealized gains on the investments of \$250,323 were recorded as a direct increase to endowment net assets and the remaining \$16,564 was recorded in investment income in the statement of operations.

5. Commitments:

The Directors of the Foundation have approved the following commitments for grants in future fiscal years:

	Years of commitment	Years remaining	Annual commitment
Soldier on Fund, Militaries Family Fund and Air Force Heritage Fund	2012 - 2021	4	\$ 100,000
Pan Am Foundation Clinic	2015 - 2019	2	25,000

On January 1, 2014, the Foundation entered into a 10 year operating lease for the camp facilities located at Camp Manitou. The Foundation has two five year options to renew by providing written notice one year in advance in each instance. In consideration for leasing the facilities, the Foundation made a payment of \$340,840 to cover certain obligations of the landlord, which was recorded in prepaid expenses, and is being recognized over the term of the lease. The balance at June 30, 2017 is \$221,546 (2016 - \$255,630). In addition, annual rent of \$12,000 is deposited into an escrow account with restricted cash of \$42,359 (2016 - \$30,159) at June 30, 2017. Following each renewal, the funds will be released from the escrow account to the Foundation as a contribution towards capital improvements plus accrued interest. As part of the lease agreement, the Foundation is committed to spend a minimum of one million dollars during the first three years of the lease term on improvements and renovations of the facilities. To June 30, 2017, the Foundation has met this obligation incurring \$3,465,233 (2016 - \$1,336,489) in improvements and renovations to the facilities (note 3).

6. Deferred contributions relating to capital assets:

The changes in deferred contributions relating to capital assets for the period are as follows:

	2017	2016
Beginning balance	\$ 492,615	\$ -
Contributions received during the year	143,999	510,452
Amounts amortized to revenue during the year	(43,924)	(17,837)
	<u>\$ 592,690</u>	<u>\$ 492,615</u>

7. Financial risks:

The Foundation manages its investment portfolio to earn investment income. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Foundation's currency position is monitored on a daily basis by the portfolio manager.

The Foundation believes that it is not exposed to significant interest rate, credit or cash flow risk arising from its financial instruments.

TRUE NORTH YOUTH FOUNDATION INC.

Fundraising Event Revenue and Event Expenses

Schedule A

Years ended June 30	2017	2016
Event revenue:		
Mike Keane Celebrity Hockey Classic	\$ 607,420	\$ 643,423
Gala Dinner	1,330,300	611,611
Beer festival	292,950	213,696
License plates	72,390	83,670
Travis Price Classic	319,910	323,223
Golf tournaments	120,100	95,000
Other	229,193	315,826
	<u>\$ 2,972,263</u>	<u>\$ 2,286,449</u>
Event expenses:		
Mike Keane Celebrity Hockey Classic	\$ 274,494	\$ 292,923
Gala Dinner	603,898	323,733
Beer festival	116,925	70,001
Travis Price Classic	74,189	74,429
Golf tournaments	7,394	10,353
Other	27,823	97,408
	<u>\$ 1,104,723</u>	<u>\$ 868,847</u>

Grants and Disbursements

Schedule B

Years ended June 30	2017	2016
CancerCare Manitoba	\$ 162,561	\$ 102,809
Edmonton Oilers Community Foundation	100,000	-
Continuity Care	70,000	70,000
Military Families Fund	42,560	40,405
Solider on Fund	42,560	40,405
Pan Am Foundation Inc.	25,000	25,000
Air Force Heritage Fund	25,000	25,000
Variety Children's Charity of Manitoba	25,000	-
Winnipeg Symphony Orchestra	25,000	-
Canadian Red Cross	-	140,000
International Centre on Dignity and Palliative Care, Inc.	-	100,000
The Winnipeg Foundation	-	50,000
Robb Nash Project Inc.	-	50,000
Manitoba Camping Association	-	15,000
Others less than \$10,000	12,500	15,000
Prior year grants and disbursements refunded to the Foundation	(49,890)	-
	<u>\$ 480,291</u>	<u>\$ 673,619</u>

True North Youth Foundation
Statement of Operations
for the period ending Jun 30, 2017
(unaudited)



	Year-To-Date			Annual		
	Actual	Budget	Var	Forecast	Budget	Variance
Fundraising						
Event proceeds, net of expenses (Schedule A)	\$ 1,867,540	\$ 1,567,825	\$ 299,715	\$ 1,791,100	\$ 1,567,825	\$ 223,275
50/50 cash receipts, net of expenses (Schedule B)	1,532,940	1,406,640	126,300	1,548,790	1,406,640	142,150
Other donations	1,444,547	1,272,050	172,497	1,559,400	1,272,050	287,350
	4,845,027	4,246,515	598,512	4,899,290	4,246,515	652,775
Other Receipts/(Expenditures)						
Interest & other income	23,999	38,040	(14,041)	26,040	38,040	(12,000)
Endowment income	523,790	300,000	223,790	490,000	300,000	190,000
General and administration	(565,591)	(557,010)	(8,581)	(578,740)	(557,010)	(21,730)
	(17,802)	(218,970)	201,168	(62,700)	(218,970)	156,270
SUBTOTAL	4,827,225	4,027,545	799,680	4,836,590	4,027,545	809,045
Disbursements						
Disbursements/grants (Schedule C)	530,181	555,500	25,319	649,412	555,500	(93,912)
Winnipeg Jets Hockey Academy	1,569,765	1,781,770	212,005	1,506,470	1,781,770	275,300
Learn to Play	438,558	182,090	(256,468)	425,290	182,090	(243,200)
Camp Manitou, net of expenses	579,972	383,070	196,902	620,170	383,070	(237,100)
Project 11	133,271	219,960	86,689	132,460	219,960	87,500
	3,251,747	3,122,390	(129,357)	3,333,802	3,122,390	(211,412)
Net before the undernoted	1,575,478	905,155	670,323	1,502,788	905,155	597,633
Amortization Expense	(185,104)	(253,260)	(68,156)	(253,260)	(253,260)	-
Amortization of deferred contributions	43,924	-	(43,924)	36,000	-	36,000
Excess revenues over expenses	\$ 1,434,298	\$ 651,895	\$ 782,403	\$ 1,285,528	\$ 651,895	\$ 633,633
Opening Net Assets	9,310,047			9,310,047	9,310,047	
NET ASSETS, END OF PERIOD	\$ 10,744,345			\$ 10,595,575	\$ 9,961,942	\$ 633,633

True North Youth Foundation
for the period ending Jun 30, 2017
(unaudited)



Schedule A - Event Programming

Events	Year-To-Date			Annual		
	Proceeds	Expenditures	Net	Forecast	Budget	Variance
Golf tournaments	\$ 120,100	\$ 7,394	\$ 112,706	\$ 108,000	\$ 78,000	\$ 30,000
Travis Price Classic	319,910	74,189	245,721	245,000	250,000	
Gala Dinner	1,330,300	603,898	726,402	726,500	588,000	138,500
Beer Festival	292,950	116,925	176,025	130,305	112,305	18,000
Mike Keane Event	607,420	274,494	332,926	327,770	351,770	(24,000)
Game Day Auction	-	-	-	-	14,000	(14,000)
License Plates	72,390	-	72,390	55,200	54,000	1,200
Other (Skills, Scoreclock)	229,193	27,823	201,370	198,325	119,750	78,575
Event proceeds, net of expenses	\$ 2,972,263	\$ 1,104,723	\$ 1,867,540	\$ 1,791,100	\$ 1,567,825	\$ 228,275

Schedule B - 50/50

50/50	Year-To-Date			Annual		
	Actual	Budget	Var	Forecast	Budget	Variance
Cash receipts	\$ 3,845,987	\$ 3,565,000	\$ 280,987	\$ 3,846,000	\$ 3,565,000	\$ 281,000
Expenditures:						
Payouts	1,933,708	1,782,500	(151,208)	1,933,700	1,782,500	(151,200)
Event staff	165,858	163,430	(2,428)	161,430	163,430	2,000
Other (license, print, etc)	213,481	212,430	(1,051)	202,080	212,430	10,350
50/50 cash receipts, net of expenses	\$ 1,532,940	\$ 1,406,640	\$ 126,300	\$ 1,548,790	\$ 1,406,640	\$ 142,150

Schedule C - Projected Disbursements

Disbursements and Grants	Year-To-Date			Annual		
	Actual	Committed	Var	Forecast	Budget	Variance
Military		\$ 100,000	\$ (100,000)	\$ 100,000	\$ 100,000	\$ -
Cancer Care	162,148	135,000	27,148	162,148	110,000	(52,148)
Continuity Care		70,000	(70,000)	70,000	70,000	-
Pan Am Foundation Clinic		25,000	(25,000)	25,000	25,000	-
Children's Palliative Care		100,000	(100,000)	100,000	100,000	-
Children's Wish		500	(500)	-	500	500
██████████		25,000	(25,000)	-	25,000	25,000
██████████		25,000	(25,000)	-	25,000	25,000
Variety, The Children's Charity	25,000	25,000	-	25,000		(25,000)
Edmonton Oilers Community Foundation	100,000	100,000	-	100,000		(100,000)
Uncommitted	32,264	-	32,264	67,264	100,000	32,736
Total	\$ 319,411	\$ 605,500	\$ (286,089)	\$ 649,412	\$ 555,500	\$ (93,912)

True North Youth Foundation
Statement of Financial Position
as at Jun 30, 2017
(unaudited)



	Jun 30 2017	June 30 2016
ASSETS		
Cash & cash equivalents	\$ 964,456	\$ 2,461,935
Restricted cash	42,359	30,159
Investments	6,652,640	6,129,866
Account receivable	841,485	369,911
Due from related partnerships	-	-
Prepays	265,972	304,221
Inventories	-	-
Capital Assets	3,732,742	1,461,183
Total assets	\$ 12,499,654	\$ 10,757,275
LIABILITIES		
Accounts payable & accrued liabilities	\$ 699,249	\$ 625,408
Due to related partnerships	6,613	18,566
Total liabilities	705,862	643,974
Deferred Contributions	456,753	310,639
Deferred Contributions relating to capital assets	592,690	492,615
NET ASSETS		
Unrestricted Net Assets	2,096,909	2,341,479
Invested in Capital Assets	2,647,437	968,568
Endowment	6,000,000	6,000,000
Total Net assets	10,744,345	9,310,047
	\$ 12,499,650	\$ 10,757,275