

# **Spruce Meadows Leg Up Foundation**

Financial Statements  
**December 31, 2018**



## *Independent auditor's report*

To the Board of Directors of Spruce Meadows Leg Up Foundation

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Spruce Meadows Leg Up Foundation (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 financial statements comprise:

- the statement of financial position as at December 31, 2018;
  - the statement of revenue and expenditures for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
May 22, 2019

# Spruce Meadows Leg Up Foundation

## Statement of Financial Position

As at December 31, 2018

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	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	36,220	103,273
GST/HST receivable	1,561	831
	<hr/>	<hr/>
	37,781	104,104
<b>Capital assets</b> (note 3)		
	<hr/>	<hr/>
	8,381	10,346
	<hr/>	<hr/>
	46,162	114,450
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	23,168	8,863
<b>Net assets</b>		
Unrestricted net assets	<hr/>	<hr/>
	22,994	105,587
	<hr/>	<hr/>
	46,162	114,450

### Approved by the Board of Directors

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

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

# Spruce Meadows Leg Up Foundation

## Statement of Revenue and Expenditures

For the year ended December 31, 2018

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	2018 \$	2017 \$
<b>Revenue</b>		
Contributions	113,025	202,466
50/50 sales	82,728	23,835
	<hr/> 195,753	<hr/> 226,301
<b>Expenditures</b>		
Donations	179,489	86,931
Administration expenses		
School tours	22,400	23,294
50/50 costs	46,388	15,641
General and administration	15,001	28,016
Depreciation	3,066	2,956
Salaries and benefits	11,138	-
Interest and bank charges	864	419
	<hr/> 278,346	<hr/> 157,257
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(82,593)	69,044
<b>Net assets – Beginning of year</b>	<hr/> 105,587	<hr/> 36,543
<b>Net assets – End of year</b>	<hr/> <hr/> 22,994	<hr/> <hr/> 105,587

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

# Spruce Meadows Leg Up Foundation

## Statement of Cash Flows

For the year ended December 31, 2018

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	(82,593)	69,044
Items not affecting cash		
Depreciation	3,066	2,956
Net change from non-cash working capital	13,575	1,849
	<hr/> (65,952)	<hr/> 73,849
<b>Investing activities</b>		
Purchase of capital assets (note 3)	<hr/> (1,101)	<hr/> -
<b>Increase (decrease) in cash during the year</b>	(67,053)	73,849
<b>Cash – Beginning of year</b>	<hr/> 103,273	<hr/> 29,424
<b>Cash – End of year</b>	<hr/> 36,220	<hr/> 103,273

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

# Spruce Meadows Leg Up Foundation

## Notes to Financial Statements

December 31, 2018

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### 1 Nature of organization

Spruce Meadows Leg Up Foundation (the Foundation) is a non-profit organization formed for the purpose of supporting charities and organizations, whose goals are focused on promoting education, health, wellness, amateur and grassroots sports. The Foundation relies upon income from corporate and individual contributions and supplements income through the sale of 50/50 tickets at various sporting events.

Events coordinated by the Foundation, such as 50/50 ticket sales, are operated by volunteers from various organizations and charities, while the administration of the Foundation is managed by accounting staff from Spruce Meadows Sports and Entertainment (Spruce Meadows), who volunteer their time free of charge. In the current year, an employee was hired to help coordinate the 50/50 raffles and related activities.

The Foundation is a registered charity under the Income Tax Act and is therefore not subject to income tax.

The Foundation is also registered under the Charitable Fundraising Act of Alberta and has considered all required disclosures under section 7 (2) of the Act in preparing these financial statements.

### 2 Summary of significant accounting policies

#### Basis of accounting

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

#### Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### Revenue recognition

The Foundation follows the deferral method of accounting for contributions. 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.

Restricted contributions relating to operations are recognized as revenue in the period in which the related expenses are incurred.

Income generated from 50/50 ticket sales is recorded as revenue on a gross basis when the sale is made, while a payable amount equal to fifty percent of the ticket price is recorded as a liability. Once the winning 50/50 ticket has been selected, the owner of the ticket has until 4:00 p.m. of the following day to redeem the prize winnings. Should the prize winnings not be collected by the ticket holder, they remain the property of the Spruce Meadows Leg Up Foundation.

# Spruce Meadows Leg Up Foundation

## Notes to Financial Statements

December 31, 2018

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### Cash

Cash is composed of cash on hand and deposits held at banks.

### Capital assets and depreciation

Purchased capital assets are recorded at cost.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method at the following annual rates:

Computer and printing equipment	20%
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### Donated services

A portion of the Foundation's work is dependent on voluntary services. As a result of the difficulty in determining their value, these contributed services are not recognized in the financial statements.

### Financial instruments

The Foundation initially measures financial assets and financial liabilities at fair value. It subsequently measures its financial assets and liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash. The financial liabilities subsequently recorded at amortized cost include accounts payable and accrued liabilities.

It is the opinion of management that the Foundation is not subject to significant credit, interest rate, price, liquidity or currency risk related to these financial instruments. The assessment is consistent with prior year.

### Change in accounting standards

In February 2017, the Accounting Standards Board (AcSB) approved the issuance of Section 4433 – Tangible capital assets held by not-for-profit organizations which has been adopted by the Foundation for January 1, 2019. The Company is in the process of completing its assessment and expects that the adoption will not have a significant effect on the financial statements.

## 3 Capital assets

			2018	2017
	Cost	Accumulated depreciation	Net	Net
	\$	\$	\$	\$
Computer and printing equipment	15,881	7,500	8,381	10,346

# **Spruce Meadows Leg Up Foundation**

Notes to Financial Statements

**December 31, 2018**

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## **4 Related party transactions**

Spruce Meadows controls the Foundation by virtue of its ability to appoint all of the Foundation's Board of Directors (the Board). During 2018, Spruce Meadows contributed \$100,000 to the Foundation (2017 – \$100,000).

Spruce Meadows is owned and operated by the Southern and Heathcott families. During 2018, individual contributions amounting to \$10,000 (2017 – \$51,056) were made by the Southern and Heathcott families to the Foundation.