

# **Spruce Meadows Leg Up Foundation**

Financial Statements  
**December 31, 2020**



## 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, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of revenue and 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 significant accounting policies and other explanatory information.

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### Basis for opinion

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

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

#### Independence

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

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### 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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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  
April 21, 2021

# Spruce Meadows Leg Up Foundation

## Statement of Financial Position

As at December 31, 2020

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	2020 \$	2019 \$ (Restated)
<b>Assets</b>		
<b>Current assets</b>		
Cash	109,768	98,780
Other assets and receivables	745	1,575
	<hr/> 110,513	<hr/> 100,355
<b>Capital assets</b> (note 3)	2,249	5,315
	<hr/> 112,762	<hr/> 105,670
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	7,350	18,643
<b>Long-term borrowings</b> (note 5)	40,000	-
	<hr/> 47,350	<hr/> 18,643
<b>Net assets</b>		
Unrestricted net assets (note 6)	65,412	87,027
	<hr/> 112,762	<hr/> 105,670

### 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, 2020

	2020 \$	2019 \$ (Restated)
<b>Fundraising activities</b>		
Contribution revenue	187,923	269,049
Donations	(147,752)	(166,564)
	<u>40,171</u>	<u>102,485</u>
50/50 sales	-	136,241
50/50 prize costs (note 6)	-	(72,968)
50/50 honorariums (note 6)	-	(11,125)
50/50 operating costs	-	(5,883)
	<u>-</u>	<u>46,265</u>
Auction sales	-	90,000
Auctions costs	-	(34,250)
	<u>-</u>	<u>55,750</u>
Merchandise sales	4,750	-
Merchandise costs	(3,144)	-
	<u>1,606</u>	<u>-</u>
<b>Net fundraising revenue before administrative expenses</b>	<u>41,777</u>	<u>204,500</u>
<b>Administration expenses</b>		
School tours	1,000	22,540
General and administration (note 6)	43,988	53,853
Salaries and benefits	15,099	58,296
Depreciation	3,066	3,066
Interest and bank charges	239	2,712
	<u>63,392</u>	<u>140,467</u>
<b>(Deficiency) excess of revenue over expenditures for the year</b>	(21,615)	64,033
<b>Net assets – Beginning of year</b>	<u>87,027</u>	<u>22,994</u>
<b>Net assets – End of year</b>	<u>65,412</u>	<u>87,027</u>

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, 2020

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	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures for the year	(21,615)	64,033
Items not affecting cash		
Depreciation	3,066	3,066
Net change from non-cash working capital	(10,463)	(4,539)
	<u>(29,012)</u>	<u>62,560</u>
<b>Financing activities</b>		
Receipt of long-term borrowings (note 5)	<u>40,000</u>	-
<b>Increase in cash during the year</b>	10,988	62,560
<b>Cash – Beginning of year</b>	<u>98,780</u>	<u>36,220</u>
<b>Cash – End of year</b>	<u>109,768</u>	<u>98,780</u>

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

# Spruce Meadows Leg Up Foundation

## Notes to Financial Statements

December 31, 2020

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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 and amateur and grassroots sports. The Foundation relies upon income from corporate and individual contributions and supplements income through hosting charity auctions and the sale of 50/50 tickets at various sporting events.

Events coordinated by the Foundation, such as charity auctions and 50/50 ticket sales, are operated by volunteers from various organizations and charities, while the administration of the Foundation is managed by Spruce Meadows staff.

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

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

Some of the amounts reported for the previous year have been restated to correct for an error. Detailed information about these adjustments can be found in note 6.

### 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 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.



# Spruce Meadows Leg Up Foundation

## Notes to Financial Statements

December 31, 2020

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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 50% 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 Foundation. Uncollected prize winnings are sometimes donated by the Foundation to the organization that assisted in running the 50/50 raffle, which is classified as an honorarium expense.

Merchandise sales relate to various items sold at Spruce Meadows market events throughout year and include face masks, candles and other items. Income is recognized at the point of sale when the goods have been provided.

Income generated from charity auctions is recorded once the auction has been finalized and cash proceeds have been collected from the buyer.

### **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 rate:

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.

# Spruce Meadows Leg Up Foundation

Notes to Financial Statements

December 31, 2020

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## 3 Capital assets

			2020	2019
	Cost \$	Accumulated depreciation \$	Net \$	Net \$
Computer and printing equipment	15,882	13,633	2,249	5,315

## 4 Related party transactions

The Foundation and Spruce Meadows are affiliated entities through common board membership. During 2020, Spruce Meadows contributed \$nil to the Foundation (2019 – \$121,365) and the Foundation sold \$4,585 worth of goods in 2020 (2019 – \$nil). In addition, during the year, Spruce Meadows paid salary and benefits costs of \$15,099 (2019 – \$58,296) on behalf of the Foundation and was subsequently reimbursed for these expenses.

## 5 Long-term borrowings

During the year ended December 31, 2020, the Foundation secured a \$40,000 interest free loan through the Canada Emergency Business Account (CEBA) program to support the Foundation through the COVID-19 pandemic. No principal payments are required until December 31, 2022. Repayment of the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% of the balance, or \$10,000 of the loan. After 2022, any unpaid balances will be converted to a three-year term at an interest rate of 5% per annum, paid monthly beginning January 1, 2023.

# Spruce Meadows Leg Up Foundation

## Notes to Financial Statements

December 31, 2020

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### 6 Correction of 2019 error

During the preparation of the 2020 year-end financial statements, management identified errors associated with the recognition of 50/50 costs, 50/50 honorarium expenses and general and administration expenses in the prior year, which were all due to late invoicing from suppliers. The error resulted in an understatement of expenses in 2019. Management has corrected the errors by making the following restatements to the financial statement line items for the year ended December 31, 2019:

	<b>As previously reported</b>	<b>Increase (decrease)</b>	<b>December 31, 2019</b>
	\$	\$	\$ (Restated)
<b>Statement of financial position (extract)</b>			
Accounts payable	6,800	11,843	18,643
Unrestricted net assets	98,870	(11,843)	87,027
<b>Statement of revenue and expenditures (extract)</b>			
50/50 prize costs	(63,723)	(9,245)	(72,968)
50/50 honorariums	(9,875)	(1,250)	(11,125)
General and administration	(52,505)	(1,348)	(53,853)

The totals to the respective statements, as well as the statement of cash flows, have been updated to correct for the above adjustments.