

Calgary Stampede Foundation

Consolidated Financial Statements
December 31, 2017



April 19, 2018

Independent Auditor's Report

To the Shareholders of Calgary Stampede Foundation

We have audited the accompanying consolidated financial statements of Calgary Stampede Foundation, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of revenue and expenses, changes in net assets and cash flows for the year then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calgary Stampede Foundation as at December 31, 2017 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary Stampede Foundation
Consolidated Statement of Financial Position
As at December 31, 2017

					2017	2016
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash	4,490,131	500	-	-	4,490,631	5,733,799
Accounts receivable (notes 10 and 13)	218,490	-	-	-	218,490	400,407
Prepaid expenses	-	150,005	-	62,955	212,960	-
Current portion of prepaid rent	-	336,493	-	-	336,493	323,618
Interfund balances	(4,447,889)	692,459	1,786	3,753,644	-	-
	260,732	1,179,457	1,786	3,816,599	5,258,574	6,457,824
Long term portion of prepaid rent	-	2,691,947	-	-	2,691,947	2,912,558
Investments (note 3)	4,776,175	2,269,000	867,487	16,080,158	23,992,820	28,939,713
Tangible capital assets (note 4)	125,270	-	-	27,818,201	27,943,471	17,659,601
	5,162,177	6,140,404	869,273	47,714,958	59,886,812	55,969,696
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (notes 10 and 13)	239,252	17,864	-	580,249	837,365	1,875,464
Deferred revenue	10,000	484,318	-	-	494,318	648,247
Deferred capital contributions (note 6)	17,819	-	-	-	17,819	20,047
	267,071	502,182	-	580,249	1,349,502	2,543,758
Long-term debt (notes 5 and 10)	-	-	-	5,000,000	5,000,000	5,000,000
	267,071	502,182	-	5,580,249	6,349,502	7,543,758
Share capital						
Authorized 2 common shares without nominal or par value						
Issued and outstanding (2016 – 2) common shares	2	-	-	-	2	2
Net Assets						
Externally restricted (note 7)	-	5,639,222	270,203	25,885,927	31,795,352	26,868,318
Internally restricted (note 12)	75,000	-	-	5,000,000	5,075,000	5,000,000
Restricted to endowments	-	-	599,070	-	599,070	350,000
Invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419	11,278,419
Unrestricted	4,789,467	-	-	-	4,789,467	4,929,199
	4,894,104	5,639,222	869,273	42,134,709	53,537,308	48,425,936
	5,161,177	6,141,404	869,273	47,714,958	59,886,812	55,969,696

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, 2017

					2017	2016
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$	Total \$
Revenue						
Donations (note 10)	383,187	1,240,218	254,535	5,572,095	7,450,035	8,901,947
Fundraising	65,000	435,436	-	-	500,436	348,858
Sponsorship (note 10)	-	140,000	-	-	140,000	135,000
Investment income (notes 3 and 7)	305,526	13,299	43,397	81,394	443,616	525,625
Amortization of deferred capital contributions (note 6)	2,228	-	-	-	2,228	6,684
Other	68,771	385,677	-	-	454,448	341,252
	<u>824,712</u>	<u>2,214,630</u>	<u>297,932</u>	<u>5,653,489</u>	<u>8,990,763</u>	<u>10,259,366</u>
Expenses						
Programs						
Young Canadians School of Performing Arts	-	876,852	-	-	876,852	760,999
Stampede Band	-	1,079,252	-	-	1,079,252	1,103,899
Stampede School	-	240,916	-	-	240,916	196,204
OH Ranch Education Program	-	96,966	-	-	96,966	83,777
Indigenous Youth Programming	-	26,008	-	-	26,008	-
4-H Programs	-	283,148	-	-	283,148	-
Grants and scholarships (note 9)	-	149,005	5,000	-	154,005	148,407
Fundraising (note 8)	2,105	15,386	-	-	17,491	35,834
Facility expenses	219,802	-	-	-	219,802	-
Administration	384,950	-	1,379	-	386,329	281,898
Amortization	3,300	-	-	495,322	498,622	6,894
	<u>610,157</u>	<u>2,767,533</u>	<u>6,379</u>	<u>495,322</u>	<u>3,879,391</u>	<u>2,617,912</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, 2017

	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 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
	2016				
	General Fund \$	Designated Youth Fund \$	Designated Fund \$	Capital Fund \$	Total \$
Balance – Beginning of year					
Externally restricted	-	3,000,000	173,372	16,149,330	19,322,702
Internally restricted	-	-	-	5,000,000	5,000,000
Internally restricted net assets invested in tangible capital assets	29,637	-	-	11,248,782	11,278,419
Unrestricted	5,183,361	-	-	-	5,183,361
	5,212,998	3,000,000	173,372	32,398,112	40,784,482
Excess of revenue over expenses	441,881	(968,025)	364,061	7,803,537	7,641,454
Interfund transfers	(696,043)	3,871,150	50,000	(3,225,107)	-
Balance – End of year	4,958,836	5,903,125	587,433	36,976,542	48,425,936

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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses of the General, Designated Youth and Designated Funds	(46,795)	(162,083)
Items not affecting cash		
Amortization of tangible capital assets in the General Fund	3,300	6,894
Amortization of deferred capital contributions	(2,228)	(6,684)
Contribution of donated tangible capital assets	(55,799)	(14,675)
Unrealized and net realized gain on investments	(418,846)	(527,294)
	<u>(520,368)</u>	<u>(703,842)</u>
Changes in non-cash working capital		
Accounts receivable	181,917	730,761
Prepaid expenses (note 10)	(212,960)	(3,235,064)
Prepaid rent	207,736	-
Accounts payable and accrued liabilities	(1,618,348)	99,802
Deferred revenue	(153,929)	349,671
	<u>(2,115,952)</u>	<u>(2,758,672)</u>
Investing activities		
Purchase of property, plant and equipment	(10,726,693)	(5,522,889)
Contribution of investments	(97,690)	(249,938)
Net sale (purchase) of investments	5,488,199	(3,541,245)
Net change in non-cash working capital	580,249	1,536,727
	<u>(4,755,935)</u>	<u>(7,777,345)</u>
Financing activities		
Endowment contributions	249,070	-
Endowment investments	(273,840)	(350,000)
Donations to the Capital Fund	5,572,095	7,628,633
Increase in long-term debt of Capital Fund	-	4,175,966
Investment income in the Capital Fund	81,394	174,904
	<u>5,628,719</u>	<u>11,629,503</u>
(Decrease) increase in cash during the year	(1,243,168)	1,093,486
Cash – Beginning of year	<u>5,733,799</u>	<u>4,290,313</u>
Cash – End of year	<u>4,490,631</u>	<u>5,383,799</u>

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

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

December 31, 2017

1 Purpose of the organization

Calgary Stampede Foundation (the Foundation) operates programs to promote education, western values and culture, and other activities in Southern Alberta. 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 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 and art and administrative activities and programs.

Designated Youth Fund

The Designated Youth Fund accounts for activities related to the designated youth 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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Capital Fund

The Capital Fund accounts for the assets, liabilities, revenue and expenses related to land, as well as the fundraising revenue and construction costs of 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 no less than 10 years is 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 that is 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 are 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

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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 statement of revenue and expenses.

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

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 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
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December 31, 2017

3 Investments

Investments aggregating \$23,992,820 (2016 – \$28,939,713) are composed of \$23,944,503 (2016 – \$28,893,016) held by third party investment managers and \$48,318 (2016 – \$46,697) 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:

	2017			2016		
	Capital %	Other %	Total %	Capital %	Other %	Total %
Cash	1.6	2.0	3.6	0.6	0.8	1.4
Bonds	65.7	15.9	81.6	72.4	14.6	87.0
Canadian equity	-	6.5	6.5	-	5.3	5.3
U.S. equity	-	3.9	3.9	-	3.1	3.1
International equity	-	4.4	4.4	-	3.2	3.2
	67.3	32.7	100.0	73.0	27.0	100.0

At December 31, 2017, the bonds invested on behalf of the Capital Fund had an average term of 1.08 years (2016 – 1.25 years), duration of 1.08 years (2016 – 1.17 years), and an effective interest yield of 1.80% (2016 – 1.24%).

At December 31, 2017, the remaining bonds in the investment portfolio had an average term of 9.42 years (2016 – 9.75 years), duration of 7.25 years (2016 – 7.33 years), and an effective interest yield of 2.44% (2016 – 2.20%).

4 Tangible capital assets

	Useful lives	2017		
		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

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				2016
	Useful lives	Cost \$	Accumulated amortization \$	Net \$
Equipment	5 – 10	108,938	88,256	20,682
Land	-	11,248,782	-	11,248,782
Art	-	43,214	-	43,214
Youth Campus development projects	-	6,346,923	-	6,346,923
		17,747,857	88,256	17,659,601

Youth Campus development projects as at December 31, 2017 includes \$744,058 (2016 – \$665,334) spent on the SAM Centre, and \$840,206 (2016 – \$nil) spent on Walton Hall. Amortization on each of these projects will not commence until they are put into use.

5 Long-term debt

In 2016, 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 10-year non-interest bearing loan and is now fully advanced.

	2017 \$	2016 \$
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:

	2017 \$	2016 \$
Balance – Beginning of year	20,047	26,731
Amortization	(2,228)	(6,684)
Balance – End of year	17,819	20,047

Calgary Stampede Foundation
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7 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 2017, all endowment funds were directed to support the Foundation's education programs.

	2017	2016
	\$	\$
Endowment Funds – Anonymous donors	623,840	350,000

Other designated funds

Other designated funds are composed of the following individual funds:

	2017	2016
	\$	\$
Past Presidents and Honorary Life Directors	131,845	124,787
Robson Family Scholarship	51,499	52,858
Queen's Alumni Advancement Fund	62,089	55,016
Bennett Jones	-	5,343
	<u>245,433</u>	<u>238,004</u>

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 2017, the Designated Fund generated investment income of \$43,397 (2016 – \$12,938).

At December 31, 2017, as per agreements with the Foundation pertaining to funds required to be held for a period of not less than ten years, restrictions of \$5,713 expired (2016 – \$9,854) and were released into the General Fund. The remaining restrictions expire as follows:

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

Calgary Stampede Foundation
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8 Fundraising expenses

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

	2017 \$	2016 \$
Amounts paid as remuneration to employees whose principal duties involve fundraising	100,271	-
Amounts paid as remuneration to a fundraising business	-	-

9 Grants and scholarships

The Foundation awarded the following grants and scholarships:

	2017 \$	2016 \$
Junior Livestock Scholarship	69,000	78,750
Western Showcase Committee Art Scholarship	7,000	6,000
Enbridge Citizens of Tomorrow	-	6,000
Brager Scholarship	2,000	2,000
Robson Family Scholarship	5,000	4,907
Steer Classic Scholarship	43,300	42,250
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	9,500	-
	154,005	148,407

10 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 \$707,526 (2016 – \$437,608), 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, \$453,912 (2016 – \$411,641) was used for program expenses, \$47,889 (2016 – \$25,967) was used for administrative expenses and \$205,725 (2016 – \$nil) was used for property management expenses.

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In 2017, the Foundation received \$37,560 (2016 – \$nil) 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 \$600,000 to support the Foundation's youth programs, which was recorded as a donation in the Designated Youth Fund. In 2016, the Foundation received \$1,200,000 to support certain construction costs related to the development of Youth Campus, which was recorded as a donation in the Capital Fund.

The net accounts payable due to the Calgary Stampede at December 31, 2017 was \$684,728 (2016 – net accounts payable of \$1,732,402). The amount due is non-interest bearing and has no specified terms of repayment.

In accordance with the ENMAX Park Joint Venture agreement entered into with the Calgary Stampede in 2017, \$6,383,447 of the capital costs incurred to construct ENMAX Park was transferred to the Foundation at net book value. The net cost to maintain and operate ENMAX Park in 2017 was \$85,171 (2016 – \$nil), of which \$37,560 (2016 – \$nil) 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 (2016 – \$nil) required by the City as security during the construction of the Foundation's BMO Amphitheatre. As at December 31, 2017, 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 2017, \$140,000 (2016 – \$135,000) was contributed to the Foundation under the terms of the agreement.

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 10 year term. As at December 31, 2017, \$5,000,000 was advanced to the Foundation (2016 – \$5,000,000) pursuant to this facility. In addition to the amount owing from the credit facility, \$nil relating to this project is included in the net accounts payable to the Calgary Stampede at December 31, 2017 (2016 – \$566,048).

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 Walton 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 BMO Amphitheatre totaled \$2,385,413 (2016 – \$292,618), \$78,724 for the SAM Centre (2016 – \$681,562) and \$840,206 (2016 – \$nil) for Walton Hall.

In 2016, the Foundation signed license and preferred access agreements with the Calgary Stampede to use each of the Agrium Western Event Centre and the OH Ranch Cookhouse for a 10 year term, expiring in 2026. The license fees due to the Calgary Stampede under these agreements were paid in 2017. The aggregate paid up license fee remaining for the related facilities is \$3,028,440 (2016 – \$3,236,176).

11 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

40% (2016 – 30%) of the Foundation's accounts receivable are from a diverse group and are subject to normal credit risks. 60% (2016 – 70%) 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.

12 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 2017, the Foundation board of directors internally restricted \$75,000 from the General Fund as a future capital replacement fund for the Youth Campus facilities.

Calgary Stampede Foundation

Notes to Consolidated Financial Statements

December 31, 2017

13 Government remittances recoverable and/or payable

At December 31, 2017, the Foundation had government remittances receivable relating to GST rebates of \$70,866 (2016 – \$249,350) and government remittances payable relating to payroll of \$6,564 (2016 – \$5,580).

14 Comparative figures

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