

PPCLI Foundation

Financial Statements

For the Year Ended 31 December 2012

PPCLI FOUNDATION
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31 December 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of PPCLI Foundation

Report on the financial statements

We have audited the accompanying financial statements of PPCLI Foundation, which comprise the statements of financial position as at December 31, 2012, and the statements of revenues and expenses, changes in fund balances and cash flows for the year ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 revenue, excess of revenue over expenses, current assets and net assets.

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

INDEPENDENT AUDITOR'S REPORT

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of PPCLI Foundation as at December 31, 2012 and the results of its operations and its cash flows for the year ended December 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

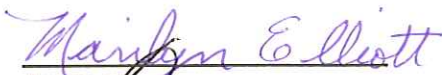
Thompson Penner & Lo LLP
Certified General Accountants


March 5, 2013
Calgary, Alberta, Canada

PPCLI Foundation
Statement of Financial Position
As at 31 December 2012 (with comparative data for 31 December 2011)

	<u>General Fund</u>	<u>HHC Fund</u>	<u>Total</u>	<u>2011</u>
ASSETS				
Current Assets				
Cash	\$ 53,791	\$ 6,014	\$ 59,805	\$ 42,119
Accounts Receivable	56,837	2,163	59,000	81,506
GST Recoverable	234	2,356	2,590	568
Prepaid Expenses	12,233	-	12,233	6,029
	<u>\$ 123,095</u>	<u>\$ 10,533</u>	<u>\$ 133,628</u>	<u>\$ 130,222</u>
Capital Assets				
Property & Equipment (Note 3)	\$ 290	\$ -	\$ 290	\$ 500
Start Up Costs (Note 4)	2,136	-	2,136	3,844
Intellectual Property (Note 4)	735	-	735	405
Settlement Property (Note 5)	1	-	1	1
	<u>3,162</u>	<u>-</u>	<u>3,162</u>	<u>4,750</u>
	<u>\$ 126,257</u>	<u>\$ 10,533</u>	<u>\$ 136,790</u>	<u>\$ 134,972</u>
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	\$ 4,111	\$ 1,950	\$ 6,061	\$ 3,200
Deferred Contributions (Note 6)	79,112	-	79,112	90,781
	<u>\$ 83,223</u>	<u>\$ 1,950</u>	<u>\$ 85,173</u>	<u>\$ 93,981</u>
Members Equity				
Settlement Property (Note 5)	\$ 1	\$ -	\$ 1	\$ 1
Fund Balance (Note 9)	43,033	8,583	51,616	40,990
	<u>43,034</u>	<u>8,583</u>	<u>51,617</u>	<u>40,991</u>
Total Liabilities and Equity	<u>\$ 126,257</u>	<u>\$ 10,533</u>	<u>\$ 136,790</u>	<u>\$ 134,972</u>

Signed on behalf of the Trustees:


Trustee


Trustee

See Accompanying Notes to Financial Statements

PPCLI Foundation
Statement of Revenue and Expenditures
For the Year Ended 31 December 2012 (with comparative data for the Year Ended 31 December 2011)

	General Fund	HHC Fund	Total	2011
REVENUE (Note 2.a)				
Donations	\$ 18,072	\$ -	\$ 18,072	\$ 31,398
Memberships	3,358	-	3,358	3,000
Corporate sponsorship & major gifts	10,000	-	10,000	50,000
Investment interest	46	15	61	-
Events	9,094	209,502	218,596	15,275
	<u>\$ 40,570</u>	<u>\$ 209,517</u>	<u>\$ 250,087</u>	<u>\$ 99,673</u>
EXPENDITURES				
Marketing and communications	\$ 3,021	\$ -	\$ 3,021	\$ 6,030
Banking and administrative	645	169	814	1,491
Professional fees				
Consultant	18,185	1,344	19,529	22,967
Bookkeeper	2,722	-	2,722	-
Auditor	2,338	1,950	4,288	3,200
Supplies and equipment				
Computer and software	4,519	-	4,519	5,277
Office supplies	622	-	622	465
Insurance	1,300	-	1,300	-
Event expenses	530	119,337	119,867	-
Travel	-	-	-	851
Amortization/Depreciation (Note 3)	1,961	-	1,961	1,402
	<u>\$ 35,843</u>	<u>\$ 122,800</u>	<u>\$ 158,643</u>	<u>\$ 41,683</u>
Excess of Revenue Over Expenditures Before Gifts to Eligible Donees	<u>\$ 4,727</u>	<u>\$ 86,717</u>	<u>\$ 91,444</u>	<u>\$ 57,990</u>
Gifts to Eligible Donees				
PPCLI Regimental Fund	\$ -	\$ 40,000	\$ 40,000	\$ 12,000
PPCLI Foundation	-	-	-	-
Calgary Military Family Resource Centre	4,318	-	4,318	5,000
Edmonton Military Family Resource Centre	6,000	-	6,000	-
Shilo Military Family Resource Centre	3,000	-	3,000	-
Hamilton Gault Memorial Fund	5,000	-	5,000	-
Amputee Coalition of Canada	-	20,000	20,000	-
British Columbia Regiment (DCO) Trust	2,500	-	2,500	-
Other (To be determined)	-	-	-	-
Total Gifts to Eligible Donees	<u>\$ 20,818</u>	<u>\$ 60,000</u>	<u>\$ 80,818</u>	<u>\$ 17,000</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (16,091)</u>	<u>\$ 26,717</u>	<u>\$ 10,626</u>	<u>\$ 40,990</u>

See Accompanying Notes to Financial Statements

PPCLI Foundation
Statement of Changes in Fund Balances
For the Year Ended 31 December 2012 (with comparative data for 2011)

	<u>General Fund</u>	<u>HHC Fund</u>	<u>Total</u>	<u>2011</u>
Balance at 1 January 2012	\$ 39,124	\$ 1,866	\$ 40,990	\$ -
Excess (Deficiency) of Revenue over Expenditures	(16,091)	26,717	10,626	40,990
Interfund Transfer (Note 7)	20,000	(20,000)	-	-
Balance at 31 December 2012	<u>\$ 43,033</u>	<u>\$ 8,583</u>	<u>\$ 51,616</u>	<u>\$ 40,990</u>

See Accompanying Notes to Financial Statements

PPCLI Foundation
Statement of Cash Flows
For the Year Ended 31 December 2012 (with comparative data for 2011)

	GENERAL FUND	HHC FUND	TOTAL	2011
OPERATIONS				
Excess (Deficiency) of revenue over expenditures	\$ (16,091)	\$ 26,717	\$ 10,626	\$ 40,990
Non-cash Expenditures	1,918	-	1,918	1,402
Change in Non-cash working capital	22,822	(17,350)	5,472	5,878
Cash from Operations	<u>\$ 8,649</u>	<u>\$ 9,367</u>	<u>\$ 18,016</u>	<u>\$ 48,270</u>
INVESTING				
Capital assets	(330)	-	(330)	(6,151)
INTERFUND TRANSFER	20,000	(20,000)	-	-
INCREASE (DECREASE) IN CASH	<u>\$ 28,319</u>	<u>\$ (10,633)</u>	<u>\$ 17,686</u>	<u>\$ 42,119</u>
CASH, BEGINNING OF THE YEAR	25,472	16,647	42,119	-
CASH, END OF THE YEAR	<u><u>\$ 53,791</u></u>	<u><u>\$ 6,014</u></u>	<u><u>\$ 59,805</u></u>	<u><u>\$ 42,119</u></u>

See Accompanying Notes to Financial Statements

PPCLI Foundation
Notes to the Audited Financial Statements
For the Year Ended 31 December 2012

1. PURPOSE OF THE ORGANIZATION

PPCLI Foundation (the "Foundation") is an independent and autonomous entity created by an irrevocable Deed of Trust on 27 August 2010. The Deed was made between Princess Patricia's Canadian Light Infantry and the Original Trustees of the Foundation. Under its Deed the Foundation operates with the following charitable purposes:

1. To fund and carry out activities and programs to support and care for Canadian military service personnel and former military service personnel in need;
2. To promote the efficiency of the armed forces of the Crown;
3. To fund and carry out activities and programs to establish and preserve monuments relating to military service by Canadian soldiers and service personnel; and
4. To make gifts to qualified donees.

Effective 7 February 2011 the Foundation was granted registered charitable status by Canada Revenue Agency. Therefore, under section 149.1(l) of the Income Tax Act, the Foundation is exempt from the payment of income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Accounting Standards for Not-For-Profit organizations. The Foundation adopted these standards from its inception.

In the opinion of the management of the Foundation the statements are prepared within reasonable limits of materiality and within the framework of the significant accounting policies as summarized below:

a. Revenue Recognition

The Foundation follows the deferred method of accounting for contributions.

Externally restricted contributions are recognized as revenue of the appropriate fund in which the related expenses are expected to be incurred.

Unrestricted contributions are recognized as revenue in the year in which the funds were received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b. Financial Year

As set out in Article II of the By-laws of the Foundation its financial year is the calendar year.

c. Fund Accounting

The General Fund contains the assets, liabilities, revenues and expenses related to the Foundation's operating activities.

The Heroes Hockey Challenge Fund contains the assets, liabilities, revenues and expenses related to Heroes Hockey Challenge 2012 events and activities and are restricted by the Heroes Hockey Challenge Events Management Agreement between the Foundation and its partners (see Note 11).

The establishment and maintenance of funds requires the approval of the Board of Trustees.

d. Property and Equipment

Property and equipment are recorded at cost. Amortization is recorded using the following methods and rate intended to amortize the cost of assets over their useful lives. The cost and methods are as follows:

Computer equipment	3 years	straight line
Start-up Costs *	3 years	straight line

* These are costs incurred in setting up the Foundation: Legal fees.

e. Financial Instruments

The Foundation classifies all financial instruments as trading and carries them at fair value. Unrealized gains and losses on trading assets are recognized as a charge to equity and reflected on the Statement of Financial Position as such. The fair value of financial instruments reported at fair value is based on current interest rates, market values, and the pricing of financial instruments with comparable terms.

f. Inventory

During the financial year, the Foundation held no inventory of goods for resale. In years in which such items may be held, those items will be valued at the lower of cost or net realizable value.

g. Contributed Services

Volunteers contribute numerous hours to assist the Foundation in carrying on its activities. Due to the difficulty of determining the fair value of these services contributed services, they are not recognized in the financial statements.

h. Basis of Comparison

As this is the second year of operation of the Foundation, the previous comparative year financial results include expenditures incurred from the inception of the Foundation on 27 August 2010 to 31 December 2011 as expenditures were incurred prior to the receipt of charitable status as of 7 February 2011.

3. PROPERTY AND EQUIPMENT

	<u>2012</u>	<u>2011</u>
Computers	\$ 620	\$ 620
Less accumulated amortization	<u>330</u>	<u>121</u>
	<u>\$ 290</u>	<u>\$ 499</u>

4. INTANGIBLE ASSETS

The Foundation incurred legal costs for the preparation of the Deed of Trust and charitable registration, which are being amortized over three years as stated in Note 2.d.

In 2011, the Foundation started the process to register a trademark on the Canadian House of Heroes name and logo and to conduct fundraising events. The final registration of the trademark is expected in 2013.

	<u>2012</u>	<u>2011</u>
Legal Fees	\$ 5,125	\$ 5,125
Less accumulated amortization	<u>(2,989)</u>	<u>(1,281)</u>
	2,136	3,844
Trademark	<u>735</u>	<u>405</u>
	<u>\$ 2,871</u>	<u>\$ 4,249</u>

5. SETTLEMENT PROPERTY

At the time of the execution of the Deed of Trust, the Settlor (Lieutenant-General R.R. Crabbe, Colonel of the Regiment) gave and transferred unto the Trustees one silver coin (the "Settlement Property"). This silver coin, duly mounted and framed, is held at the office of the Foundation. The Trustees acknowledged the receipt from the Settlor of such Settlement Property, which is to be held upon and agreed subject to the trusts hereof. The Trustees, subject to the provisions of the Deed of Trust, agree to accept such further, substituted or additional property, which the Settlor or any other person or persons may donate or settle on the Trust.

6. DEFERRED CONTRIBUTIONS FOR FUTURE OPERATIONS

Contributions were received in 2012 for expenditure in 2013 or subsequent years in respect of the Centennial Art Show, *Forging a Nation: Canada Goes to War*, the 2014 PPCLI 100th Anniversary Commemoration and the Abbotsford 2013 Heroes Challenge. These amounts are:

	<u>2012</u>	<u>2011</u>
<i>Forging a Nation: Canada Goes to War</i> Centennial Art Show	\$40,000	-
PPCLI 100 th Anniversary Commemoration -2014	1,000	1,000
Heroes Hockey Challenge 2012 Abbotsford	-	89,781
Heroes Hockey Challenge 2013 Abbotsford	<u>38,112</u>	-
Balance at 31 December 2012 (2011)	<u>\$79,112</u>	<u>\$90,781</u>

7. INTERFUND TRANSFERS

In 2012, the Trustees approved an interfund transfer of \$20,000 from the HHC Fund to the General Fund in respect of the Foundation's share of the initial distribution of the net proceeds from Heroes Hockey Challenge 2012 (see Note 9).

8. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, all of which are reported as fair value. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

9. HEROES HOCKEY CHALLENGE

During 2012 the Heroes Hockey Challenge partners agreed to wind-up the partnership and to distribute the funds as agreed in the Heroes Hockey Challenge 2012 Events Management Agreement. Under the terms of that agreement, the Foundation operated as the lead charity and banker for the Heroes Hockey Challenge 2012 events.

Under the terms of the Heroes Hockey Challenge 2012 Wind-Up Agreement, payments were made in 2012 as gifts to eligible donees or by interfund transfer as follows:

- a. Amputees Coalition of Canada - a gift to an eligible donee of \$20,000;
- b. PPCLI Regimental Fund - a gift to an eligible donee of \$40,000; and
- c. PPCLI Foundation - an interfund transfer from the HHC fund to the General Fund of \$20,000.

Based on the fund balance of \$8,583 at 31 December 2012, subject to any adjustments, remaining allocations to be made to the partners in the Spring of 2013 are:

- a. Amputees Coalition of Canada - \$2,146;
- b. PPCLI Regimental Fund - \$4,291; and
- c. PPCLI Foundation - \$2,146.

10. SUBSEQUENT EVENTS

During 2012 the Foundation made application to the Alberta Foundation for the Arts for a grant in support of *Forging a Nation: Canada Goes to War*, the PPCLI Centennial Art Show. On 3 January 2013, the Foundation was informed that its application had met with success and a grant of \$20,000 would be forthcoming.

Forging a Nation: Canada Goes to War will open at The Military Museums in Calgary in January 2014, in Edmonton in April 2014 and in Ottawa in August 2014. In addition to the support of the Alberta Foundation for the Arts, this exhibition of war art is being supported by the University of Calgary, The Royal Canadian Legion, the Calgary Poppy Fund, the Royal Alberta United Services Institute and by the Foundation itself.
