

PPCLI FOUNDATION

For the Soldier, the Wounded, the Fallen and their Families

Consolidated Financial Statements of

PPCLI FOUNDATION and For the Soldier Institute

Year ended December 31, 2016

(Unaudited)

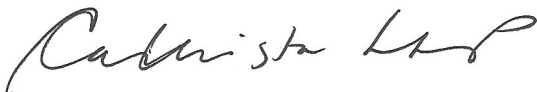
REVIEW ENGAGEMENT REPORT

To the Members of the PPCLI Foundation:

We have reviewed the statement of financial position of PPCLI Foundation as at December 31, 2016 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants

*Calgary, Canada
March 15, 2017*

PPCLI FOUNDATION

Consolidated Statement of Financial Position

As at December 31, 2016 (with comparative data for December 31, 2015)

(Unaudited)

	2016	2015
Assets		
Current assets		
Cash		
Accounts receivable	\$ 111,252	\$ 95,268
GST recoverable	-	1,920
Prepaid expenses	965	1,820
	<u>5,251</u>	<u>2,030</u>
	117,468	101,038
Investments, at fair value (note 4)	73,936	37,024
Capital assets		
Intangible assets (note 5)	6,553	6,553
	<u>\$ 197,957</u>	<u>\$ 144,615</u>

Liabilities and Members' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 5,000	\$ 4,253
Deferred contributions (note 6)	551	10,090
	<u>5,551</u>	<u>14,343</u>
PPCLI Foundation members' equity		
Settlement property (note 5)	1	1
Fund balances		
General Fund	110,552	93,247
For the Soldier Legacy Fund (note 4)	<u>73,936</u>	<u>37,024</u>
	184,489	130,272
<i>For the Soldier Institute members' equity</i>		
Capital	388	-
Excess of revenue over expenditures	<u>7,529</u>	<u>-</u>
	7,917	-
	<u>\$ 197,957</u>	<u>\$ 144,615</u>

See accompanying notes to financial statements.

Approved on behalf of the Trustees


Trustee


Trustee

PPCLI FOUNDATION

Consolidated Statement of Revenue and Expenditures

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

	Unrestricted Funds	FTS Legacy Fund	FTSI Fund	Total 2016	Total 2015
Revenue					
Donations	\$ 18,225	\$ 1,350	\$ -	\$ 19,575	\$ 21,551
Government grants and program	10,000	-	-	10,000	15,000
Partnership and major gifts	-	-	-	-	-
Events	47,594	-	67,614	115,208	86,738
Investment income	461	562	-	1,023	4,442
	76,280	1,912	67,614	145,806	127,731
Expenditures					
Events	12,289	-	-	12,289	60,276
Bank and service fees	1,549	-	85	1,634	2,841
Professional fees					
Office manager	4,000	-	-	4,000	36,736
Accountant	2,940	-	-	2,940	4,119
Legal	4,286	-	-	4,286	2,465
Fund-raising	10,250	-	-	10,250	10,250
Reviews and audits	6,730	-	-	6,730	9,174
Other	1,840	-	-	1,840	572
Supplies and equipment					
Computers and software	3,523	-	-	3,523	1,840
Office supplies	95	-	-	95	963
Insurance	2,524	-	-	2,524	2,408
Telephone	949	-	-	949	692
	50,975	--	85	51,060	132,336
Excess (deficiency) of revenue over expenditures before gifts	25,305	1,912	67,529	94,746	(4,605)
Gifts to eligible donees					
Outward Bound					
Canada Veterans Program	(10,000)	-	-	(10,000)	-
Calgary Military Family					
Resource Centre	(1,000)	-	-	(1,000)	-
Hamilton Gault Memorial Fund	(1,000)	-	-	(1,000)	-
Amputee Coalition of Canada	(10,000)	-	-	(10,000)	-
Soldier On	(1,000)	-	-	(1,000)	-
Vimy Foundation	-	-	(10,000)	(10,000)	-
Wounded Warriors	-	-	-	-	(5,000)
PPCLI Regimental Fund	-	-	-	-	(19,300)
	(23,000)	-	(10,000)	(33,000)	(24,300)
Excess (deficiency) of revenue over expenditures	\$ 2,305	\$ 1,912	\$ 57,529	\$ 61,746	\$ (28,905)

See accompanying notes to financial statements.

PPCLI FOUNDATION

Consolidated Statement of Changes in Fund Balance

Year ended December 31, 2016 (with comparative data for December 31, 2015)

(Unaudited)

	Unrestricted Funds	FTS Legacy Fund	FTSI Fund	Total 2016	Total 2015
Balance, beginning of year	\$ 93,248	\$ 37,024	\$ -	\$ 130,272	\$ 159,177
For the Soldier Institute incorporation	-	-	388	388	-
Excess (deficiency) of revenue over expenditures	2,305	1,912	57,529	61,746	(28,905)
Transfers	15,000	35,000	(50,000)	-	-
Balance, end of year	\$ 110,553	\$ 73,936	\$ 7,917	\$ 192,406	\$ 130,272
Foundation members' equity				\$ 184,489	\$ 130,272
For the Soldier Institute members' equity				7,917	-
Equity, end of period				\$ 192,406	\$ 130,272

PPCLI FOUNDATION

Consolidated Statement of Cash Flows

Year ended December 31, 2016 (with comparative data for December 31, 2015)

(Unaudited)

	2016	2015
Operations		
Excess (deficiency) of revenue over expenditures	\$ 61,746	\$ (28,905)
Non-cash expenditures	—	—
Change in non-cash working capital items	(9,238)	2,187
	52,508	(26,718)
Financing		
For the Soldier Institute incorporation	388	—
Investing		
Intangible assets	—	(3,675)
Investments		
Donations to For the Soldier Legacy Fund	(1,350)	(2,980)
Transfer from General Fund to For the Soldier Legacy Fund	(35,000)	—
Change in value of investments in For the Soldier Legacy Fund	(562)	(1,746)
	(36,912)	(8,401)
Increase (decrease) in cash	15,984	(35,119)
Cash, beginning of year	95,268	130,387
Cash, end of year	\$ 111,252*	\$ 95,268

* includes \$7,917 of restricted cash

See accompanying notes to financial statements.

PPCLI FOUNDATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

1. Formation of PPCLI Foundation

The Foundation is an independent and autonomous entity created by an irrevocable Deed of Trust on August 27, 2010. The deed was made between Princess Patricia's Canadian Light Infantry and the original trustees of the Foundation. Under the deed, the Foundation operates with the following charitable purposes:

- (a) To fund and carry out activities and programs to support and care for Canadian Military service personnel and former military service personnel in need.
- (b) To promote the efficiency of the armed forces of the Crown;
- (c) To fund and carry out activities and programs to establish and preserve monuments relating to military service by Canadian soldiers and service personnel; and
- (d) To make gifts to qualified donees.

Effective February 7, 2011 the Foundation was granted registered charitable status by Canada Revenue Agency. Therefore, under section 149 (1) (i) of the Income Act, the Foundation is exempt from the payment of income tax.

2. For the Soldier Institute

The Foundation promoted and funded the incorporation of *For the Soldier Institute*, a not for profit entity under the Alberta Societies Act. The Institute's stated purpose is to fund and carry out activities to support and care for current and former Canadian military service personnel.

For the Soldier Institute is managed by a five-member board of directors; three currently being trustees of the Foundation.

The Institute was granted casino eligibility by Alberta Gaming and Liquor Commission in 2015 and the Institute had its initial casino in June 2016.

The Foundation incurred \$8,985 of legal and other costs to establish *For the Soldier Institute* and support its application for a fund raising casino. Due to the uncertainty of the Foundation realizing any future benefit at the time the costs were incurred, the costs were reflected as an expense in the statement of revenue and expenses in the period the costs were incurred.

PPCLI FOUNDATION

Notes to the Consolidated Financial Statements, page 2

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

3. Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with accounting standards for not-for-profit organizations.

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

(a) Consolidated Presentation

The consolidated financial statements include the accounts of PPCLI Foundation and *For the Soldier Institute* as PPCLI Foundation and *For the Soldier Institute* have a common purpose and three of the five directors managing *For the Soldier Institute* are currently trustees of the Foundation.

(b) Revenue recognition

The entities follow the deferred method of accounting for contributions.

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.

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

(c) Financial year

PPCLI Foundation and *For the Soldier Institute* financial year is the calendar year.

(c) Fund accounting

The establishment and maintenance of funds requires the approval of the board of trustees of the Foundation.

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

For the Soldier Legacy Fund ("FTS Legacy Fund") contains the assets, liabilities, revenues and expenditures related a permanent endowment fund of the Foundation. The investments in this fund are managed by the board of trustees of the Foundation and the gifts granted for the needs of the military community are at the discretion of the board of trustees of the Foundation. Annual grants from this endowment fund are limited to a percentage of the market value of the invested funds.

PPCLI FOUNDATION

Notes to the Consolidated Financial Statements, page 3

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

For the Soldier Institute Fund ("FTSI Fund") contains the assets, revenues and expenditures related to For the Soldier Institute. The Institute board of directors manage the Institute activities. Gifts granted for the support and care for current and former Canadian military service personnel are at the discretion of the Institute board of directors.

(d) Property and equipment

- (i) Property and equipment are recorded at cost. Depreciation is recorded using rates and methods intended to amortize the cost of assets over their estimated useful lives. The computer equipment has been fully amortized using the straight line method over three years.
- (ii) Intangible capital assets are recorded at cost when they meet the definition of an asset as provided in the *CPA Canada Handbook – Accounting Part III*. Intangible capital assets with a determinate life are amortized over their estimated useful life on the straight line basis. Intangible capital assets with an indefinite life are not amortized. Intangible capital assets are reviewed annually to determine if there are any events or circumstances that indicate their value may be impaired, and if so, the asset would be written down to fair value.

(e) Financial instruments

The entities initially measure their financial assets and financial liabilities at fair value; thereafter, they measure all financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The financial assets measured at fair value include investments held in equity instruments.

(f) Inventory

During the period the entities 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 realized value.

(g) Contributed materials and services

The entities record at fair value those contributed materials and services for which fair value can be reliably determined and that would otherwise be purchased for use.

Volunteers contribute many hours to assist in carrying out the entities' activities. Due to the difficulty of determining the fair value of these contributed services, they are not recognized in the combined financial statements.

Contributions of works of art, artifacts and books are normally not recognized in the financial statements due to the difficulty of determining the fair value of these items.

PPCLI FOUNDATION

Notes to the Consolidated Financial Statements, page 4

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

4. Investments

In 2014 a donor contributed \$30,652 for the establishment of an initial permanent endowment fund, For the Soldier Legacy Fund. In August 2016 the trustees of the Foundation authorized the transfer of \$35,000 from the General Fund to For the Soldier Legacy Fund.

The investments in For the Soldier Legacy Fund are managed by the board of trustees of the Foundation who have engaged an investment manager. All funds are currently invested in a balanced equity fund.

Gifts granted from this endowment fund for the needs of the military community are at the discretion of the board of trustees of the Foundation. The annual grants from this endowment fund are limited to a percentage of the market value of the invested funds.

5. Intangible assets

	2016	2015
Trademarks	\$ 6,552	\$ 6,552
Settlement property	1	1
	\$ 6,553	\$ 6,553

The Foundation incurred legal costs to register trademarks on the Canadian House of Heroes and the Heroes Hockey Challenge name and logo.

At the time of the execution of the deed of trust the settler, Lieutenant-General R.R. Crabbe, Colonel of the Regiment, gave and transferred unto the Trustees a silver coin (the "settlement property"). The silver coin, duly mounted and framed, is held at the office of the Foundation. The Trustees acknowledged the receipt from the settler 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, agreed to accept such further, substituted or additional property, which the settler or any other person or persons may donate or settle on the held upon and agreed subject to the trusts hereof.

6. Deferred contributions for future operations

	2016	2015
Princess Patricia Personal Legacy Stone Project	\$ 551	\$ 90
Veteran Affairs Community Engagement Partnership Fund	-	10,000
	\$ 551	\$ 10,090

PPCLI FOUNDATION

Notes to the Consolidated Financial Statements, page 5

Year ended December 31, 2016 (with comparative data for 2015)

(Unaudited)

7. Comparative figure

Some of the comparative figures have been reclassified to conform to the current year's presentation.

8. Additional information required for regulatory purposes

- Gross contributions received were - \$144,783 (2015: \$124,041)
 - Gross contributions and interest received were used as follows:
 - Operating and event expenses - \$ 51,060 (2015: 132,336)
 - Gift to the PPCLI Regimental Fund exceeded 10% of gross contributions - \$ nil (2015: \$19,300)
 - Other gifts to eligible donees - \$33,000 (2015 \$5,000)
 - Excess of revenue over expenditures - \$61,746 (2015: \$(28,905))
 - Fundraising is a responsibility of a volunteer committee of the Foundation. The Foundation does not engage third parties for the purpose of soliciting contributions. Expenditures of \$22,539 (2015: 74,729), including \$12,289 (2015: \$64,479) of the event expenditures were incurred to obtain contributions.
 - \$nil (2014: \$nil) was paid as remuneration to employees whose principle duties involved fundraising.
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