



## PPCLI FOUNDATION

Financial Statements  
(Unaudited)  
**December 31, 2018**



June 27, 2019

## **Independent Practitioner's Review Engagement Report**

**To the Members of  
PPCLI Foundation**

### **Report on the financial statements**

We have reviewed the accompanying financial statements of PPCLI Foundation that comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in fund balances 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 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.

### **Practitioner's responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

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*PricewaterhouseCoopers LLP  
Stantec Tower, 10220 103 Avenue NW, Suite 2200, Edmonton, Alberta, Canada T5J 0K4  
T: +1 780 441 6700, F: +1 780 441 6776*



**Basis for qualified conclusion**

In common with many not-for-profit organizations, PPCLI Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of this revenue was limited to the amounts recorded in the records of PPCLI Foundation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, deficiency of revenue over expenditures, and cash flows from operations for the year ended December 31, 2018, and current assets and changes in fund balances as at December 31, 2018.

**Qualified conclusion**

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of PPCLI 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.

**Other matter**

The financial statements of the prior period were not subject to a review report or an audit engagement.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

# PPCLI Foundation

## Statement of Financial Position

(Unaudited)

As at December 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	66,464	130,103
Accounts receivable	20,166	-
GST recoverable	2,688	2,582
Prepaid expenses	312	61,038
	<u>89,630</u>	<u>193,723</u>
<b>Investments at fair value</b> (note 3)	114,935	83,352
<b>Tangible capital assets</b> (note 4)	870	-
<b>Intangible assets</b> (note 5)	6,553	6,553
	<u>211,988</u>	<u>283,628</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	12,481	5,000
Donations payable	4,642	-
Deferred contributions (note 6)	18,795	6,543
	<u>35,918</u>	<u>11,543</u>
<b>PPCLI Foundation Members' Fund Balances</b>		
<b>Settlement property</b>	1	1
<b>General fund</b>	61,134	188,732
<b>For the Soldier Legacy Fund</b> (note 3)	114,935	83,352
	<u>176,070</u>	<u>272,085</u>
	<u>211,988</u>	<u>283,628</u>

### Approved by the Board of Directors

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

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

# PPCLI Foundation

## Statement of Operations

(Unaudited)

For the year ended December 31, 2018

			2018	2017
	Unrestricted Fund \$	FTS Legacy Fund \$	Total \$	Total \$
<b>Revenue</b>				
Donations	20,293	-	20,293	15,491
Partnership and major gifts	-	33,000	33,000	25,000
Events	55,976	-	55,976	180,680
Investment income	65	(760)	(695)	8,545
	76,334	32,240	108,574	229,716
<b>Expenditures</b>				
Professional fees	92,717	657	93,374	7,580
Events	66,377	-	66,377	77,493
Combined Forces Production	12,203	-	12,203	-
Computers and software	3,430	-	3,430	5,252
Insurance	2,576	-	2,576	2,550
Bank and service fees	1,814	-	1,814	1,331
Office supplies	490	-	490	-
Entertainment and advertising	230	-	230	623
Depreciation	174	-	174	-
Other	59	-	59	1,090
Fundraising	-	-	-	1,200
	180,070	657	180,727	97,119
<b>(Deficiency) excess of revenue over expenditures before gifts</b>	(103,736)	31,583	(72,153)	132,597
<b>Gifts to eligible donees</b>				
Support Our Troops	4,642	-	4,642	-
Soldier On	1,000	-	1,000	6,000
Youth Education	18,220	-	18,220	-
Veteran Transition Network	-	-	-	35,000
Wounded Warriors	-	-	-	4,000
<b>(Deficiency) excess of revenue over expenditures for the year</b>	(127,598)	31,583	(96,015)	87,597

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

# PPCLI Foundation

## Statement of Changes in Fund Balances

(Unaudited)

For the year ended December 31, 2018

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			<b>2018</b>	<b>2017</b>
	<b>Unrestricted Fund \$</b>	<b>FTS Legacy Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Balance – Beginning of year</b>	188,732	83,352	272,084	184,487
(Deficiency) excess of revenue over expenditures for the year	(127,598)	31,583	(96,015)	87,597
<b>Balance – End of year</b>	61,134	114,935	176,069	272,084

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

# PPCLI Foundation

## Statement of Cash Flows

(Unaudited)

For the year ended December 31, 2018

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures for the year	(96,015)	87,597
Non-cash items		
Non-cash loss (gain) on investments	760	(8,116)
Depreciation	174	-
Changes in non-cash operating working capital items (note 7)	65,486	(51,412)
	<u>(29,595)</u>	<u>28,069</u>
<b>Investing activities</b>		
Cash invested in balanced equity fund	(33,000)	(1,300)
Purchase of tangible capital assets	(1,044)	-
	<u>(34,044)</u>	<u>(1,300)</u>
<b>Change in cash during the year</b>	(63,639)	26,769
<b>Cash – Beginning of year</b>	<u>130,103</u>	<u>103,334</u>
<b>Cash – End of year</b>	<u>66,464</u>	<u>130,103</u>

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

# PPCLI Foundation

## Notes to Financial Statements

(Unaudited)

December 31, 2018

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### 1 Formation of PPCLI Foundation

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:

- to fund and carry out activities and programs to support and care for Canadian Military service personnel and former military service personnel in need;
- to promote the efficiency of the armed forces of the Crown;
- to fund and carry out activities and programs to establish and preserve monuments relating to military service by Canadian soldiers and service personnel; and
- 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(i) of the Income Tax Act, the Foundation is exempt from the payment of income tax.

### 2 Summary of significant accounting policies

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

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

#### Fund accounting

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

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

For the Soldier Legacy Fund (FTS Legacy Fund) contains the assets, liabilities, revenue and expenditures of a permanent endowment fund of the Foundation. The investments in FTS Legacy Fund are managed by the board of trustees of the Foundation, who has engaged an investment manager. 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.



# PPCLI Foundation

## Notes to Financial Statements

(Unaudited)

December 31, 2018

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### 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.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

### Tangible capital assets

Tangible capital assets are recorded at cost. Depreciation is recorded using rates and methods intended to amortize the cost of assets over their estimated useful lives. The Foundation has the following:

Computer equipment	straight-line method over three years
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### Intangible capital assets

Intangible capital assets are recorded at cost when they meet the definition of an asset as provided in the Chartered Professional Accountants of Canada (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.

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

# PPCLI Foundation

## Notes to Financial Statements

(Unaudited)

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### 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 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.

### 3 Investments

In 2014, a donor contributed \$30,652 for the establishment of an initial permanent endowment fund, FTS Legacy Fund. The investments in FTS Legacy Fund are managed by the board of trustees of the Foundation, who has 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.

### 4 Tangible capital assets

				2018	2017
	Opening \$	Additions \$	Accumulated depreciation \$	Net \$	\$
Office equipment	620	-	620	-	-
Office computer	-	1,044	174	870	-
	620	1,044	794	870	-

### 5 Intangible assets

	2018 \$	2017 \$
Trademarks	6,552	6,552
Settlement property	1	1
	6,553	6,553

# PPCLI Foundation

## Notes to Financial Statements

(Unaudited)

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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

	2018 \$	2017 \$
Ramp Ceremony – Combined Forces	15,045	-
Gun Refurbishment (View West Foundation)	3,750	3,750
Veterans Affairs Community Engagement Partnership	-	2,000
Princess Patricia Personal Legacy Stone Project	-	793
	<hr/> 18,795	<hr/> 6,543

### 7 Schedule of changes in working capital

	2018 \$	2017 \$
Accounts receivable	(20,166)	-
GST recoverable	(106)	(1,617)
Prepaid expenses	60,726	(55,787)
Accounts payable and accrued liabilities	8,138	-
Donations payable	4,642	-
Deferred contributions	12,252	5,992
	<hr/> 65,486	<hr/> (51,412)

### 8 Related party balances and transactions

The Foundation has the ability to exercise significant influence over For The Soldier Institute (FTSI). Members of the Board of Directors of the Foundation are also members of the Board of Directors of FTSI, the Foundation participates in the policy-making process and from time to time interchange managerial personnel. FTSI's purpose is to fund and carry out activities and programs to support and care for Canadian Military Service Personnel and former Military Personnel. FTSI was incorporated under the Alberta Societies Act on July 24, 2014, was granted casino eligibility by Alberta Gaming, Liquor and Cannabis Commission in 2015 and conducted its first casino in 2016. Following the casino, FTSI donated \$50,000 to the Foundation. No balances are outstanding with FTSI at the end of the reporting period.

# **PPCLI Foundation**

Notes to Financial Statements

(Unaudited)

December 31, 2018

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## **9 Financial risk management**

### **Credit risk**

The Foundation, in the normal course of business, is exposed to credit risk with respect to its accounts receivable as the entire amount relates to one contribution receivable.

### **Liquidity risk**

Liquidity risk arises from the possibility the Foundation will not be able to meet a demand for cash resources when required to meet its financial obligations. The Foundation's key liquidity requirements are accounts payable and accrued liabilities and committed donations. The Foundation manages its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from operations.