

Financial statements of

**MLSE Foundation**

June 30, 2015

# MLSE Foundation

June 30, 2015

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## Independent Auditor's Report

To the Board of Directors of  
MLSE Foundation

We have audited the accompanying financial statements of MLSE Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2015, the statements of revenues and expenses and changes in net assets and of cash flows for the year then ended and 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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.

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

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Foundation derives part of its revenue from donations and fundraising events, 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. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess of revenue over expenses and cash flows from operations for the years ended June 30, 2015 and June 30, 2014, current assets as at June 30, 2015 and 2014 and net assets as at July 1, 2013, and 2014 and June 30, 2015 and 2014. Our audit opinion on the financial statements for the year ended June 30, 2014 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of MLSE Foundation as at June 30, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


*Deloitte LLP*

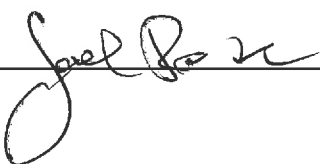
Chartered Professional Accountants  
Licensed Public Accountants  
October 22, 2015

**MLSE Foundation**  
**Statement of financial position**  
**as at June 30, 2015**

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	935,413	1,038,818
Short-term investments (Note 3)	1,304,250	298,227
Accounts receivable	561,583	516,700
Due from related party (Note 5)	109,305	92,363
Harmonized sales tax recoverable	65,639	171,306
Prepaid expenses and other assets	579	11,823
	<b>2,976,769</b>	<b>2,129,237</b>
Investment (Note 4)	-	250,000
	<b>2,976,769</b>	<b>2,379,237</b>
Commitments (Note 9)		
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	178,730	220,483
Deferred contributions (Note 6)	285,650	342,257
	<b>464,380</b>	<b>562,740</b>
<b>Net assets - unrestricted</b>	<b>2,512,389</b>	<b>1,816,497</b>
	<b>2,976,769</b>	<b>2,379,237</b>

Approved by Board

 Director

 Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# MLSE Foundation

## Statement of revenues and expenses and changes in net assets year ended June 30, 2015

	2015	2014
	\$	\$
<b>Revenues</b>		
Donations		
Cash	1,694,461	1,666,891
Give-a-Kid-a-Game program and other gifts-in-kind	263,643	578,790
Sponsorships	270,000	280,000
Fundraising		
50/50 programs (Note 7)	1,547,001	1,918,978
Events and activities	2,702,183	2,375,604
	<b>6,477,288</b>	6,820,263
Interest income	11,753	9,294
	<b>6,489,041</b>	6,829,557
<b>Expenses</b>		
Fundraising		
50/50 programs (Note 7)	433,622	1,176,729
Other (Note 8)	1,153,191	1,400,960
Gifts-in-kind	190,351	212,989
Administration (Note 8)	66,611	57,084
	<b>1,843,775</b>	2,847,762
Excess of revenues over expenses before charitable activities	<b>4,645,266</b>	3,981,795
Charitable activities		
Refurbishment grants	1,225,000	1,300,000
Other grants and sponsorships	2,458,391	1,956,120
Give-a-Kid-a-Game program	58,407	365,801
Other (Note 8)	207,576	151,448
	<b>3,949,374</b>	3,773,369
Excess of revenues over expenses for the year	<b>695,892</b>	208,426
Net assets - unrestricted, beginning of year	<b>1,816,497</b>	1,608,071
<b>Net assets - unrestricted, end of year</b>	<b>2,512,389</b>	1,816,497

The accompanying notes to the financial statements are an integral part of this financial statement.

# MLSE Foundation

## Statement of cash flows year ended June 30, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	695,892	208,426
Changes in non-cash working capital items		
Accounts receivable	(44,883)	(117,864)
Due from related party	(16,942)	432,241
Harmonized sales tax recoverable	105,667	(124,073)
Prepaid expenses and other assets	11,244	(9,455)
Accounts payable and accrued liabilities	(41,753)	(69,427)
Deferred contributions	(56,607)	(33,895)
	652,618	285,953
<b>Investing activity</b>		
Purchase of investments	(756,023)	(5,491)
(Decrease) increase in cash	(103,405)	280,462
Cash, beginning of year	1,038,818	758,356
<b>Cash, end of year</b>	<b>935,413</b>	<b>1,038,818</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# MLSE Foundation

## Notes to the financial statements

June 30, 2015

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### 1. Nature and status of Foundation

On March 7, 2013, the name of the Foundation was changed to MLSE Foundation (the "Foundation") from MLSE Team Up Foundation. The Foundation was incorporated under the Canada Corporations Act on October 24, 1994 and transitioned to the Canada Not-for-Profit Corporations Act on October 21, 2014. The Foundation is a Registered Charity under Section 149.1 of the Income Tax Act; accordingly, it is not subject to income tax provided certain conditions are complied with.

The main aims of the Foundation are to support the restoration, refurbishment and ongoing development of athletic, community and recreational facilities providing a safer environment for youth activities and to make charitable distributions in the form of grants, sponsorship and gifts-in-kind to registered charities in the Province of Ontario.

### 2. Significant accounting policies

#### *Financial statement presentation*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, published by the Chartered Professional Accountants of Canada.

The significant accounting policies are summarized below:

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at a fair value when the Foundation becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Short-term investments consist of guaranteed investment certificates ("GIC's") that are readily convertible into cash, without penalty. The GIC's are recorded at cost. Accrued interest is included in accounts receivable.

#### *Revenue recognition*

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### *Pledges*

Pledged donations are only recorded in the financial statements when received.

#### *Gifts-in-kind*

Gifts-in-kind are recorded at fair market value when received.

#### *Activities and expenses*

##### (i) Allocation of expenses

The Foundation engages in fundraising and charitable programs. The cost of each program includes the costs of personnel and other expenses that are directly related to the program. The Foundation also incurs salary and benefit expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates these salary and benefit expenses based on the approximate amount of time spent by related individuals or the proportionate share of the related expenses to the various categories. Corporate governance and general management expenses are not allocated.

The basis of allocation is reviewed by management on a regular basis.

Additional disclosure is provided in Note 8.



# MLSE Foundation

## Notes to the financial statements

June 30, 2015

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### 2. Significant accounting policies (continued)

#### *Activities and expenses (continued)*

##### (ii) 50/50 programs

In 2015, the Foundation entered into an agreement with Ontario Lottery and Gaming Corporation ("OLG") to assist with facilitation of 50/50 electronic draws at certain sporting events at the Air Canada Centre ("ACC"). OLG is responsible for conducting the draws, including supplying the technology and paying the prizes to the winners. The Foundation records the 40% of the ticket sales it receives for assisting with the facilitation of the draws as revenue and any direct costs it incurs related to the administration of the program as expenses.

The Foundation also conducts its own 50/50 draws at certain sporting events throughout the year. Where the Foundation obtains the lottery license for the draw and is responsible for paying the prize winners, gross ticket sales are recorded as revenue and expenses for the draw include prizes for the winners (50% of gross revenue), lottery licenses, ticket printing and other direct costs related to the administration of the program. The excess of revenues over expenses is granted and is included in Other grants and sponsorships.

Additional disclosure is provided in Note 7.

##### (iii) Other fundraising expenses

Other fundraising expenses are expenses directly attributable to donations, sponsorships and specific fundraising events and activities. An allocation of general support expenses is also included.

##### (iv) Refurbishment grants

Refurbishment grants are grants provided by the Foundation for the restoration, refurbishment and ongoing development of athletic, community and recreational facilities.

##### (v) Give-a-Kid-a-Game program

Through its Give-a-Kid-a-Game program, the Foundation arranges for tickets donated by season seat holders to be provided to children's charitable organizations for youth to attend certain sporting events that they would not otherwise be able to attend.

##### (vi) Other charitable activities

Other charitable activities include both the direct and allocated costs related to the Foundation providing grants and supporting its charitable partners as well as the restoration, refurbishment and ongoing development of athletic, community and recreational facilities.

#### *Contributed services*

The work of the Foundation is dependent on the donated services of many volunteers. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

#### *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 during the reporting period. Actual results could differ from those estimates. Amounts which require significant estimates include the allocation of expenses.

# MLSE Foundation

## Notes to the financial statements

June 30, 2015

### 3. Short-term investments

	Maturity	2015	2014
GICs		\$	\$
5-year non-redeemable GIC			
minimum effective annual interest rate of 1.267%			
maximum effective annual return of 3.714%			
dependent on market performance	March 2016	250,000	-
5-year GIC, redeemable on each anniversary date			
3.8% interest rate for the fifth year,			
5 year effective annual interest rate of 2.297%	March 2016	269,805	263,224
1-year GIC			
0.5% interest rate	February 2016	34,445	-
30 day GIC			
0.5% interest rate	July 2015	750,000	-
100 day GIC			
1.2% interest rate	July 2014	-	35,003
		1,304,250	298,227

### 4. Investment

	Maturity	2015	2014
		\$	\$
GIC			
5-year non-redeemable GIC			
minimum effective annual interest rate of 1.267%			
maximum effective annual return of 3.714%			
dependent on market performance	March 2016	-	250,000

### 5. Relationship with Maple Leaf Sports & Entertainment Ltd.

The Foundation works in conjunction with Maple Leaf Sports & Entertainment Ltd. ("MLSE") in utilizing the promotional benefits of the trademarks of the Toronto Maple Leafs, Toronto Raptors, Toronto Marlies and Toronto FC, and additional resources for its fundraising activities. The amounts due from MLSE are unsecured, interest free and due on demand.

During the year, MLSE made cash donations of \$400,000 (2014 - \$400,000) to the Foundation and purchased tickets to Foundation events of \$259,400 (2014 - \$289,000). In addition, MLSE directly incurred salaries and related operating costs on behalf of the Foundation of approximately \$545,000 (2014 - \$530,000).

# MLSE Foundation

## Notes to the financial statements

June 30, 2015

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### 6. Deferred contributions

Deferred contributions represent unspent resources externally restricted for specific program expenses, or donation to various charities and organizations. Changes in the deferred contributions balance are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	342,257	376,152
Amounts received during the year	3,669,044	3,075,246
Amounts recognized as revenue during the year	(3,725,651)	(3,109,141)
Balance, end of year	285,650	342,257

The Foundation has complied with the requirements of these restricted resources.

### 7. 50/50 Programs

	2015		
	OLG 50/50 Program	Other 50/50 Program	Total
	\$	\$	\$
<b>Revenue</b>			
Ticket sales	1,195,645	321,181	1,516,826
Sponsorship revenue	30,000	-	30,000
Interest income	175	-	175
	1,225,820	321,181	1,547,001
<b>Expenses</b>			
Prizes	-	140,202	140,202
Other	189,657	103,763	293,420
	189,657	243,965	433,622
Excess of revenue over expenses before charitable activities	1,036,163	77,216	1,113,379
Charitable activities - other grants and sponsorships	862,474	78,175	940,649
<b>Surplus (deficit)</b>	173,689	(959)	172,730

# MLSE Foundation

## Notes to the financial statements

June 30, 2015

### 7. 50/50 Programs (continued)

			2014
	OLG 50/50 Program	Other 50/50 Program	Total
	\$	\$	\$
<b>Revenue</b>			
Ticket sales	-	1,888,981	1,888,981
Sponsorship revenue	-	30,000	30,000
	-	1,918,981	1,918,981
<b>Expenses</b>			
Prizes	-	903,745	903,745
Other	-	272,984	272,984
	-	1,176,729	1,176,729
<b>Excess of revenue over expenses</b>			
before charitable activities	-	742,252	742,252
Charitable activities - other grants and sponsorships	-	745,837	745,837
<b>Surplus (deficit)</b>	-	(3,585)	(3,585)

### 8. Allocation of expenses

Salaries and benefits have been allocated as follows:

	2015	2014
	\$	\$
Other fundraising expenses	10,619	17,742
Other charitable activities (recovery)	-	(5,031)
Administration	3,540	6,191
	14,159	18,902

### 9. Commitments and contingencies

#### (i) Commitments

The Foundation has funding commitments for donations to charities and for specific programs. The future commitments are as follows:

	\$
2016	100,000
2017	350,000
2018	350,000
2019	350,000
2020	350,000
Thereafter (\$100,000 annually until 2024)	400,000
	1,900,000

# MLSE Foundation

## Notes to the financial statements

June 30, 2015

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### 9. Commitments and contingencies (continued)

The Foundation has pledges from MLSE of \$400,000 in 2016 towards the above commitments.

#### (ii) Contingencies

At June 30, 2015, the Foundation has an outstanding letter of credit to The City of Toronto totaling \$34,445 for 50/50 Lottery Licenses (2014 - \$34,445).

### 10. Guarantee

Indemnification has been provided to all directors and officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Foundation, subject to certain restrictions. As at June 30, 2015, no suits or actions were outstanding. The Foundation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions.

### 11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil (2014 - \$Nil) with respect to amounts owing to the Government.