

Financial statements of

MLSE Foundation

June 30, 2014

MLSE Foundation

June 30, 2014

Table of contents

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of revenues and expenses and changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6-10

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, 2014, 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, 2014 and June 30, 2013, current assets as at June 30, 2014 and June 30, 2013 and net assets as at July 1, 2012, and 2013 and June 30, 2014 and 2013. Our audit opinion on the financial statements for the year ended June 30, 2013 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, 2014 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, Chartered Accountants
Licensed Public Accountants
November 6, 2014

MLSE Foundation

Statement of financial position as at June 30, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash	1,038,818	758,356
Short-term investments (Note 3)	298,227	292,736
Accounts receivable	516,700	398,836
Due from related party (Note 5)	92,363	524,604
Harmonized sales tax recoverable	171,306	47,233
Prepaid expenses and other assets	11,823	2,368
	2,129,237	2,024,133
Investment (Note 4)	250,000	250,000
	2,379,237	2,274,133
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	220,483	289,910
Deferred contributions (Note 6)	342,257	376,152
	562,740	666,062
Net assets - unrestricted	1,816,497	1,608,071
	2,379,237	2,274,133

Approved by Board

 Director
 Director

MLSE Foundation

Statement of revenues and expenses and changes in net assets year ended June 30, 2014

	2014	2013
	\$	\$
Revenues		
Donations		
Cash	1,666,891	1,367,267
Give-a-Kid-a-Game program and other gifts-in-kind	578,790	493,539
Sponsorships	280,000	210,000
Fundraising		
50/50 program	1,918,978	1,298,805
Events and activities	2,375,604	1,823,197
	6,820,263	5,192,808
Interest income	9,294	8,361
	6,829,557	5,201,169
Expenses		
Fundraising		
50/50 program	1,176,729	755,557
Other (Note 7)	1,400,960	1,120,059
Gifts-in-kind	212,989	105,498
Administration (Note 7)	57,084	171,045
	2,847,762	2,152,159
Excess of revenues over expenses before charitable activities	3,981,795	3,049,010
Charitable activities		
Refurbishment grants	1,300,000	920,000
Other grants and sponsorships	1,956,120	1,195,528
Give-a-Kid-a-Game program	365,801	388,041
Other (Note 7)	151,448	350,171
	3,773,369	2,853,740
Excess of revenues over expenses for the year	208,426	195,270
Net assets - unrestricted, beginning of year	1,608,071	1,412,801
Net assets - unrestricted, end of year	1,816,497	1,608,071

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, 2014

	2014	2013
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	208,426	195,270
Changes in non-cash working capital items		
Accounts receivable	(117,864)	(120,941)
Due from related party	432,241	(511,685)
Harmonized sales tax recoverable	(124,073)	(19,715)
Prepaid expenses and other assets	(9,455)	13,260
Accounts payable and accrued liabilities	(69,427)	208,909
Deferred contributions	(33,895)	342,179
	285,953	107,277
Investing activity		
Short-term investments	(5,491)	(4,791)
Increase in cash	280,462	102,486
Cash, beginning of year	758,356	655,870
Cash, end of year	1,038,818	758,356

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

MLSE Foundation

Notes to the financial statements

June 30, 2014

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 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.

The investment consists of a GIC that is not readily convertible into cash, without penalty. The GIC is recorded at cost, which approximates amortized cost.

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.

MLSE Foundation

Notes to the financial statements

June 30, 2014

2. Significant accounting policies (continued)

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 a number of general support expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates certain of its general support 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 7.

(ii) 50/50 program

The Foundation conducts 50/50 draws at certain sporting events throughout the year. The expenses for these draws 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 for the program is granted and is included in Other grants and sponsorships.

(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 youth associated with children's charitable organizations 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, 2014

3. Short-term investments

	Maturity	2014	2013
		\$	\$
GICs			
5-year GIC, redeemable on each anniversary date 2.5% interest rate for the fourth year, 5 year effective annual interest rate of 2.297%	March 2015	263,224	258,063
100 day GIC 1.2% interest rate	July 2014	35,003	34,673
		298,227	292,736

4. Investment

	Maturity	2014	2013
		\$	\$
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	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 (2013 - \$600,000) to the Foundation and purchased tickets to Foundation events of \$289,000 (2013 - \$178,500). In addition, MLSE directly incurred salaries and related operating costs on behalf of the Foundation of approximately \$530,000 (2013 - \$Nil).

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:

	2014	2013
	\$	\$
Balance, beginning of year	376,152	33,973
Amounts received during the year	3,075,246	2,201,367
Amounts recognized as revenue during the year	(3,109,141)	(1,859,188)
Balance, end of year	342,257	376,152

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

MLSE Foundation

Notes to the financial statements

June 30, 2014

7. Allocation of expenses

General support expenses (recovery), including personnel costs, have been allocated as follows:

	2014		
	Salaries and benefits	General support and other	
	\$	\$	\$
Other fundraising expenses	17,742	-	17,742
Other charitable activities (recovery)	(5,031)	-	(5,031)
Administration	6,191	-	6,191
	18,902	-	18,902

	2013		
	Salaries and benefits	General support and other	
	\$	\$	\$
Other fundraising expenses	328,962	5,520	334,482
Other charitable activities	187,275	5,520	192,795
Administration	82,082	5,521	87,603
	598,319	16,561	614,880

8. Commitments and contingencies

(i) Commitments

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

	\$
2015	500,000
2016	100,000
2017	100,000
2018	100,000
	800,000

The Foundation has pledges from MLSE of \$400,000 in 2015 towards the above commitments.

In addition, the Foundation will contribute up to \$1,000,000 towards eligible construction costs of a project as costs are incurred. It is anticipated that the project will be completed in 2015.

(ii) Contingencies

At June 30, 2014, the Foundation has an outstanding letter of credit to The City of Toronto totaling \$34,445 for 50/50 Lottery Licenses (2013 - \$34,445).

MLSE Foundation

Notes to the financial statements

June 30, 2014

9. 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, 2014, 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.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil (2013 - \$657) with respect to amounts owing to the Government.