

Financial statements of

MLSE Team Up Foundation

June 30, 2012

MLSE Team Up Foundation

June 30, 2012

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Independent Auditor's Report

To the Board of Directors of
MLSE Team Up Foundation

We have audited the accompanying financial statements of MLSE Team Up Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2012 and the statements of revenues and expenses and changes in net assets and 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 generally accepted accounting principles, 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 and we were not able to determine whether any adjustments might be necessary to donations and fundraising events revenue, excess (deficiency) of revenue over expenses, current assets and net assets.

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 Team Up Foundation as at June 30, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

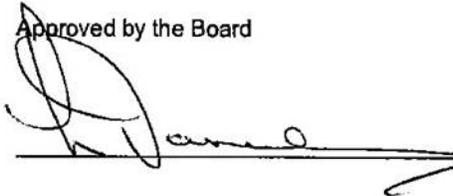
Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
October 25, 2012

MLSE Team Up Foundation

Statement of financial position as at June 30, 2012

	2012	2011
	\$	\$
Assets		
Current		
Cash	655,870	720,251
Short-term investments (Note 4)	287,945	284,445
Accounts receivable	277,895	176,315
Due from related party (Note 6)	12,919	-
HST recoverable	27,518	29,808
Prepaid expenses and other assets	15,628	21,495
	1,277,775	1,232,314
Investment (Note 5)	250,000	250,000
	1,527,775	1,482,314
Liabilities		
Current		
Accounts payable and accrued liabilities	81,001	52,840
Due to related party (Note 6)	-	43,858
Deferred contributions (Note 7)	33,973	69,852
	114,974	166,550
Net assets - unrestricted	1,412,801	1,315,764
	1,527,775	1,482,314

Approved by the Board


Director


Director

MLSE Team Up Foundation

Statement of revenues and expenses and changes in net assets year ended June 30, 2012

	2012	2011
	\$	\$
Revenues		
Donations		
Cash	888,854	662,288
Give-a-Kid-a-Game program and other gifts-in-kind	621,407	558,889
Sponsorships	210,000	210,000
Fundraising		
50/50 program	1,321,412	1,243,261
Other fundraising events and activities	1,397,706	1,394,042
	4,439,379	4,068,480
Interest income	7,534	15,752
	4,446,913	4,084,232
Expenses		
Fundraising		
50/50 program	774,217	726,730
Other fundraising expenses	663,449	657,754
Gifts-in-kind expenses	77,800	24,772
Administration	167,881	174,471
	1,683,347	1,583,727
Excess of revenues over expenses before charitable activities	2,763,566	2,500,505
Charitable activities		
Legacy program - refurbishment grants	715,433	660,501
Other grants and sponsorships	862,583	704,075
Give-a-Kid-a-Game program and other gifts-in-kind	544,418	530,757
Other	544,095	302,747
	2,666,529	2,198,080
Excess of revenues over expenses and charitable activities	97,037	302,425
Net assets - unrestricted, beginning of year	1,315,764	1,013,339
Net assets - unrestricted, end of year	1,412,801	1,315,764

MLSE Team Up Foundation

Statement of cash flows year ended June 30, 2012

	2012	2011
	\$	\$
Operating activities		
Excess of revenues over expenses and charitable activities	97,037	302,425
Change in non-cash working capital items		
Accounts receivable	(101,580)	8,764
Due from (to) related party	(56,777)	113,280
HST recoverable	2,290	(14,409)
Prepaid expenses and other assets	5,867	49,266
Accounts payable and accrued liabilities	28,161	(7,500)
Deferred contributions	(35,879)	44,852
	(60,881)	496,678
Investing activities		
Short-term investments	(3,500)	367,875
Investment	-	(250,000)
	(3,500)	117,875
(Decrease) increase in cash	(64,381)	614,553
Cash, beginning of year	720,251	105,698
Cash, end of year	655,870	720,251

MLSE Team Up Foundation

Notes to the financial statements

June 30, 2012

1. Nature and status of Foundation

On July 2, 2009, the name of the Foundation was changed to MLSE Team Up Foundation (the "Foundation") from Raptors 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. Changes in accounting policies and future accounting changes

Future accounting changes

In December 2010, the Canadian Institute of Chartered Accountants ("CICA") issued accounting standards for Not-for-Profit Organizations (Part III of the CICA Handbook – Accounting). Effective for fiscal years beginning on or after January 1, 2012, Not-for-Profit organizations are required to adopt either Part III of the CICA Handbook – Accounting, or International Financial Reporting Standards (Part I of the CICA Handbook – Accounting). Earlier adoption is permitted. The Foundation currently plans to adopt the new accounting standards for Not-for-Profit organizations for its fiscal year beginning on July 1, 2012, and is currently evaluating the impact of adoption.

3. Significant accounting policies

Financial statement presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the deferral method of reporting restricted contributions.

The significant accounting policies followed in the preparation of these financial statements are as follows:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. Settlement date accounting is used.

<u>Asset/liability</u>	<u>Category</u>
Cash	Held for trading
Short-term investments	Held for trading
Accounts receivable	Loans and receivables
Investment	Held to maturity
Due to/from related party	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of revenues and expenses in the current year. Held to maturity items and loans and receivables are carried at amortized cost, using the effective interest method, net of any impairments. Other financial liabilities are carried at amortized cost, using the effective interest method.

As allowed under CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", the Foundation has elected not to account for certain non-financial contracts as derivatives and to not account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The Foundation has elected to follow the disclosure requirements of CICA Handbook Section 3861 – "Financial Instruments – Disclosure and Presentation."

MLSE Team Up Foundation

Notes to the financial statements

June 30, 2012

3. Significant accounting policies (continued)

Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's") that are readily convertible into cash, without penalty. The GIC's are recorded at fair value and adjusted for accrued interest which is included in accounts receivable.

Investment

The investment consists of a GIC that is not readily convertible into cash, without penalty. The GIC is recorded at 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts-in-kind

Gifts-in-kind are recorded at fair market value as revenue when received and as an expense when utilized or as a charitable activity when donated.

Activities and expenses

(i) Allocation of expenses

The Foundation engages in fundraising and charitable programs. The costs of each program include 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 organization and each of its programs.

The Foundation allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense. The Foundation allocates its related expenses based on the approximate time spent by related individuals or the proportional share of the related expenses to the various categories. Corporate governance and general management expenses are not allocated.

Additional disclosure is included in Note 8.

(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.

(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) Legacy program - refurbishment grants

Legacy program - refurbishment grant 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 and other gifts-in-kind

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.

MLSE Team Up Foundation

Notes to the financial statements

June 30, 2012

3. Significant accounting policies (continued)

(vi) Other charitable activities

Other charitable activities include both the direct and allocated costs related to the Foundation providing grants and supporting 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.

Capital disclosures

In accordance with the recommendations of CICA Handbook Section 1535, *Capital Disclosures*, the Foundation discloses information about externally imposed capital requirements and the Foundation's objectives, policies and processes for managing capital. The Foundation has provided the required disclosures in Note 11.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 requiring significant estimates include the allocation of expenses and the fair market value of short-term investments.

4. Short-term investments

	Maturity	2012	2011
		\$	\$
GICs			
5-year GIC, redeemable on each anniversary date 1.8% interest rate for the first year, 5 year effective annual interest rate of 2.297%	March 2016	253,500	250,000
24 month GIC 1.5% interest rate	September 2012	34,445	34,445
		287,945	284,445

5. Investment

	Maturity	2012	2011
		\$	\$
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

The amortized cost of \$250,000 (2011 - \$250,000) plus any accrued interest of \$4,216 (2011 - \$1,044) approximates its fair market value.

MLSE Team Up Foundation

Notes to the financial statements

June 30, 2012

6. Relationship with Maple Leaf Sports & Entertainment Ltd.

The Foundation works in conjunction with the 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 to or from MLSE are unsecured, interest free and due on demand.

7. 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:

	2012	2011
	\$	\$
Balance, beginning of year	69,852	25,000
Amounts received during the year	1,392,636	1,210,957
Amounts recognized as revenue during the year	(1,428,515)	(1,166,105)
Balance, end of year	33,973	69,852

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

8. Allocation of expenses

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

	2012		
	Salaries and benefits	General support and other	
	\$	\$	\$
Other fundraising expenses	285,112	4,686	289,798
Other charitable activities	191,571	9,270	200,841
Administration	79,302	9,270	88,572
	555,985	23,226	579,211

	2011		
	Salaries and benefits	General support and other	
	\$	\$	\$
Other fundraising expenses	205,346	10,838	216,184
Other charitable activities	211,698	12,374	224,072
Administration	75,091	10,839	85,930
	492,135	34,051	526,186

MLSE Team Up Foundation

Notes to the financial statements

June 30, 2012

9. Commitments and contingencies

(i) Commitments

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

	\$
2013	500,000

(ii) Contingencies

At June 30, 2012, the Foundation had a contingent liability for an outstanding letter of credit to The City of Toronto totaling \$34,445 for 50/50 Lottery Licenses (2011 - \$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, 2012 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. Capital disclosures

The Foundation's objective in managing capital is to ensure sufficient liquidity to meet current operational requirements and future commitments. Management considers capital to be the unrestricted net assets and deferred contributions as shown on the statement of financial position.

12. Comparative figures

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