CALGARY 2026 BID CORPORATION

Financial Statements

March 31, 2019

CALGARY 2026 BID CORPORATION

Index to the Financial Statements

For the period from June 7, 2018 (date of incorporation) to March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Calgary 2026 Bid Corporation

Opinion

We have audited the financial statements of Calgary 2026 Bid Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the period from June 7, 2018 (date of incorporation) to March 31, 2019 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Voluntary Windup

We draw attention to Note 1 in the financial statements, which indicates that the Corporation is not proceeding with the bid to hold the 2026 Olympic and Paralympic Winter Games. The Board of Directors of the Corporation approved taking steps to voluntarily windup the Corporation on or before May 31, 2019. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or cease operations, or has no realistic alternative but to do so.

(continues)

Independent Auditor's Report to the Directors of Calgary 2026 Bid Corporation *(continued)*

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 30, 2019

CALGARY 2026 BID CORPORATION
Statement of Financial Position
As at March 31, 2019

Assets	
Current	
Cash	$ 4,277,468
Short term investment (note 3)	10,000
Goods and services tax rebate receivable	47,672
	$ 4,335,140
Liabilities and Net Assets	
Current	
Accounts payable and accrued liabilities	$ 118,142
Distribution liabilities (note 4)	4,216,998
	4,335,140
Net Assets	-
	$ 4,335,140

Approved on behalf of the Board of Directors:

Director: ______________________

Director: ______________________

The accompanying notes form an integral part of the financial statements

CALGARY 2026 BID CORPORATION

Statement of Operations

For the period from June 7, 2018 (date of incorporation) to March 31, 2019

Revenue	
Contributions recognized (note 4)	$ 6,530,255
Expenses (note 5)	
Office of the Chief Executive Officer	603,177
Bid development	2,052,387
Finance, legal & administration	1,289,013
International relations & revenue	508,563
Marketing & communications	2,077,115
	6,530,255
Excess of revenue over expenses	$ -

The accompanying notes form an integral part of the financial statements

CALGARY 2026 BID CORPORATION
Statement of Changes in Net Assets
For the period from June 7, 2018 (date of incorporation) to March 31, 2019

Net assets, beginning of period	$ -
Excess of revenue over expenses	-
Net assets, end of period	$ -

The accompanying notes form an integral part of the financial statements.

CALGARY 2026 BID CORPORATION
Statement of Cash Flows
For the period from June 7, 2018 (date of incorporation) to March 31, 2019

Operating activities	
Excess of revenue over expenses	$ -
Changes in non-cash working capital	
Goods and services tax rebate receivable	(47,672)
Accounts payable and accrued liabilities	118,142
Distribution liabilities (note 4)	4,216,998
Cash flows from operating activities	4,287,468
Investing activities	
Purchase of short term investment	(10,000)
Cash flows used in investing activities	(10,000)
Increase in cash	4,277,468
Cash, beginning of period	-
Cash, end of period	$ 4,277,468

The accompanying notes form an integral part of the financial statements

1. Description of the organization

Calgary 2026 Bid Corporation (the "Corporation) was incorporated as a federal not-for-profit organization on June 7, 2018 (the "date of incorporation") under the Canada Not -for-Profit Corporations Act with corporation number 1082964-1.

The Corporation was established with a purpose of supporting and promoting the development of sport and amateur athletics in Canada through the development and promotion of a bid (the "Bid") to hold the 2026 Olympic and Paralympic Winter Games (the "OPWG") in the city of Calgary, the town of Canmore and surrounding and other areas as needed to host the OPWG (the "Purpose").

General By-Law Number 1 of the Corporation authorized seven (7) classes of Members, each class with its own rights, for purposes of membership of the Corporation. During the period covered by these financial statements, six (6) classes of Members were in place:

(a) Her Majesty the Queen in right of Canada (the "GOC");

(b) Her Majesty the Queen in right of Alberta (the "GOA");

(c) The City of Calgary ("The City");

(d) The Town of Canmore;

(e) Canadian Paralympic Committee/Comite Paralympique Canadien, a federal not for profit Corporation (the "CPC"); and

(f) Canadian Olympic Committee/Comite Olympique Canadien, a federal not for profit Corporation (the "COC").

On March 14, 2019, the GOC resigned as a member of the Corporation.

Since the date of incorporation, the Corporation was not controlled, nor subject to significant influence, by an entity or any individual.

The City in its capacity as a municipal government carried out a vote of electors on November 13, 2018 (the "Plebiscite") which asked electors whether they were for or against The City hosting the OPWG and the result of such vote was that a majority of voting electors were against. In turn, The City decided not to proceed with the Bid and the Board of Directors (the "Board") of the Corporation approved taking steps to voluntarily windup the Corporation. The date of dissolution is anticipated to be on or prior to May 31, 2019 upon the passing of a Special Resolution of the Members of the Corporation and Special Resolutions of each Class of Members approving the dissolution of the Corporation. The dissolution of the Corporation will be executed in accordance with the terms and conditions of the dissolution agreement to be entered into between the Corporation, The City and the GOA (the "Dissolution Agreement").

During the period from date of incorporation to March 31, 2019, the Corporation entered into the following contribution agreements (collectively, the "Contribution Agreements"):

(a) The GOA entered into a grant funding agreement with the Corporation signed on September 27, 2018, whereby the GOA advanced $2,000,000 on October 12, 2018 to the Corporation in support of the Bid development (the "GOA Second Contribution Agreement"). In accordance with this agreement, the GOA committed a total of $5,000,000 to the Corporation to be used towards the Bid. As a result of the outcome of the Plebiscite, the remaining amounts committed were not payable to the Corporation.

The GOA also separately entered into a grant funding agreement signed July 10, 2018 with The City and provided funding of $5,000,000 directly to The City (the "GOA First Contribution Agreement"). Thereby, the aggregate commitment from the GOA was $10,000,000 for the development of the Bid.

(b) The GOC entered into a contribution agreement with the Corporation signed October 24, 2018 and the GOC committed to fund a maximum amount of $10,500,000 towards eligible project costs incurred by the Corporation in carrying out the Bid (the "GOC Contribution Agreement"). The GOC entered into an amendment to this agreement with the Corporation signed March 14, 2019, whereby it confirmed advances of $4,883,000 made to date to the Corporation and certain key concepts to be consistent with the Funding Arrangement Agreement (the "FAA"); and

1. Description of the organization (continued)

(c) The City did not enter into a separate funding agreement with the Corporation. Effective March 31, 2019, the Corporation, The City and the GOA entered into the FAA. This agreement confirmed key concepts relevant to the accounting for the overall Project. The FAA confirmed that The City committed $9,500,000 towards the development of the Bid. The FAA confirmed The City's advance of $4,436,740 towards the Bid, which is represented by aggregate gross amounts advanced and expensed of $9,436,740, net of the $5,000,000 funded through the GOA First Contribution Agreement.

Furthermore, the FAA confirmed key project terms to facilitate the consistency of accounting for the overall project including the following:
(i) the definition of the Project is aligned with the Purpose of the Corporation;
(ii) the period of the Project is defined from October 17, 2016 to the date of dissolution of the Corporation;
(iii) the Project Cost is defined to as an aggregate of gross costs net of GST rebates or refunds of expenses incurred by The City and the Corporation during the period of the Project, and for certainty, clarified that the Project Costs excludes (a) costs incurred by the GOC, the GOA and The City on account of their respective OPWG secretariats; and (b) any pro bono services provided to the GOC, the GOA, The City and the Corporation;
(iv) clarifying that the concept of distribution amount is inclusive of any amounts to be transferred to the cash reserve to be established in the Dissolution Agreement and also represents the contractual liabilities established pursuant to the Contribution Agreements to return excess funds (collectively the "Distribution Liabilities"); and
(v) establishing a mechanism for determining the resulting distribution amounts based on the overall Project due to each funding partner at date of dissolution of the Corporation (the "Project Financials Summary").

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as described in Part III of the CPA Canada Handbook and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Use of estimates

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates. Key estimates relate to accruals for services provided to the Corporation and distribution liabilities due at date of dissolution.

b) Revenue recognition

The Corporation follows the deferral method of accounting for contributions. All the contributions received by the Corporation were restricted to be used for the Purpose. Restricted contributions are recognized as revenue in the period in which related expenses are incurred. Contributions received in excess of current period expenses are deferred and recognized as a distribution liability.

The Corporation did not have contribution receivable amounts to be recognized as at March 31, 2019, as all advances were received from the City, the GOA and the GOC during the period June 7, 2018 to March 31, 2019. In accordance with the Contribution Agreements, no amounts were outstanding as conditions for future contributions were not met due to the outcome of the Plebiscite.

c) Contributed services

Professional service providers and volunteers contributed a significant number of hours to assist the Corporation with activities related to the Bid and anticipated dissolution of the Corporation. As it is difficult based on nature of these services to determine their fair value, contributed services are not recognized in these financial statements.

2. Significant accounting policies (continued)

d) Presentation of expenses in statement of operations

Expenses are presented by function in the statement of operations consistent with groupings used for managing the Bid development activities and also align with expenditure categories outlined in the GOC Contribution Agreement. Disclosure of expenses by nature is separately disclosed in note 5 to these financial statements.

e) Property and equipment

Property and equipment with a cost below $2,000 are expensed in the period acquired. Upon sale of property and equipment items, the funds received are applied as a refund against the corresponding expense.

f) Distribution liability

Deferred contributions received for future expenses are recognized as a contractual liability for each funding partner based on the Proportionate Commitment as defined in the FAA. In accordance with the Contribution Agreements, the Corporation is contractually required to return the excess funds received not utilized for expenses incurred for the Purpose. The final distribution liability for each funding partner will be determined at the date of dissolution, being the aggregate of net funds available for distribution to each funding partner at dissolution and the funds to be held in trust for a term of eight (8) years following dissolution of the Corporation.

g) Financial instruments

All financial instruments are initially recognized at fair market value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. All financial assets and liabilities are measured at amortized cost. The Corporation assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment which is not considered temporary is included in current period statement of operations.

h) Goods and Services Tax ('GST") receivable

GST paid on materials and services is recoverable at 50% of the amount paid as a rebate, if deemed eligible for a rebate. The unrecoverable portion is recorded as an expense allocated by function and by nature.

i) Income taxes

The Corporation is a not-for-profit organization that is organized and operated solely for any other purpose except profit and accordingly, is exempt from paying provincial, and federal income and capital taxes

3. Short term investment

Short term investment is a one year cashable guaranteed investment certificate ("GIC") with an interest rate of 1.5% per annum issued by a Canadian Chartered Bank. The maturity date will be prior to August 16, 2019 upon dissolution of the Corporation when accrued interest will be received. This investment is externally restricted, as the Corporation's credit cards are secured by the GIC.

4. Distribution liabilities

a) Determination of distribution amounts owed as at March 31, 2019

In accordance with the FAA, the Corporation is required to determine the distribution amount owed based on the Proportionate Commitment applied to the Project Cost incurred from October 17, 2016 to date of dissolution of the Corporation. The Proportionate Commitment as defined in the FAA is determined as each funding partner's pro rata share of the aggregate funds of $30,000,000 committed to the development of the Bid.

At date of dissolution, the Corporation will settle the distribution amounts representing the aggregate of the amounts due to each of the funding partners (the "Net Funds available to be distributed to Funding Partners") and the amounts to be transferred to the cash reserve to be held with the trustee (the "Funds to be held in Trust). For purposes of determining the distribution amounts as at March 31, 2019, the Funds to be held in Trust was estimated to be $400,000. The Funds to be held in Trust will be managed in accordance with the trustee agreement between the GOA and the GOC (the "Beneficiaries") and the Corporation, and a separate arrangement with the GOC, whereby the remaining funds after a term of 8 years will be returned to each funding partner based on their respective Proportionate Commitment.

As at March 31, 2019, the Project Costs from October 17, 2016 to March 31, 2019 was approximately $12,102,742, which is the aggregate of the Project Cost incurred to June 6, 2018 of $5,572,487 by The City and $6,530,255 incurred by the Corporation, respectively. In accordance with the FAA, the total Amount Owed in accordance with the Proportionate Commitment is the Project Costs from October 17, 2016 to March 31, 2019 and the amounts to be transferred to the cash reserve to be established in the Dissolution Agreement. The Distribution liabilities as at March 31, 2019 was determined in accordance with the Project Financials Summary for the overall Project, as follows:

	Proportionate Commitment	Amount Owed in accordance with Proportionate Commitment		Actual Contribution to Bid Development		Distribution Amount	Net Funds available to be Distributed to Funding Partners	Funds to be held in Trust
GOC	35.00%	$ 4,375,960		$ 4,883,000		$ 647,040	$ 507,040	$ 140,000
GOA	33.33%	4,167,581		7,000,000		2,965,753	2,832,420	133,333
The City	31.67%	3,959,201		4,436,740	(i)	604,205	477,538	126,667
Total	100.00%	$ 12,502,742	(ii)	$ 16,319,740		$ 4,216,998	$ 3,816,998	$ 400,000

(i) Effective March 12, 2019, the Corporation and The City entered into an expense reimbursement agreement; whereby The City was reimbursed for expenses incurred during the period from June 7, 2018 to November 30, 2018. The City was reimbursed in cash for an aggregate amount of $3,864,253 that represents the City contribution to the development of the Bid subsequent to the incorporation of the Corporation. This amount is included in the aggregate contribution of the City of $4,436,740 towards the Project as defined in the FAA.

(ii) At the date of dissolution of the Corporation, the Amount Owed in accordance with Proportionate Commitment will be determined based on the Project Costs incurred for the period from October 17, 2016 to the date of dissolution and will, therefore, include any Project Costs of the Corporation to be incurred for the period from April 1, 2019 and onwards, which were not factored into the determination of the distribution liabilities in these financial statements.

b) Distribution liabilities as at March 31, 2019

Balance as at June 7, 2018	$ -	
Contributions received during the period	10,747,253	
GOC	4,883,000	
GOA	2,000,000	
The City	3,864,253	(i)
Recognized as revenue during the period	(6,530,255)	
Balance as at March 31, 2019	$ 4,216,998	

Distribution liabilities as at March 31, 2019 consists of:

GOC	$ 647,040
GOA	2,965,753
The City	604,205
	$ 4,216,998

5. Expenses by nature

Employee salaries, benefits and remittances paid	$ 583,364
Contractors	2,129,361
Office of the Chief Executive Officer	286,009
Bid development	1,269,826
Finance, legal & administration	53,163
International relations & revenue	142,169
Marketing & communications	378,194
Community engagement activities	171,886
Legal fees	366,973
Other professional fees	90,265
Insurance	10,685
IT software and equipment	23,854
Office facilities and services	126,756
Foreign exchange	46,936
Consulting fees	704,393
Office of the Chief Executive Officer	102,805
Bid development	414,700
Finance, legal & administration	99,885
International relations & revenue	7,349
Marketing & communications	79,654
Domestic and international public relations	366,861
Research expenses	54,963
Donation expense	1,000
Advertising	476,894
Photography, image bank and signage	38,715
Production (Audio, visual and online)	466,683
Social, digital and website design and maintenance	231,427
Bid book preparation and translation services	155,001
Clothing and uniforms for ANOC presentation	12,215
Printing	38,140
Transaction, processing and administration fees	179,736
Meals (including contractors and consultants)	35,651
Travel, accommodation, car rental and parking (including contractors and consultants)	218,496
	$ 6,530,255

6. Commitments

The Corporation is committed to lease office space until May 31, 2019 at a fixed monthly fee. Future minimum lease payments

2019	$ 4,000

7. Related party transactions

The following related party transactions were identified during the period presented in these financial statements:

(a) The funding partners (the GOC, the GOA and The City) were also members of the Corporation, but the distribution amounts due at date of dissolution are amounts owed in accordance with the Contribution Agreements as funding partners, not as members of the Corporation. See Notes 1 and 4 for funding received by the Corporation and the distribution amounts owed at date of dissolution of the Corporation.

7. Related party transactions (continued)

(b) The Directors were not paid remuneration in their capacity as directors of the Corporation, which is consistent with the General By-Law Number 1 of the Corporation (the "By-Law").

(c) Consistent with the By-Law, the directors of the Corporation are entitled to be reimbursed for reasonable expenses incurred in the performance of their duties. The Chair of the Board was reimbursed through an independent entity, at which the Chair of the Board acts as an executive director, that incurred the expenses. This entity was reimbursed an aggregate amount of $26,701 which represents an amount of $2,576 for actual expenses incurred by the Chair of the Board in this role and an amount of $24,125 for actual business expenses incurred on behalf of the Corporation prior to the Corporation receiving government funding.

(d) A law firm at which the Corporate Secretary of the Corporation is a partner was paid $329,412 during the period of these financial statements for general legal services. An amount of $321,572 is included in expensed legal fees for the period. An amount of $26,719 is included in accounts payable and accrued liabilities as at March 31, 2019. In addition, this firm also provided pro bono services to the Corporation consistent with its proposal for corporate secretarial and legal services. These pro bono services are not accounted for nor disclosed in these financial statements consistent with the Corporation's accounting policy for "Contributed Services".

All the aforementioned related party transactions were in the normal course of operations and have been valued at the exchange amount which was the amount of consideration established i.e. paid in cash.

8. Financial instruments

The Corporation's financial instruments recognized in the statement of financial position consist of cash, short term investment, accounts payable, accrued liabilities, and distribution liabilities. Due to their short term nature, the carrying value of these financial instruments approximate their fair value.