

EDMONTON OILERS COMMUNITY FOUNDATION

Financial Statements

June 30, 2020

COPY - COPY



INDEPENDENT AUDITORS' REPORT

To the Members of Edmonton Oilers Community Foundation

Opinion

We have audited the accompanying financial statements of Edmonton Oilers Community Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2020 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2020, 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.

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 Responsibility* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibility

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 Foundation'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 Foundation'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 Foundation 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.

[REDACTED]

Chartered Professional Accountants

[REDACTED]

[REDACTED]

EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Financial Position****As at June 30, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,208,708	\$ 1,081,614
Restricted cash and cash equivalents (Note 3)	2,286,235	3,010,175
Accounts receivable	506,883	240,480
Prepays	-	17,500
	<u>4,001,826</u>	<u>4,349,769</u>
PROPERTY AND EQUIPMENT (Note 5)	<u>5,291,958</u>	<u>5,344,696</u>
	<u>\$ 9,293,784</u>	<u>\$ 9,694,465</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 389,222	\$ 408,617
Deferred contribution revenue	<u>338,077</u>	<u>200,000</u>
	727,299	608,617
CONTINGENCIES AND COMMITMENTS (Note 6)		
NET ASSETS	<u>8,566,485</u>	<u>9,085,848</u>
	<u>\$ 9,293,784</u>	<u>\$ 9,694,465</u>

COPY 1



EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Revenues and Expenditures****Year Ended June 30, 2020**

	2020	2019
RECEIPTS		
Event night 50/50 <i>(Schedule 1)</i>	\$ 5,942,499	\$ 6,805,689
Special events <i>(Schedule 2)</i>	622,900	875,626
Game Day auctions <i>(Schedule 3)</i>	554,947	739,211
General fundraising <i>(Schedule 4)</i>	524,781	643,683
Seats for Kids	287,164	567,239
Hockey Helps Kids	250,000	275,000
Online auction	249,575	295,834
Hockey Program	185,825	-
Interest revenue	76,121	94,361
	<u>8,693,812</u>	<u>10,296,643</u>
DISBURSEMENTS		
Event night 50/50 <i>(Schedule 1)</i>	4,252,294	4,613,299
General administrative costs	496,100	486,872
Game Day auctions <i>(Schedule 3)</i>	394,871	486,082
Special events <i>(Schedule 2)</i>	332,025	552,636
Depreciation	262,423	287,935
General fundraising costs <i>(Schedule 4)</i>	116,018	117,708
Hockey Helps Kids	88,059	93,703
Online auction	80,435	121,824
	<u>6,022,225</u>	<u>6,760,059</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS BEFORE CHARITABLE ACTIVITIES	<u>2,671,587</u>	<u>3,536,584</u>
CHARITABLE ACTIVITIES		
Charitable donations	1,776,713	2,631,420
Hockey Program	613,758	781,628
Seats for Kids	287,164	567,239
ICH operating expense	239,768	248,922
ICE school	151,285	157,022
DCA programing expense	122,262	102,846
	<u>3,190,950</u>	<u>4,489,077</u>
DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (519,363)</u>	<u>\$ (952,493)</u>

EDMONTON OILERS COMMUNITY FOUNDATION

Statement of Changes in Net Assets

Year Ended June 30, 2020

2020						
	Unrestricted	Restricted for Legacy Project (Note3)	Restricted for ICH Project (Note 3)	Restricted for Hockey Program - Gaming (Note 3)	Restricted for DCA Program (Note 3)	Total
NET ASSETS - BEGINNING OF YEAR	\$ 890,997	\$ 642,605	\$ 5,817,032	\$ 878,463	\$ 856,751	\$ 9,085,848
Excess of disbursements over receipts	200,643	(190,827)	(434,117)	15,274	(110,336)	(519,363)
Inter-fund transfers	-	893,737	-	(893,737)	-	-
Transfer (to) from ICH maintenance fund	(100,000)	-	100,000	-	-	-
NET ASSETS - END OF YEAR	\$ 991,640	\$ 1,345,515	\$ 5,482,915	\$ -	\$ 746,415	\$ 8,566,485

2019						
	Unrestricted	Restricted for Legacy Project (Note3)	Restricted for ICH Project (Note 3)	Restricted for Hockey Program (Note 3)	Restricted for DCA Program (Note 3)	Total
NET ASSETS - BEGINNING OF YEAR	\$ 717,820	\$ 1,031,506	\$ 6,163,543	\$ 1,181,508	\$ 943,964	\$ 10,038,341
Excess of disbursements over receipts	887,519	(439,489)	(446,511)	(866,799)	(87,213)	(952,493)
Inter-fund transfers	(713,754)	50,000	100,000	563,754	-	-
Investment in property and equipment	(588)	588	-	-	-	-
NET ASSETS - END OF YEAR	\$ 890,997	\$ 642,605	\$ 5,817,032	\$ 878,463	\$ 856,751	\$ 9,085,848

COPY



EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Cash Flows****Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash receipts from donors and customers	\$ 8,489,367	\$ 10,157,395
Cash paid for prize payouts and to suppliers	(5,761,698)	(6,864,586)
Cash paid to charities	(1,776,713)	(2,631,420)
Cash paid for charitable activities	(1,414,237)	(1,857,657)
Interest received	76,120	94,361
	<u>(387,161)</u>	<u>(1,101,907)</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(209,685)</u>	<u>(588)</u>
DECREASE IN CASH	(596,846)	(1,102,495)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,091,789</u>	<u>5,194,284</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,494,943</u>	<u>\$ 4,091,789</u>
CASH CONSISTS OF:		
Total cash and cash equivalents	\$ 3,494,943	\$ 4,091,789
Less: restricted cash and cash equivalents	<u>(2,286,235)</u>	<u>(3,010,175)</u>
Unrestricted cash and cash equivalents	<u>\$ 1,208,708</u>	<u>\$ 1,081,614</u>

COPY 1



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2020

1. LEGAL FORM AND OBJECTIVES

Edmonton Oilers Community Foundation, hereinafter referred to as the "Foundation", was formed in 1990 under the Societies Act of Alberta. The Foundation is a registered charity for purposes of the Income Tax Act (Canada) and is exempt from income taxes.

The Foundation is dedicated to building strong, vibrant, safe communities by demonstrating philanthropic leadership. The Foundation is committed to developing legacy projects that will improve the quality of life in Edmonton and the region, and to provide support to charitable organizations for youth in the areas of education, health and wellness and hockey programming.

2. ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and include the following significant accounting policies:

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and cash equivalents

The Foundation considers all highly liquid investments purchased with original maturities of one year or less at the time of purchase to be cash equivalents.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance
Leasehold improvements	10 years	straight-line over the term of the lease plus first renewal term
Equipment	20%	declining balance
Furniture and fixtures	20%	declining balance
Computer equipment	55%	declining balance

Contributed Services and Donations in Kind

Volunteers contribute services to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining the fair market value, contributed services are not recognized in the financial statements. Goods donated in kind are recognized at fair market value where deemed material by management.



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2020

2. ACCOUNTING POLICIES (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. General donations and contributions are recognized in the period received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured.

Revenues received and costs incurred that relate to fundraising campaigns or events of the next fiscal year are recorded as deferred contributions and prepaid assets respectively.

Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in receipts and disbursements. All other financial instruments are reported at amortized cost, and tested for impairment when there are indications of impairment. A previously recognized impairment loss may be reversed to a maximum of the original impairment. The amount of the write-down and any subsequent reversal is recognized in income in the period realized. Transaction costs on the acquisition, sale, or issue of financial instruments that are measured at fair value are expensed when incurred. Transaction costs and financing fees incurred on the acquisition, sale, or issue of all other financial instruments are added or netted against the carrying value of the instrument and are then recognized over the expected life of the instrument using the straight-line method. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant currency or credit risks arising from these financial statements. The Foundation is subject to interest rate risk to the extent that cash is invested in fixed rate savings investments.

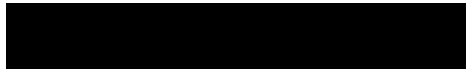
3. RESTRICTION ON NET ASSETS

The Board of Directors of the Foundation and external parties have restricted the use of net assets of \$7,684,530 (2019 - \$8,194,851) in total.

\$5,482,915 of net assets are restricted for the Inner City High ("ICH") Project which provides a safe environment for inner city youth to complete their high school diploma. The Foundation has agreed to meet future funding commitments as well as provide the land and building for school operations until June 30, 2020. At year-end, \$5,038,389 is invested in property and equipment for ICH and cash of \$444,526 is restricted to fund future operating commitments.

\$1,345,515 of net assets are restricted for the Legacy Project Fund which seeks to invest in projects that will improve the quality of life in Edmonton and the region and to provide support to charitable organizations in the area of youth, education, health and wellness. At year-end, \$229,721 is invested in property and equipment for the Legacy Project Fund and cash of \$1,115,794 is restricted to fund future projects to be determined by management and the Board of Directors and is not available for other purposes without approval of the Board of Directors and the Alberta Gaming & Liquor Commission.

\$746,415 of net assets are restricted for the Downtown Community Area ("DCA") Fund which was established to provide programs in the DCA targeted at low-income and high needs residents of Edmonton. The DCA Fund is jointly administered and the programs collaboratively planned and implemented with the Oilers Entertainment Group and the City of Edmonton. At year-end, \$20,500 is invested in property and equipment for the DCA fund and cash of \$725,915 is restricted to fund future operating commitments.



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2020

4. AMOUNTS DUE FROM / TO AND TRANSACTIONS WITH ASSOCIATED PARTIES

Through its affiliation with the Edmonton Oilers Hockey Club ("EOHC"), the Foundation enters into various transactions with EOHC and its related entities. While the Foundation is dependant on the continued affiliation with EOHC and certain members of the board of directors are employed by entities related to EOHC, the Foundation is not controlled by EOHC and the majority of the board are third party members of the community. Transactions with EOHC and its related entities are recorded at the exchange amount as mutually agreed to by the parties and in management's opinion are fair value.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	2020 Net book value	2019 Net book value
<i>Restricted - Inner City High Project (Note 3)</i>				
Land	\$ 163,000	\$ -	\$ 163,000	\$ 163,000
Buildings	6,696,001	1,821,907	4,874,094	4,893,172
Furniture and equipment	23,898	22,603	1,295	1,619
	6,882,899	1,844,510	5,038,389	5,057,791
<i>Restricted - Legacy Project Fund (Note 3)</i>				
Leasehold improvements	314,768	112,920	201,848	233,325
Equipment	238,193	216,471	21,722	41,384
Furniture and equipment	15,732	9,581	6,151	7,688
	568,693	113,132	229,721	282,397
<i>Restricted - DCA Fund (Note 3)</i>				
Equipment	22,778	2,278	20,500	-
<i>Charitable activities</i>				
Furniture and equipment	7,686	4,671	3,015	3,769
Computer equipment	7,819	7,486	333	739
	15,505	12,157	3,348	4,508
	\$ 7,489,875	\$ 1,972,077	\$ 5,291,958	\$ 5,344,696



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2020

6. CONTINGENCIES AND COMMITMENTS

i) Uncertainty

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response to this, governments across the world, including the Canadian government, enacted emergency measures to limit the spread of the virus. These measures, which include travel bans, mandatory self-quarantine period, social gathering limits, and social distancing have impacted commercial activity globally, resulting in an economic slowdown.

The duration and impact of the COVID-19 pandemic is unknown at this time. However, the current economic environment has had and will continue to have an adverse impact on the Foundation including but not limited to, reductions in receipts and cash flows for certain programs and increased risk of non-payment of accounts receivables. The preparation of these financial statements includes management's best estimates regarding the known impact of COVID-19. However, estimates and judgments made are subject to a higher degree of measurement uncertainty during this period. It is unknown at this time what the effect will be on the Foundation's future financial position and operating results due to a prolonged global response to this pandemic.

ii) Lease

The Foundation has entered into a lease agreement for the ICE School for a period of five years, ending on September 16, 2021. The lease commitment is \$25,651 per year.

iii) Commitments

The Board of Directors of the Foundation has committed to fund charitable activities and donations to various local organizations as follows:

	Unrestricted	Restricted	Total Column
2021	\$ 6,000	\$ 659,118	\$ 665,118
2022	6,000	399,221	405,221
2023	6,000	250,000	256,000
2024	6,000	50,000	56,000
2025	6,000	50,000	56,000
Thereafter	6,000	50,000	56,000
	<u>\$ 36,000</u>	<u>\$ 1,458,339</u>	<u>\$ 1,494,339</u>

7. COMPARATIVE FIGURES

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

8. RISK MANAGEMENT ACTIVITIES

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Foundation mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly does not anticipate significant loss for non-performance.

EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2020

8 RISK MANAGEMENT ACTIVITIES (continued)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's guaranteed investment certificates bear interest at variable interest rates. Management has not entered into any interest rate swaps at year-end.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Receipts from fundraising and donations allow the Foundation to meet their cash requirements.

9. SUBSEQUENT EVENT

June 30, 2020 marked the conclusion of the Inner City High commitment. With the conclusion of the commitment, the Foundation gifted the land and building to the Inner City High Development Association subsequent to the year-end, at the net book value of \$5,038,389.

COPY - COPIES



EDMONTON OILERS COMMUNITY FOUNDATION**Event Night 50/50 Receipts and Disbursements***(Schedule 1)***Year Ended June 30, 2020**

	2020	2019
RECEIPTS		
50/50	\$ 5,942,499	\$ 6,805,689
DISBURSEMENTS		
Prize pay-outs	3,197,348	3,368,955
License and rights fees	874,775	1,036,738
General and administrative costs	180,171	207,606
	<u>4,252,294</u>	<u>4,613,299</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 1,690,205</u>	<u>\$ 2,192,390</u>

Special Events Receipts and Disbursements*(Schedule 2)***Year Ended June 30, 2020**

	2020	2019
RECEIPTS		
Golf Tournament	\$ 503,015	\$ -
Hockey Fights Cancer	96,760	94,010
Shirts Off Our Backs	23,125	22,247
Iron & Frost Gala	-	759,369
	<u>622,900</u>	<u>875,626</u>
DISBURSEMENTS		
Golf Tournament	293,674	-
Hockey Fights Cancer	34,321	26,370
Shirt Off Our Backs	4,030	3,546
Iron & Frost Gala	-	522,720
	<u>332,025</u>	<u>552,636</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 290,875</u>	<u>\$ 322,990</u>



EDMONTON OILERS COMMUNITY FOUNDATION**Game Day Auctions Receipts and Disbursements
Year Ended June 30, 2020***(Schedule 3)*

	2020	2019
RECEIPTS	\$ 554,947	\$ 739,211
DISBURSEMENTS		
Game Day auction costs	382,640	469,533
Credit card fees	12,231	16,210
Printing	-	339
	<u>394,871</u>	<u>486,082</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 160,076	\$ 253,129

**General Fundraising Receipts and Disbursements
Year Ended June 30, 2020***(Schedule 4)*

	2020	2019
RECEIPTS		
Donations	\$ 266,773	\$ 298,589
License plate program	84,397	129,471
Skills Competition	78,546	91,080
Brickley Bears	33,133	-
Centennial Greatest Celebration	25,000	25,000
Hunter appearances	23,049	18,542
WE Scare Hunger	8,883	-
Molson 3 Cup Stars	5,000	6,000
Golf Tournament	-	75,000
	<u>524,781</u>	<u>643,683</u>
DISBURSEMENTS		
Cost of fundraising	116,018	117,708
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 408,763	\$ 525,974

