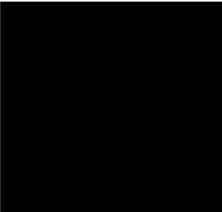


# **Ottawa Senators Foundation**

Financial Statements  
**July 31, 2018**



October 24, 2018

## **Independent Auditor's Report**

### **To the Members of Ottawa Senators Foundation**

We have audited the accompanying financial statements of Ottawa Senators Foundation, which comprise the statement of financial position as at July 31, 2018 and the statements of changes in fund balances, operations and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

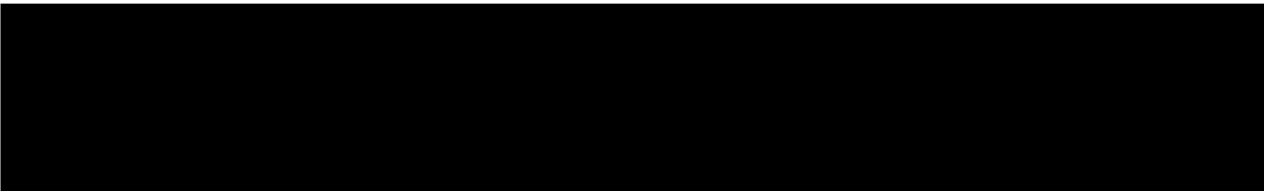
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 is sufficient and appropriate to provide a basis for our audit opinion.





**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Senators Foundation as at July 31, 2018 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.



# Ottawa Senators Foundation

## Statement of Financial Position

As at July 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	3,089,783	2,318,640
Restricted short-term investment (note 3)	-	140,000
Accounts receivable	254,846	338,798
Accounts receivable from related parties (note 5)	93,030	99,196
Inventory	53,023	46,112
Prepaid expenses	185,434	73,216
	<u>3,676,116</u>	<u>3,015,962</u>
<b>Capital assets (note 8)</b>	<u>117,007</u>	<u>132,419</u>
	<u>3,793,123</u>	<u>3,148,381</u>
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	753,956	776,434
Accounts payable and accrued liabilities to related parties (note 5)	78,056	43,565
Deferred contributions (note 9)	1,010,330	695,038
	<u>1,842,342</u>	<u>1,515,037</u>
<b>Fund balances</b>		
General	1,046,102	1,313,915
Restricted - Revolving Reserve (note 12)	600,000	-
Restricted - Roger Neilson House	304,679	319,429
	<u>1,950,781</u>	<u>1,633,344</u>
	<u>3,793,123</u>	<u>3,148,381</u>
<b>Commitments (note 4)</b>		

### Approved by the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

**Ottawa Senators Foundation**  
**Statement of Changes in Fund Balances**  
**For the year ended July 31, 2018**

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	Balance - Beginning of year \$	Net revenue for the year \$	Transfers \$	Balance - End of year \$
General	1,313,915	332,187	(600,000)	1,046,102
Restricted				
Revolving Reserve (note 12)	-	-	600,000	600,000
Roger Neilson House	319,429	(14,750)	-	304,679
	<u>1,633,344</u>	<u>317,437</u>	<u>-</u>	<u>1,950,781</u>

The accompanying notes are an integral part of these financial statements.

# Ottawa Senators Foundation

## Statement of Operations

For the year ended July 31, 2018

	2018 \$	2017 \$
<b>Revenue</b>		
Fundraising (note 11)	4,391,377	4,442,940
Community events	1,381,890	1,099,336
Donations and gifts	733,287	646,067
	<u>6,506,554</u>	<u>6,188,343</u>
<b>Expense</b>		
Fundraising (note 10 and 11)	2,775,602	2,748,396
Community events (note 10)	369,021	372,746
Donations and gifts (note 10)	163,743	116,983
Administrative	515,869	482,625
Donations (note 7)	2,395,377	2,034,700
	<u>6,219,612</u>	<u>5,755,450</u>
<b>Net revenue before the undernoted</b>	286,942	432,893
<b>Bank interest and investment income</b>	30,495	19,273
<b>Net revenue for the year</b>	<u>317,437</u>	<u>452,166</u>

The accompanying notes are an integral part of these financial statements.

# Ottawa Senators Foundation

## Statement of Cash Flows

For the year ended July 31, 2018

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	317,437	452,166
Item not affecting cash		
Amortization of capital assets	20,307	21,360
Net change in non-cash of working capital items		
Accounts receivable	83,952	89,900
Accounts receivable from related parties	6,166	91,256
Inventory	(6,911)	(1,094)
Prepaid expenses	(112,218)	(12,382)
Accounts payable and accrued liabilities	(22,479)	232,369
Accounts payable and accrued liabilities from related parties	34,491	(42,533)
Deferred contributions	315,292	65,665
	<u>636,037</u>	<u>896,707</u>
<b>Investing activities</b>		
Purchase of capital assets	(4,894)	-
Proceeds on sale (purchase) of investment	140,000	(140,000)
	<u>135,106</u>	<u>(140,000)</u>
<b>Net change in cash during the year</b>	771,143	756,707
<b>Cash - Beginning of year</b>	<u>2,318,640</u>	<u>1,561,933</u>
<b>Cash - End of year</b>	<u>3,089,783</u>	<u>2,318,640</u>

The accompanying notes are an integral part of these financial statements.

# Ottawa Senators Foundation

## Notes to Financial Statements

July 31, 2018

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### 1 Primary purpose

Ottawa Senators Foundation (“the Foundation”) was incorporated under letters patent dated January 21, 1998. The Foundation solicits donations and contributions and carries on events in order to donate funds and make donations in-kind to registered charities and other organizations. The Foundation empowers children and youth to reach their full potential by investing in incredible social recreation and education programs that promote both physical and mental wellness.

The Foundation, a registered charity, is incorporated under the provisions of the Canada Not-for-profit Corporations Act and is exempt from income taxes under section 149(1)(f) of the Income Tax Act (Canada).

### 2 Summary of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

#### Fund accounting

The Foundation uses fund accounting to report revenue and expense for specific activities.

The General Fund accounts for general fundraising and administrative activities.

The Restricted – Revolving Reserve Fund was established by the Board of Directors to fund the commitments and operations of the Foundation in the event of an ██████ season stoppage.

The Restricted – Roger Neilson House Fund accounted for revenue and related expenses where donors specifically identified the use of the funds for Roger Neilson House for Palliative Care (“Roger Neilson House”). Roger Neilson House promotes the celebration of life and paediatric palliative care including respite care for children, youths and families, anchored in an innovative, family-centred, holistic approach. This Fund became inactive upon the signing of new agreements with Roger Neilson House on December 22, 2015. Effective with the signing of the new agreements, amounts received by the Foundation that are to be used for Roger Neilson House are recorded in accordance with the Foundation’s revenue recognition policy for externally restricted contributions. At the discretion of the Foundation, the Restricted – Roger Neilson House Fund balance will be donated to Roger Neilson House (note 7).



# Ottawa Senators Foundation

## Notes to Financial Statements

July 31, 2018

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### Financial instruments

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry fixed income investments at fair value, determined by the closing unit market price.

### Capital assets

Capital assets are initially recorded at cost.

Capital assets are amortized on the following bases:

Furniture, fixtures and equipment		20% declining balance
Leasehold improvements	Straight-line over the term of the lease (10 years)	
Computer equipment		20% declining balance

The Foundation tests the recoverability of capital assets whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The Foundation records an impairment loss in the year when it is determined that the carrying amount of the asset may not be recoverable from estimated undiscounted future cash flows expected to be generated from that asset's use and eventual disposal. An impairment loss, if any, is calculated as the amount by which the carrying amount of the asset exceeds the estimated discounted future cash flows expected to be generated from the asset's use and eventual disposal.

### Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis, and current replacement cost.

### Allocated expenses

A portion of general support expenses is allocated to fundraising, community events, and donations and gift expenses. These expenses are allocated based on a percentage of the net revenue earned.

### Revenue recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the related event or program has been completed. Externally restricted contributions received in advance for events and programs that have not yet been provided are deferred and recognized as revenue in the year in which the associated event or program is held.

# Ottawa Senators Foundation

## Notes to Financial Statements

July 31, 2018

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### Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to Foundation programs and events. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

### 3 Restricted short-term investment

The guaranteed investment certificate earning interest at 1.15% annually matured on December 27, 2017. This investment was restricted as a requirement of the Foundation's 50/50 program per the agreement with the Alcohol and Gaming Commission of Ontario (AGCO). The restriction was removed by AGCO during the year ended July 31, 2018.

### 4 Commitments

#### Donations

The Foundation is committed to provide various organizations with donations as follows:

	\$
Year ending July 31, 2019	247,500
2020	110,000
2021	85,000
	<u>442,500</u>

#### Lease

The Foundation is committed to a 10-year office space lease agreement with [REDACTED] (note 5) terminating on July 31, 2024, as follows:

	\$
Year ending July 31, 2019	56,980
2020	78,750
2021	78,750
2022	78,750
2023	78,750
2024	72,188
	<u>444,168</u>

# Ottawa Senators Foundation

## Notes to Financial Statements

July 31, 2018

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### 5 Economic dependence and related party transactions

The [REDACTED] ("Entertainment") entered into a sponsorship agreement dated August 1, 2017, for the period from August 1, 2017 to July 31, 2020, with the mutual right to renew for one year.

Entertainment owns and operates the [REDACTED] ("the Senators"). The rights granted to the Foundation pursuant to the sponsorship agreement represent a material component of the Foundation's charitable fundraising activities and as a result, the Foundation is economically dependent on Entertainment and the Senators.

Pursuant to the sponsorship agreement the Foundation contracts services from Entertainment for accounting, information technology, human resources, marketing and sales. Services contracted during the year totalled \$224,106 (2017 - \$191,312).

Also during the year, the Foundation purchased hockey tickets in the aggregate amount of \$100,776 (2017 - \$59,977) from Entertainment.

Under agreements with Entertainment and [REDACTED] "Properties", revenue from some contracts is shared. Properties owns and operates [REDACTED]. During the year, the Foundation recognized \$473,022 (2017 - \$520,790) in revenue from shared contracts.

At year-end, accounts payable and accrued liabilities to related parties are amounts due to Entertainment and Properties and accounts receivable from related parties are amounts due from Entertainment and Properties. These accounts receivable and accounts payable and accrued liabilities are non-interest bearing.

### 6 Financial risks

#### Credit risk

The Foundation has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks. The Foundation's donor base consists of a large number of diverse donors and as a result, concentration with respect to trade receivables is not significant.

### 7 Donations to Roger Neilson House

A \$350,000 donation was made to Roger Neilson House (2017 - \$325,000), of which \$14,750 (2017 - \$92,571) is recorded in the Restricted - Roger Neilson House Fund.

# Ottawa Senators Foundation

## Notes to Financial Statements

July 31, 2018

### 8 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture, fixtures and equipment	35,952	22,146	13,806	17,257
Leasehold improvements	160,966	65,697	95,269	111,367
Computer equipment	11,673	3,741	7,932	3,795
	<u>208,591</u>	<u>91,584</u>	<u>117,007</u>	<u>132,419</u>

### 9 Deferred contributions

Deferred contributions represent unspent funds for specific programs. A continuity of deferred contributions for the year is as follows.

	2018 \$	2017 \$
Balance - Beginning of year	695,038	629,373
Add: Funds received from contributors	1,701,196	1,102,707
Less: Funds recognized as revenue	<u>(1,385,904)</u>	<u>(1,037,042)</u>
Balance - End of year	<u>1,010,330</u>	<u>695,038</u>

### 10 Allocation of expenses

General support expenses have been allocated as follows:

	2018 \$	2017 \$
Fundraising	171,271	207,771
Community events	142,263	132,418
Donations and gifts	<u>-</u>	<u>14,978</u>
	<u>313,534</u>	<u>355,167</u>

### 11 Fundraising

Included in fundraising revenue and expense are the following amounts related to the 50/50 lottery.

	2018 \$	2017 \$
Revenue	2,690,247	2,921,430
Expense, including winner prizes	<u>1,846,521</u>	<u>1,825,856</u>
	<u>843,726</u>	<u>1,095,574</u>

# **Ottawa Senators Foundation**

Notes to Financial Statements

July 31, 2018

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## **12 Revolving Reserve Fund**

On September 28, 2017, the Foundation's board of directors passed a resolution to establish a \$600,000 Revolving Reserve from the General Fund to fund the commitments and operations of the Foundation in the event of an █████ season stoppage.