

Ottawa Senators Foundation

Financial Statements
July 31, 2019

Ottawa Senators Foundation

Statement of Financial Position

As at July 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	2,769,885	3,089,783
Accounts receivable	143,517	103,617
HST receivable	256,531	151,229
Accounts receivable from related parties (note 4)	67,124	93,030
Inventory	19,248	53,023
Prepaid expenses	9,312	185,434
	<hr/>	<hr/>
	3,265,617	3,676,116
Capital assets (note 7)	<hr/>	<hr/>
	98,106	117,007
	<hr/>	<hr/>
	3,363,723	3,793,123
	<hr/>	<hr/>
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities	582,405	753,956
Accounts payable and accrued liabilities to related parties (note 4)	283,700	78,056
Deferred contributions (note 8)	765,731	1,010,330
	<hr/>	<hr/>
	1,631,836	1,842,342
	<hr/>	<hr/>
Fund balances		
General	827,208	1,046,102
Restricted – Revolving Reserve Fund	600,000	600,000
Restricted – Roger Neilson House Fund	304,679	304,679
	<hr/>	<hr/>
	1,731,887	1,950,781
	<hr/>	<hr/>
	3,363,723	3,793,123
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Commitments (note 3)		

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, 2019

	Balance – Beginning of year \$	Net expense for the year \$	Balance – End of year \$
General	1,046,102	(218,894)	827,208
Restricted			
Revolving Reserve Fund	600,000	-	600,000
Roger Neilson House Fund	304,679	-	304,679
	<hr/>		
	1,950,781	(218,894)	1,731,887
	<hr/>		

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

Ottawa Senators Foundation

Statement of Operations

For the year ended July 31, 2019

	2019 \$	2018 \$
Revenue		
Fundraising	1,397,196	1,701,130
Fundraising – 50/50 Raffle	2,555,913	2,690,247
Community events	1,531,795	1,381,890
Donations and gifts	555,624	733,287
	<hr/> 6,040,528	<hr/> 6,506,554
Expense		
Fundraising (note 9)	864,414	929,081
Fundraising – 50/50 Raffle	1,633,362	1,846,512
Community events (note 9)	819,822	369,021
Donations and gifts (note 9)	66,720	163,743
Administrative	664,448	515,869
Donations (note 6)	2,279,870	2,395,377
	<hr/> 6,328,636	<hr/> 6,219,612
Revenue (expense) before the undernoted	(288,108)	286,942
Bank interest and investment income	<hr/> 69,214	<hr/> 30,495
Net revenue (expense) for the year	<hr/> (218,894)	<hr/> 317,437

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

Ottawa Senators Foundation

Statement of Cash Flows

For the year ended July 31, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(218,894)	317,437
Item not affecting cash – amortization of capital assets	20,834	20,307
Net change in non-cash working capital items		
Accounts receivable	(145,202)	83,952
Accounts receivable from related parties	25,906	6,166
Inventory	33,775	(6,911)
Prepaid expenses	176,122	(112,218)
Accounts payable and accrued liabilities	(171,551)	(22,479)
Accounts payable and accrued liabilities from related parties	205,644	34,491
Deferred contributions	(244,599)	315,292
	<hr/>	<hr/>
	(317,965)	636,037
Investing activities		
Purchase of capital assets	(1,933)	(4,894)
Proceeds on sale of investment	-	140,000
	<hr/>	<hr/>
	(1,933)	135,106
Net change in cash during the year	(319,898)	771,143
Cash – Beginning of year	<hr/>	<hr/>
	3,089,783	2,318,640
Cash – End of year	<hr/>	<hr/>
	2,769,885	3,089,783

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

Ottawa Senators Foundation

Notes to Financial Statements

July 31, 2019

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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation's significant accounting policies are as follows.

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 date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates. Assumptions are used in estimating the recoverability of accounts receivable and the amounts of certain accrued liabilities.

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 NHL 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 6).

Ottawa Senators Foundation

Notes to Financial Statements

July 31, 2019

Financial instruments

Financial instruments are recorded at fair value on initial recognition. 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 (note 9) 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, 2019

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 Commitments

Donations

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

	\$
Year ending July 31, 2020	400,000
2021	250,000
2022	100,000
2023	100,000
	<hr/>
	850,000
	<hr/>

Lease

The Foundation is committed to a 10-year office space lease agreement with Capital Sports Properties Inc. (note 4) terminating on June 30, 2024, as follows:

	\$
Year ending July 31, 2020	78,750
2021	78,750
2022	78,750
2023	78,750
2024	72,188
	<hr/>
	387,188
	<hr/>

Ottawa Senators Foundation

Notes to Financial Statements

July 31, 2019

4 Economic dependence and related party transactions

The Foundation and Capital Sports & Entertainment Inc. (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 Ottawa Senators Hockey Club of the National Hockey League (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 \$227,807 (2018 – \$224,106).

Also during the year, the Foundation purchased hockey tickets in the aggregate amount of \$67,751 (2018 – \$100,776) from Entertainment.

Under agreements with Entertainment and Capital Sports Properties Inc. (Properties), revenue from some contracts is shared. Properties owns and operates Canadian Tire Centre. During the year, the Foundation recognized \$479,200 (2018 – \$473,022) in revenue from shared contracts.

The Foundation owns and manages the lottery license for the 50/50 Raffle for Entertainment's AHL Affiliate, Belleville Senators Inc. ("Belleville"). All revenues and expenses related to the raffle accrue to Belleville. The Foundation employs supervisors to manage the raffle and recovers those costs from Belleville.

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

5 Financial risks

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations. The Foundation does not use derivative financial instruments to manage its 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.

Ottawa Senators Foundation

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Liquidity risk

Liquidity risk refers to the adverse consequences of the Foundation encountering difficulty in meeting obligations associated with financial liabilities, which are comprised strictly of accounts payable and accrued liabilities.

The Foundation manages this risk by maintaining sufficient cash and cash equivalents.

6 Donations to Roger Neilson House

A \$314,166 donation was made to Roger Neilson House (2018 – \$350,000), of which \$nil (2018 – \$14,750) is recorded in the Restricted – Roger Neilson House Fund.

7 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture, fixtures and equipment	35,952	24,908	11,044	13,806
Leasehold improvements	160,966	81,792	79,174	95,269
Computer equipment	13,607	5,719	7,888	7,932
	<u>210,525</u>	<u>112,419</u>	<u>98,106</u>	<u>117,007</u>

8 Deferred contributions

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

	2019 \$	2018 \$
Balance – Beginning of year	1,010,330	695,038
Add: Funds received from contributors	1,614,538	1,701,196
Less: Funds recognized as revenue	<u>1,859,137</u>	<u>1,385,904</u>
Balance – End of year	<u>765,731</u>	<u>1,010,330</u>

Ottawa Senators Foundation

Notes to Financial Statements

July 31, 2019

9 Allocation of expenses

General support expenses have been allocated as follows:

	2019	2018
	\$	\$
Fundraising	121,200	171,271
Community events	97,200	142,263
Donations and gifts	9,200	-
	<hr/>	<hr/>
	227,600	313,534
	<hr/>	<hr/>