

EDMONTON OILERS COMMUNITY FOUNDATION

Financial Statements

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Oilers Community Foundation

Opinion

We have audited the financial statements of Edmonton Oilers Community Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2022, 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, 2022, 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 (ASNPO).

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 Foundation in accordance with 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 these 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 ASNPO, 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 related 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 Responsibilities for the Audit of the 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 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 Signature]

Chartered Professional Accountants

[Redacted Name]

[Redacted Footer]

EDMONTON OILERS COMMUNITY FOUNDATION

Statement of Financial Position

As at June 30, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,538,275	\$ 1,293,871
Restricted cash and cash equivalents (Note 3)	9,339,435	21,993,414
Accounts receivable	581,863	799,698
Prepays	33,069	-
	<u>11,492,642</u>	<u>24,086,983</u>
PROPERTY AND EQUIPMENT (Note 5)	<u>165,338</u>	<u>206,509</u>
	<u>\$ 11,657,980</u>	<u>\$ 24,293,492</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 811,319	\$ 6,867,841
Deferred contribution revenue	125,000	353,304
	<u>936,319</u>	<u>7,221,145</u>
COMMITMENTS (Note 6)		
	<u>10,721,661</u>	<u>17,072,347</u>
NET ASSETS	<u>\$ 11,657,980</u>	<u>\$ 24,293,492</u>

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EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Revenues and Expenditures****For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>
RECEIPTS		
Event night 50/50 <i>(Schedule 1)</i>	\$ 74,104,821	\$ 86,422,200
General fundraising <i>(Schedule 2)</i>	1,429,526	285,497
Online auction	347,267	457,424
Interest revenue	110,159	115,819
Game Day auctions	25,225	-
	<u>76,016,998</u>	<u>87,280,940</u>
DISBURSEMENTS		
Event night 50/50 <i>(Schedule 1)</i>	59,627,793	64,988,957
General administrative costs	707,733	303,093
General fundraising costs <i>(Schedule 2)</i>	502,699	229,993
Online auction	110,151	125,327
Depreciation	41,171	47,061
Game Day auctions	15,189	-
	<u>61,004,736</u>	<u>65,694,431</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS BEFORE CHARITABLE ACTIVITIES	<u>15,012,262</u>	<u>21,586,509</u>
CHARITABLE ACTIVITIES		
Charitable donations	20,687,456	7,545,952
Seats for Kids	212,157	-
ICH operating expense	153,410	5,835
ICE school	122,125	140,539
Hockey program	116,197	346,370
DCA programming expense	71,603	1,951
ICH donation	-	5,040,000
	<u>21,362,948</u>	<u>13,080,647</u>
(DEFICIENCY) EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (6,350,686)</u>	<u>\$ 8,505,862</u>

EDMONTON OILERS COMMUNITY FOUNDATION

Statement of Changes in Net Assets

For the Year Ended June 30, 2022

	2022						Total
	Unrestricted	Restricted for Legacy Projects (Note 3)	Restricted for ICH Project (Note 3)	Restricted for Hockey Programming (Note 3)	Restricted for Community Arena (Note 3)	Restricted for Colby Cave Initiatives (Note 3)	
NET ASSETS - BEGINNING OF YEAR	\$ 1,027,073	\$ 15,151,628	\$ 149,221	\$ -	\$ 744,425	\$ -	\$ 17,072,347
Excess of receipts over disbursements	44,837	(6,471,934)	(149,221)	25,175	(69,793)	270,250	(6,350,686)
Inter-fund transfers	710,545	(1,238,798)	-	51,601	255,576	221,076	-
NET ASSETS - END OF YEAR	\$ 1,782,455	\$ 7,440,896	\$ -	\$ 76,776	\$ 930,208	\$ 491,326	\$ 10,721,661

	2021						Total
	Unrestricted	Restricted for Legacy Projects (Note 3)	Restricted for ICH Project (Note 3)	Restricted for Hockey Programming (Note 3)	Restricted for Community Arena (Note 3)	Restricted for Colby Cave Initiatives (Note 3)	
NET ASSETS - BEGINNING OF YEAR	\$ 991,640	\$ 1,345,515	\$ 5,482,915	\$ -	\$ 746,415	\$ -	\$ 8,566,485
Excess of receipts over disbursements	(254,959)	13,806,113	(5,043,302)	-	(1,990)	-	8,505,862
Inter-fund transfers	290,392	-	(290,392)	-	-	-	-
NET ASSETS - END OF YEAR	\$ 1,027,073	\$ 15,151,628	\$ 149,221	\$ -	\$ 744,425	\$ -	\$ 17,072,347

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EDMONTON OILERS COMMUNITY FOUNDATION**Statement of Cash Flows****For the Year Ended June 30, 2022**

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash receipts from donors and customers	\$ 75,896,364	\$ 86,887,532
Cash paid for prize payouts and to suppliers	(67,061,331)	(59,168,873)
Cash paid to charities	(21,053,023)	(7,545,952)
Cash paid for charitable activities	(301,750)	(496,184)
Interest received	110,165	115,819
(DECREASE) INCREASE IN CASH	(12,409,575)	19,792,342
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	23,287,285	3,494,943
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,877,710	\$ 23,287,285
CASH CONSISTS OF:		
Total cash and cash equivalents	\$ 10,877,710	\$ 23,287,285
Less: restricted cash and cash equivalents	(9,339,435)	(21,993,414)
Unrestricted cash and cash equivalents	\$ 1,538,275	\$ 1,293,871

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EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

For the Year Ended June 30, 2022

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 (ASNFPO) 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 depreciation. Property and equipment are depreciated over their estimated useful lives at the following rates and methods:

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.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. General donations and contributions are recognized in the Unrestricted Fund in the period received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured. Contributions received that are restricted in use by external parties for specific purposes are treated as revenue of the related restricted Fund. The Foundation may choose not to report a restricted fund separately in the financial statements. In that case, the restricted contributions are treated as deferred contributions on the Statement of Financial Position and recognized as contributions of the Unrestricted Fund as funds are spent on the specified use. If net assets are transferred from the Unrestricted Fund into a restricted Fund, it is treated as an inter-fund transfer.

Revenues received and costs incurred that relate to events of future periods are recorded as deferred contributions and prepaid assets respectively, and recognized in the Unrestricted Fund as the events occur.



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

For the Year Ended June 30, 2022

2. ACCOUNTING POLICIES *(continued)*

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.

3. RESTRICTION ON NET ASSETS

The Board of Directors of the Foundation and external parties have restricted the use of net assets of \$8,939,206 (2021 - \$16,045,274) in total.

\$7,440,896 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 programs supporting participation in hockey programs and investing in the most vulnerable in the Downtown community. At year-end, the net assets of the fund are comprised of \$7,758,225 of cash, \$1,000 of prepaids, \$150,221 of property and equipment, less accounts payable and accrued liabilities of \$468,550. The cash 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.

During the year, the funding commitment for the Inner City High ("ICH") Project was completed.

During the year, the Foundation received \$76,776 of funding for community hockey programming. The funds were received from the Edmonton Oilers Hockey club which applied for and received funding from the National Hockey League's Industry Growth Fund which was established to promote the growth of the game of hockey through community initiatives. The Edmonton Oilers Hockey Club matched the funding and forwarded the total amount to the Foundation. The amount is restricted for future community hockey initiatives. At year-end, the net assets of the fund are comprised of \$76,776 of cash.

\$930,208 of net assets are restricted for the Downtown Community Arena ("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 are collaboratively planned and implemented with the Oilers Entertainment Group and the City of Edmonton. At year-end, the net assets of the fund are comprised of \$933,487 of cash, \$13,120 of property and equipment, less accounts payable and accrued liabilities of \$16,399. The cash is restricted to fund future operating commitments of the DCA Fund.

\$491,326 of net assets are for the Colby Cave Memorial Fund which was established after the sudden passing of former Edmonton Oilers player Colby Cave, to provide support to initiatives and charitable organizations in Colby Cave's honour. At year-end, the net assets are comprised of \$570,947 of cash, less accounts payable and accrued liabilities of \$79,621. The cash is restricted to fund donations and programming in Colby Cave's honour.



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

For the Year Ended June 30, 2022

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 [REDACTED], 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.

The Foundation entered into transactions with Win50, [REDACTED] totaling \$20,508,193 (2021 - \$16,860,942) of license and rights fees, of which \$nil (2021 - \$2,859,694) remains in accounts payable and accrued liabilities at year-end.

The Foundation entered into transactions with OEG Gaming Inc., an entity within the larger Oilers Entertainment Group, totaling \$29,604 (2021 - \$nil) of licensing fees.

Included in accounts receivable are amounts due from related companies totaling \$2,225 (2021 - \$nil). Included in accounts payable are amounts due to related companies totaling \$177,797 (2021 - \$158,270).

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated depreciation	2022 Net book value	2021 Net book value
<i>Restricted - Legacy Project Fund (Note 3)</i>				
Leasehold improvements	\$ 314,768	\$ 175,873	\$ 138,895	\$ 170,372
Equipment	238,193	230,695	7,498	12,255
Furniture and equipment	15,732	11,904	3,828	4,921
	<u>568,693</u>	<u>418,472</u>	<u>150,221</u>	<u>187,548</u>
<i>Restricted - DCA Fund (Note 3)</i>				
Equipment	22,778	9,658	13,120	16,400
<i>Unrestricted</i>				
Furniture and equipment	7,686	5,756	1,930	2,412
Computer equipment	7,819	7,752	67	149
	<u>15,505</u>	<u>13,508</u>	<u>1,997</u>	<u>2,561</u>
	<u>\$ 606,976</u>	<u>\$ 441,638</u>	<u>\$ 165,338</u>	<u>\$ 206,509</u>

6. CONTINGENCIES AND COMMITMENTS

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

	Unrestricted	Restricted	Total
2023	\$ 6,400	\$ 6,478,188	\$ 6,484,588
2024	-	116,000	116,000
2025	-	86,000	86,000
2026	-	31,000	31,000
2027	-	31,000	31,000
	<u>\$ 6,400</u>	<u>\$ 6,742,188</u>	<u>\$ 6,748,588</u>



EDMONTON OILERS COMMUNITY FOUNDATION

Notes to Financial Statements

For the Year Ended June 30, 2022

7. 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.

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.

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EDMONTON OILERS COMMUNITY FOUNDATION**Event Night 50/50 Receipts and Disbursements***(Schedule 1)***Year Ended June 30, 2022**

	2022	2021
RECEIPTS		
50/50	\$ 74,104,821	\$ 86,422,200
DISBURSEMENTS		
Prize pay-outs	36,937,075	43,215,098
License and rights fees <i>(Note 4)</i>	20,510,193	18,519,632
General and administrative costs	2,180,525	3,254,227
	59,627,793	64,988,957
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 14,477,028	\$ 21,433,243

General Fundraising Receipts and Disbursements*(Schedule 2)***Year Ended June 30, 2022**

	2022	2021
RECEIPTS		
Donations	\$ 505,569	\$ 181,872
Special Event	491,109	-
Seats for Kids	212,157	-
Retail	105,835	-
License plate program	64,322	78,625
Centennial Greatest Celebration	25,000	25,000
Hunter Appearances	19,534	-
Molson 3 Cup Stars	6,000	-
	1,429,526	285,497
DISBURSEMENTS		
Cost of fundraising	502,699	229,993
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 926,827	\$ 55,504