

Financial Statements of

OSEG FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2021

DISCLOSED TO
PURSUANT TO
THE ATIA
A-2024-180852

000001

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of OSEG Foundation

Opinion

We have audited the financial statements of OSEG Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations, changes in net assets 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.

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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

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OSEG FOUNDATION

Financial Statements

Year ended March 31, 2021

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THE ATIA
A-2024-180852

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OSEG FOUNDATION

Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,450,029	\$ 1,526,311
Amounts receivable (note 3)	5,759	17,860
Prepaid expenses	844	—
Due from related party (note 4)	—	13,606
	1,456,632	1,557,777
Capital assets (note 5)	2,956	4,189
	\$ 1,459,588	\$ 1,561,966
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 28,709	\$ 51,928
Due to related party (note 4)	19,048	—
Deferred contributions (note 6)	60,722	59,000
	108,479	110,928
Net assets	1,351,109	1,451,038
	\$ 1,459,588	\$ 1,561,966

See accompanying notes to financial statements.

Approved by the Board:

Director

Director

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OSEG FOUNDATION

Statement of Revenue and Expenses

Year ended March 31, 2021, with comparative information for the three-month period ended March 31, 2020

	General Fund	Fundraising Trust	2021	2020
Revenue:				
Donations	\$ 105,967	\$ —	\$ 105,967	\$ 102,283
Fundraising:				
Net proceeds from 50/50 Programs (note 9)	—	1,538	1,538	57,098
Special Events	63,500	—	63,500	—
Community Events	—	—	—	391
Interest income	3,399	4,526	7,925	7,409
	172,866	6,064	178,930	167,181
Expenses:				
Fundraising:				
Community events	—	—	—	7,970
Other	—	—	—	3,100
Special events	5,771	—	5,771	—
Administration (note 7)	154,669	—	154,669	122,835
	160,440	—	160,440	133,905
Excess of revenue over expenses before charitable activities	12,426	6,064	18,490	33,276
Charitable activities	118,419	—	118,419	85,573
Excess (deficiency) of revenue over expenses	\$ (105,993)	\$ 6,064	\$ (99,929)	\$ (52,297)

See accompanying notes to financial statements.

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OSEG FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for the three-month period ended March 31, 2020

	General Fund	Fundraising Trust	2021	2020
Net assets, beginning of period	\$ 561,211	\$ 889,827	\$ 1,451,038	\$ 1,503,335
Excess (deficiency) of revenue over expenses	(105,993)	6,064	(99,929)	(52,297)
Interfund transfers (note 10)	73,745	(73,745)	—	—
Net assets, end of period	\$ 528,963	\$ 822,146	\$ 1,351,109	\$ 1,451,038

See accompanying notes to financial statements.

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OSEG FOUNDATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for the three-month period ended March 31, 2020

	2021	2020
Operating activities:		
Deficiency of revenue over expenses	\$ (99,929)	\$ (52,297)
Amortization of capital assets, which does not involve cash	1,233	308
Change in non-cash operating working capital (note 8)	22,414	(5,625)
Decrease in cash	(76,282)	(57,614)
Cash, beginning of period	1,526,311	1,583,925
Cash, end of period	\$ 1,450,029	\$ 1,526,311

See accompanying notes to financial statements.

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OSEG FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

1. Nature of Foundation:

The OSEG Foundation (the "Foundation") was incorporated under the Canada Corporations Act on October 6, 2014. The Foundation is a Registered Charity under Section 149.1 of the Income Tax Act; accordingly, it is not subject to income tax.

The Foundation aims to be a catalyst for social change by leveraging the power of sport to improve the lives of children and youth by delivering programs and making charitable distributions in the form of grants, sponsorship and gifts-in-kind to qualified donees.

Effective in 2020, the Foundation changed its financial year-end from December 31 to March 31 to better align with the fiscal year of related parties such as the Ottawa Sports and Entertainment Group. The information presented in these financial statements includes 12 months of activity for the year ending March 31, 2021 as compared to the three-month fiscal period ending March 31, 2020. As a result, the information contained in these financial statements may not be comparable to previously reported periods.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions for not-for-profit organizations. For financial reporting purposes, the fund balances have been classified into two funds consisting of the following:

- (i) The General Fund includes the day-to-day transactions in regards to the operations of the Foundation. Unless otherwise specified, any interest earned is included in the General Fund.

Restricted contributions that are reported in the general fund are recognized in the period in which the related expenditures are incurred.

- (ii) The Fundraising Trust includes funds generated from electronic raffles earned during sports games, the use of which is restricted by the Alcohol and Gaming Commission of Ontario. Interest income earned on the Fundraising Trust bank account is reported in the Fundraising Trust. Net proceeds from 50/50 programs represent the gross amounts collected from electronic raffles less the 50% that is paid to the prize winner at each draw.

(b) Expenses:

In the statement of revenue and expenses, the Foundation presents its expenses by function.

Expenses are recognized in the period incurred and recorded in the function to which they are directly related.

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OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(b) Expenses (continued)

The Foundation conducts its own 50/50 electronic draws at certain events at TD Place throughout the period as a registered electronic gaming provider under the Alcohol Gaming Commission of Ontario (AGCO). The Foundation entered into an agreement with 24(1) to provide the necessary technology to facilitate the 50/50 electronic draws. The Foundation has obtained the lottery license for the draws and is responsible for paying the prize winners. The expenses for the draws include lottery licenses, ticket printing, bank fees and other direct costs related to the administration of the program. The excess of revenue over expenses is included in program grants and sponsorships when granted.

Community events expenses are related to activities that support third party fundraising events.

Administration expenses incurred in relation to the General Fund include salaries, consulting and professional fees, office expenses and interest and bank fees.

(c) Capital assets:

Capital assets are measured at cost. Depreciation is provided on the straight-line basis over their estimated useful lives using the following annual rates:

Asset	Rate
Equipment	20%

(d) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period, shown as a reduction of the related expense.

(e) Use of estimates:

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. Amounts receivable:

At March 31, 2021, amounts receivable includes harmonized sales tax recoveries of \$5,759 (2020 - \$2,859).

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OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Related parties:

The Foundation is related to Ottawa Sports and Entertainment Group ("OSEG") and Lansdowne Stadium Limited Partnership ("LSLP") by virtue of common management. The Foundation works in conjunction with these related entities in utilizing the promotional benefits of the trademarks of Ottawa REDBLACKS Limited Partnership, Ottawa Fury FC Limited Partnership and Ottawa 67s Limited Partnership, and additional resources for its fundraising activities. The amount due to related party on the balance sheet is due to OSEG.

5. Capital Assets:

	Cost	Accumulated depreciation	2021 Net book value	2020 Net book value
Equipment	\$ 6,164	\$ 3,208	\$ 2,956	\$ 4,189

6. Deferred contributions:

Deferred contributions represent unspent contributions that were externally restricted for the intended purpose of investing in capital improvements to a local sports facility and for sports equipment.

7. Government assistance:

During the year, the Foundation recognized \$83,402 in government assistance received from the Canada Emergency Wage Subsidy program, included as an offset to wages expenses included in administration expenses.

8. Change in non-cash operating working capital:

	2021	2020
Decrease in amounts receivable	\$ 12,101	\$ 24,935
Increase in prepaid expenses	(844)	—
Decrease (increase) in due from related party	13,606	(13,606)
Decrease in accounts payable and accrued liabilities	(23,219)	(15,052)
Increase (decrease) in due to related party	19,048	(1,902)
Increase in deferred contributions	1,720	—
	\$ 22,414	\$ (5,625)

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OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

9. Net proceeds from 50/50 programs:

	2021	2020
Gross proceeds received from 50/50 programs	\$ 3,821	\$ 88,777
Amounts recovered from (disbursed to) 50/50 winners	2,915	(16,221)
50/50 operations	(5,198)	(15,458)
	\$ 1,538	\$ 57,098

10. Interfund transfers:

During the year from the Fundraising Trust transferred \$73,745 (2020 - \$Nil) for charitable activities incurred on behalf of the General Fund.

11. Financial risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to this risk relating to its cash. The Foundation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

12. Impact of Coronavirus COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Foundation has been impacted in relation to the COVID-19 pandemic in the following ways:

- The cancelation of public activities and events

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Foundation's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations.

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Financial Statements of

OSEG FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2022

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A-2024-180852

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of OSEG Foundation

Opinion

We have audited the financial statements of OSEG Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations, changes in net assets 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

OSEG FOUNDATION

Financial Statements

Year ended March 31, 2022

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OSEG FOUNDATION

Statement of Financial Position

As at March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 2,072,544	\$ 1,450,029
Amounts receivable (note 3)	21,681	5,759
Prepaid expenses	1,904	844
	2,096,129	1,456,632
Capital assets (note 5)	1,724	2,956
	\$ 2,097,853	\$ 1,459,588
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 64,844	\$ 28,709
Due to related party (note 4)	9,529	19,048
Deferred contributions (note 6)	59,000	60,722
	133,373	108,479
Net assets	1,964,480	1,351,109
	\$ 2,097,853	\$ 1,459,588

See accompanying notes to financial statements.

Approved by the Board:

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Director

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Director

OSEG FOUNDATION

Statement of Revenue and Expenses

Year ended March 31, 2022, with comparative information for the year ended March 31, 2021

	General Fund	Fundraising Trust	2022	2021
Revenue:				
Donations	\$ 961,529	\$ -	\$ 961,529	\$ 105,967
Fundraising:				
Programs (note 9)	-	194,355	194,355	1,538
Special events	28,556	-	28,556	63,500
Interest income	8,991	-	8,991	7,925
	999,076	194,355	1,193,431	178,930
Expenses:				
Fundraising:				
Community events	-	-	-	-
Special events	19,093	-	19,093	5,771
Administration (note 7)	187,487	-	187,487	154,669
	206,580	-	206,580	160,440
Excess of revenue over expenses before charitable activities	792,496	194,355	986,851	18,490
Charitable activities	373,480	-	373,480	118,419
Excess (deficiency) of revenue over expenses and charitable activities	\$ 419,016	\$ 194,355	\$ 613,371	\$ (99,929)

See accompanying notes to financial statements.

OSEG FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for the three-month period ended March 31, 2021

	General Fund	Fundraising Trust	2022	2021
Net assets, beginning of period	\$ 528,963	\$ 822,146	\$ 1,351,109	\$ 1,451,038
Excess (deficiency) of revenue over expenses and charitable activities	419,016	194,355	613,371	(99,929)
Interfund transfers (note 10)	68,326	(68,326)	-	-
Net assets, end of period	\$ 1,016,305	\$ 948,175	\$ 1,964,480	\$ 1,351,109

See accompanying notes to financial statements.

OSEG FOUNDATION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for the three-month period ended March 31, 2021

	2022	2021
Operating activities:		
Excess (deficiency) of revenue over expenses and charitable activities	\$ 613,371	\$ (99,929)
Amortization of capital assets, which does not involve cash	1,232	1,233
Change in non-cash operating working capital (note 8)	7,912	22,414
Increase (decrease) in cash	622,515	(76,282)
Cash, beginning of period	1,450,029	1,526,311
Cash, end of period	\$ 2,072,544	\$ 1,450,029

See accompanying notes to financial statements.

OSEG FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

1. Nature of Foundation:

The OSEG Foundation (the "Foundation") was incorporated under the Canada Corporations Act on October 6, 2014. The Foundation is a Registered Charity under Section 149.1 of the Income Tax Act; accordingly, it is not subject to income tax.

The Foundation aims to be a catalyst for social change by leveraging the power of sport to improve the lives of children and youth by delivering programs and making charitable distributions in the form of grants, sponsorship and gifts-in-kind to qualified donees.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions for not-for-profit organizations. For financial reporting purposes, the fund balances have been classified into two funds consisting of the following:

- (i) The General Fund includes the day-to-day transactions in regards to the operations of the Foundation. Unless otherwise specified, any interest earned is included in the General Fund.

Restricted contributions that are reported in the general fund are recognized in the period in which the related expenditures are incurred.

- (ii) The Fundraising Trust includes funds generated from electronic raffles earned during sports games, the use of which is restricted by the Alcohol and Gaming Commission of Ontario. Interest income earned on the Fundraising Trust bank account is reported in the Fundraising Trust. Net proceeds from 50/50 programs represent the gross amounts collected from electronic raffles less the 50% that is paid to the prize winner at each draw.

(b) Expenses:

In the statement of revenue and expenses, the Foundation presents its expenses by function.

Expenses are recognized in the period incurred and recorded in the function to which they are directly related.

OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Expenses (continued)

The Foundation conducts its own 50/50 electronic draws at certain events at TD Place throughout the period as a registered electronic gaming provider under the Alcohol Gaming Commission of Ontario (AGCO). The Foundation entered into an agreement with 24(1) to provide the necessary technology to facilitate the 50/50 electronic draws. The Foundation has obtained the lottery license for the draws and is responsible for paying the prize winners. The expenses for the draws include lottery licenses, ticket printing, bank fees and other direct costs related to the administration of the program. The excess of revenue over expenses is included in program grants and sponsorships when granted.

Administration expenses incurred in relation to the General Fund include salaries, consulting and professional fees, office expenses and interest and bank fees.

(c) Capital assets:

Capital assets are measured at cost. Depreciation is provided on the straight-line basis over their estimated useful lives using the following annual rates:

Asset	Rate
Equipment	20%

(d) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period, shown as a reduction of the related expense.

(e) Use of estimates:

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. Amounts receivable:

At March 31, 2022, amounts receivable includes harmonized sales tax recoveries of \$10,607 (2021 - \$5,759).

OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Related parties:

The Foundation is related to Ottawa Sports and Entertainment Group ("OSEG") and Lansdowne Stadium Limited Partnership ("LSLP") by virtue of common management. The Foundation works in conjunction with these related entities in utilizing the promotional benefits of the trademarks of Ottawa REDBLACKS Limited Partnership, and Ottawa 67s Limited Partnership, and additional resources for its fundraising activities. The amount due to related party on the balance sheet is due to OSEG.

5. Capital Assets:

	Cost	Accumulated depreciation	2022 Net book value	2021 Net book value
Equipment	\$ 6,164	\$ (4,440)	\$ 1,724	\$ 2,956

6. Deferred contributions:

Deferred contributions represent unspent contributions that were externally restricted for the intended purpose of investing in capital improvements to a local sports facility and for sports equipment.

7. Government assistance:

During the year, the Foundation recognized \$43,821 (2021 - \$83,402) in government assistance received from the Canada Emergency Wage Subsidy program, included as an offset to wages expenses included in administration expenses.

8. Change in non-cash operating working capital:

	2022	2021
Decrease (increase) in amounts receivable	\$ (15,922)	\$ 12,101
Increase in prepaid expenses	(1,060)	(844)
Decrease in due from related party	-	13,606
Increase (decrease) in accounts payable and accrued liabilities	36,135	(23,217)
Increase (decrease) in due to related party	(9,519)	19,048
Increase (decrease) in deferred contributions	(1,722)	1,720
	\$ 7,912	\$ 22,414

OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Net proceeds from 50/50 programs:

	2022	2021
Gross proceeds received from 50/50 programs	\$ 508,857	\$ 3,821
Amounts recovered from (disbursed to) 50/50 winners	(261,310)	2,915
50/50 operations	(53,192)	(5,198)
	\$ 194,355	\$ 1,538

10. Interfund transfers:

During the year the Fundraising Trust transferred \$68,326 (2021 - \$73,745) for charitable activities incurred on behalf of the General Fund.

11. Financial risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to this risk relating to its cash. The Foundation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

12. Impact of Coronavirus COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Foundation has been impacted in relation to the COVID-19 pandemic in the following ways:

- The cancellation of public activities and events

The ultimate magnitude of the COVID-19 pandemic's impact on the Foundation's operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations.

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Financial Statements of

OSEG FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2023

DISCLOSED TO
PURSUANT TO
THE ATIA
A-2024-180852

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of OSEG Foundation

Opinion

We have audited the financial statements of OSEG Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations, its changes in net assets 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 Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

OSEG FOUNDATION

Financial Statements

Year ended March 31, 2023

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DISCLOSED TO
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THE ATIA
A-2024-180852

OSEG FOUNDATION

Statement of Financial Position

As at March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 2,246,212	\$ 2,072,544
Restricted term deposit (note 3)	75,792	—
Amounts receivable (note 4)	65,682	21,681
Prepaid expenses	—	1,904
	2,387,686	2,096,129
Capital assets (note 6)	491	1,724
	\$ 2,388,177	\$ 2,097,853

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 226,879	\$ 64,844
Due to related party (note 5)	5,010	9,529
Deferred contributions (note 7)	—	59,000
	231,889	133,373
Net assets	2,156,288	1,964,480
Letters of credit (note 3)		
	\$ 2,388,177	\$ 2,097,853

See accompanying notes to financial statements.

Approved by the Board:

19(1)

Director

Director

19(1)

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OSEG FOUNDATION

Statement of Revenue and Expenses

Year ended March 31, 2023, with comparative information for the 2022

	General Fund	Fundraising Trust	2023 Total	2022 Total
Revenue:				
Donations	\$ 656,650	\$ -	\$ 656,650	\$ 961,529
Fundraising:				
Programs (note 10)	-	285,841	285,841	194,355
Special events	312,112	-	312,112	28,556
Interest income	72,749	-	72,749	8,991
	1,041,511	285,841	1,327,352	1,193,431
Expenses:				
Fundraising:				
Special events	190,674	-	190,674	19,093
Administration (note 8)	459,885	-	459,885	187,487
	650,559	-	650,559	206,580
Excess of revenue over expenses before charitable activities	390,952	285,841	676,793	986,851
Charitable activities	484,985	-	484,985	373,480
Excess (deficiency) of revenue over expenses and charitable activities	\$ (94,033)	\$ 285,841	\$ 191,808	\$ 613,371

See accompanying notes to financial statements.

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OSEG FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for the 2022

	General Fund	Fundraising Trust	2023 Total	2022 Total
Net assets, beginning of year	\$ 1,016,305	\$ 948,175	\$ 1,964,480	\$ 1,351,109
Excess (deficiency) of revenue over expenses and charitable activities	(94,033)	285,841	191,808	613,371
Interfund transfers (note 11)	149,897	(149,897)	—	—
Net assets, end of year	\$ 1,072,169	\$ 1,084,119	\$ 2,156,288	\$ 1,964,480

See accompanying notes to financial statements.

OSEG FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for the 2022

	2023	2022
Operating activities:		
Excess of revenue over expenses and charitable activities	\$ 191,808	\$ 613,371
Amortization of capital assets, which does not involve cash	1,233	1,232
Change in non-cash operating working capital (note 9)	56,419	7,912
	249,460	622,515
Investing activities:		
Purchase of term deposit	(75,792)	—
Increase in cash	173,668	622,515
Cash, beginning of year	2,072,544	1,450,029
Cash, end of year	\$ 2,246,212	\$ 2,072,544

See accompanying notes to financial statements.

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OSEG FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Nature of Foundation:

The OSEG Foundation (the "Foundation") was incorporated under the Canada Corporations Act on October 6, 2014. The Foundation is a Registered Charity under Section 149.1 of the Income Tax Act; accordingly, it is not subject to income tax.

The Foundation aims to be a catalyst for social change by leveraging the power of sport to improve the lives of children and youth by delivering programs and making charitable distributions in the form of grants, sponsorship and gifts-in-kind to qualified donees.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions for not-for-profit organizations. For financial reporting purposes, the fund balances have been classified into two funds consisting of the following:

- (i) The General Fund includes the day-to-day transactions in regards to the operations of the Foundation. Unless otherwise specified, any interest earned is included in the General Fund.

Restricted contributions that are reported in the general fund are recognized in the period in which the related expenditures are incurred.

- (ii) The Fundraising Trust includes funds generated from electronic raffles earned during sports games, the use of which is restricted by the Alcohol and Gaming Commission of Ontario (AGCO). Interest income earned on the Fundraising Trust bank account is reported in the Fundraising Trust. Net proceeds from 50/50 programs represent the gross amounts collected from electronic raffles less the 50% that is paid to the prize winner at each draw.

(b) Expenses:

In the statement of revenue and expenses, the Foundation presents its expenses by function. Expenses are recognized in the period incurred and recorded in the function to which they are directly related.

OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(b) Expenses (continued)

The Foundation conducts its own 50/50 electronic draws at certain events at TD Place throughout the period as a registered electronic gaming provider under the AGCO. The Foundation entered into an agreement with 24(1) to provide the necessary technology to facilitate the 50/50 electronic draws. The Foundation has obtained the lottery license for the draws and is responsible for paying the prize winners. The expenses for the draws include lottery licenses, ticket printing, bank fees and other direct costs related to the administration of the program. The excess of revenue over expenses is included in program grants and sponsorships when granted.

Administration expenses incurred in relation to the General Fund include salaries, consulting and professional fees, office expenses and interest and bank fees.

(c) Capital assets:

Capital assets are measured at cost. Depreciation is provided on the straight-line basis over their estimated useful lives using the following annual rates:

Asset	Rate
Equipment	20%

(d) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period, shown as a reduction of the related expense.

(e) Use of estimates:

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Letters of credit:

The Foundation has two stand alone letters of credit in the amounts of \$20,000 and \$75,792 respectively. The letters of credit are to be provided to the AGCO in support of the 50/50 lottery and the Driving Futures lottery. As at March 31, 2023, no amounts have been drawn on the letters of credit.

For the letter of credit in the amount of \$75,792 a term deposit is required by 24(1) equal to the amount of the letter of credit. This restricted term deposit has a maturity date of February 9, 2024 and bears interest at 3% and is measured at amortized cost.

4. Amounts receivable:

At March 31, 2023, amounts receivable includes harmonized sales tax recoveries of \$17,080 (2022 - \$10,607).

5. Related parties:

The Foundation is related to Ottawa Sports and Entertainment Group ("OSEG") and Lansdowne Stadium Limited Partnership ("LSLP") by virtue of common management. The Foundation works in conjunction with these related entities in utilizing the promotional benefits of the trademarks of Ottawa REDBLACKS Limited Partnership, and Ottawa 67s Limited Partnership, and additional resources for its fundraising activities. The amount due to related party on the balance sheet is due to OSEG.

6. Capital Assets:

	Cost	Accumulated depreciation	2023 Net book value	2022 Net book value
Equipment	\$ 6,164	\$ 5,673	\$ 491	\$ 1,724

7. Deferred contributions:

Deferred contributions represent unspent contributions that were externally restricted for the intended purpose of investing in capital improvements to a local sports facility and for sports equipment. In 2023, \$59,000 in revenue was recognized as the commitment was fulfilled.

8. Government assistance:

During the year, the Foundation recognized \$10,957 (2022 - \$43,821) in government assistance received from various government programs such as the Tourism and Hospitality Recovery Program, and the Canada Recovery Hiring Program, included as an offset to wages expenses included in administration expenses.

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OSEG FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Change in non-cash operating working capital:

	2023	2022
Increase in amounts receivable	\$ (44,001)	\$ (15,922)
Decrease (increase) in prepaid expenses	1,904	(1,060)
Increase in accounts payable and accrued liabilities	162,035	36,135
Decrease in due to related party	(4,519)	(9,519)
Decrease in deferred contributions	(59,000)	(1,722)
	\$ 56,419	\$ 7,912

10. Net proceeds from 50/50 programs:

	2023	2022
Gross proceeds received from 50/50 programs	\$ 933,461	\$ 508,857
Amounts disbursed to 50/50 winners	(537,919)	(261,310)
50/50 operations	(109,701)	(53,192)
	\$ 285,841	\$ 194,355

11. Interfund transfers:

During the year the Fundraising Trust transferred \$149,897 (2022 - \$68,326) for charitable activities incurred on behalf of the General Fund.

12. Financial risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to this risk relating to its cash and amounts receivable. The Foundation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

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