

Canada's Sports Hall of Fame

Financial Statements
December 31, 2017



May 31, 2018

Independent Auditor's Report

To the Board of Governors of Canada's Sports Hall of Fame

We have audited the accompanying financial statements of Canada's Sports Hall of Fame, which comprise the balance sheet as at December 31, 2017 and the statements of operations and changes in net assets 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canada's Sports Hall of Fame as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Canada's Sports Hall of Fame

Balance Sheet

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash	507,052	617,029
Accounts receivable	289,266	96,937
Inventory	10,453	16,967
Prepaid expenses	58,723	77,153
	<u>865,494</u>	<u>808,086</u>
Long-term investments	50,000	50,000
Capital assets (note 4)	<u>17,700,897</u>	<u>18,798,620</u>
	<u>18,616,391</u>	<u>19,656,706</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	166,016	168,081
Deferred contributions (note 5)	498,472	554,716
Deferred contributions – Hall of Fame (note 6)	17,216,313	18,262,312
Deferred contributions – Website	10,913	43,329
	<u>17,891,714</u>	<u>19,028,438</u>
Net assets		
Endowment (note 3)	50,000	50,000
Unrestricted	<u>674,677</u>	<u>578,268</u>
	<u>724,677</u>	<u>628,268</u>
	<u>18,616,391</u>	<u>19,656,706</u>

Approved by the Board of Governors

_____ Governor _____ Governor

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

Canada's Sports Hall of Fame

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2017

	2017 \$	2016 \$
Revenue		
Amortization of deferred contributions – Hall of Fame	1,045,983	1,889,341
Induction celebrations dinner	1,031,125	1,238,526
Donations and sponsorships	278,115	448,706
Exhibits	243,593	3,929
Inspire Canada Gala	214,548	144,360
Facility rental	116,211	95,040
Admissions	101,742	120,216
Program grants	72,744	106,120
Education program	42,942	38,729
Amortization of deferred contributions - Website	32,416	53,923
Retail store sales	23,395	15,540
Digital media	18,953	-
Sundry	5,249	23,086
Interest and investment income	2,382	2,432
	<hr/> 3,229,398	<hr/> 4,179,948
Expenses		
Amortization of capital assets	1,150,141	2,022,622
Salaries and benefits	783,370	1,040,155
Induction celebrations dinner	407,642	674,447
Administration	262,405	255,280
Exhibits and programs	138,633	48,790
Information technology	100,031	84,890
Utilities	91,322	77,480
Inspire Canada Gala	62,122	52,157
Insurance	41,198	44,032
Consulting fees	30,909	133,250
Marketing	20,363	17,860
Cost of sales – retail store	19,214	8,708
Professional fees	14,371	39,918
Bank and credit card financing charges	7,735	12,841
Board and committees	3,533	19,440
Interest	-	2,487
Write off of capital assets	-	1,515
	<hr/> 3,132,989	<hr/> 4,535,872
Excess (deficiency) of revenues over expenses	96,409	(355,924)
Net assets – Beginning of year	<hr/> 628,268	<hr/> 984,192
Net assets – End of year	<hr/> <hr/> 724,677	<hr/> <hr/> 628,268

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

Canada's Sports Hall of Fame

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$ (note 11)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	96,409	(355,924)
Amortization of deferred contributions	(1,078,399)	(1,943,264)
Amortization of capital assets	1,150,141	2,022,622
Write off of capital assets	-	1,515
Deferred contributions realized during the year	(319,414)	(102,835)
	<hr/>	<hr/>
	(151,263)	(377,886)
Changes in non-cash working capital	(169,466)	138,786
	<hr/>	<hr/>
	(320,729)	(239,100)
Investing activities		
Purchase of capital assets	(52,418)	(307,575)
	<hr/>	<hr/>
Financing activities		
Payments under capital lease obligation	-	(39,375)
Deferred contributions received during the year	263,170	379,580
	<hr/>	<hr/>
	263,170	340,205
Decrease in cash	(109,977)	(206,470)
Cash – Beginning of year	617,029	823,499
	<hr/>	<hr/>
Cash – End of year	507,052	617,029
	<hr/>	<hr/>

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

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

1 Nature of business

Canada's Sports Hall of Fame ("CSHoF") was originally incorporated on November 25, 1971 without share capital under the Canada Corporations Act and subsequently issued a Certificate of Continuance under the Canada Not-for-profit Corporations Act on October 11, 2013. CSHoF is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. It is CSHoF's mission to share the stories of the achievements of our Honored Members so that we can inspire all Canadians to be the best they can be in all aspects of life. CSHoF's mission will be achieved by innovative storytelling within the CSHoF itself and externally through various media, by developing travelling exhibits that will go to communities across Canada, and via programming to schools, communities, and other targeted groups.

On July 1, 2011 CSHoF commenced operations in the new museum building located in Calgary pursuant to a lease agreement with Calgary Olympic Development Association ("CODA"). The lease is for a term of 40 years with an option to renew for an additional 20 years. The new museum building includes the display of artefacts and sports memorabilia, a grand hall for special events, retail boutique and an education resource library.

2 Summary of significant accounting policies

Basis of accounting

CSHoF prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

CSHoF follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to capital assets are recognized as revenue as the related capital assets are amortized. Other externally restricted contributions are deferred and recognized as revenue in the period when the related expenses are recognized.

Revenue from retail store sales, admissions, education programs, facility rentals and offsite exhibits are recognized as the related goods and services are provided.

Revenue from the sale of tickets and sponsorships for the Induction Celebrations Dinner, Golf Tournament, and other special events are recognized at the time the event is held.

Endowment contributions are recognized as direct increases in net assets.

Interest and investment income is recorded when earned.

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

Contributed Goods and Services

CSHoF receives donations of goods and services throughout the year that are used in operations. These items are not recognized in the financial statements.

Volunteers contribute many hours to assist CSHoF in carrying out its mandate. Volunteer services are not recognized in the financial statements.

Collections held for exhibition

CSHoF maintains a wide array of artefacts and other sports memorabilia held for public exhibition. Collection costs held for exhibit are recorded as expenditures in the Statement of Operations at cost, if purchased, or at their estimated fair value, if determinable, at the date of contribution for donated collection exhibits. During 2017 and 2016 there were no items donated to the collection recorded in the financial statements.

Investments

Long-term investments consist of GIC's with initial maturity dates greater than one year from the date of the balance sheet.

Inventory

CSHoF maintains inventory for sale in the retail boutique. Items held as inventory are recorded at the lower of cost based on the weighted average cost method and net realizable value.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the following periods:

Building		
Structural	–	40 years
Mechanical	–	20 years
External	–	20 years
Decorative	–	10 years
Media production	–	5 years
Furniture and equipment	–	5 years
Website	–	5 years
Computer equipment	–	3 years

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

Financial instruments

CSHoF initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and liabilities at amortized cost, other than long-term investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

It is management's opinion that CSHoF's exposure to risk on its financial instruments did not change from the prior period as follows:

a) Credit and liquidity risk

CSHoF's credit and liquidity risk exposure relates to cash and accounts receivable. Cash balances are denominated in local currency and held with reputable Canadian financial institutions. Accounts receivable consists of amounts owing that are not significant which management considers to be fully collectible. Management does not consider CSHoF to be exposed to significant credit and liquidity risk.

b) Interest rate, currency and other price risk

Long-term investments are limited to Guaranteed Investment Certificates held with a reputable Canadian financial institution. Cash balances, long-term-investments and accounts receivable are denominated in local currency. Management does not consider CSHoF to be exposed to significant interest rate, currency and other price risk.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenues and expenses during the reporting period. Significant areas requiring the use of estimates include amortization of capital assets, amortization of deferred contributions, and accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

3 Endowment

In 2006, Maple Leaf Sports and Entertainment Ltd. contributed \$50,000 to establish the Steve Stavro Scholarship Fund. Under the agreement, only the income generated from the fund can be used to subsidize the employment of students to work at CSHoF. During the current year \$234 was recognized in revenue (2016 – \$234).

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

4 Capital assets

			2017	2016
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Building				
Structural	10,373,454	1,670,439	8,703,015	8,962,351
Mechanical	7,829,844	2,547,171	5,282,673	5,676,610
External	3,668,511	1,192,266	2,476,245	2,659,671
Decorative	1,986,974	1,291,533	695,441	894,138
Media production	8,353,579	8,353,579	-	-
	32,212,362	15,054,988	17,157,374	18,192,770
Furniture and equipment	649,550	467,535	182,015	197,029
Website	2,759,133	2,397,625	361,508	407,994
Computer equipment	106,005	106,005	-	827
	35,727,050	18,026,153	17,700,897	18,798,620

Under the terms of the agreement with the CODA, title to the land upon which the building is constructed is vested with CODA. Given the terms of the lease CSHoF has the beneficial ownership of the building, therefore the financial statements account for these costs as capital assets of CSHoF.

5 Deferred contributions

a) Operations

Deferred contributions for operations represent externally restricted funding which relate to expenditures for exhibits and programs that have not yet occurred. The balance at the reporting date for these projects is \$144,307 (2016 – \$92,096).

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

b) Capital

Deferred contributions for capital represent externally restricted contributions for various capital assets as follows:

	2017	2016
	\$	\$
Virtual Museum of Canada Project	254,229	204,399
Horse Exhibit	-	133,302
Government of Alberta - CFEP	51,936	64,919
Virtual Distance Learning Studio	48,000	60,000
	<u>354,165</u>	<u>462,620</u>

Amortization of these amounts into revenue will commence when the related assets are put into use, over the same period as the related assets are amortized, as outlined in note 2.

6 Deferred contributions – Hall of Fame

Deferred contributions related to the Hall of Fame represent restricted contributions with which the Hall of Fame was originally constructed, as well as further contributions restricted for additions to the Hall of Fame. These amounts are recognized as revenue as the related assets are amortized, as outlined in note 2.

	2017	2016
	\$	\$
Balance – Beginning of year	18,262,312	20,146,237
Amounts amortized to revenue in amortization of deferred contributions – Hall of Fame	(1,045,999)	(1,889,341)
Other	-	5,416
	<u>17,216,313</u>	<u>18,262,312</u>

Canada's Sports Hall of Fame

Notes to Financial Statements

December 31, 2017

7 Credit facility agreement

CSHoF has a credit facility agreement with a commercial financial institution for a demand operating line of credit for \$1.0 million. Interest is calculated at the prime rate plus 1.5% per annum. During 2017 and 2016 CSHoF did not utilize the operating line of credit and there were no interest charges incurred under the agreement. CSHoF is in compliance with the financial covenant contained in this agreement at December 31, 2017.

As at December 31, 2017 there were no amounts due (2016 – \$nil) with respect to the line of credit.

8 Fundraising expenses

As required under Section 7(2) of the Alberta Charitable Fundraising Regulation, the following amounts are disclosed:

	2017	2016
	\$	\$
Amounts paid as remuneration to employees whose principal duties involve fundraising	122,500	132,500
Direct expenses incurred for the purposes of soliciting contributions	30,909	33,250

9 Government remittances

Payroll source deductions amounting to \$6,305 are owed to the federal government at December 31, 2017 (2016 – \$2,124) and are included in accounts payable and accrued liabilities.

10 Related party transactions

There were no related party transactions for year ended December 31, 2017 (2016 – \$nil).

11 Comparative figures

Some figures in the balance sheet and statements of operations and cash flows for 2016 have been reclassified to conform to the current year's presentation.