

**WINNIPEG FOOTBALL CLUB  
2018 ANNUAL REPORT**





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# CHAIRPERSON'S REPORT

In 2018, Investors Group Field once again was home to the best game day experience in the CFL from the pre-game tailgate experience to the half-time concerts. I am very proud of the extraordinary work that our staff and volunteers put into every home game to make it one of the best sporting experiences in the country.

The team again made strides in 2018, as the franchise advanced to the CFL Western Final playoff game for the first time since 2011. Furthermore, seven players were named to the 2018 CFL All-Star Team with Adam Bighill and Stanley Bryant honoured as the Most Outstanding Defensive Player and Most Outstanding Offensive Lineman, respectively.

I must also highlight the work and initiatives our football club and our players accomplish within the community. The Club is active with its Blue Bombers Futures program, which supports and helps grow amateur football in Manitoba. As well, our players make numerous appearances throughout the province speaking on important subjects like Break the Silence on Violence against Women and the Bombers Tackle Bullying programs. These are all important subjects, and the Board is proud of our players who are so deeply rooted within our community.

It has given me great pride and honour to be able to serve as the Board Chair of the Winnipeg Football Club for the past three years. As I move into the role of Past Chair of the Board, I look forward to supporting our new Board Chair, Dayna Spiring.

A special thanks to all the passionate Blue Bomber fans who continue to support our team with incredible loyalty, along with our corporate partners. I look forward to watching the continuing success of the football club on and off the field for years to come.

**Jeff R. Martin**  
*Chair of the Board*  
*Winnipeg Football Club*





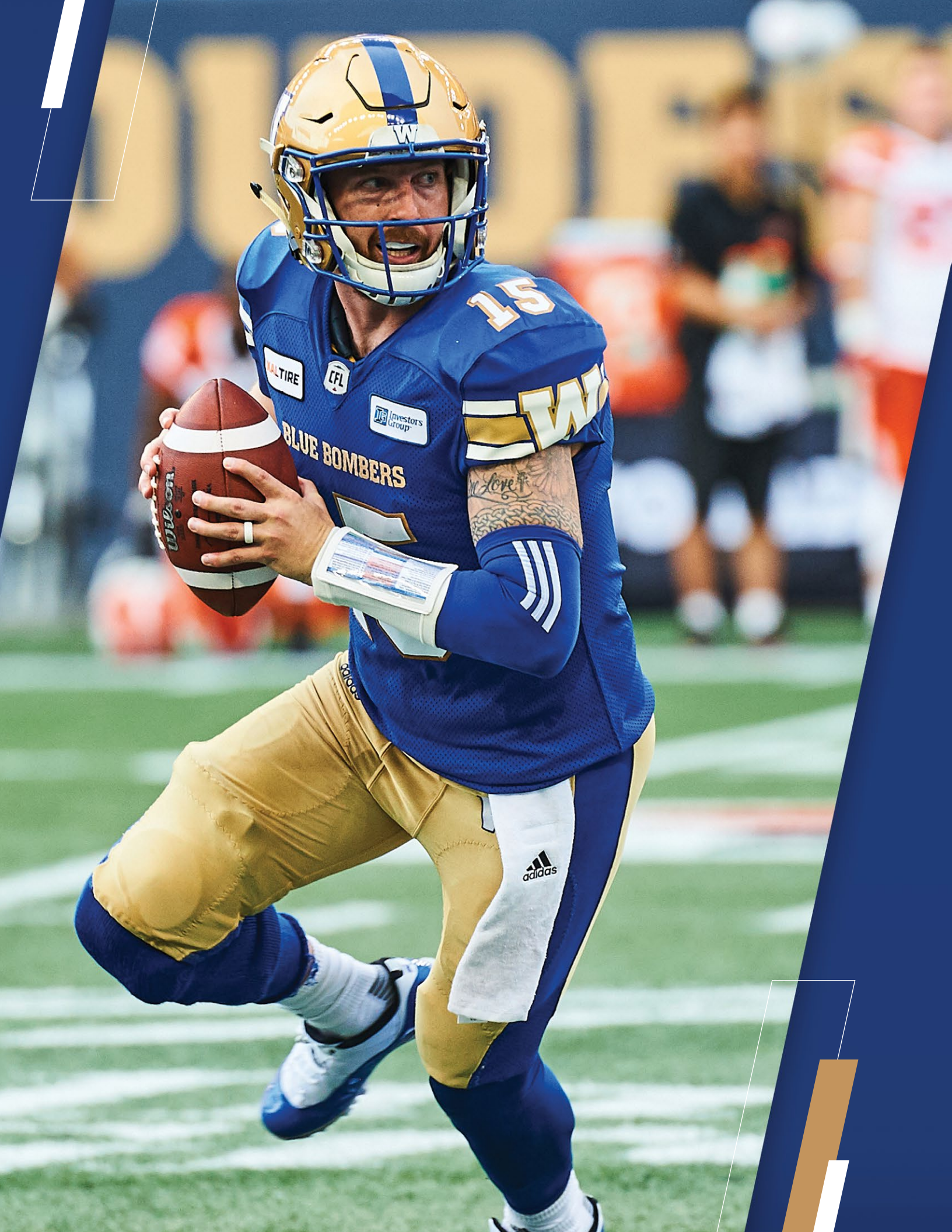
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**CFL**

**IG Investors Group**

**BLUE BOMBERS**

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# PRESIDENT & CEO'S REPORT

I would like to begin by first thanking all of our loyal season ticket members, fans, and corporate partners for helping make 2018 another exciting year for the Winnipeg Football Club. The support each of you provide to our franchise is key to our success.

The 2018 season marked my fifth full calendar year as President & CEO, and I'm very proud of what we are accomplishing on and off the field. In the past three seasons, we have a combined record of 33-21 - second best in the CFL - and have been in the playoffs for each of those seasons. In 2018 the team advanced to the Western Final, and we look to build on that success in 2019.

That success was again represented on the 2018 CFL All-Star Team, which featured seven Bombers: running back Andrew Harris, offensive tackle Stanley Bryant, centre Matthias Goosen, right guard Sukh Chung, wide receiver Darvin Adams, safety Taylor Loffler and linebacker Adam Bighill. Bighill and Bryant were also honoured at the CFL Player Awards - Bighill was named the Most Outstanding Defensive Player; Bryant as the Most Outstanding Offensive Lineman - while Andrew Harris was the runner-up in a close vote as the Most Outstanding Canadian Player.

Our success continues to come from our belief in maintaining stability and continuity in our football operations department. Both General Manager Kyle Walters and Head Coach Mike O'Shea continue to build on our blueprint that includes successful drafting of Canadians and scouting talent in the U.S. Also through free agency this winter, the Club was able to add Willie Jefferson in addition to re-signing Adam Bighill to a three-year contract extension prior to free agency.

As a Club, we are proud of the work our players, staff and volunteers do in the community as we are committed to developing and growing amateur youth football. We also strive to educate and support Manitobans with programs like Break the Silence on Violence against Women and the Bombers Tackle Bullying program.

We were thrilled to host our first annual CFL Family Day this past fall - just another event to show our appreciation to our loyal supporters. We truly have the loudest fans in the CFL who continue to make Investors Group Field a tough place for visiting teams to play, and enjoy one of the best game day experiences in professional sports.

I would like to thank Jeff Martin, whose term came to an end in December 2018, for his role as Chair of the Club's Board of Directors and welcome Dayna Spiring, our new Chair of the Board of Directors. Dayna previously served as Vice Chair and Corporate Secretary, and we look forward to Dayna's contributions in the coming year.

I also want to thank each one of our dedicated staff and volunteers for the passion they bring every day and the commitment they have to making a great game day experience for our fans and corporate partners.



We can't wait for the start of training camp and the regular season and look forward to seeing our true fans and supporters in the stands.

Go Bombers,

**Wade Miller**  
*President & CEO*  
*Winnipeg Football Club*

# FOOTBALL OPERATIONS



The Winnipeg Blue Bombers' 2018 season ended with the Club inching one step closer to a coveted Grey Cup championship.

The Bombers fell just short in the Western Final at McMahon Stadium in Calgary last November, but there is a solid foundation in place for a Club that also won its first playoff game since 2011 in the Western Semi-Final victory over the Saskatchewan Roughriders.

Looking back at 2018, the Bombers began the season with quarterback Matt Nichols on the shelf for the first four weeks after he suffered a knee injury on the last day of training camp. That thrust unheralded rookie Chris Streveler into the spotlight and the University of South Dakota product – who became the first straight-from-college QB to open a season as a starter in the CFL since Anthony Calvillo with the Las Vegas Posse in 1994 – helped guide the Club to a 1-2 record in the absence of Nichols early in the year. The Bombers would then experience some ups and downs over the next few months, winning four of their next five to get back in the West Division fight, before losing four straight. But backed by a dominant defence, the team would win five in a row during a September-October run – including a 31-0 home win over the Riders that was the first shutout at home since 1986.

The Bombers would finish 10-8 in the ultra-competitive West Division, which led to an emotional victory at Mosaic Stadium in the first round of playoffs, followed by the tough loss that came a week later in Calgary in the division final.

It wasn't too long after the season ended, however, that the football operations staff got to work to keep the team together. The offseason has seen the Club re-sign Adam Bighill – who made such an incredible impression in his first year as a Bomber while winning the CFL Most Outstanding Defensive Player honours – along with Stanley Bryant, voted the Most Outstanding Offensive Lineman for the second straight year, and tackle Jermarcus Hardrick, kicker Justin Medlock, slotback Nic Demski, defensive back Brandon Alexander, defensive end Jackson Jeffcoat and key Canadian pieces like Mike Miller, Jesse Briggs, Michael Couture, Shayne Gauthier, Thomas Miles, Chad Rempel and Jake Thomas.

The Club also added to its defence in free agency by landing game-changing defensive end Willie Jefferson – the Riders' Most Outstanding Player and Most Outstanding Defensive Player last season, along with former B.C. Lions cornerback Winston Rose.

Add those names to a team that still features Matt Nichols and Andrew Harris, fresh from a second consecutive CFL rushing title, Darvin Adams and Drew Wolitarsky, and the Bombers will look to build on a solid 2018 with an even better 2019.

The losses of Canadian starters should be offset by the talent already in place and the fact the Bombers have four selections in the Top 25 of this year's CFL Draft, including the fourth and fifth overall picks.

The Bombers have qualified for the playoffs for three straight years – a first since four consecutive appearances from 2000-2003 – and have the second-best record in the CFL to the Calgary Stampeders over the last three seasons.

This franchise has become a preferable destination for free agents over that span, thanks in large part to the culture built by Head Coach Mike O'Shea, General Manager Kyle Walters, and President & CEO Wade Miller.



adidas



DIVERSITY IS  
STRENGTH







# COMMUNITY RELATIONS

In 2018, the Winnipeg Blue Bombers' community relations team continued to support youth football with initiatives that promote healthy relationships and projects involving the CFL-wide theme of Diversity is Strength, encouraging inclusiveness. These initiatives continue to have a positive impact on our communities province-wide.

During the off-season, Blue Bomber players presented to more than 10,000 school-aged youth about healthy relationships in assembly-style presentations and workshops.

Promoting and growing amateur youth football remains a key mandate for the Club. In 2018, the amount of youth who registered for the Blue Bombers Futures programs, including the high-school aged Winter Skill Development Camp, continued to surpass previous years.

As always, the Club showcased inclusive community spirit at Blue Bomber home games with special anthem performers, flag bearers, the inclusion of various cultural group associations, and special recognition for minority groups.

## BLUE BOMBERS GAME DAY INITIATIVES

In 2018, the Club once again proudly partnered with Perimeter Aviation and Exchange Income Corporation to provide VIP experiences for more than 550 youth and community members from First Nations communities across Manitoba.

During our annual Canadian Armed Forces Appreciation game in August, CF-18s flew across the stadium sky at kickoff, and we honoured members of the Canadian Armed Forces during the game, providing active service members and their families with more than 400 tickets.

In October, volunteers from the Canadian Cancer Society hawked toques on the concourse to raise money during the annual Pink game, while cancer survivors were honoured on the field pre-game. Our staff wore pink ribbons to also show support.

Throughout the season, Bomber fans donated more than 98,000 pounds of non-perishable food to Winnipeg Harvest through the Purolator Tackle Hunger Tin For The Bin program. Since 2003, Winnipeggers have helped collect 1,310,177 pounds of food for families in need.

## QUICK NUMBERS

245+

PLAYER APPEARANCES

110

MASCOT APPEARANCES

350

PRIZE DONATIONS

2,000+

CHARITABLE TICKETS DONATED TO REGISTERED CHARITIES AND NOT-FOR-PROFITS

MORE THAN

98,000

POUNDS OF FOOD DONATED TO WINNIPEG HARVEST BY FANS



## BLUE BOMBERS COMMUNITY

### Break the Silence on Violence against Women

This was an energizing year for the Break the Silence on Violence against Women program.

Five players completed three-day training sessions and the Winnipeg Blue Bombers invited former football star and TED Talk speaker Jackson Katz to speak to players, community members, coaches and staff on the importance of being more than a bystander when it comes to violence against women.

The Winnipeg Blue Bombers continued their work to educate youth about the issues surrounding violence against women and girls, with trained Blue Bomber players providing presentations and workshops to nine high schools across the province. In addition, there were also two organizational visits to Wahbung Abinoojiiag and Alpha House Project.

The team completed the presentation season with a student and community summit at the stadium in May 2018 that engaged community leaders, coaches and athletes through Football Manitoba, and provided an overview on the bystander training to these groups.

### Bombers Tackle Bullying and the Samantha Mason Foundation

The Bombers Tackle Bullying program had another successful year. Players Matthias Goossen and Thomas Miles received spokesperson training from the Canadian Red Cross' Beyond the Hurt program. They presented at ten Manitoba schools, reaching more than 1,300 students aged 5-14 with messages about personal relationships and preventing bullying.

At the October 13th home game, the Bombers were proud to award three young people the annual Samantha Mason Friendship Award for taking leadership roles in their schools and community to end bullying.

### Winnipeg Pride Festival

For the fourth year, the Bombers were a sponsor of the Winnipeg Pride Festival, hosting a family fun zone which included an inflatable obstacle course, fan experience truck, and a football toss game. Members of the Blue Bombers Cheer and Dance Team accompanied by Buzz and Boomer took part alongside the Winnipeg Blue Bombers parade float.

The Bombers were proud to host the Rainbow Resource Centre/Out There Winnipeg as special flag bearers before the August 10th home game.

### Indigenous Community

The Jack Jacobs Scholarship is awarded annually to Indigenous high-school students who foster a passion for football or sport and have plans to pursue a post-secondary education. The recipients were provided with \$1,000 scholarships from the Winnipeg Football Club and Eagle Vision.

### Dufresne Dream Big Event Sleepover

The Dufresne Group, along with the Winnipeg Blue Bombers, provided a once-in-a-lifetime opportunity to 35 children from Big Brothers Big Sisters of Winnipeg with the annual Dream Big Experience sleepover event at Investors Group Field. Kids and their mentors participated in on-field activities with players, cheerleaders and mascots, enjoyed a pizza party, watched a movie on the big screen, slept in a suite, had a pancake breakfast with their families and received new twin beds and bedding from Dufresne.

### Cut for the Cure

During Fan Appreciation Day at Investors Group Field, Winnipeg Blue Bomber John Rush had his hair braided and cut to make wigs for cancer patients. In addition, Rush's 'Cut for the Cure' fundraiser raised over \$3,500 for the Canadian Cancer Society.



## OTHER COMMUNITY RELATIONS INITIATIVES

### Community Programs

- Hit the Books: I Love to Read
- Blue Bombers Women's Club presented by Granny's Poultry
- Blue Bombers Kids Club presented by Wonder Bread
- Justin Medlock's Kicks for Kids

### Game Day Initiatives

- Pink Game in support of Canadian Cancer Society – Manitoba Division
- Childhood Cancer Awareness Game
- Harris' Heroes
- Police Appreciation Game
- Canadian Armed Forces Appreciation Game
- Diversity is Strength Game
- Purolator Tackle Hunger
- CFL Family Day

### Community Partnerships and Activations

- IBAM Community Hero
- Manitoba Hydro Game Changers
- Canadian Beef Producers Family of the Game
- High School Coach of the Week Presented by Vector Construction Ltd

## FAN AMBASSADORS PRESENTED BY SAFE WORK MANITOBA

The Winnipeg Blue Bombers are proud of our 350 volunteer Fan Ambassadors who help provide our fans with a superior game day experience at each home game, providing services such as scanning tickets, ushering, and setting up fun activities around the stadium before and during the games. In 2018, our Fan Ambassadors volunteered for 22,000 hours at various stadium and community events.

## BLUE BOMBERS FUTURES

The Winnipeg Blue Bombers are committed to supporting and growing amateur football in Manitoba.

### Flag Football

The Winnipeg Football Club continued its support of flag football in Manitoba in several ways: In April, the Flag Football Skills Camp for youth who are just learning the game was well-attended. This was followed up with the Flag Football Kickoff Weekend at Investors Group Field, where all flag football teams in Football Manitoba's league played a game on the turf where the pros play.

The Club once again hosted the CFL NFL Flag Football regional tournament in October, where the winning team travelled to Ottawa to represent Winnipeg in a national tournament in the week leading up to the 106th Grey Cup.

### Winnipeg Rifles

The Club provided financial support to the Winnipeg Rifles football team, and the team played some of their home games at Investors Group Field.

### Winnipeg Youth Football Club

The Winnipeg Youth Football Club hosted over 200 youth from schools in downtown Winnipeg at a weekly after-school program, where they received flag football coaching by certified coaches, mentorship, dinner, a t-shirt and transportation to and from the program. Program partners include Sport Manitoba, the University of Winnipeg, and Canadian Tire Jumpstart Charities. The program participants were then invited to attend a Winnipeg Blue Bombers home game, with transportation and game tickets provided.

### Winter Skills Camp

The Club offered a free drop-in skills development camp for high-school-aged football players. Twice a week from January to March, certified coaches met with over 100 high-school-aged football players. This free program was designed for players who may be considering trying out for their school's team for the first time, or as an opportunity to sharpen and improve upon their skills for the upcoming season.

### High School Football Combine

As part of CFL Week in Winnipeg, the CFL hosted their National Combine presented

by adidas. The Winnipeg Football Club gave high school football players an experience to remember. High school football players took the field at the Convention Centre where they tested their skills in a combine of their own. Players showed their speed in a 40-yard dash and tested their strength in the bench press, having a combine experience like the pros.

### Blue Bombers Futures Kick-Off Program

New in 2018 was the inception of the Blue Bombers Futures Kick-Off Program. Designed for children ages 4-8 and based on Football Canada's First Down Program, the aim of the sessions are to help develop fundamental movement skills like running, throwing, catching and kicking. The program utilizes football related movements, activities and skills to help get kids moving and active while having fun.

### Old Dutch Crunchers Football at Investors Group Field

The Old Dutch Crunchers football clinic is held annually at Investors Group Field over two evenings. Players from the Bombers, the Winnipeg Rifles, and the University of Manitoba Bisons run drills for the province's littlest football players under the bright lights of Investors Group Field. More than 200 crunchers (ages 7 and 8) attended. Teams from the Old Dutch Crunchers also participated in a pre-game scrimmage before many Bomber home games.

### Subway Youth Tackle Football Camp at Investors Group Field

The Subway Youth Tackle Football Camp took place in July, where Atom division football players (ages 9 and 10) had the opportunity to be coached by players from the Blue Bombers, Winnipeg Rifles, and the University of Manitoba Bisons. More than 150 Atom-aged players from the Manitoba Minor Football Association attended and focused on improvement by participating in various football specific drills and skills.

### High School Coach of the Week presented by Vector Construction Ltd.

At each autumn home game, the Bombers honoured a high school coach for his or her outstanding commitment to growing amateur football in Manitoba. These coaches received tickets to the game and were recognized on the field prior to the game; they also received a Bomber Store gift card and a donation to their program.

# TREASURER'S REPORT

I am pleased to report on the financial results of the Winnipeg Football Club for the year ending December 31, 2018.

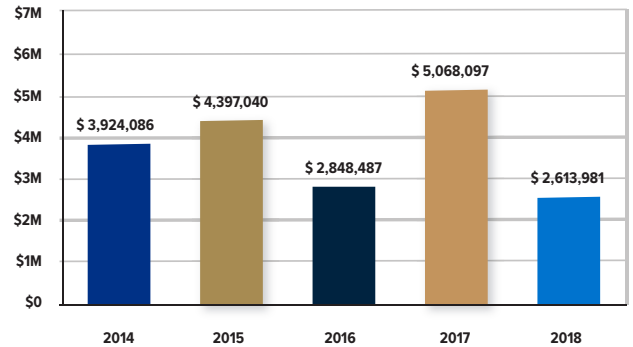
The Winnipeg Football Club had another solid financial year in 2018. As was expected in our planning, the strong financial success achieved in 2017, from hosting a number of significant events including Canada Soccer's Women's National team for a match against Costa Rica, Nitro Circus, the 2017 Canada Summer Games closing ceremonies, and a Guns N' Roses concert, was not expected to be achieved again in 2018. Also, while the Bombers once again advanced to the CFL playoffs, we did not financially benefit from hosting a playoff game in Winnipeg in 2018.

The Winnipeg Football Club had excess of revenues over expenses from operations of \$2.6 million, compared to \$5.1 million in 2017, which was a decrease of \$2.5 million. The 2018 financial performance coupled with the cash reserves generated in prior years allowed the Club to make investments in our team, our stadium and our fan services, reduce debt and build our financial reserves for future years as detailed below.

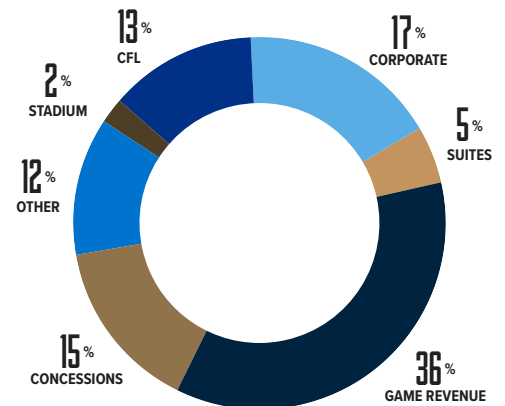
## Revenue

Total revenue in 2018 was \$33.4 million, an increase of \$970,000 (2.9%) over last year. Winnipeg Football Club revenue increased by \$3.9 million (32.8%) as the Club brought the food & beverage operations at Investors Group Field internal to our operations in 2018, not only improving the game day experience but also earning 100% of the revenues less the associated costs. Corporate partnership revenue grew by over 15% from 2017 thanks to the strong local support from Bomber fans and the corporate partners, a demonstration of outstanding community support that the Club greatly appreciates. There were also offsetting decreases to revenue as a result of less Bomber home games and special events at Investors Group Field. Game revenue decreased by \$1.4 million (-10.5%) as the Club did not host a home playoff game in 2018, and also due to stadium management revenue which was down \$1.8M in comparison to 2017.

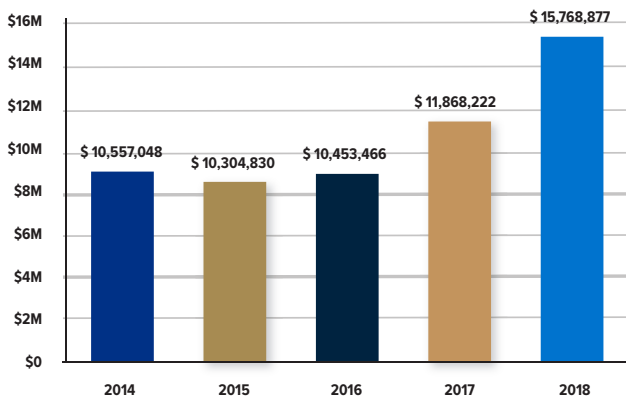
## EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS



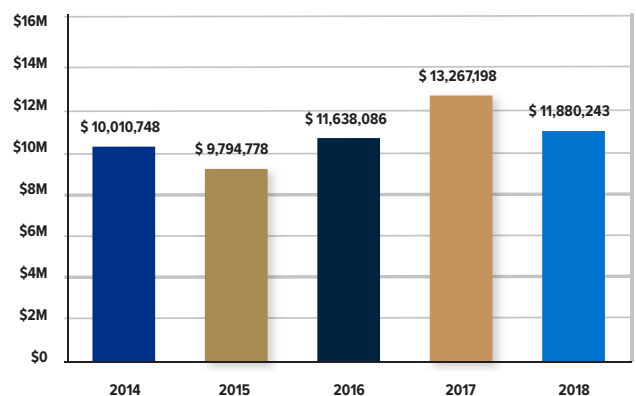
## 2018 REVENUE BREAKDOWN



## WINNIPEG FOOTBALL CLUB REVENUE



## TOTAL GAME REVENUE



**Expenses**

Total operating expenses in 2018 were \$30.8 million, an increase of \$3.4 million (12.4%) over 2017. Football operations expenses increased by \$470,000 (3.9%) as a result of our success in playing in both the Western Semi-Final and Western Final playoff games. There were also expected increases in expenditures in marketing, administration and game day expenses associated with bringing food and beverage into the Club’s internal operations. There was also a decrease to overall stadium occupancy costs of \$830,000 (-13.1%) as a result of fewer non-football events at Investors Group Field.

Consistent with prior years, the Club alone funded the public transportation program costs associated with the fees paid to Winnipeg Transit and other third-party providers for fan bus service to and from Investors Group Field. The Club has operated the public transportation program since 2013 and has paid for all expenditures related to the program, totalling over \$4.6 million. In 2017, Triple B Stadium Inc. (the owner of Investors Group Field), formally acknowledged their legal obligation to fund a portion of the public transportation program, retroactive to 2013 and on a go-forward basis. Accordingly, the Club recorded a receivable of \$4.1 million from Triple B for the cost recovery. However, given that there is significant doubt regarding the collectability of the receivable from Triple B based on Triple B’s going concern status, the Club has recorded an allowance for doubtful accounts equal to the full recovery amount of \$4.1 million. As a result, the net impact of these transactions was nil on the statement of operations and changes in net assets. Despite recording a doubtful account allowance as a proper accounting consideration, the Club will continue its ongoing efforts to collect the payments due from Triple B.

**Other Financial Items**

The Club recorded a payment to Triple B of \$2.7 million based on the Club’s available Excess Cash at December 31, 2018, as defined in and required by the Club’s Management Agreement with Triple B. This is the fifth scheduled annual payment the Club has made to Triple B, fulfilling our ongoing obligations. Payments will continue over the next four decades, based on our Management Agreement with Triple B. The Club will continue to meet our obligations as outlined in the Agreement, that requires the Club to use its best efforts to generate sufficient Excess Cash through the collection of entertainment tax and facility fees, which are then applied to the annual payments.

**Financial Position and Cash Flow**

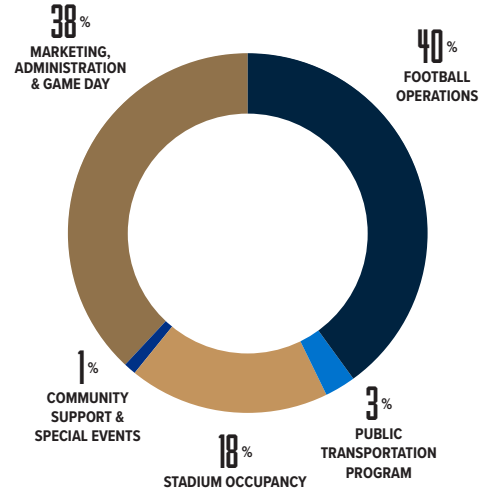
The Club’s net assets were reduced by \$100,000 in 2018 to \$12.3 million due to the annual excess cash payment to Triple B Stadium Inc. exceeding the excess of revenues over expenses from operations for 2018. Included in net assets is the operating

reserve, which is internally restricted and not to be used without the approval of the Board of Directors.

The Management Agreement with Triple B Stadium Inc. allows annual allocations to the Club’s operating reserve of up to \$500,000 until the reserve reaches a maximum of \$5 million. The Club increased the balance of the operating reserve during the year by \$500,000 to arrive at a balance of \$3.6 million at December 31, 2018.

The Club experienced a net decrease in cash and cash equivalents during the year of \$670,000. During the year, the Club paid down \$550,000 of debt associated with the earlier stadium project capital expenditures incurred by the Club that were required to complete and begin operating the stadium. The Club also spent \$500,000 on capital expenditures during the year and provided a loan to Valour FC Inc. in the amount of \$170,000 to fund initial start-up operations.

**2018 OPERATING EXPENSE BREAKDOWN**



Thank you to our loyal Bomber fans and corporate partners who helped us achieve our 2018 financial results.

**Bill Baines**  
Treasurer  
Winnipeg Football Club

# BUSINESS PLAN SUMMARY



## OPERATING REVENUE

### Premium Sales

#### [Suites, Loges, Premium Seating]

Demand for all premium seating at Investors Group Field remains strong, with occupancy rates for suites and loges above 85% and under contracts ranging from one to seven years. Renewal rates to date are high and based on inquiries, we believe that demand will continue to be high going forward.

### Ticket Sales

Total ticket sales decreased slightly in 2018 due to a decrease in the season ticket base. We are projecting moderate increases in total ticket revenues in the upcoming years.

### Corporate Partnership – Winnipeg Football Club Revenue

There has been significant growth in corporate partnership revenues since moving into Investors Group Field. Going forward the expectation is for these partnership numbers to be fairly consistent with 2018 results.

### CFL Revenues

We anticipate CFL revenues to remain at current levels for the foreseeable future.

### Stadium Management Revenues

2018 was a quieter year with respect to major events and concerts, and this trend is expected to continue into 2019 and beyond.

Catered events in the Pinnacle Club and Sky Deck rooms continue to grow year over year, and we expect that trend to continue.

## OPERATING EXPENSES

The percentage breakdown of operating expenses outlined in the Treasurer's Report is expected to be consistent moving forward, with approximately 40% of expenditures dedicated to football operations.

The 2019 operating expense budget is comparable to 2018 results, and going forward we expect marginal increases of 1 to 2% per year in all major expense categories.

## SUMMARY

Based on the above, we expect net earnings from operations in 2019 to be consistent with 2018. The Club will continue to meet its financial obligations as outlined in the Management Agreement with Triple B Stadium Inc. which requires the Club to use its best efforts to generate sufficient Excess Cash (as defined in the Management Agreement) through the collection of entertainment tax and facility fees to be applied to the annual payment due each year.

The Club continues to focus on maximizing existing revenue streams, exploring potential new sources of revenue, and at the same time keeping operating costs under control.

DECEMBER 31, 2018

# FINANCIAL STATEMENTS WINNIPEG FOOTBALL CLUB



# Independent Auditor's Report

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To the Directors of  
Winnipeg Football Club

## Opinion

We have audited the non-consolidated financial statements of Winnipeg Football Club, which comprise the non-consolidated statement of financial position as at December 31, 2018, and the non-consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the organization as at December 31, 2018, and its non-consolidated results of operations and its non-consolidated 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 Non-Consolidated Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

# Independent Auditor's Report (continued)

## Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 organization'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 organization'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 non-consolidated 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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Winnipeg, Canada  
April 10, 2019

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

# Winnipeg Football Club

## Non-Consolidated Statement of Operations

Year ended December 31

2018

2017

Revenue		
Game revenue	\$ 11,880,243	\$ 13,267,198
CFL distributions (Note 9)	4,385,748	4,201,047
Winnipeg Football Club revenue	15,768,877	11,868,222
Stadium management revenue (Note 6)	714,465	2,512,884
Community support and special events	683,998	618,839
	<u>33,433,331</u>	<u>32,468,190</u>
Operating expenses		
Football operations	12,226,329	11,753,251
Marketing, administration and game day	11,818,551	8,020,310
Stadium occupancy	5,546,473	6,379,773
Public transportation program (Note 12)	858,893	896,763
Community support and special events	369,104	349,996
	<u>30,819,350</u>	<u>27,400,093</u>
Excess of revenue over expenses from operations	2,613,981	5,068,097
Other items		
Annual excess cash payment to Triple B Stadium Inc. (Note 7)	<u>(2,718,384)</u>	<u>(3,500,000)</u>
(Deficiency) excess of revenue over expenses	<u>\$ (104,403)</u>	<u>\$ 1,568,097</u>

See accompanying notes to the non-consolidated financial statements.

# Winnipeg Football Club

## Non-Consolidated Statement of Changes in Net Assets

Year ended December 31

### Year ended December 31, 2018

	Operating reserve	Surplus	Total
Balance, beginning of year	\$ 3,095,000	\$ 9,274,624	\$ 12,369,624
Deficiency of revenue over expenses	-	(104,403)	(104,403)
Annual allocation to operating reserve (Note 7)	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 3,595,000</u>	<u>\$ 8,670,221</u>	<u>\$ 12,265,221</u>

### Year ended December 31, 2017

	Operating reserve	Surplus	Total
Balance, beginning of year	\$ 2,595,000	\$ 8,206,527	\$ 10,801,527
Excess of revenue over expenses	-	1,568,097	1,568,097
Annual allocation to operating reserve (Note 7)	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 3,095,000</u>	<u>\$ 9,274,624</u>	<u>\$ 12,369,624</u>

See accompanying notes to the non-consolidated financial statements.

# Winnipeg Football Club

## Non-Consolidated Statement of Financial Position

December 31

2018

2017

### Assets

#### Current

Cash and cash equivalents	\$ 9,679,789	\$ 10,349,344
Receivables (Note 8)	1,501,415	832,351
Due from Triple B Stadium Inc. (Note 8, 12)	214,308	82,600
Inventories	712,331	595,407
Prepays	307,547	376,240

12,415,390 12,235,942

Loan receivable from Valour FC Inc. (Note 8, 12)

169,952 -

Capital assets (Note 3)

14,072,177 15,451,338

14,242,129 15,451,338

\$ 26,657,519 \$ 27,687,280

### Liabilities

#### Current

Payables and accruals (Note 4)	\$ 1,486,036	\$ 1,592,466
Due to Triple B Stadium Inc. (Note 12)	1,756,789	2,521,613
Deferred revenue	5,269,968	4,346,621
Current portion of long-term debt (Note 5)	576,743	546,709

9,089,536 9,007,409

Long-term debt (Note 5)

401,992 978,735

Deferred contributions (Note 6)

4,900,770 5,331,512

14,392,298 15,317,656

### Net Assets

Operating reserve (Note 7)

3,595,000 3,095,000

Surplus

8,670,221 9,274,624

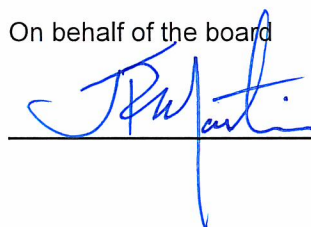
12,265,221 12,369,624

\$ 26,657,519 \$ 27,687,280

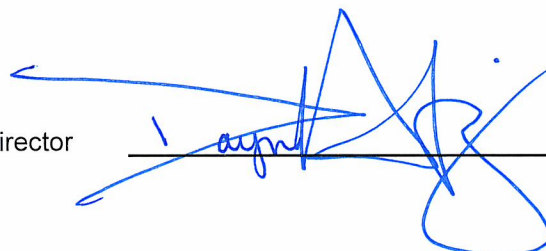
Contingencies (Note 9)

Commitments (Note 10)

On behalf of the board



Director



Director

See accompanying notes to the non-consolidated financial statements.

# Winnipeg Football Club

## Non-Consolidated Statement of Cash Flows

Year ended December 31

2018

2017

Increase (decrease) in cash and cash equivalents

### Operating

(Deficiency) excess of revenue over expenses	\$ (104,403)	\$ 1,568,097
Items not affecting cash and cash equivalents		
Depreciation	1,883,886	1,993,066
Amortization of deferred contributions	(430,742)	(463,288)
	<u>1,348,741</u>	<u>3,097,875</u>
Change in non-cash working capital		
Receivables	(669,064)	2,077,145
Inventories	(116,924)	(107,202)
Prepays	68,693	44,803
Payables and accruals	(106,430)	(2,197,416)
Deferred revenue	923,347	(916,662)
Due from and to Triple B Stadium Inc., net	(896,532)	2,439,013
	<u>551,831</u>	<u>4,437,556</u>

### Financing

Repayment of long-term debt	(546,709)	(1,912,951)
Increase in long-term debt	-	52,794
	<u>(546,709)</u>	<u>(1,860,157)</u>

### Investing

Loan provided to Valour FC Inc.	(169,952)	-
Purchase of capital assets	(504,725)	(669,469)
	<u>(674,677)</u>	<u>(669,469)</u>

(Decrease) increase in cash and cash equivalents (669,555) 1,907,930

Cash and cash equivalents

Beginning of year	<u>10,349,344</u>	<u>8,441,414</u>
End of year	<u>\$ 9,679,789</u>	<u>\$ 10,349,344</u>

See accompanying notes to the non-consolidated financial statements.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 1. Nature of operations

The Winnipeg Football Club (the "Club") was incorporated as a Manitoba Corporation on March 5, 1951. The object of the Club is the promotion and fostering of football in the Province of Manitoba. The Club is exempt from income taxes under Section 149(1) of the Income Tax Act.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The Club has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

#### Principles of consolidation

As a permitted option under ASNPO, these financial statements are prepared on a non-consolidated basis. Valour FC Inc. is a controlled entity but its results are not consolidated in these financial statements. Details of Valour FC Inc.'s financial results and organizational structure are included in Note 12 of the Notes to the Non-Consolidated Financial Statements.

#### Financial instruments

##### *Initial measurement*

The Club's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Club measures its financial assets and liabilities at cost or amortized cost, less impairment in the case of financial assets. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, due from Triple B Stadium Inc., loan receivable from Valour FC Inc., payables and accruals, due to Triple B Stadium Inc., and long-term debt.

For financial assets measured at cost or amortized cost, the Club regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Club determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks (net of bank overdrafts) and cashable guaranteed investment certificates.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

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December 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Bomber Store	20%
Computer hardware and software	20%
Concession equipment	10-20%
Game day equipment	20%
Football equipment	10-20%
Office furniture and equipment	20%
Stadium equipment	10-20%
Stadium infrastructure	5-10%

#### Inventories

Inventories are carried at the lower of cost and market. Cost is determined on an average cost basis. Market is defined as net realizable value.

#### Non-monetary transactions

The Club enters into non-monetary transactions in the normal course of operations where partnership packages are exchanged for goods and services. These transactions are recorded at the fair market value of the partnership packages given up and no gain or loss is realized on the transaction.

#### Revenue recognition

Game revenue from the sale of tickets is recognized as revenue on a game by game basis. CFL distributions are recognized as received or when receipt is reasonably assured.

Winnipeg Football Club revenue is recognized as follows: Revenue from the sale of partnerships, stadium naming rights and radio rights is recognized over the term of the related agreement; revenue from the sale of products or services, including food and beverage is recognized when the products are shipped, delivered or served to the customer, and services are rendered; suite revenue from the license of suites is recognized as revenue on a game by game basis; parking and park and ride revenue is recognized as revenue on a game by game basis.

Stadium management revenue is recorded as revenue on an event by event basis. Revenue from community support and special events is recognized as revenue in the period when the community support is received or when the special event is held.

Deferred revenue consists of corporate partnerships, premium seating and season ticket sales which relate to the subsequent year.

The Club follows the deferral method of accounting for contributions received. Deferred contributions are recognized as stadium management revenue in the year in which the related expenses are incurred or as amortization is recorded on the related asset.

# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

In preparing the Club's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenue and expenses during the period. The significant estimates included in the financial statements are the useful lives of capital assets and allowance for doubtful accounts. Actual results could differ from these estimates.

### 3. Capital assets

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Bomber Store	\$ 300,466	\$ 284,621	\$ 15,845	\$ 37,258
Computer hardware and software	670,574	558,142	112,432	113,891
Concession equipment	3,309,648	1,877,559	1,432,089	1,662,386
Game day equipment	938,736	831,531	107,205	189,530
Football equipment	1,338,426	975,437	362,989	402,608
Office furniture and equipment	469,591	385,538	84,053	129,065
Stadium equipment	4,011,726	2,544,401	1,467,325	1,566,720
Stadium infrastructure	<u>14,435,251</u>	<u>3,945,012</u>	<u>10,490,239</u>	<u>11,349,880</u>
	<u>\$ 25,474,418</u>	<u>\$ 11,402,241</u>	<u>\$ 14,072,177</u>	<u>\$ 15,451,338</u>

Concession equipment, stadium equipment and stadium infrastructure include assets under capital lease with an original cost of \$3,600,000 (2017: \$3,600,000) and accumulated amortization of \$1,897,113 (2017: \$1,551,968).

### 4. Payables and accruals

	<u>2018</u>	<u>2017</u>
Trade and other	\$ 1,471,249	\$ 1,571,593
Government remittances	<u>14,787</u>	<u>20,873</u>
	<u>\$ 1,486,036</u>	<u>\$ 1,592,466</u>

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

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December 31, 2018

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### 5. Long-term debt

	<u>2018</u>	<u>2017</u>
Obligation under capital lease	\$ 978,735	\$ 1,525,444
Less: Current portion of long-term debt	<u>576,743</u>	<u>546,709</u>
Due beyond one year	<u>\$ 401,992</u>	<u>\$ 978,735</u>

As security, Royal Bank of Canada has first ranking security interest over property of the Club by way of a general security agreement.

The Club had entered into a capital lease for various concession equipment, stadium equipment and stadium infrastructure costs. The capital lease bears interest at a fixed rate of 5.36% and has a maturity date of September 2020. The obligation is secured by the related equipment. Interest expense related to capital lease obligation of \$68,463 (2017: \$98,834) was paid during the year.

The minimum annual principal payments over the next two years are as follows:

2019	\$ 576,743
2020	<u>401,992</u>
	<u>\$ 978,735</u>

The Club has a revolving demand facility of up to \$50,000 (2017: \$50,000) of which \$50,000 (2017: \$50,000) was unused at December 31, 2018. This revolving demand loan is due upon demand, bears interest at prime plus 1.00%, and is secured by a general security agreement.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 6. Deferred contributions

Deferred contributions represent restricted contributions with which the Club purchased certain game day equipment, stadium equipment and stadium infrastructure. The change in the deferred contributions balance for the year is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 5,331,512	\$ 5,794,800
Less: Amounts amortized to stadium management revenue	<u>(430,742)</u>	<u>(463,288)</u>
Balance, end of year	<u>\$ 4,900,770</u>	<u>\$ 5,331,512</u>

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### 7. Stadium Management Agreement

On December 15, 2010, the Club entered into a Management Agreement with Triple B Stadium Inc. ("Triple B"), a non-share corporation of which the Club is a member, together with The City of Winnipeg and The University of Manitoba, and is able to appoint one of four directors. Triple B is incorporated under the Canada Corporations Act and is exempt from taxes under Subsection 149(1) of the Income Tax Act. Upon dissolution of Triple B, the Club has no entitlement or access to any of Triple B's remaining net assets, including the stadium. The Club does not control but rather exercises significant influence over Triple B, and has therefore not recorded any value for its membership in Triple B on the Non-Consolidated Statement of Financial Position.

Triple B's purpose is to develop, construct and own a stadium on leased land at the University of Manitoba, for use by the Winnipeg Blue Bomber football team and the University of Manitoba Bisons football team and for the use of amateur athletics and other public purposes. Under the terms of the Management Agreement, the Club will manage and operate the stadium in exchange for primary access to the facilities.

The Management Agreement requires the Club to establish its own Operating Reserve by way of annual allocations of up to \$500,000, until the reserve reaches a maximum of \$5,000,000. The Club maintained an Operating Reserve balance of \$3,595,000 as at December 31, 2018 (2017: \$3,095,000). The Management Agreement also requires the Club to maintain Required Working Capital each year. The Required Working Capital balance was \$6,085,000 as at December 31, 2018 (2017: \$6,950,000) which includes \$1,756,789 (2017: \$2,521,613) due to Triple B. Under the terms of the Management Agreement the Club is also required to use its best efforts to generate sufficient Excess Cash as defined in the Management Agreement, and collect entertainment tax and facility fees to meet the following payments.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 7. Stadium Management Agreement (continued)

All entertainment tax and facility fees collected on regular season and exhibition Blue Bomber football games by the Club will be paid to Triple B. In any year that entertainment tax and facility fee payments in total exceed \$2,000,000, the first \$2,000,000 will be applied against the maximum scheduled payment noted below and the excess will be applied to a capital fund to be held by Triple B, to a maximum of \$500,000 per year. Any further excess entertainment tax and facility fee payments (over \$2,500,000 in a year) will be applied by Triple B to the maximum scheduled payment below.

In addition, the Club is to use any Excess Cash generated in a fiscal year, after consideration of the Club's Required Working Capital and allocations to the Operating Reserve, to make a further annual payment to Triple B in accordance with the maximum scheduled payment below, inclusive of the amounts collected and remitted by the Club for entertainment tax and facility fees (except for amounts applied to the Triple B capital fund).

The maximum annual scheduled payment of Excess Cash will be \$3,885,834, until 2058, subject to the following. If the annual payment of Excess Cash is less than the maximum annual scheduled payment in any year, the difference will be added to the payment due by the Club in the following year in which it was originally due, subject to the Club's calculated Excess Cash in the following year. Under the terms of the Management Agreement, the Club is also required to remain a community owned non-share, not-for-profit corporation.

During the year, the Club made a payment of \$961,595 (2017: \$978,387) and accrued \$1,756,789 (2017: \$2,521,613), for a total annual Excess Cash payment of \$2,718,384 (2017: \$3,500,000) in accordance with the schedule above and the annual capital fund payment.

The scheduled payments from the Club to Triple B detailed above are to be utilized by Triple B against loans that exist between Triple B and its lenders.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

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December 31, 2018

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### 8. Financial instruments

The Club's activities are exposed to a variety of financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Club's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Club's financial performance. Risk management is carried out by financial management in conjunction with overall Club governance. The principal financial risks to which the Club is exposed are described below.

#### Liquidity risk

Liquidity risk is the risk that the Club will encounter difficulty in meeting the obligations associated with its financial liabilities. The primary source of liquidity is net operating income which is primarily used to finance working capital and capital expenditure requirements and is adequate to meet the Club's financial obligations associated with financial liabilities. The Club maintained an Operating Reserve balance of \$3,595,000 (2017: \$3,095,000) as at December 31, 2018.

The following table shows the timing of cash flows relating to payables and accruals, and long-term debt:

	<u>2018</u>	<u>2017</u>
Within one year	\$ 2,062,779	\$ 2,139,175
1 to 5 years	<u>401,992</u>	<u>978,735</u>
	2,464,771	3,117,910
Due to Triple B Stadium Inc. (Note 12)	<u>1,756,789</u>	<u>2,521,613</u>
	<u>\$ 4,221,560</u>	<u>\$ 5,639,523</u>

# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

### 8. Financial instruments (continued)

#### 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 Club is exposed to credit risk through its cash, receivables, and loan receivable from Valour FC Inc. The maximum credit risk to which the Club is exposed at the balance sheet date is equal to the fair value of cash, receivables and loan receivable from Valour FC Inc. Cash may be redeemed upon demand and consists of balances with banks and therefore bears minimal credit risk. Receivables credit risk arises from the possibility that entities that owe funds to the Club may experience financial difficulty and not be able to fulfill their commitment. The Club evaluates receivable balances based on the age of receivable, credit history of the customers, and past collection experience. The balance allowed for as doubtful accounts related to past due accounts in receivables is indicated in the table below. The Club has recorded an allowance for doubtful accounts against the balance due from Triple B Stadium Inc. based on Triple B's estimated future cash flows and going concern status and is included in the table below. Credit risk associated with the loan receivable from Valour FC Inc. arises from the possibility that Valour FC Inc. will not have sufficient future cash flows to repay the loan. Based on the Club's assessment of Valour FC Inc.'s future cash flows the credit risk associated with the loan receivable is not significant.

	<u>2018</u>	<u>2017</u>
Receivables:		
Current	\$ 362,394	\$ 223,712
Past due in the following periods		
31 to 60 days	94,996	131,874
61 to 90 days	40,192	12,798
Over 90 days	<u>184,153</u>	<u>70,042</u>
	681,735	438,426
Government remittances	56,594	18,079
Other receivables	763,086	382,586
Allowance for doubtful accounts	-	(6,740)
Total receivables	<u>\$ 1,501,415</u>	<u>\$ 832,351</u>
Due from Triple B Stadium Inc. (Note 12)	\$ 4,267,381	\$ 3,480,778
Allowance for doubtful accounts (Note 12)	<u>(4,053,073)</u>	<u>(3,398,178)</u>
	214,308	82,600
Loan receivable from Valour FC Inc. (Note 12)	<u>169,952</u>	<u>-</u>
Total receivables from related parties	<u>\$ 384,260</u>	<u>\$ 82,600</u>

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 8. Financial instruments (continued)

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club is exposed to interest rate risk on its fixed and floating interest rate financial instruments including long term debt and guaranteed investment certificates (GIC's) included in cash and cash equivalents. Given the current composition of long-term debt, fixed-rate instruments subject the Club to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Club's exposure to interest rate risk did not change during the year. Total GIC's of \$7,972,810 (2017: \$4,631,359) are fixed rate and long-term debt of \$978,735 (2017: \$1,525,444) is made up of fixed rate loans.

#### Currency risk

The Club does not have significant financial instruments denominated in a foreign currency and is therefore not exposed to significant currency risk.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The cash flows associated with the financial instruments of the Club are exposed to minimal other price risk.

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### 9. Contingencies

#### (a) Transactions with the Canadian Football League

As of the audit report date of these financial statements, the CFL has not made a final determination of its operating results for the year ended December 31, 2018. Consequently, the Club may be entitled to additional revenues or obligated to pay additional expenses once the accounts of the CFL have been finally determined. Any adjustments arising from the final determination of the results of operations of the CFL will be recorded in the accounts of the Club during the year ended December 31, 2019. During the year, the Club received distributions from the CFL of \$3,821,727 (2017: \$4,085,993) and accrued distributions receivable of \$564,021 (2017: \$115,054).

#### (b) Other

The Club is involved in various legal claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Club's financial position, results of operations or cash flows. Any amounts awarded as a result of these actions will be reflected in the year of settlement.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 10. Commitments

#### (a) Triple B Stadium Inc.

The Club's contractual obligation with Triple B is referred to in Stadium Management Agreement (Note 7).

#### (b) Other

The Club, in its normal course of business, enters into various supply and service contracts the terms of which would normally not exceed three years. The costs related to these contracts are treated as expenses in the period to which they contractually relate.

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### 11. Stadium development

The Club has incurred costs which directly relate to the process associated with the stadium development and transition. Since 2007, the Club has invested \$2,215,364 (2017: \$2,215,364) in stadium development costs that have been expensed in the years incurred.

The Club has also incurred a further \$20,579,169 (2017: \$20,579,169) in stadium capital costs since 2007. Funding for certain of these costs was provided by Triple B Stadium Inc. and is net of \$1,500,000 which was repaid by the Club to Triple B Stadium Inc.

	<u>2018</u>	<u>2017</u>
Stadium capital costs incurred	\$ 20,579,169	\$ 20,579,169
Less: Funding provided by Triple B Stadium Inc.	<u>(5,100,383)</u>	<u>(5,100,383)</u>
	<u>\$ 15,478,786</u>	<u>\$ 15,478,786</u>

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 12. Related party transactions

#### (a) Triple B Stadium Inc.

Due from and to Triple B Stadium Inc. (Triple B), of which the Club is a member, are unsecured and non-interest bearing. The balance due from Triple B has no fixed terms of repayment and relates to costs paid for by the Club for certain services purchased on behalf of Triple B and a cost-recovery of public transportation program expenses paid for by the Club. The balance due to Triple B relates to the balance of the 2018 annual payment and is due in 2019.

The Club has operated a public transportation program for Winnipeg Blue Bombers home games at Investors Group Field since 2013 and has paid for all expenditures related to this program. During the prior year, Triple B formally acknowledged their legal obligation to fund a portion of the public transportation program retroactive to 2013 and on a go-forward basis. Accordingly, the Club has recorded a receivable from Triple B for their contribution to the public transportation program. This contribution amounts to \$4,053,073 (2017: \$3,398,178) and includes costs for the current year and prior years dating back to 2013. As of December 31, 2018, the Club has determined that there is significant doubt surrounding the collectability of the receivable from Triple B and has recorded an allowance for doubtful accounts equal to the recovery of \$4,053,073 (2017: \$3,398,178). The net impact of these transactions on the statement of operations and changes in net assets is \$nil.

During the year, the Club made a payment of \$961,595 (2017: \$978,387) and accrued \$1,756,789 (2017: \$2,521,613) to Triple B in accordance with the terms of the Stadium Management Agreement (Note 7).

These transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### (b) Valour FC Inc.

##### *Nature of organization*

Valour FC Inc. ("Valour FC") was incorporated as a Manitoba Corporation on March 3, 2018. The object of Valour FC is to carry on the operation of a professional soccer club in Winnipeg, Manitoba and participate in the Canadian Premier League. Valour FC is exempt from income taxes under Section 149(1) of the Income Tax Act.

The Board of Directors of Valour FC is made up of common Directors who also serve on the Club's Board of Directors. Valour FC is therefore controlled by the Club.

##### *Basis of presentation*

Valour FC's financial statements are prepared in accordance with ASNPO. There are no significant differences in the accounting policies from those followed by the Club. There are no restrictions on the resources of Valour FC.

Financial summaries of Valour FC as at December 31, 2018 and for the year ended are disclosed. The prior year balances are \$nil as 2018 was Valour FC's first year of operations.

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# Winnipeg Football Club

## Notes to the Non-Consolidated Financial Statements

December 31, 2018

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### 12. Related party transactions (continued)

	<u>2018</u>
Statement of Operations	
Total revenues	\$ 36,915
Total expenses	<u>275,400</u>
Deficiency of revenue over expenses	<u>\$ (238,485)</u>
Statement of Financial Position and Changes in Net Assets	
Total assets	<u>\$ 1,502,092</u>
Total liabilities	\$ 1,740,577
Total net assets	<u>(238,485)</u>
	<u>\$ 1,502,092</u>
Statement of Cash Flows	
Cash from operating activities	\$ 51,150
Cash from financing activities	1,450,942
Cash used in investing activities	<u>(1,500,000)</u>
Increase in cash flows	<u>\$ 2,092</u>

During the year, the Club approved a loan to Valour FC in the amount of \$500,000 to fund the operations of Valour FC. As at December 31, 2018, \$169,952 has been advanced. The loan is secured by a demand promissory note, a general security agreement and assignment of interest in insurance, and bears interest at the Royal Bank of Canada prime plus 2.00%. The interest on the balance through December 31, 2018 was waived by the Club. The terms of repayment are such that the balance is payable in 12 equal principal payments commencing December 31, 2021. Accrued interest is due on the last day of each calendar year commencing December 31, 2020.

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### 13. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.





BLUE BOMBERS

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KAL TIRE

BLUE BOMBERS

CFL

2016

adidas



**WINNIPEG FOOTBALL CLUB**

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