



W

107TH GREY CUP

CHAMPIONS

WINNIPEG FOOTBALL CLUB | 2019 ANNUAL REPORT





2019 ANNUAL REPORT
WINNIPEG FOOTBALL CLUB

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CHAIRPERSON'S REPORT

I can't imagine a more exciting year than 2019 to be Chair of the Winnipeg Football Club! The year marked my first as Chair - the first time in the Club's 90 year history that a woman has served in this position - and concluded with watching the Club end a 28-year championship drought with a victory over the Hamilton Tiger-Cats in the 107th Grey Cup.

In 2019, IG Field continued to be home to one of the best game day experiences in the CFL that included the pre-game tailgate area as well as many halftime concerts. I am very proud of the staff and volunteers who put in time and effort to continue to make each game day special for season ticket members, fans and corporate partners.

Further to playoff and Grey Cup success, three players were named to the 2019 CFL All-Star Team: Willie Jefferson, Stanley Bryant and Winston Rose, along with Willie Jefferson being named the CFL's Most Outstanding Defensive Player. As well, Thomas Miles was named 2019 Ed Kotowich Good Guy Award winner.

In addition to the on-field success, it is important that I highlight the work and initiatives the football club and players accomplished within our community. The Club continues to be active with its Blue Bombers Futures program, which supports and helps grow amateur football in Manitoba. As well, 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 programs are important to the Board, and we are so proud of the work and time players devote to our community.

I continue to enjoy serving as Board Chair and want to thank Past Chair Jeff Martin for his years of service on the Board and for representing the Winnipeg Football Club on the CFL's Board of Governors. As well, I would like to personally thank Craig Evans, Priti Shah, and Marnie Strath for their passion, support and time following their retirement from the Board of Directors.

Whether you have been a season ticket member for one season or 50-plus seasons, I want to thank all the season ticket members and fans who have supported and continue to support the Club. In 2019, that support was rewarded. As we enter the 2020 season and celebrate the Club's 90th year, I look forward to cheering on more success for the Club on and off the field.



Dayna Spiring
Chair of the Board
Winnipeg Football Club





PRESIDENT & CEO'S REPORT

I would like to begin by first thanking all of our passionate and loyal Bomber For Life and season ticket members, fans, and corporate partners for helping make 2019 a most memorable year for the Winnipeg Football Club that was capped off with winning the 107th Grey Cup Championship.

The 2019 season marked my sixth full calendar year as President & CEO, and I'm very proud of what we are accomplishing on and off the field, especially in ending a 28-year championship drought with a 33-12 victory over the Hamilton Tiger-Cats in the 2019 Grey Cup.

With the importance of stability and consistency always in mind, the Club has returned to the top of the Canadian Football League by posting a 44-28 record over the past four seasons and qualifying for the playoffs in each year.

The roster of 2019 CFL All-Stars featured defensive end Willie Jefferson, offensive tackle Stanley Bryant and cornerback Winston Rose. Jefferson was also named the CFL's Most Outstanding Defensive Player.

We continue to build on the success of our football operations department through General Manager Kyle Walters to Head Coach Mike O'Shea, who both signed extensions this past winter. Through Kyle and Mike's leadership, we will continue to build through successful drafting of Canadians and scouting talent. Prior to free agency this winter, the Club was able to re-sign quarterback Zach Collaros, Jefferson and receiver Darvin Adams to contract extensions, keeping the veteran core mostly intact.

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

We truly have the loudest fans in the CFL who continue to make IG Field a tough place for visiting teams to play, while giving fans one of the best game day experiences in professional sports.

I would like to thank Past Chair Jeff Martin along with Craig Evans, Priti Shah, and Marnie Strath for their support and time following their retirement from the Board of Directors on January 1, 2020.

I also want to thank each one of our dedicated staff and volunteers for the passion they bring every day along with their commitment to making our game day experience one of the best in professional sports for our fans and corporate partners. The continued support each of you provide is key to our success.

We can't wait to see all our true fans and supporters back in the stands at IG Field.



Go Bombers,

Wade Miller
President & CEO
Winnipeg Football Club





FOOTBALL OPERATIONS



The Winnipeg Blue Bombers' 2019 season was both magical and memorable, culminating in spectacular fashion with a dominant 33-12 win over the Hamilton Tiger-Cats in the 107th Grey Cup.

The victory ended a 28-year championship drought and has only further fueled the love affair between this province and the Blue Bombers.

The 2019 season offered its share of highs and lows, with the Bombers jumping out to a 5-0 start – its best since 1960 – and then sitting at 9-3 at the two-thirds mark of the season.

But the Club was also forced to start three different quarterbacks during the year, following injuries to Matt Nichols and Chris Streveler, and with Zach Collaros – acquired just before the Canadian Football League trade deadline – guiding the team to four straight victories, the last three in the spectacular playoff run.

In knocking off the Stampeders in Calgary in the Western Semi-Final, the Roughriders in Saskatchewan in the Western Final, and then the Ticats in the championship, the Bombers became the first third-place team since 2005 to win the Grey Cup.

There were some superb individual performances during the championship season, with running back Andrew Harris capturing his third-straight rushing title – the first Bombers players to do so – and Willie Jefferson being honoured as the CFL's Most Outstanding Defensive Player after a remarkable year.

Both Stanley Bryant (Most Outstanding Offensive Lineman) and Mike Miller (Most Outstanding Special Teams Player) were also runners-up in voting for league awards.

Three Bombers were named to the CFL All-Star Team in Jefferson, Bryant and cornerback Winston Rose, who led the league in interceptions. Six players – Jefferson, Bryant, Rose, Harris, Miller and defensive back Marcus Sayles – were selected to the West Division All-Star Team.

The Bombers extended the contracts of GM Kyle Walters and Head Coach Mike O'Shea in early December and have also been busy locking up key pieces.

Since the end of the season, the team has re-signed prospective free agents like Jefferson, Bryant and Collaros, as well as Jermaine McKinnis, Michael Couture, Pat Neufeld along the offensive line, defensive backs Mercy Maston and Nick Taylor, receivers Drew Wolitarsky, Darvin Adams and Charles Nelson, running back Johnny Augustine, defensive tackle Jake Thomas, and linebacker Thomas Miles.

As well, the team has added veteran defensive back Josh Johnson to offset the departures of Sayles (Minnesota) and Rose (Cincinnati) to the NFL and also dipped into free agency to bolster the defensive depth by signing linebackers Micah Awe and Tobi Antigha.

Couple the new faces with the returnees and the Bombers have built a solid squad that will take a shot at becoming the first team to repeat as Grey Cup champions since the 2009-2010 Montreal Alouettes.

In any case, the Bombers have once again taken their place among the CFL elite, having qualified for the playoffs for four straight seasons, appearing in consecutive divisional finals, and winning the 11th championship in franchise history.



COMMUNITY RELATIONS

COMMUNITY IMPACT

2019 was one of the most memorable seasons in the Club's history, winning the 107th Grey Cup Championship and bringing the trophy back to our community. While the players were working hard on the field, they were working equally as hard in the community helping develop young football players, bringing awareness to social issues, and connecting with fans.

The team is proud to have connected with an estimated 10,000 school-aged youth across Manitoba in the past calendar year through assembly-style presentations and workshops, teaching students about healthy relationships.

As always, the Club showcased our inclusive community spirit at Blue Bombers home games at IG Field, including special anthem performers, flag bearers, the inclusion of various cultural group associations, and special recognition for minority groups, developing a passion for the game and the team that so many Manitobans feel.

BY THE NUMBERS

245+

Community player appearances

142+

Community mascot appearances

350

Charitable donations

2,000+

Charitable tickets donated to registered charities and not-for-profit groups

More than

181,400

Pounds of non-perishable food donated to Winnipeg Harvest by fans

\$20,000

Donation to CancerCare Manitoba in partnership with Lawson Sales for the first annual Intercept Cancer game

BLUE BOMBERS HOME GAME INITIATIVES

Bridging the Gap

In partnership with Perimeter Aviation and Exchange Income Corporation, the Winnipeg Blue Bombers hosted approximately 600 youth and members from First Nations communities across Manitoba at home games throughout the season in support of Suicide Prevention and Stay in School initiatives. The special reward is for leadership and favourable school attendance, and selected students receive a VIP trip including flights, transportation, game tickets, meals, video board recognition, team gear and a meet and greet with a player post-game.

Canadian Armed Forces Appreciation Game

The Winnipeg Blue Bombers host an annual game in recognition of Canadian Armed Forces, inviting members to attend the game and involving some of them in on-field presentations. In 2019, two Bell 412 Helicopters flew across the stadium at kickoff and Canadian Armed Forces members were honoured during the pre-game show. A donation of 400 game tickets was made for service members and their families to attend this game.

Intercept Cancer

2019 marked the inaugural Intercept Cancer game. During the game, fans were asked to participate in a stadium-wide moment of silence honouring those who have courageously fought cancer, followed by a cheer to support those who are currently fighting. Volunteers from the CancerCare Manitoba Foundation along with players' wives and girlfriends sold special edition Intercept Cancer cowbells on the concourse during the game, which sold out remarkably quickly. Lawsons Sales matched the proceeds from the sales of the bells, and together we donated a cheque for \$20,000 to CancerCare Manitoba towards screenable cancer programs. Cancer survivors were honoured on field in the pre-game ceremony by carrying the Canadian flag, and cancer survivors were selected as the Community Hero, Family of the Game and the 13th Man.

Purolator Tackle Hunger

As part of the commitment to help local food banks across Canada, Purolator's Tackle Hunger program in support of Winnipeg Harvest was once again a great success, seeing fans donate more than 181,400 pounds of non-perishable food. Since its inception in 2003, Winnipeg fans have helped collect 1,491,577 pounds of food for families in need.



Stuff the Bus School Supply Drive

Partnering once again with First Student, the Club chose an August game leading up to the start of the new school year to encourage fans to bring school supplies and “stuff the bus” to donate to those in need.

Harris' Heroes

Harris' Heroes recognizes youth aged 17 and younger for making a positive difference in their community. The winners receive game tickets and a post-game meet and greet with Andrew Harris. 200 game tickets were provided to the various groups throughout the season. Some of those groups recognized in 2019 included Smitty's Terminators, Eastman Raiders Atom Team, and Inner-City Youth Alive.

High School Coach of the Week

In partnership with Vector Construction, the Winnipeg Blue Bombers recognized deserving high school football coaches in Manitoba at fall home games. Winning coaches were presented with a \$100 gift card to The Bomber Store and a \$500 cheque for their school's football program.

Game Changers

In 2019, the Game Changers program in partnership with Manitoba Hydro continued to welcome groups of up to 30 youth who are making a difference in our province to attend a home game. Selected groups received game tickets and a post-game meet and greet with a player.

In the Game Program

In partnership with United Way of Winnipeg, fans were able to donate their tickets to children and their families who otherwise wouldn't be able to attend games. Fans donated more than 2,000 tickets last season, helping foster a passion for sports and for our team.

ADDITIONAL GAME DAY INITIATIVES

- Police Appreciation game
- Cultural Nights
- Family Day
- Community Hero
- Canadian Beef Producers Family of the Game
- Blue Bombers Bench Assistant presented by Manitoba Building Trades

BLUE BOMBERS IN THE COMMUNITY

Break the Silence on Violence Against Women

This was an exciting year for the Break the Silence on Violence Against Women program as it was rejuvenated through a new partnership with the RCMP and interest was renewed with the provincial government.

The Winnipeg Blue Bombers invited former football star and Break the Silence trainer JR LaRose to speak to players, community members, coaches and staff on the importance of being more than a bystander when it comes to breaking the silence on 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 Bombers players providing presentations and workshops to approximately 1,100 students at four high schools across the province, including Norway House Cree Nation. In addition, a presentation in front of 80 adult indigenous learners was hosted at the Aboriginal Community Campus.

Bombers Tackle Bullying

The Bombers Tackle Bullying program in partnership with BellMTS had another successful year. Players Thomas Miles, Cody Speller, Adam Bighill and John Rush received spokesperson training from the Canadian Red Cross' Beyond the Hurt program. They presented at 14 Manitoban schools, reaching more than 1,650 students aged 5-14 with messages about building healthy personal relationships and preventing bullying.

At the May 31st home game, the Bombers were proud to award two young people the annual Samantha Mason Friendship Award for taking leadership roles in their schools and community to end bullying.

Pride Winnipeg Festival

For the fifth year, the Blue Bombers were a proud sponsor of the Pride Winnipeg Festival, hosting a family fun zone complete with our inflatable obstacle course, fan experience truck, and football toss game. Members of the Blue Bombers Cheer and Dance Team accompanied by Buzz and Boomer hosted the kid zone as well as walked alongside the Blue Bombers float in the parade.

Jack Jacobs Scholarship

The Jack Jacobs Scholarship, in partnership with Eagle Vision and ICF Films, is awarded annually to indigenous high school students who plan on pursuing a post-secondary education and who have a passion for sport, a love for football and a commitment to the balance between sport and academics. The scholarships were presented to the recipients at the October 25th home game.

Dream Big Experience

The Dufresne Group, along with the Winnipeg Blue Bombers, provided a once-in-a-lifetime opportunity for 38 children from Big Brothers Big Sisters of Winnipeg with the annual Dream Big Experience at IG Field. Kids and their mentors participated in on-field activities with Blue Bombers players, cheerleaders and mascots, enjoyed a pizza party, watched a movie on the big screen, and enjoyed a big reveal where they learned they were receiving a brand-new twin bed and bedding to enjoy at home.

Bombers Day at the Assiniboine Park Zoo

The Winnipeg Football Club held their first annual zoo day at the Assiniboine Park Zoo on Sunday, July 7th where Bomber fans young and old were invited to visit with players, mascots, and the cheer and dance team, while completing an adventure list.

Located in the Journey to Churchill and Discovery Zone, activities and events included the chance to meet players Jake Thomas, John Rush, Jermarcus Hardrick, Drake Nevis, Willie Jefferson and Thomas Miles. Fans had the opportunity to take pictures and receive autographs.

AMATEUR FOOTBALL

The Winnipeg Blue Bombers have continued their efforts to grow football in the province. With an unparalleled passion for the game, the Club strives to introduce the community to the game, teach players, coaches and fans, and develop programs to engage the football community.

#Tryfootball Campaign

With the goal of getting footballs into kids' hands, 1,500 football were distributed to youth registered for tackle football throughout the province. Each player took a pledge to take the football and teach their friends the game.

Gym Class Takeover

During the off-season, players visited four schools as well as the 7 Oaks Divisional Flag Football Jamboree where they arrived with all the necessary equipment to play flag football. The players taught gym class and showed them how to play, hosted a fun game, then left all the necessary equipment behind for students to use in the future.

Flag Football

The Winnipeg Football Club is proud of its ongoing partnership with Football Manitoba. In 2019, the annual Flag Football Skills Camp and Kick-off weekend was once again hosted at IG Field with over 1,400 little football players taking the field. To wrap up the season, teams playing in the championship had a chance to revisit IG Field for their final games.

Winnipeg Youth Football Club

The Winnipeg Youth Football Club hosted over 220 youth from schools in downtown Winnipeg at a weekly after-school program where they received flag football coaching provided by certified coaches, mentorship, dinner, a t-shirt and transportation to and from the club. Program partners included 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, where transportation and game tickets were provided.

Blue Bomber Futures Kick-off Program

Back for another season, the Bomber Futures Kick-off program saw increased attendance over last year with over 100 participants. The Kick-off program is designed for children ages 4-8 and based on Football Canada's First Down Program, with the aim to help develop fundamental movement skills like running, throwing, catching and kicking.

Old Dutch Crunchers Football Clinic

The Old Dutch Crunchers football clinic is held annually at IG 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 IG Field. More than 200 crunchers (ages 7 and 8) attended in 2019. Teams from the Old Dutch Crunchers also participated in a pre-game scrimmage before every Bombers home game.

Subway Youth Tackle Football Camp

The Subway Youth Tackle Football Camp took place in July of 2019, 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.

Winnipeg Rifles

Since the Winnipeg Rifles' inception, the Winnipeg Football Club has been the major source of revenue to continue the growth of the program. The Winnipeg Football Club continued the ongoing support of the Rifles through a substantial annual donation from the 50/50 program.

Grey Cup Parade

The Winnipeg Blue Bombers and the City of Winnipeg hosted a Grey Cup championship parade on November 26, 2019. The Parade began at noon at Hargrave and Portage Avenue headed eastbound and culminated at The Forks.

The parade featured players, coaches and staff, Winnipeg Blue Bombers President & CEO Wade Miller, Premier Brian Pallister, Mayor Brian Bowman, the Cheer & Dance Team, Buzz and Boomer, the Blue Bombers Drum Band, and Dancing Gabe.

Thousands of fans lined the parade route and met the team at the Forks. An RCAF fly-past at 1:30 p.m. was followed by speeches, with the event hosted by Bob Irving of 680 CJOB.

Grey Cup Family Day

The Winnipeg Blue Bombers hosted a free family celebration on November 30th at the RBC Convention Centre complete with rides, player autograph sessions, inflatables, face painting, and a photo opportunity with the Grey Cup. All community members were invited to attend and share in the celebration and excitement.

Grey Cup Tour

The Winnipeg Blue Bombers hosted a six-week Manitoba Grey Cup tour presented by Princess Auto in early 2020, visiting larger communities and festivals around the province through the end of February.

Some of the scheduled stops included Oakbank, Gimli, Festival du Voyageur, Brandon and Dauphin.

Each community visit featured activities, a merchandise shop, players and the opportunity for fans to have their photo taken with the Grey Cup.

TREASURER'S REPORT

I am pleased to report on the financial results of the Winnipeg Football Club for the year ending December 31, 2019.

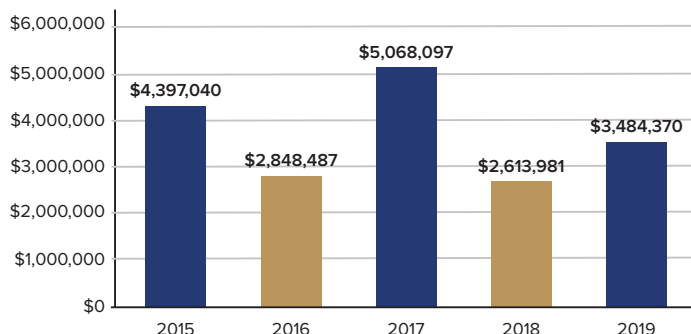
The Winnipeg Football Club had another successful financial year in 2019. The Bombers took the long road to winning the 107th Grey Cup, playing two playoff games on the road before heading off to Calgary to compete in and win the 107th Grey Cup. IG Field had no major concerts in 2019, but the Club did benefit financially from hosting the NFL Week 3 preseason game between the Oakland Raiders and Green Bay Packers.

The Winnipeg Football Club had excess of revenues over expenses from operations of \$3.5 million, compared to \$2.6 million in 2018, which was an increase of \$870,000. These favourable results allowed the Club to improve its financial position, make certain investments, reduce debt and build our financial reserves for future years, as detailed below.

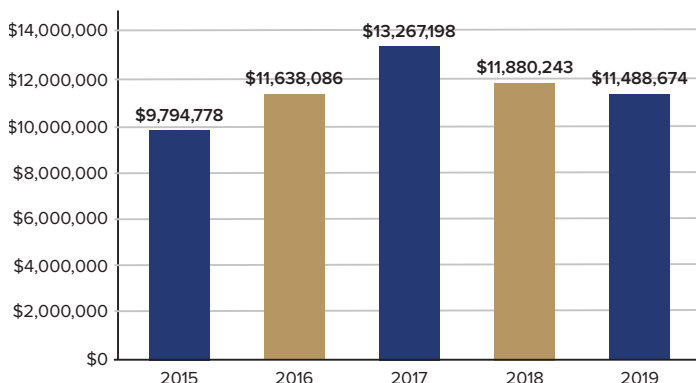
Revenue

Total revenue in 2019 was \$36.3 million, an increase of \$2.9 million (8.6%) over last year. Within the Club's revenue, the largest increase was from game day, merchandise, and concessions revenue which saw an increase of \$2.2 million (33.3%). This was the direct result of the Club's strong merchandise sales in November leading up to the 107th Grey Cup, and carrying over into December as the City celebrated their team's Grey Cup victory by purchasing 107th Grey Cup championship merchandise. Stadium management revenue increased by \$890,000 over 2018, as a result of the Club hosting the NFL Week 3 preseason game between the Oakland Raiders and Green Bay Packers at IG Field in August.

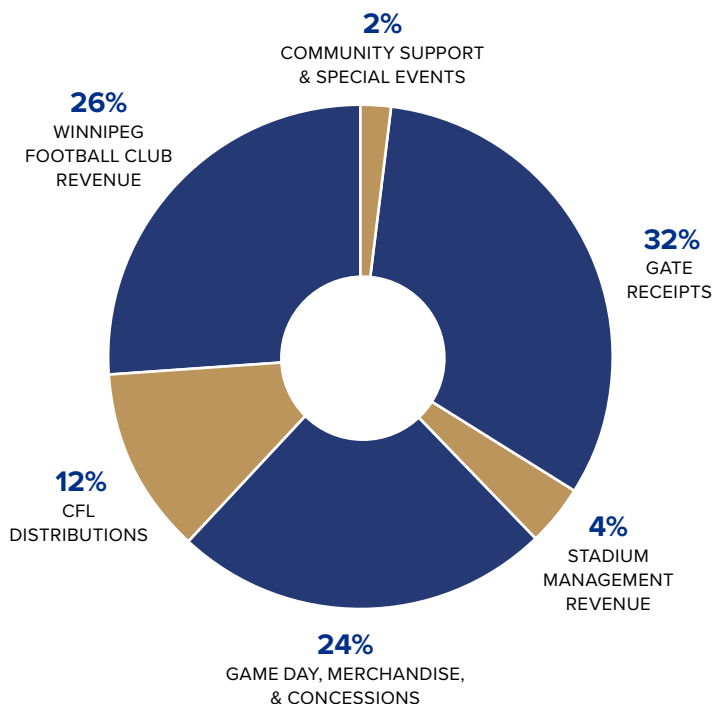
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS



GATE RECEIPTS



2019 REVENUE BREAKDOWN

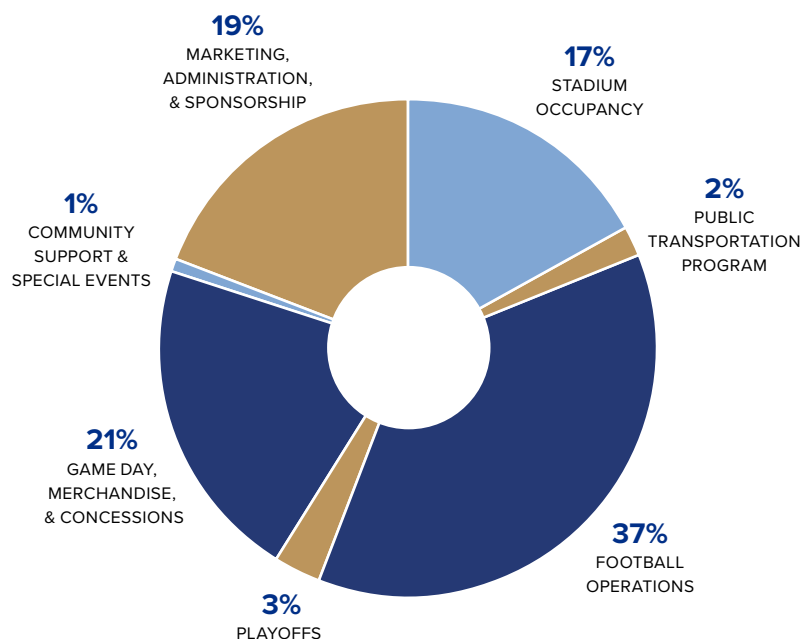


Expenses

Total operating expenses in 2019 were \$32.8 million, an increase of \$2.0 million (6.5%) over last year. Consistent with the increase in revenue, the largest increase was from game day, merchandise, and concessions expenses which came in at \$7.0 million, an increase of \$1.3 million (22.6%) over last year. Playoff expenses increased substantially by \$810,000 over 2018, as the Club was on the road for both the Western Semi-Final and Western Final playoff games, along with the 107th Grey Cup.

Consistent with prior years, the Club alone funded the Park and Ride program costs associated with the fees paid for fan bus service to and from IG Field. The Club has also operated the public transportation program since 2013 and incurred expenditures totalling over \$5.0 million since 2013. In 2017, Triple B Stadium Inc. (the owner of IG 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 has accrued a receivable of \$4.5 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 \$4.5 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.

2019 OPERATING EXPENSE BREAKDOWN



Other Financial Items

The Club incurred expenditures of \$660,000 during the year as a result of the Club temporarily funding the Montreal Alouette Football Club Company throughout the 2019 season, along with the other seven CFL member clubs. The Club also recorded a payment to Triple B of \$2.2 million based on the Club's available Excess Cash at December 31, 2019, as defined in and required by the Club's Management Agreement with Triple B. This is the sixth scheduled annual payment the Club has made to Triple B, fulfilling our ongoing obligations. Payments will continue over the next three 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 positive excess of revenue over expenses for the year increased the Club's net assets to \$12.9 million as at December 31, 2019, versus \$12.3 million at December 31, 2018. Included in net assets is the operating reserve, which had a balance of \$4.1 million at December 31, 2019. 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 operating reserve is internally restricted and not to be used without the approval of the Board of Directors.

The Club experienced a net increase in cash and cash equivalents during the year of \$150,000. During the year, the Club paid down \$580,000 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 \$1.1 million on capital expenditures during the year and provided a loan to Valour FC Inc. in the amount of \$330,000 to fund initial start-up operations.



Thank you to our loyal Bomber fans and corporate partners who helped us achieve our 2019 financial results.

Mike Pyle
Treasurer
Winnipeg Football Club

2020 OUTLOOK



At the time of this report being published, the COVID-19 outbreak has resulted in the postponement of the start of the 2020 CFL season and an economic slowdown is being experienced worldwide. The situation is ongoing and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Winnipeg Football Club is not quantifiable at this time. At a minimum, it is expected to have a measurable negative impact on ticket sales and corporate partnerships most notably, and reduce all revenue sources in general. If the season were to be shortened or cancelled, the financial effects would be severe and would result in a significant net loss for the year.

The Club continues to monitor the situation in conjunction with the CFL and is reducing, deferring, and eliminating expenditures where possible, and at the same time exploring all possible alternate sources of revenue during these times.





DECEMBER 31, 2019

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, 2019, 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, 2019, 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 Canadian accounting standards for not-for-profit organizations, 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 non-consolidated 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 6, 2020

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

Chartered Professional Accountants

Winnipeg Football Club

Non-Consolidated Statement of Operations

Year ended December 31

2019

2018

Note 16

Revenue

Gate receipts	\$ 11,488,674	\$ 11,880,243
Game day, merchandise and concessions	8,759,071	6,572,964
CFL distributions (Note 11)	4,362,751	4,385,748
Winnipeg Football Club revenue	9,400,622	9,195,913
Stadium management revenue (Note 7)	1,608,246	714,465
Community support and special events	686,984	683,998
	<u>36,306,348</u>	<u>33,433,331</u>

Operating expenses

Football operations	12,102,628	12,050,286
Game day, merchandise and concessions	6,974,812	5,690,269
Marketing, administration and sponsorship	6,285,455	6,128,282
Stadium occupancy	5,662,676	5,546,473
Public transportation program (Note 14)	538,196	858,893
Community support and special events	272,456	369,104
Playoffs	985,755	176,043
	<u>32,821,978</u>	<u>30,819,350</u>

Excess of revenue over expenses from operations

	<u>3,484,370</u>	<u>2,613,981</u>
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Other items

Annual excess cash payment to Triple B Stadium Inc. (Note 8)	(2,237,910)	(2,718,384)
Montreal Alouette's operating costs (Note 3)	(657,600)	-
	<u>(2,895,510)</u>	<u>(2,718,384)</u>

Excess (deficiency) of revenue over expenses

	<u>\$ 588,860</u>	<u>\$ (104,403)</u>
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See accompanying notes to the non-consolidated financial statements.

Winnipeg Football Club

Non-Consolidated Statement of Changes in Net Assets

Year ended December 31

	2019		
	Operating reserve	Surplus	Total
Balance, beginning of year	\$ 3,595,000	\$ 8,670,221	\$ 12,265,221
Excess of revenue over expenses	-	588,860	588,860
Annual allocation to operating reserve (Note 8)	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 4,095,000</u>	<u>\$ 8,759,081</u>	<u>\$ 12,854,081</u>

	2018 Note 16		
	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 8)	<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>

See accompanying notes to the non-consolidated financial statements.

Winnipeg Football Club

Non-Consolidated Statement of Financial Position

December 31 2019 2018

Assets

Current

Cash and cash equivalents	\$ 9,826,460	\$ 9,679,789
Receivables (Note 9)	844,172	1,501,415
Due from Triple B Stadium Inc. (Note 9, 14)	608,889	214,308
Loan receivable from 2688820 Ontario Inc. (Note 3)	428,650	-
Inventories	1,268,836	712,331
Prepays	430,461	307,547

13,407,468 12,415,390

Loan receivable from Valour FC Inc. (Note 9, 14)	500,000	169,952
Capital assets (Note 4)	13,349,632	14,072,177

13,849,632 14,242,129

\$ 27,257,100 \$ 26,657,519

Liabilities

Current

Payables and accruals (Note 5)	\$ 2,583,878	\$ 1,486,036
Due to Triple B Stadium Inc. (Note 14)	1,305,460	1,756,789
Deferred revenue	4,992,808	5,269,968
Current portion of long-term debt (Note 6)	401,992	576,743

9,284,138 9,089,536

Deferred revenue	267,327	-
Long-term debt (Note 6)	-	401,992
Deferred contributions (Note 7)	4,851,554	4,900,770

14,403,019 14,392,298

Net Assets

Operating reserve (Note 8)	4,095,000	3,595,000
Surplus	8,759,081	8,670,221

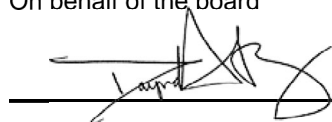
12,854,081 12,265,221

\$ 27,257,100 \$ 26,657,519

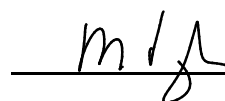
Contingencies (Note 11)

Commitments (Note 12)

On behalf of the board



Director



Director

Winnipeg Football Club

Non-Consolidated Statement of Cash Flows

Year ended December 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenses	\$ 588,860	\$ (104,403)
Items not affecting cash and cash equivalents		
Depreciation	1,775,910	1,883,886
Amortization of deferred contributions	(437,408)	(430,742)
	<u>1,927,362</u>	<u>1,348,741</u>
Change in non-cash working capital		
Receivables	657,243	(669,064)
Inventories	(556,505)	(116,924)
Prepays	(122,914)	68,693
Payables and accruals	1,097,842	(106,430)
Deferred revenue	(9,833)	923,347
Due from and to Triple B Stadium Inc., net	(845,910)	(896,532)
Loan receivable from 2688820 Ontario Inc.	(428,650)	-
	<u>1,718,635</u>	<u>551,831</u>

Financing

Repayment of long-term debt	(576,743)	(546,709)
Deferred contributions	388,192	-
	<u>(188,551)</u>	<u>(546,709)</u>

Investing

Loan advanced to Valour FC Inc.	(330,048)	(169,952)
Purchase of capital assets	(1,053,365)	(504,725)
	<u>(1,383,413)</u>	<u>(674,677)</u>

Increase (decrease) in cash and cash equivalents	146,671	(669,555)
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Cash and cash equivalents

Beginning of year	<u>9,679,789</u>	<u>10,349,344</u>
End of year	<u>\$ 9,826,460</u>	<u>\$ 9,679,789</u>

See accompanying notes to the non-consolidated financial statements.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

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.

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. ("Valour FC") is a controlled entity but its results are not consolidated in these financial statements. Details of Valour FC financial results and organizational structure are included in Note 14 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 2688820 Ontario 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.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

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 and tickets are exchanged for goods and services. These transactions are recorded at the fair market value of the partnership packages and tickets given up and no gain or loss is realized on the transaction.

Revenue recognition

Gate receipts from the sale of tickets is recognized as revenue on a game by game basis. Game day, merchandise and concessions 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. 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; 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.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

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. Loan receivable from 2688820 Ontario Inc.

	<u>2019</u>	<u>2018</u>
Due from 2688820 Ontario Inc.	<u>\$ 428,650</u>	<u>\$ -</u>

Amount due from 2688820 Ontario Inc. ("268 Ontario"), a wholly owned subsidiary of the CFL, is non-interest bearing with no set terms of repayment.

On May 31, 2019, 268 Ontario acquired ownership of the Montreal Alouette Football Club Company ("MAFCC") and took over operations of MAFCC's CFL franchise the Montreal Alouette's until a transition to permanent new ownership was completed.

Subsequent to the acquisition by 268 Ontario, the Club agreed to temporarily fund MAFCC throughout the 2019 season. Prior to the December 31, 2019, 268 Ontario sold MAFCC to S and S Sportsco.

Montreal Alouette's team operating costs include the costs to fund MAFCC operations for the 2019 season and costs incurred to sell the team.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

4. Capital assets

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Bomber Store	\$ 300,466	\$ 290,784	\$ 9,682	\$ 15,845
Computer hardware and software	879,018	606,548	272,470	112,432
Concession equipment	3,681,958	2,193,377	1,488,581	1,432,089
Game day equipment	938,736	900,318	38,418	107,205
Football equipment	1,379,081	1,081,748	297,333	362,989
Office furniture and equipment	472,844	418,416	54,428	84,053
Stadium equipment	4,273,078	2,871,881	1,401,197	1,467,325
Stadium infrastructure	14,602,602	4,815,079	9,787,523	10,490,239
	<u>\$ 26,527,783</u>	<u>\$ 13,178,151</u>	<u>\$ 13,349,632</u>	<u>\$ 14,072,177</u>

Concession equipment, stadium equipment and stadium infrastructure include assets under capital lease with an original cost of \$3,600,000 (2018: \$3,600,000) and accumulated amortization of \$2,186,774 (2018: \$1,897,113).

5. Payables and accruals

	2019	2018
Trade and other	\$ 2,388,386	\$ 1,471,249
Government remittances	<u>195,492</u>	<u>14,787</u>
	<u>\$ 2,583,878</u>	<u>\$ 1,486,036</u>

6. Long-term debt

	2019	2018
Obligation under capital lease	\$ 401,992	\$ 978,735
Less: Current portion of long-term debt	<u>401,992</u>	<u>576,743</u>
Due beyond one year	<u>\$ -</u>	<u>\$ 401,992</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 \$38,428 (2018: \$68,463) was paid during the year.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

6. Long-term debt (continued)

The minimum annual principal payments over the next year is as follows:

2020	\$ <u>401,992</u>
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The Club has a revolving demand facility of up to \$50,000 (2018: \$50,000) of which \$50,000 (2018: \$50,000) was unused at December 31, 2019. This revolving demand loan is due upon demand, bears interest at prime plus 1.00%, and is secured by a general security agreement.

7. Deferred contributions

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

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 4,900,770	\$ 5,331,512
Add: Contributions (Note 13, 14)	388,192	-
Less: Amounts amortized to stadium management revenue	<u>(437,408)</u>	<u>(430,742)</u>
Balance, end of year	<u>\$ 4,851,554</u>	<u>\$ 4,900,770</u>

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

8. 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 \$4,095,000 as at December 31, 2019 (2018: \$3,595,000). The Management Agreement also requires the Club to maintain Required Working Capital each year. The Required Working Capital balance was \$5,731,000 as at December 31, 2019 (2018: \$6,085,000) which includes \$1,305,460 (2018: \$1,756,789) 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.

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 noted 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 noted 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).

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

8. Stadium Management Agreement (continued)

The maximum annual scheduled payment of Excess Cash will be \$3,885,834, until 2058, in addition to the \$500,000 annual capital fund payment, 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. The cumulative difference between the Club's annual payments of Excess Cash and the maximum annual scheduled payments at December 31, 2019 is \$2,815,374 (2018: \$1,167,450). 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 \$932,450 (2018: \$961,595) and accrued \$1,305,460 (2018: \$1,756,789), for a total annual Excess Cash payment of \$2,237,910 (2018: \$2,718,384) 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.

9. 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 \$4,095,000 (2018: \$3,595,000) as at December 31, 2019.

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

	<u>2019</u>	<u>2018</u>
Within one year	\$ 2,985,870	\$ 2,062,779
1 to 5 years	<u>-</u>	<u>401,992</u>
	2,985,870	2,464,771
Due to Triple B Stadium Inc. (Note 14)	<u>1,305,460</u>	<u>1,756,789</u>
	<u>\$ 4,291,330</u>	<u>\$ 4,221,560</u>

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

9. 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, loan receivable from 268 Ontario, and loan receivable from Valour FC. The maximum credit risk to which the Club is exposed at the balance sheet date is equal to the fair value of cash, receivables, loan receivable from 268 Ontario, and loan receivable from Valour FC. 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 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 and loan receivable from 268 Ontario arises from the possibility that the entities will not have sufficient future cash flows to repay their respective loans. Based on the Club's assessment of Valour FC and 268 Ontario's future cash flows, the credit risk associated with each loan receivable is not significant.

	<u>2019</u>	<u>2018</u>
Receivables:		
Current	\$ 131,531	\$ 362,394
Past due in the following periods		
31 to 60 days	37,940	94,996
61 to 90 days	30,615	40,192
Over 90 days	<u>219,491</u>	<u>184,153</u>
	419,577	681,735
Government remittances	-	56,594
Other receivables	<u>424,595</u>	<u>763,086</u>
Total receivables	<u>\$ 844,172</u>	<u>\$ 1,501,415</u>
Due from Triple B Stadium Inc. (Note 14)	\$ 5,078,072	\$ 4,267,381
Allowance for doubtful accounts (Note 14)	<u>(4,469,183)</u>	<u>(4,053,073)</u>
	608,889	214,308
Loan receivable from Valour FC Inc. (Note 14)	<u>500,000</u>	<u>169,952</u>
Total receivables from related parties	<u>\$ 1,108,889</u>	<u>\$ 384,260</u>
Loan receivable from 2688820 Ontario Inc.	<u>\$ 428,650</u>	<u>\$ -</u>

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

9. 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 \$nil (2018: \$7,972,810) are fixed rate and long-term debt of \$401,992 (2018: \$978,735) is made up of fixed rate loans.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Club does not have financial instruments denominated in a foreign currency and is therefore not exposed to 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.

10. Non-monetary transactions

During the year the Club recognized non-monetary revenue transactions in the amount of \$1,344,993 (2018: \$1,516,148) where partnership packages and tickets were exchanged for goods and services. These transactions were recorded on the non-consolidated statement of operations at the fair value of the partnership or ticket revenue given up and no gain or loss was realized on the transactions.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

11. 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, 2019. 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, 2020. During the year, the Club received distributions from the CFL of \$3,929,976 (2018: \$3,821,727) and accrued distributions receivable of \$432,775 (2018: \$564,021).

(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.

12. Commitments

(a) Triple B Stadium Inc.

The Club's contractual obligation with Triple B is referred to in Stadium Management Agreement (Note 8).

(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.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

13. 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 (2018: \$2,215,364) in stadium development costs that have been expensed in the years incurred.

The Club has also incurred a further \$20,967,361 (2018: \$20,579,169) in stadium capital costs since 2007. Funding for certain of these costs was provided by Triple B and is net of \$1,500,000 which was repaid by the Club to Triple B. During the year, the Club incurred \$388,192 (2018: \$nil) in stadium capital costs which were fully funded by Triple B.

	<u>2019</u>	<u>2018</u>
Stadium capital costs incurred	\$ 20,967,361	\$ 20,579,169
Less: Funding provided by Triple B Stadium Inc.	<u>(5,488,575)</u>	<u>(5,100,383)</u>
	<u>\$ 15,478,786</u>	<u>\$ 15,478,786</u>

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

14. Related party transactions

(a) Triple B Stadium Inc.

Due from and to 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.

The balance due from Triple B at December 31, 2019 relates to accrued deferred contributions and a cost-recovery of public transportation program expenses paid for by the Club. The balance due from Triple B at December 31, 2018 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.

During the year, the Club recorded contributions of \$388,192 due from Triple B for stadium capital improvements (Note 7, 13).

The Club has operated a public transportation program for Winnipeg Blue Bombers home games at IG since 2013 and has paid for all expenditures related to this program. In 2017, 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 \$4,469,183 (2018: \$4,053,073) and includes costs for the current year and prior years dating back to 2013. As of December 31, 2019, 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 \$4,469,183 (2018: \$4,053,073). The net impact of these transactions on the statement of operations and changes in net assets is \$nil.

The current year balance due to Triple B relates to the balance of the Club's 2019 (2018) annual payment and is due in 2020 (2019).

During the year, the Club made a payment of \$932,450 (2018: \$961,595) and accrued \$1,305,460 (2018: \$1,756,789) to Triple B in accordance with the terms of the Stadium Management Agreement (Note 8).

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.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

14. Related party transactions (continued)

	2019	2018 Note 16
Statement of Operations		
Total revenues	\$ 2,789,486	\$ 36,915
Total expenses	<u>3,000,251</u>	<u>275,400</u>
Deficiency of revenue over expenses	<u>\$ (210,765)</u>	<u>\$ (238,485)</u>
Statement of Financial Position and Changes in Net Assets		
Total assets	1,652,241	1,502,092
Total liabilities	2,101,491	1,740,577
Total net assets	<u>(449,250)</u>	<u>(238,485)</u>
	<u>-</u>	<u>-</u>
Statement of Cash Flows		
Cash flows used in operating activities	\$ (198,606)	\$ (118,802)
Cash flows from financing activities	296,803	1,620,894
Cash flows used in investing activities	<u>(19,738)</u>	<u>(1,500,000)</u>
Increase in cash flows	<u>\$ 78,459</u>	<u>\$ 2,092</u>

In 2018, 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, 2019, \$500,000 (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, 2019 (and 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. The Club maintains the right to call the principal and interest on demand over the duration of the agreement.

The Club and Valour FC entered into an agreement whereby Valour FC appointed the Club as manager of the operation of the Canadian Premier League franchise held by Valour FC. During the year, Valour FC made a payment of \$472,579 (2018: \$nil) to the Club for the operation of Valour FC. The Club made a payment of \$511,959 (2018: \$nil) to Valour FC for ancillary revenues related to Valour FC home matches.

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.

Winnipeg Football Club

Notes to the Non-Consolidated Financial Statements

December 31, 2019

15. Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread of the virus, resulting in an economic slowdown and restrictions on large public gatherings, including live sporting events. Further, as of the date these financial statements were issued, the CFL has postponed the opening of training camp and the Canadian Premier League has postponed the start of the 2020 season, scheduled to commence on April 11, 2020. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels, impairment of loans receivable, or potential future decreases in revenue. The Club's future profitability from ongoing operations may also be negatively impacted. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Club is not known at this time.

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.



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