

Financial Statements and Supplementary Information
(In Canadian dollars)

HOCKEY HALL OF FAME AND MUSEUM

And Independent Auditors' Report thereon

Year ended June 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hockey Hall of Fame and Museum

Opinion

We have audited the financial statements of Hockey Hall of Fame and Museum (the Entity), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

October 29, 2020

HOCKEY HALL OF FAME AND MUSEUM

Statement of Financial Position
(In thousands of Canadian dollars)

June 30, 2020, with comparative information for 2019

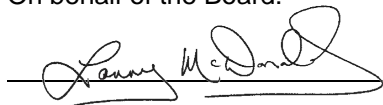
	2020	2019
Assets		
Current assets:		
Cash	\$ 3,136	\$ 1,833
Short-term investments (note 2(a))	–	2,106
Accounts receivable	200	527
Sponsorships and contributions receivable (note 3)	3,347	3,082
Inventory	1,285	1,214
Prepaid expenses	52	51
	<u>8,020</u>	<u>8,813</u>
Long-term investments (note 2(b))	1,967	2,018
Sponsorships and contributions receivable (note 3)	1,975	4,618
Capital assets (note 4)	5,140	6,075
	<u>\$ 17,102</u>	<u>\$ 21,524</u>

Liabilities, Deferred Sponsorships and Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 702	\$ 1,989
Unearned revenue	552	547
	<u>1,254</u>	<u>2,536</u>
Deferred sponsorships and contributions (note 6):		
Capital assets	2,092	2,922
Expenses of future periods	1,630	2,620
Core operations	2,275	3,022
	<u>5,997</u>	<u>8,564</u>
Net assets:		
Invested in capital assets (note 7(a))	3,048	3,153
Internally restricted (note 8)	4,900	5,299
Endowment (note 9)	2,062	2,218
Unrestricted	(159)	(246)
	<u>9,851</u>	<u>10,424</u>
Commitments (note 10)		
Contingencies (note 14)		
	<u>\$ 17,102</u>	<u>\$ 21,524</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chair/
Director



Vice-Chair/
Director

HOCKEY HALL OF FAME AND MUSEUM

Statement of Operations
(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Sponsorships and contributions (note 6)	\$ 1,715	\$ 2,131
Admission	2,267	3,462
Spirit of Hockey retail	2,529	3,677
Facility sales	2,066	3,607
Licensing	2,041	2,674
Induction celebration	530	580
Miscellaneous	601	879
	<u>11,749</u>	<u>17,010</u>
Expenses:		
Cost of revenue and direct costs:		
Spirit of Hockey retail	2,150	2,824
Facility sales	1,672	2,800
Licensing	665	999
Induction celebration	380	399
Miscellaneous	337	527
	<u>5,204</u>	<u>7,549</u>
Other costs:		
Staff:		
Salaries, net of direct cost allocations and subsidies	2,222	2,934
Fringe benefits	697	614
Travel and other	79	96
Amortization of capital assets	1,384	1,769
Marketing and promotion	502	775
Building occupancy and services	851	1,043
Resource centre and exhibits	31	58
IT and general office	208	214
Legal, audit and insurance	200	222
Committee and meetings	108	133
Contributed services and subsidized costs (note 6)	885	885
	<u>7,167</u>	<u>8,743</u>
	<u>12,371</u>	<u>16,292</u>
Excess (deficiency) of revenue over expenses	\$ (622)	\$ 718

See accompanying notes to financial statements.

HOCKEY HALL OF FAME AND MUSEUM

Statement of Changes in Net Assets
(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019

	Operating		Invested in capital assets	Endowment	2020	2019
	Internally restricted (note 8)	Unrestricted			Total	Total
Net assets, beginning of year	\$ 5,299	\$ (246)	\$ 3,153	\$ 2,218	\$ 10,424	\$ 9,521
Excess (deficiency) of revenue over expenses	–	(68)	(554)	–	(622)	718
Net change in investment in capital assets (note 7(b))	–	(449)	449	–	–	–
Internally imposed restrictions (note 8)	(399)	399	–	–	–	–
Net change in endowment (note 9):						
Investment returns earned from Endowment Fund	–	–	–	49	49	185
Withdrawals for permitted purposes	–	205	–	(205)	–	–
Net assets, end of year	\$ 4,900	\$ (159)	\$ 3,048	\$ 2,062	\$ 9,851	\$ 10,424

See accompanying notes to financial statements.

HOCKEY HALL OF FAME AND MUSEUM

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (622)	\$ 718
Investment returns earned from endowment, net of withdrawals	(46)	(15)
Items not involving cash:		
Amortization of capital assets	1,384	1,769
Amortization of deferred sponsorships and contributions related to capital assets	(830)	(1,247)
Amortization of deferred sponsorships and contributions related to expenses of future periods	(1,140)	(1,110)
Amortization of deferred sponsorships and contributions related to core operations	(912)	(1,092)
Net change in new deferred sponsorships	410	2,120
Change in non-cash operating working capital	(1,027)	(577)
	(2,783)	566
Financing activities:		
Decrease in sponsorships and contributions receivable	2,378	1,237
Investing activities:		
Decrease (increase) in investments	2,157	(2,091)
Purchase of capital assets	(449)	(589)
	1,708	(2,680)
Increase (decrease) in cash position	1,303	(877)
Cash position, beginning of year	1,833	2,710
Cash position, end of year	\$ 3,136	\$ 1,833

See accompanying notes to financial statements.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

Hockey Hall of Fame and Museum (the "Hall of Fame") was incorporated under the provisions of Part II of the Canada Corporations Act in March of 1983 and has filed articles of continuance under the Canada Not-For-Profit Corporations Act in March of 2013. The Hall of Fame is a registered charity under the Income Tax Act (Canada) (the "Act") and, accordingly, is exempt from income taxes provided certain requirements of the Act are met. Its purpose is to honour and memorialize individuals who have brought special distinction to the game of hockey and those who have made outstanding contributions to the development and advancement of hockey anywhere in the world, and to collect, research, preserve, exhibit and promote objects, images and other historical materials connected with the game at all levels.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are summarized as follows:

(a) Revenue recognition:

The Hall of Fame follows the deferral method of accounting for contributions, which include sponsorships.

(i) Restricted sponsorships and contributions:

The Hall of Fame has granted certain sponsorships and promotional licensing rights and privileges to corporate sponsors in respect of the use of trademarks and other properties in connection with the development of the Hall of Fame. Sponsorships and contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis over the life of the asset.

(ii) Unrestricted sponsorships and contributions:

Sponsorships and contributions which are not restricted are recorded as revenue when received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured. Where a portion of sponsorships and contributions relates to future periods, it is deferred and recognized in those subsequent periods.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

1. Significant accounting policies (continued):

(iii) Non-cash sponsorships and contributions:

The fair value of non-cash sponsorships and contributions is recorded as sponsorship revenue and as contributed services expense as the related services are rendered or products are provided.

(iv) Other:

Admissions, retail sales and facility sales are recognized as revenue in the year the related attendance occurs, goods are sold or when the facility event occurs, respectively.

(b) Revenue recognition and net assets:

The Hall of Fame follows the deferral method of accounting for contributions. Restricted contributions other than direct endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue based on the amortization rate for the related capital assets.

Direct endowment contributions are presented as direct increases in net assets.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reliably estimated and collection is reasonably assured.

The net assets of the Hall of Fame are presented and accounted for as follows:

(i) Unrestricted:

Unrestricted net assets represent unrestricted contributions net of expenses.

(ii) Internally restricted net assets:

The internally restricted net assets are comprised of funds restricted for specific purposes as designated by the Hall of Fame's Board of Directors.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

1. Significant accounting policies (continued):

(iii) Invested in capital assets:

Invested in capital assets represents the net book value of capital assets, less any debt, unamortized deferred contributions or other obligations relating to the assets.

(iv) Endowment:

Pursuant to By-law No. 27, effective March 6, 2018, the Hall of Fame established the Hockey Hall of Fame Development and Preservation Fund (the "Endowment Fund") and its policy governing related investment and use.

Investment returns from the Endowment Fund can be used for specified "permitted purposes", such as the acquisition or replacement of exhibits, artifacts, memorabilia and archival materials, the development or revitalization of new or existing premises for Hall of Fame, the development of special outreach initiatives and the development and/or production of audio-visual, multi-media content or theatrical presentations for use in connection with the Hall of Fame. Investment returns may also be used to cover operating deficits, only when approved by a special resolution of the Board of Directors.

Externally restricted endowments are restricted by donors to be maintained in perpetuity, subject to certain provisions as set out in By-law No. 27.

Internally restricted endowments are comprised of amounts that the Board of Directors, by resolution or policy, have internally restricted by transfer to the Endowment Fund.

Net fair value adjustments relate to endowment investments and are, by Board of Directors policy, internally restricted.

(c) Capital assets:

Purchased capital assets are recorded at cost. Constructed capital assets are recorded at cost and include direct construction and development costs, overhead directly attributable to the construction and interest costs incurred during construction. Contributed capital assets are recorded at fair value at the date of contribution.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

1. Significant accounting policies (continued):

Exhibits are amortized on a straight-line basis over their useful lives which is the duration that the exhibit is on display. Leaseholds and furnishings are amortized on a straight-line basis over the term of the lease. Spirit of Hockey store leaseholds and fixtures are amortized on a straight-line basis over the term of the lease and IT and office equipment is amortized on a straight-line basis over five years.

(d) Hockey artifacts, archival material and memorabilia:

The collection of hockey artifacts, archival material and memorabilia, which has been donated to the Hall of Fame over the years since its inception, is not recorded in the accounts since the value of the items is not readily determinable.

(e) Inventory:

Inventory consists of goods and merchandise sold through the Spirit of Hockey retail store and is valued at the lower of cost and net realizable value.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Hall of Fame has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Hall of Fame determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Hall of Fame expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

1. Significant accounting policies (continued):

(g) Capital management:

The Hall of Fame manages its capital by maintaining optimum levels on an ongoing basis. The objective is to ensure an adequate supply for operations while maintaining the flexibility to maximize investment returns and/or to reduce the cost of any potential external financing.

The levels of liquid resources are considered in the annual budget process. Cash flows are monitored on a daily basis, and actual operating results are compared to budget on a quarterly basis.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Investments:

(a) Short-term:

	2020	2019
Bank of Nova Scotia Annual Interest GIC, June 5, 2020, 2.06%	\$ –	\$ 1,505
ScotiaMcLeod short-term investment portfolio	–	601
	<u>\$ –</u>	<u>\$ 2,106</u>

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

2. Investments (continued):

(b) Long-term:

	2020	2019
ScotiaMcLeod Balanced Growth portfolio invested in accordance with Investment Policy Statement of the Endowment Fund	\$ 1,967	\$ 2,018
Supplemental information: Endowment Fund returns reinvested	\$ 49	\$ 185

3. Sponsorships and contributions receivable:

Net contracted sponsorships and contributions receivable for the next four years are as follows and include \$1,380 (2019 - \$2,145) in connection with contributed services commitments:

2021	\$ 3,347
2022	1,764
2023	156
2024	55
	<hr/>
	\$ 5,322

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Exhibits, leaseholds and furnishings financed by:				
Sponsorships and contributions	\$ 38,603	\$ 36,551	\$ 2,052	\$ 2,745
Core operations	10,582	7,693	2,889	2,907
Spirit of Hockey store leaseholds and fixtures financed by:				
Sponsorships and contributions	1,865	1,865	–	97
Core operations	773	734	39	116
IT and office equipment financed by:				
Sponsorships and contributions	1,955	1,915	40	80
Core operations	1,370	1,250	120	130
	\$ 55,148	\$ 50,008	\$ 5,140	\$ 6,075
Capital assets financed by:				
Sponsorships and contributions	\$ 42,423	\$ 40,331	\$ 2,092	\$ 2,922
Core operations	12,725	9,677	3,048	3,153
	\$ 55,148	\$ 50,008	\$ 5,140	\$ 6,075

5. Credit facilities:

The Hockey Hall of Fame has credit facilities consisting of a revolving operating loan bearing interest at the bank's prime rate plus 0.50% and a credit card.

Security for the facilities include a general security agreement covering all personal property of the Hall of Fame, excluding all exhibit and other Hall of Fame materials collected for the purpose of archiving, exhibiting and preserving the history of hockey.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

5. Credit facilities (continued):

The revolving operating loan is available as needed and is repayable on demand. Borrowings on the revolving operating loan are limited to a maximum of \$1,550. The revolving operating loan has no amount drawn as at June 30, 2020 (2019 - nil).

6. Deferred sponsorships and contributions:

Deferred sponsorships and contributions represent the unamortized amount of sponsorship contributions received for the purchase of capital assets, to fund expenses of future periods, for repayment of debt and to fund core operations. The amortization of deferred sponsorships and contributions is recorded as revenue in the statement of operations.

(a) Related to capital assets:

	2020	2019
Balance, beginning of year	\$ 2,922	\$ 4,169
Amounts amortized to revenue	(830)	(1,247)
Balance, end of year	\$ 2,092	\$ 2,922

(b) Related to expenses of future periods:

	2020	2019
Balance, beginning of year	\$ 2,620	\$ 2,585
New sponsorship commitments and contributions, net	150	1,145
Amounts taken into revenue:		
Contributed services and subsidized expenses	(885)	(885)
Amounts taken into core operations	(255)	(225)
Balance, end of year	\$ 1,630	\$ 2,620

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

6. Deferred sponsorships and contributions (continued):

(c) Related to core operations:

	2020	2019
Balance, beginning of year	\$ 3,022	\$ 3,339
New sponsorship commitments and contributions, net	165	775
Amounts taken into core operations	(912)	(1,092)
Balance, end of year	\$ 2,275	\$ 3,022

7. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 5,140	\$ 6,075
Amounts funded by deferred contributions, net of unspent	(2,092)	(2,922)
	\$ 3,048	\$ 3,153

(b) Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Excess of expenses over revenue:		
Amortization of deferred sponsorships and contributions related to capital assets	\$ 830	\$ 1,247
Amortization of capital assets	(1,384)	(1,769)
	\$ (554)	\$ (522)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 449	\$ 589

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

8. Restrictions in net assets:

Pursuant to a resolution of the Board of Directors on June 10, 2010, it was resolved that for fiscal years ending after June 10, 2010, revenue and expenses will be included in the total net assets to be internally restricted, with the exception of revenue from sponsorships and contributions used to fund: (a) capital assets, (b) contributed services, or (c) interest. In addition, amortization of capital assets, contributed services and interest are also excluded from the determination of assets to be internally restricted other than any such expenses that are not funded by sponsorship and contributions or net assets previously restricted. The amount restricted will be set aside in order to fund the cost of enhancements to or replacements of exhibits or used for the general improvement of the facility and is not available for any other purpose without approval of the Board of Directors.

Internally restricted and externally restricted amounts for the Endowment Fund are classified separately in accordance with the policy set out in the Hall of Fame's by-laws.

The following sets out the changes in internally restricted amounts:

	2020	2019
Excess (deficiency) of revenue over expenses	\$ (622)	\$ 718
Sponsorships and contributions	(1,715)	(2,131)
Amortization of certain capital assets	1,247	1,632
Contributed services and subsidized expenses	885	885
Surplus (deficit) from core operations	(205)	1,104
Amounts transferred from Endowment Fund to fund operating deficits	205	—
Purchase of capital assets funded by internally restricted amounts	(399)	(540)
	(399)	564
Internally restricted amounts, beginning of year	5,299	4,735
Internally restricted amounts, end of year	\$ 4,900	\$ 5,299

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

9. Endowment:

(a) The Endowment is calculated as follows:

	2020	2019
Endowment Fund returns reinvested	\$ 49	\$ 185
Amounts transferred from Endowment Fund to fund operating deficits	(205)	—
	(156)	185
Endowment, beginning of year	2,218	2,033
Endowment, end of year	\$ 2,062	\$ 2,218

(b) Endowment Fund comprises:

	2020	2019
Long-term investments (note 2)	\$ 1,967	\$ 2,018
Cash	95	200
	\$ 2,062	\$ 2,218

	2020	2019
Fund Capital (as defined in By-law No. 27):		
Internally restricted (externally unrestricted) cumulative contributions	\$ 2,000	\$ 2,000
Externally restricted cumulative contributions	—	—
	2,000	2,000
Endowment Fund returns reinvested	62	218
	\$ 2,062	\$ 2,218

(c) Externally restricted designated endowment commitments:

The Lawrence and Judith Tanenbaum Family Foundation - Pursuant to Endowment Contribution Agreement dated March 6, 2018, Phase 1 Lifetime Annual Contribution of \$45 recognized as licensing revenue (2019 - nil) and Phase 2 Endowment Bequest Gift of \$1,000 (not reflected as Fund Capital in the Endowment Fund until received).

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

10. Commitments:

The Hall of Fame has entered into operating leases for the premises of the Spirit of Hockey store, resource centre and warehouse that call for annual minimum future rental payments, exclusive of operating costs, as follows:

2021	\$	541
2022		405
2023		335
2024		237
2025		237
Thereafter		1,993
	\$	3,748

11. Related entities:

The NHL is considered a related party through the fact that it has the right to nominate and elect seven (7) of the Hall of Fame's eighteen (18) directors, certain eligible employees of the Hall of Fame are members of the NHL's pension plan and also by the existence of a Cooperation Agreement effective July 1, 2016 pursuant to which transactions with the NHL are recorded at cost and include the following:

Licensing income of \$100 (2019 - \$100) with respect to the sale of NHL merchandise in the Spirit of Hockey retail store.

Contributed services of in-kind marketing and promotional support via NHL media properties of \$500 (2019 - \$500).

Purchase of Hall of Fame Induction Celebration "gala tickets" of \$128 (2019 - \$128).

12. Fair values of financial assets and liabilities:

The carrying values of cash, accounts receivable, current sponsorships and contributions receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments. The fair value of long-term sponsorships and contributions receivable is not readily determinable.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

13. Pension contributions:

Certain eligible employees of the Hall of Fame participate to the NHL pension plan, which is a multi-employer defined benefit plan, with a defined contribution component for employees hired on or after July 1, 2017. The participating employees are not required to contribute to the pension plan. The Hall of Fame expenses its pension contributions as incurred, as permitted by the Chartered Professional Accountants of Canada Handbook Section 3462, Employee Future Benefits, under multi-employer benefit plans. Total pension contributions for the year ended June 30, 2020 amount to \$374 (2019 - \$321), which includes \$67 (2019 - nil) of special solvency payments.

14. Contingencies:

The Spirit of Hockey lease covering the period from November 1, 2010 to December 31, 2020 has a percentage rent clause in the agreement whereby additional rent will be charged if 6% of gross revenue (net of sales tax) for each lease year exceeds the minimum rent payable under the terms of the lease. In 2020, the Hall of Fame incurred nil in additional rent (2019 - nil). In 2020, additional rent will occur if 6% of gross revenue (net of sales tax) for the lease year exceeds \$221.

15. Travel Industry Council of Ontario ("TICO"):

TICO requires that the Hall of Fame disclose its activity relative to the sale of travel packages.

Included in licensing revenue is Gross Ontario Sales of \$56 related to the Hall of Fame's travel packages which offers visitors to the Hall of Fame transportation and accommodations. Customer deposits held in trust of \$5 is included in the Hall of Fame's cash balance:

	2020	2019
	(In actual dollars)	
Customer deposits	\$ (4,967)	\$ (9,156)
Covered by bank balance in trust	5,321	5,860
Surplus	\$ 354	\$ (3,296)

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2020

16. Industry risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian government, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine period and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Hall of Fame's statement of operations and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Hall of Fame is not known at this time.

HOCKEY HALL OF FAME AND MUSEUM

Schedule 1 - Paid Attendance and Admission Revenue

(In thousands of Canadian dollars, except average admission revenue and admission prices)

Year ended June 30, 2020, with comparative information for 2019

(Unaudited)

	2020		2019	
	Paid attendance	Admission revenue	Paid attendance	Admission revenue
July	33,231	\$ 531	34,690	\$ 551
August	32,968	533	35,874	579
September	12,883	218	13,573	227
October	12,786	220	13,270	229
November	11,007	181	11,418	178
December	11,184	185	11,802	192
January	9,312	143	10,010	158
February	10,708	177	10,189	168
March	3,466	63	19,498	306
April	–	–	16,338	257
May	–	–	18,064	271
June	–	16	22,768	346
Total attendance/admission revenue	137,545	\$ 2,267	217,494	\$ 3,462

	2020	2019
Average admission revenue per capita	\$ 16.48	\$ 15.92
Admission prices:		
General admission	\$ 20.00	\$ 20.00
Children, three years and under	Free	Free
Seniors	16.00	16.00
Youth (4 - 13 years)	14.00	14.00

Paid attendance excludes attendance from sponsorship licensing agreements and hospitality events.

HOCKEY HALL OF FAME AND MUSEUM

Schedule 2 - Spirit of Hockey Retail Operations
(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019
(Unaudited)

	2020	2019
Sales	\$ 2,529	\$ 3,677
Cost of sales	1,351	1,897
	1,178	1,780
Other sales-related costs:		
Bank and credit card charges	64	91
E-Commerce shipping and handling	14	31
	78	122
	1,100	1,658
Other expenses:		
Staff:		
Salaries (Schedule 4)	338	395
Fringe benefits	30	30
Occupancy:		
Basic rent	242	242
Lease operating costs	48	66
Property taxes	36	37
Packaging and sales supplies	16	19
General office	2	4
Maintenance and repairs	9	12
	721	805
Net contribution from Spirit of Hockey retail operations	\$ 379	\$ 853

HOCKEY HALL OF FAME AND MUSEUM

Schedule 3 - Facility Sales

(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019

(Unaudited)

	2020	2019
Revenue:		
Facility sales:		
Full facility rentals	\$ 129	\$ 224
Theatre rentals	80	113
Great Hall rentals	21	26
Boardroom rentals	8	7
Commercial access fees	5	61
Food and beverage	1,180	2,196
Staging and rentals	385	630
Staffing and security	138	198
Merchandise	26	21
Other	94	131
	<u>2,066</u>	<u>3,607</u>
Expenses:		
Staff:		
Salaries (Schedule 4)	238	298
Fringe benefits	24	24
Food and beverage	976	1,824
Staging and rentals	329	536
Merchandise	15	8
Direct marketing	16	13
Other	74	97
	<u>1,672</u>	<u>2,800</u>
Net contribution from facility sales operations	<u>\$ 394</u>	<u>\$ 807</u>

HOCKEY HALL OF FAME AND MUSEUM

Schedule 4 - Staff Salaries

(In thousands of Canadian dollars)

Year ended June 30, 2020, with comparative information for 2019

(Unaudited)

	2020	2019
Staff salaries, including bonuses and commissions:		
Gross salaried payroll	\$ 2,468	\$ 2,635
Contracted services	190	185
Hourly payroll:		
Guest services	301	355
Retail services	189	251
Facility sales services	117	182
Building services	124	118
AV and IT support services	29	–
Resource centre and archival services	36	33
Administrative and temporary services	31	108
Gross salaries and wages	3,485	3,867
Less direct cost allocations and subsidies:		
Spirit of Hockey retail	338	395
Facility sales	238	298
Licensing and other:		
IIHF Images contribution	75	75
Outreach Program	50	50
NHL Trophy Movement	30	30
Resource centre grant contribution	42	42
Hockey Canada sublease contribution	20	19
Legends Magazine	12	12
Induction celebration	12	12
Canada Emergency Wage Subsidy	446	–
	1,263	933
Staff salaries, net of direct cost allocations and subsidies	\$ 2,222	\$ 2,934