



EDMONTON ESKIMO FOOTBALL CLUB

2019 ANNUAL REPORT

ANNUAL GENERAL MEETING
JULY 15, 2020





CHAIR REPORT

In May 2019, it was my privilege to take over the position of Chair for the Edmonton Eskimos Board of Directors. My first year as Chair was both challenging and rewarding. Of course, the challenges of 2019 seem insignificant in comparison to our current challenges. The COVID-19 pandemic suddenly and dramatically changed our world in ways that none of us could have foreseen. Our future is uncertain and there will be difficult times ahead. I am very fortunate to be working with a committed Board of Directors and our new President and CEO, Chris Presson, together with his dedicated team, as we try to navigate through these unprecedented times. I thank all of them for their hard work and support. We have had to make many tough decisions and undoubtedly there will be more to come. While there are no easy answers, I can assure you that all of us are working tirelessly to do everything that we can to secure the future of the Edmonton Eskimos.

The past year was one of change. Early in 2019, Len Rhodes stepped down as President and CEO. We undertook an extensive search for a new President and CEO, who could lead the Club through a new phase of growth, innovation and, unknown to us at the time, unprecedented challenges. Chris Presson stood out among the very talented candidates. Chris officially joined the Club last August. We are confident that his experience in sports management, creative vision and fan-first strategies provides us with the best possible prospects for long-term success.

It seems like such a long time ago, but 2019 got off to a great start on the football side with GM Brock Sunderland having an exceptional free agency, highlighted by the signing of quarterback, Trevor Harris, and then following up with a very strong draft. Even though the team finished short of our perennial goal of bringing home a championship, it was highly competitive, making it to the Eastern final. Equally as important, the team continued to create a positive and meaningful impact in our community. Brock ended the year by hiring new head coach Scott Milanovich. We are thrilled to welcome Scott and his coaching staff to the Eskimos. With the leadership of Brock and Scott, the next chapter of the Edmonton Eskimos looks to be very promising.

Off the field, the impact of weather and a challenging schedule had an undeniable impact on revenue. As well, as with all other teams, the Club provided financial support to the Montreal Alouettes while the League looked for a buyer. Despite the challenges of 2019, we were looking forward to a successful 2020 season as the positive impacts of Chris' fresh energy and innovative ideas on our business were already evident.

We continue to be proud of the work we have done to engage with Inuit communities. Based on the feedback from our research and engagement program with Inuit communities, we invested time and resources to establish a Northern Community Engagement Program to strengthen the ties between the Club and Inuit communities. In the last year, players and other Club representatives visited schools in Inuvik and Tuktoyaktuk, participated in the Inuvik Sunrise Festival and took part in school visits and a youth gathering in Norman Wells. The Club also hosted the Youth Service Award winners at a home game. Although these activities have been paused due to COVID-19, we will work with these and other northern communities to resume these programs as soon as it is safe to do so.

We began our research and engagement program three years ago because we believed that it was of utmost importance to have input from the Inuit regarding our name. The research revealed that 78% of the western Arctic Inuit oppose the team changing the Eskimos name. In Nunavut, where we are still working on building our relationships, 55% of Inuit oppose a change to the Eskimos name. In the eastern Arctic, where the results identified



little connection to the team, 31% of Inuit oppose a name change. For the Inuit who view the Edmonton Eskimos name positively, the dominant theme is pride. The concept that a sports team with national recognition chooses to use the name of a relatively small group of people is seen as a nod of respect and admiration. Due to the recent debate concerning our name we have committed to seeking further input on this topic. Our perspective that Inuit input is crucial to this process has not changed. Outreach and discussions have commenced, and we will provide an update on this matter by the end of July 2020.

Murray Scambler's term on the Board has come to an end. Murray has been an active and hardworking director who generously shared his knowledge and time. Murray provided a common sense and practical approach to the many issues facing the Board. I personally am grateful for all of the guidance that Murray has provided to me and thank him for his service.

While we are in uncertain times, what is certain is that the Edmonton Eskimos are resilient. We appreciate the support of our shareholders and fans and most definitely will need it in the coming months. We look forward to returning to play and welcoming fans back to The Brick Field at Commonwealth Stadium as soon as it is safe to do so.

Go Esks!

Janice Agrios
Chair, Board of Directors
Edmonton Eskimo Football Club



TREASURER'S REPORT

For the Year Ended December 31, 2019

I am pleased to report the financial status of the Edmonton Eskimo Football Club for 2019.

Operating Revenue for 2019 was \$23.5M, a decline of 6.7% over 2018. This was mainly due to lower gate-driven revenue such as ticketing and game day revenue. This was impacted by weather-related issues and an adverse impact caused by a Grey Cup effect, as considerable disposable income had been spent in 2018. Gate receipt revenues were down in 2019 by 15.7%. Correspondingly, game day revenue was lower by 5.6% and merchandise sales were lower by 7.8%. Corporate partnerships held steady in 2019 with sponsorship revenues increasing over 2018 by 1.9%.

Total operating expenses were \$24.1M, an increase of \$488k or 2.1%, mainly due to contract obligations. The Club was under the 2019 CFL salary cap of \$5.25M.

The Net Operating Result for the year ended December 31, 2019 was a loss of \$627k, before non-operating items.

Significant Non-Operating Items include:

- The investment fund generated a net investment gain of \$1.7M in 2019 as compared to a net investment loss of \$503k in 2018.
- Capital expenditures for 2019 totalled \$679k. In 2019, the Club purchased new sideline LED's for game day and sponsor advertising. Other capital projects in 2019 were minor and focused on maintenance needs.
- Depreciation of capital assets was \$1.1 million.
- The Club incurred expenses of \$950k during the year related to the Montreal Alouettes Football Club (MAFCC). These expenses consist of the Club's share of costs to operate MAFCC as well as costs to facilitate the sale of MAFCC. \$362k is included in accounts payable and accrued liabilities related to these costs.
- 50/50 Raffle revenues and expenses were both \$1.3M (having no impact on net income to the Club). Donations to support and promote Amateur Football in the Edmonton area were \$588k in 2019, bringing cumulative donations to \$5.2M (since 2012).

To conclude, the consolidated Edmonton Eskimo Football Club net result for the year ended December 31, 2019 was a loss of \$1.1M.

Ian Murray
Treasurer, Board of Directors
Edmonton Eskimo Football Club



PRESIDENT AND CEO REPORT

Let me begin by expressing my sincerest appreciation to the Eskimo Family for a very warm welcome. The opportunity to lead the Green and Gold is the privilege of a lifetime. I'm honoured, truly.

The challenges we face today are much different than when I began September 1. The COVID-19 pandemic has put our league on pause like it has so many industries around the world. We very much look forward to the day we welcome everyone back to The Brick Field at Commonwealth Stadium safely. Until then, we continue to follow the guidance of public health experts and governments and work to ensure the Eskimos and our league are positioned for success and financial security for many years to come.

The team finished the 2019 season with an 8-10 record, earning a playoff position in East Division via the crossover. En route to defeating the Montreal Alouettes in the semi-final, quarterback Trevor Harris put on a near-flawless performance, setting a playoff record for consecutive completions (22) and completion percentage (92.3%). While no team has won the Grey Cup coming through the crossover, we adopted the mantra "Why Not Us?" and headed to Hamilton to take on the Tiger-Cats in the East Final. The final score was not in our favor, ending the season just one game shy of the championship game.

Shortly after, we parted ways with Jason Maas. In December, we welcomed Scott Milanovich as the 22nd head coach of the Edmonton Eskimos, marking his return to the CFL after several years in the NFL with the Jacksonville Jaguars. We look forward to watching him lead a competitive team who embodies excellence and the Eskimo Way.

The Brick Field at Commonwealth Stadium saw an average attendance of 29,217 – a 1.5% decline from the year prior. Early in the season, it became clear that in our slowing economy affordability was a barrier to more people attending games. We introduced a new general admission ticket at the lowest price point in nearly a decade. At the same time, we partnered with the City of Edmonton to provide youth, aged 17 and under, free admission to games through the summer. Both were successful in increasing attendance and applauded by fans. We will continue to seek solutions to make games and fandom as accessible as possible.

Elevating and evolving the game-day experience is a top priority. To that effort, last season, we launched the Coors Light CW's Zone, returning the iconic social gathering station under the videoboard in the north endzone. It was wildly popular. CW's became one of the top sales locations in the stadium.

We will work with our corporate sponsors in our goal to provide unmatched entertainment. Last year was another record-setting year for revenue in the corporate partnerships department. This is thanks in part to the addition of two new premier partners, James H. Brown and Associates and Sports Interaction, who signed on at our highest level of sponsorship. Welcome.

It has been clear since day 1 that Edmonton is a special place. Together with staff and the board, we'll work to safeguard the Eskimo legacy as the flagship franchise of the Canadian Football League.

Thank you.

Chris Presson
President and CEO
Edmonton Eskimo Football Club

Community Impact Report

Throughout the year, Eskimos players, coaches, staff, cheer team and mascots made a positive and meaningful impact in our community and helped advance the development of amateur football in Northern Alberta through the TELUS Champions in the Community program.

2019 highlights include:



Over a Half Million Dollars Donated to Amateur Football

The Eskimos donated \$587,500 to the Edmonton Huskies, Edmonton Wildcats, University of Alberta Golden Bears Football, Football Alberta and the Eskimo Alumni Association's amateur football initiatives through the 50/50 game day program to support the growth and development of amateur football in Northern Alberta.

In addition to financial contributions, the Edmonton Eskimos support growth by hosting an annual amateur football camp and collaborating on novice leagues.



Growing Flag Football

Participation in the Eskimos Jr. High Flag Football Spring and Fall League has nearly doubled since it began in 2016 with a total of 59 in 2018 and has stayed constant through 2019. Schools combined for a total of 36 boys teams and 23 girls teams.

Interest in flag football at the novice and atom level continues to grow. A combined 241 youth participated in the Eskimos flag football league, which has stayed constant.



Community Appearances

Eskimos players, coaches, staff, cheer team and mascots made 506 community appearances at events, for 1,082 hours of service in 2019. Community appearances included guest coaching at amateur football practices, visiting schools, spending time at the Stollery Children's Hospital, serving meals to our inner-city residents and more.



Eskimos Community Tour, Presented by Tim Hortons

The third annual Eskimos Community Tour, presented by Tim Hortons, took place April 8-10 and April 12 in Lloydminster, Wainwright, Camrose and Red Deer. The tour provides fans the opportunity to connect with the Green and Gold players through youth football clinics, autograph sessions and other community appearances. Staff and players also visited Armed Forces members to thank them for their service.



Purolator Tackle Hunger

The Edmonton Eskimos extended family and fans raised the equivalent of 85,514 lbs of food for the Edmonton Food Bank through the game-day Purolator Tackle Hunger program to help feed the less fortunate.



Eskimos Women's Dinner Raises Nearly \$100K to Support Cancer Research

The Eskimos Women's Dinner, presented by James H. Brown and Associates, raised \$99,687 last year alone to continue to provide long-term sustainable funding for researchers at the Lois Hole Hospital for Women to help find a cure for ovarian cancer. Since the event began in 2007, in memory of long time Eskimo employee Pam Monastyrskij who lost her hard-fought battle with ovarian cancer, total donations have exceeded \$700,000.

Edmonton Eskimo Football Club

Summary Consolidated Financial Statements
December 31, 2019



Report of the independent auditor on the summary consolidated financial statements

To the Shareholders of Edmonton Eskimo Football Club

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Edmonton Eskimo Football Club and its subsidiaries (the Club) are a fair summary of the audited consolidated financial statements, on the basis described in note 1 to the summary consolidated financial statements.

The summary consolidated financial statements

The Club's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2019 comprise:

- the summary consolidated statement of financial position as at December 31, 2019;
- the summary consolidated statement of changes in fund balances for the year then ended;
- the summary consolidated statement of revenue and expenses for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related note to the summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 21, 2020.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta
April 21, 2019

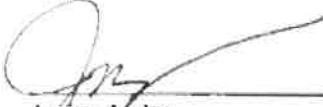
Edmonton Eskimo Football Club

Summary Consolidated Statement of Financial Position

As at December 31, 2019

				2019	2018
	Operating Fund \$	Stabilization Fund \$	Capital Asset Fund \$	Total \$	Total \$
Assets					
Current assets					
Cash	8,783,042	-	-	8,783,042	15,482,499
Investments	-	14,622,695	-	14,622,695	12,919,111
Accounts receivable	1,159,680	-	-	1,159,680	5,491,537
Note receivable	500,000	-	-	500,000	-
Prepaid expenses and deposits	7,357	-	-	7,357	111,914
Inventory	943,403	-	-	943,403	724,760
	11,393,482	14,622,695	-	26,016,177	34,729,821
Capital assets					
	-	-	2,344,105	2,344,105	2,766,356
	11,393,482	14,622,695	2,344,105	28,360,282	37,496,177
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	2,942,586	-	-	2,942,586	11,652,639
Deferred revenue	3,871,552	-	-	3,871,552	3,182,504
	6,814,138	-	-	6,814,138	14,835,143
Non-current accrued liabilities					
	6,400	-	-	6,400	6,400
	6,820,538	-	-	6,820,538	14,841,543
Net Assets					
Unrestricted					
	4,572,944	-	-	4,572,944	6,969,167
Investment in capital assets					
	-	-	2,344,105	2,344,105	2,766,356
Internally restricted					
	-	14,622,695	-	14,622,695	12,919,111
	4,572,944	14,622,695	2,344,105	21,539,744	22,654,634
	11,393,482	14,622,695	2,344,105	28,360,282	37,496,177

Approved by the Board of Directors



Janice Agrios

Director



Ian Murray

Director

Edmonton Eskimo Football Club

Summary Consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2019

				2019	2018
	Operating Fund \$	Stabilization Fund \$	Capital Asset Fund \$	Total \$	Total \$
Fund balances – Beginning of year	6,969,167	12,919,111	2,766,356	22,654,634	19,824,707
(Deficiency) excess of revenue over expenses for the year	(1,717,043)	1,703,584	(1,101,431)	(1,114,890)	2,829,927
Purchase of capital assets with operating funds	(679,180)	-	679,180	-	-
Fund balances – End of year	4,572,944	14,622,695	2,344,105	21,539,744	22,654,634

Edmonton Eskimo Football Club

Summary Consolidated Statement of Revenue and Expenses

For the year ended December 31, 2019

	2019 \$	2018 \$
Revenue		
Gate receipts	8,121,602	9,636,586
Sponsorship	5,917,823	5,807,943
Canadian Football League distributions	4,340,973	4,385,377
Concessions and game day	3,838,003	4,065,920
Merchandise	967,591	1,049,025
Interest and other	246,301	199,626
Post-season games	30,000	-
	<u>23,462,293</u>	<u>25,144,477</u>
Football operations expenses		
Players and coaches	8,987,105	8,555,313
Scouting and football administration	1,037,411	1,349,433
Away game travel	963,171	875,465
Medical, video and other team costs	948,055	875,935
Training camp	556,586	420,948
Equipment and training supplies	434,963	360,835
	<u>12,927,291</u>	<u>12,437,929</u>
Administration and other expenses		
Administration	3,018,636	2,791,630
Game day	2,512,388	2,561,465
Ticketing and customer service	1,444,669	1,627,646
Marketing and community relations	1,671,481	1,935,255
Merchandise	962,866	1,066,298
Sponsorship	883,510	778,195
Communications and broadcasting	456,933	402,915
Post-season games	211,271	-
	<u>11,161,754</u>	<u>11,163,404</u>
Total operating expenses	<u>24,089,045</u>	<u>23,601,333</u>
(Deficiency) excess of revenue over expenses from operations	<u>(626,752)</u>	<u>1,543,144</u>
Other revenue (expenses)		
Investment income (loss) – Stabilization Fund	1,703,584	(503,151)
Amortization of capital assets	(1,083,092)	(977,237)
Rental and miscellaneous	(23,762)	18,699
Community donations	(53,903)	(90,292)
League expenses	(949,706)	-
Grey Cup revenue	-	19,717,498
Grey Cup expenses	(81,259)	(16,878,734)
50/50 raffle revenue	1,269,540	3,130,475
50/50 raffle expenses	(1,269,540)	(3,130,475)
	<u>(488,138)</u>	<u>1,286,783</u>
(Deficiency) excess of revenue over expenses for the year	<u>(1,114,890)</u>	<u>2,829,927</u>

Edmonton Eskimo Football Club

Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(1,114,890)	2,829,927
Items not affecting cash		
Amortization	1,101,431	1,035,065
Net unrealized (gain) loss on fair value of investments	(1,159,872)	1,841,779
Net realized gain on sale of investments	(16,765)	(694,635)
Non-current accrued liabilities	-	(148,000)
	<hr/>	<hr/>
	(1,190,096)	4,864,136
Net change in non-cash working capital items		
Note and accounts receivable	3,831,857	(4,697,559)
Inventory	(218,643)	(68,990)
Prepaid expenses and deposits	104,557	(82,157)
Accounts payable and accrued liabilities	(8,710,053)	9,758,773
Deferred revenue	689,048	(2,830,083)
	<hr/>	<hr/>
	(5,493,330)	6,944,120
Investing activities		
Purchase of capital assets	(679,180)	(325,095)
Interest and dividends	(526,947)	(643,993)
	<hr/>	<hr/>
	(1,206,127)	(969,088)
(Decrease) increase in cash during the year	(6,699,457)	5,975,032
Cash – Beginning of year	15,482,499	9,507,467
	<hr/>	<hr/>
Cash – End of year	8,783,042	15,482,499
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Edmonton Eskimo Football Club

Note to Summary Consolidated Financial Statements

December 31, 2019

1 Basis of presentation

The summary consolidated financial statements are derived from the audited consolidated financial statements of Edmonton Eskimo Football Club (the Club) prepared in accordance with Canadian accounting standards for not-for-profit organizations, as at December 31, 2019 and for the year then ended.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

- the summary consolidated financial statements include a statement for each consolidated statement included in the audited consolidated financial statements;
- information in the summary consolidated financial statements agrees with the related information in the audited consolidated financial statements;
- major subtotals, totals and comparative information from the audited consolidated financial statements are included; and
- the summary consolidated financial statements contain the information from the audited consolidated financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized consolidated financial statements.

The audited consolidated financial statements of the Club are available upon request by contacting the Club.