



# EDMONTON ESKIMO FOOTBALL CLUB

## 2017 ANNUAL REPORT

ANNUAL GENERAL MEETING MAY 8, 2018

**ONE***E***EMPIRE**



## CHAIR'S REPORT

I am pleased to submit this report to the Edmonton Eskimos' shareholders, to the larger community and to the thousands of fans who, on an annual basis, continue to be keenly involved and interested in our community-owned CFL franchise.

During my first year serving as Chair of the Board of Directors of the Club, I have received unwavering support from my fellow members of the Board, and their volunteer contributions are not only worth mentioning but also deserve recognition. We take great pride in serving as members of the Eskimos' Board of Directors and during the 2017 year and football season, there was much of which to be proud.

I wish to acknowledge the dedication and hard work undertaken by President & CEO, Len Rhodes, his leadership team and the entire staff including General Manager and VP Football Operations Brock Sunderland and his football operations group. The Brick Field at Commonwealth Stadium provides an exciting atmosphere on game day, and the overall experience is a first-rate fan experience for all. Long time season seat holders and fans young and old watched and were thrilled by many of the moments and memories created in the stadium during 2017.

In all, 2017 should be considered successful both on and off the field.

I am also pleased to serve as Co-Chair of the 2018 Grey Cup Committee with Len Rhodes. Members of our Eskimos' Board of Directors are also serving on 2018 Grey Cup Committees. To be selected to host the 106<sup>th</sup> Grey Cup Championship comes with the responsibility to represent the team, the City of Edmonton, this great province, as well to stage another remarkable Grey Cup game and festival. Already there are business and community leaders and volunteers who are helping with the planning and preparation to execute a memorable "Bring the Heat" Grey Cup. The 2017 season has set us up nicely to look forward to all that 2018 will bring.

As Chair of the Board, representing my fellow board members, the Eskimos team management and staff, I want to thank all those who support and invest in the Edmonton Eskimos. With broad-based support from all levels, the Edmonton Eskimo Football Club continues to maintain a highly-respected, leadership position in the Canadian Football League.

Thank you for your ongoing support.

**Brad Sparrow**  
**Chair, Board of Directors**  
**Edmonton Eskimo Football Club**



## **TREASURER'S REPORT**

### **For the Year Ended December 31, 2017**

I am pleased to report the financial status of the Edmonton Eskimo Football Club for 2017.

Operating Revenue for 2017 was \$24.7 million, an increase of 5% over 2016. This was mainly due to increased ticket and sponsorship revenues.

Gate receipt revenues were up in 2017 by 9% or \$806,259. In 2017, the Club saw success attracting fans with four musical act halftime shows and the carryover 50/50 jackpot on July 14, which led to a then North American record-setting jackpot prize of \$435,920.

Corporate partnerships set another record in 2017 with sponsorship revenues increasing over 2016 by 8.9%. CFL distributions were flat year over year, while Concessions & Game Day Revenues increased 4.4% and Merchandise sales declined 12.9%, which was expected as 2016 Merchandise sales were above normal due to the 2015 Grey Cup win.

Total operating expenses were \$24.1 million, a total increase of \$2.7 million over 2016. The bulk of this variance was due to the cost of players injured six games or more as well as the investment in the One Empire brand campaign, increased investment in halftimes, and organization restructuring costs. The Club was under the 2017 CFL salary cap of \$5.15 million.

Net Operating Income for the year ended December 31, 2017 was \$591,704.

Significant Non-operating items include:

- Earnings from Trust Fund investments of \$958,263 bring the total fund balance to \$13,422,262 at year end 2017.
- Amortization of capital assets for 2017 totaled \$1,136,999. Capital projects in 2017 were minor compared to prior years, and included purchasing upper deck tarps (which were then sold as sponsorship assets), upgrading the QB Club audio/visual and the new Nissan Titan interactive sports simulator, among others.
- 50/50 Raffle revenues and expenses were \$2.3 million (having no impact on net income to the Club). Donations to support and promote Amateur Football in the Edmonton area were a record \$840,000 in 2017, bringing cumulative donations to \$3.7 million (since 2012).

To conclude, the consolidated Edmonton Eskimo Football Club net profit for the year ended December 31, 2017 was \$431,638.

**Janice Agrios**  
**Treasurer, Board of Directors**  
**Edmonton Eskimo Football Club**



## PRESIDENT & CEO'S REPORT

The Edmonton Eskimo Football Club finished the 2017 regular season with a 12-6 record, something quite significant given the record level of player injuries that plagued the team. We finished the year in third place in the West Division and qualified for a playoff spot in the Western Semi-Final in Winnipeg. The Eskimos went on to win that semi-final playoff game and earned the right to play in the Western Final in Calgary, where the season ended just one win short of competing in the 105<sup>th</sup> Grey Cup.

At this time last year, we identified the need to place more focus on attracting new fans, with special emphasis on targeting the young adult demographic. Our five-year plan, referred to as Route 2021, was kickstarted in 2017 with much success. Average regular season attendance was 32,435, up 4.6% versus the prior year. A strong winning record on the field, an investment into the One Empire campaign and game day themes that included musical acts geared to millennials, created a positive game-day environment. Season seat ticket revenue was up 2.6% versus 2016, but it is the casual single game ticket revenue which showed significant growth at +26.0%. Sponsorship revenue set another new record for the Club, with an increase of 8.9%.

Brock Sunderland was named General Manager and Vice President of Football Operations in April. Head Coach Jason Maas, along with the coaching staff, delivered a strong contender on the field. Quarterback Mike Reilly won the 2017 CFL Most Outstanding Player Award and receiver Adarius Bowman became the fourth Eskimo to win the CFL's Tom Pate Award in recognition of sportsmanship and community service.

The Edmonton Eskimos have provided more support to amateur football across northern Alberta than ever before. The Club's 50/50 program remains committed to help fund football at the amateur level. As a result of the game-day 50/50 program throughout 2017, a record amount of \$840,000 was donated to the Edmonton Huskies, the Edmonton Wildcats, University of Alberta Golden Bears Football, Football Alberta and the Edmonton Eskimo Alumni Association's amateur football initiatives. The Eskimos have also been a key contributor to the development of flag football at the novice level as well as within the public junior high school network.

Our Club takes great pride in the fact that our players, coaches, cheer team and staff actively support many community initiatives. Schools, hospitals, food banks and community football fields are all areas where the Eskimos show strong presence, are accessible to the public and contribute to the quality of life of our fellow citizens.

In 2017, the Edmonton Eskimo Football Club was successful in placing a winning bid to host the 2018 Grey Cup game and festival. The league's championship event is expected to deliver more than \$80,000,000 in economic impact for the City of Edmonton. This marks only the fifth time in history that the game will be played in Edmonton. The Club also celebrates two other key milestones in 2018: it is the 70<sup>th</sup> year of play for the Eskimos and the 40<sup>th</sup> anniversary of Commonwealth Stadium.

We are very excited about 2018 knowing that the spotlight will be shining on Edmonton from coast-to-coast.

**Len Rhodes**  
**President & CEO**  
**Edmonton Eskimo Football Club**



## Community Impact Report

Throughout the year, Edmonton Eskimo 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.

2017 highlights include:



### Record-Setting Support for Amateur Football

The Eskimos donated a record setting \$840,000 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 belairdirect 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 supported the growth of amateur football by hosting an annual amateur football summit, collaborating on an annual atom and peewee football league and helping to bring high school football championships to The Brick Field at Commonwealth Stadium for the first time.



### Growing Flag Football

24 junior high schools fielded a total of 41 teams for the Eskimos Jr. High Flag Football Spring League in 2017 -- an increase in school enrollment of 20% over the prior year. Schools combined for a total of 24 boys' teams and 17 girls' teams.



Interest in flag football at the novice and atom level continues to grow. A combined 240 youth participated in the Eskimos flag football league -- a 9% increase over 2016. In addition, 140 novice and atom youth participated in the Capital District Minor Football Association's fall flag football league -- a 16% increase over 2016.



### **873 Community Appearances**

Eskimos players, coaches, staff, cheer team and mascots made 873 community appearances at 192 events in 15 different communities, for approximately 1,621 hours of service in 2017. 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 Kids Club, presented by The Brick**

Enrolment in the club increased by 25% to 1,501 registered children in 2017. The Eskimos Kids Club, presented by The Brick, allows its members aged 12 and under access to the field after each home game to run for a touchdown and meet Eskimos players. Engagement activities are sustained year round with birthday cards, exclusive events and contests.



### **Purolator Tackle Hunger**

The Edmonton Eskimos extended family and fans raised 141,145 lbs of food for the Edmonton Food Bank. The Purolator Tackle Hunger game to help feed the less fortunate occurred on August 25 vs the Saskatchewan Roughriders.



### **Eskimos Women's Dinner Surpasses \$500K Mark in Total Donations**

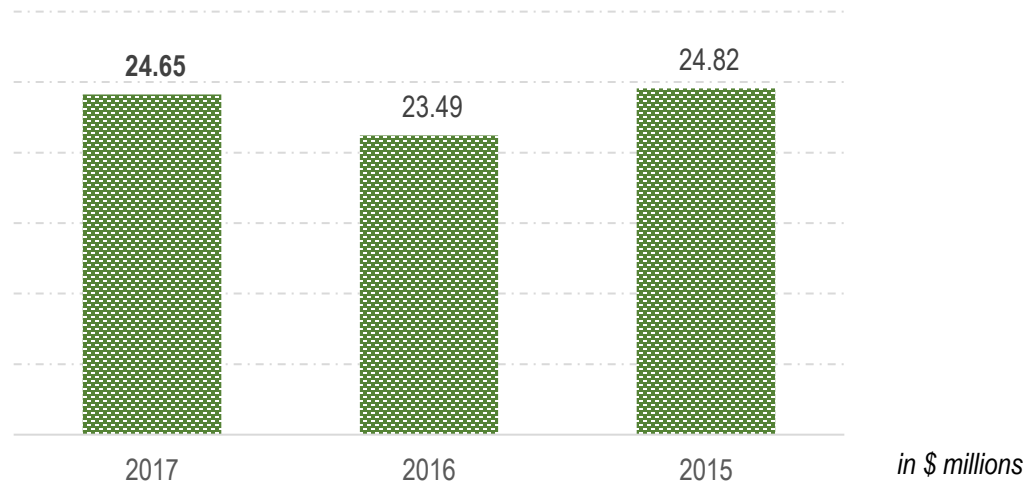
The Eskimos Women's Dinner, presented by Maclab Enterprises, raised a record \$96,100 to continue to provide long-term sustainable funding for researchers at the Lois Hole Hospital for Women to help find a cure for ovarian cancer. Since the event began in 2007, total donations have exceeded \$500,000.



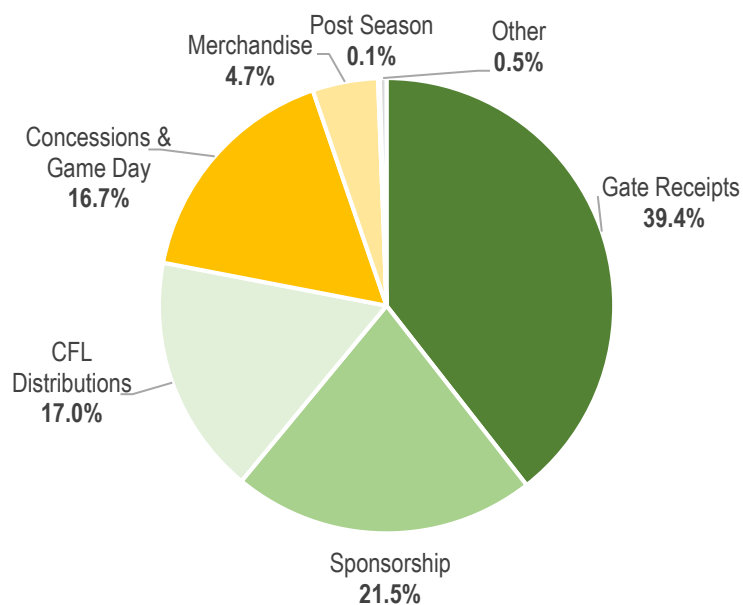
For the Year Ended December 31, 2017

## OPERATING REVENUE

Total operating revenue for 2017 was \$24,653,823, an increase of 5% as compared to 2016, mainly due to increases in ticket and sponsorship revenues.



Gate receipts accounted for 39% of revenues, compared to 38% in 2016. Sponsorship contribution remained at 21%.

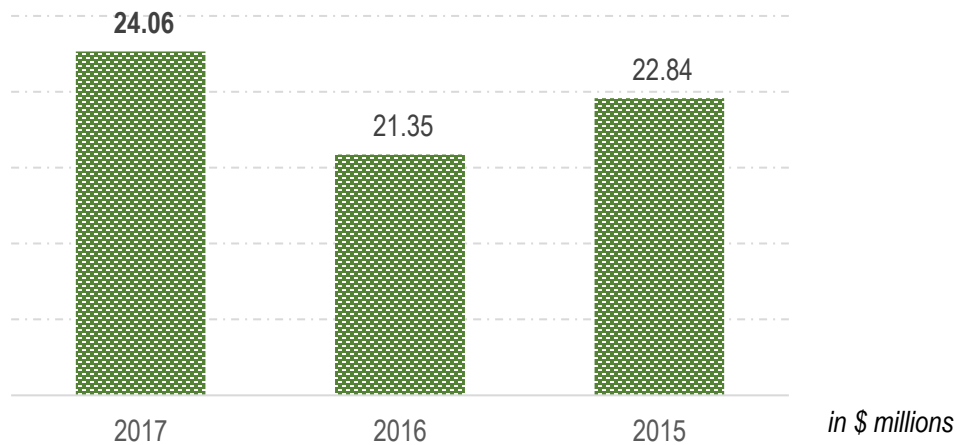




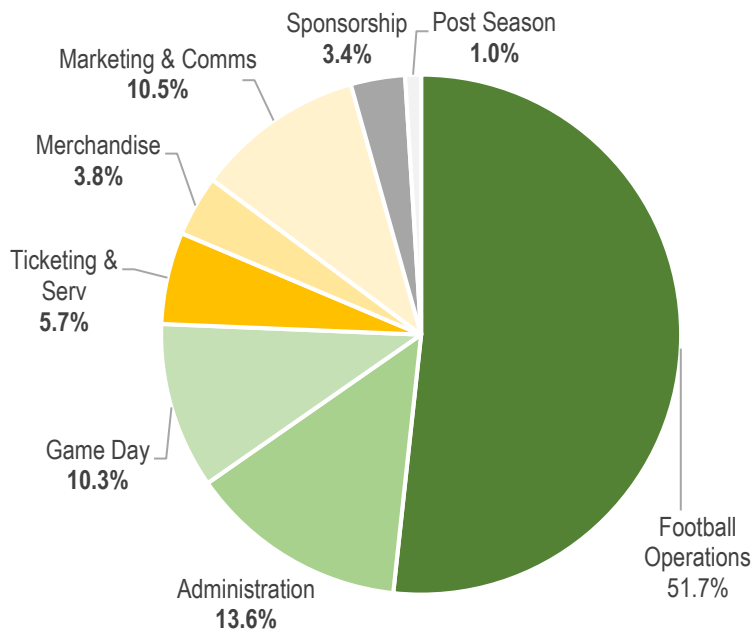
For the Year Ended December 31, 2017

## OPERATING EXPENSES

Total operating expenses for 2017 were \$24,062,119. This was an increase of 12.7% as compared to 2016 due to football operations costs including the 6-game injury expenses, investment in the One Empire brand campaign, halftime shows, and organizational restructuring costs.



Football Operations accounted for 52% of the operating spend for the Club in 2017 (54% in 2016), while Business Operations expense was 48% of operating spend (46% in 2016).







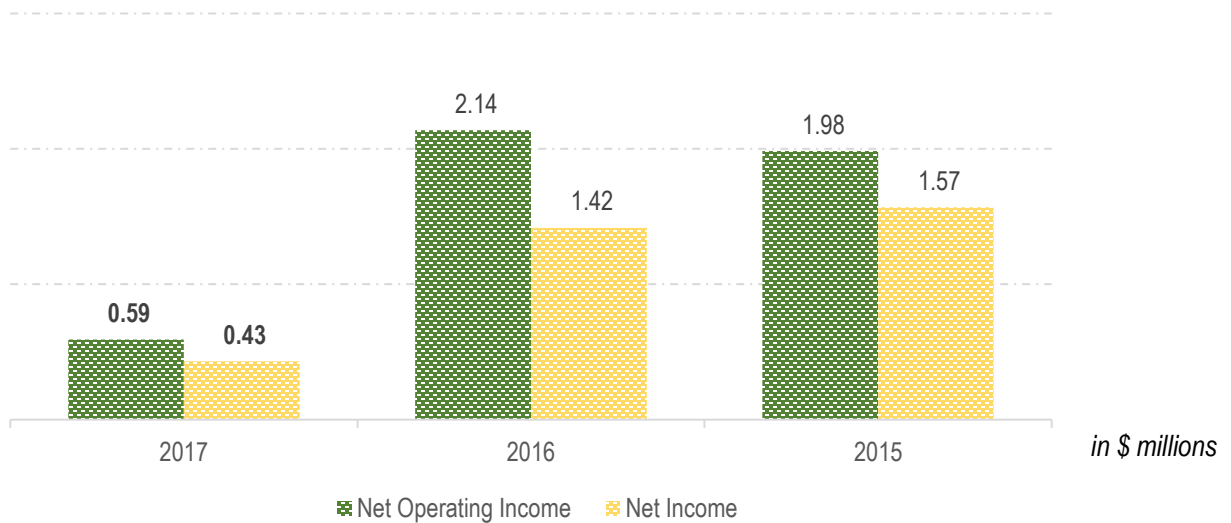
For the Year Ended December 31, 2017

## NON-OPERATING REVENUE & EXPENSES

Non-Operating Activities in 2017 resulted in a loss of (\$160,066) compared to a loss of (\$720,655) in 2016. Income from investments was \$958,263, amortization of capital assets was \$1,136,999 and other income/expenses totaled \$18,670.

## EXCESS OF REVENUE OVER EXPENSES (NET INCOME)

Net Operating Income for 2017 was \$591,704 (vs. \$2,138,450 in 2016). Excess of revenues over expenses (Net Income) for the Edmonton Eskimo Football Club in 2017 was \$431,638.



# **Edmonton Eskimo Football Club**

Summary Consolidated Financial Statements  
**December 31, 2017**



April 19, 2018

## **Report of the Independent Auditor on the Summary Consolidated Financial Statements**

### **To the Shareholders of Edmonton Eskimo Football Club**

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2017 and the summary consolidated statements of changes in fund balances, revenue and expenses and cash flows for the year then ended, and the related note, are derived from the audited consolidated financial statements of Edmonton Eskimo Football Club for the year ended December 31, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated April 19, 2018.

The summary consolidated financial statements do not contain all of the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Edmonton Eskimo Football Club.

### **Management's responsibility for the summary consolidated financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on the summary 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.

### **Opinion**

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Edmonton Eskimo Football Club for the year ended December 31, 2017 are a fair summary of those consolidated financial statements, on the basis described in note 1.

*PricewaterhouseCoopers LLP*

### **Chartered Professional Accountants**

*PricewaterhouseCoopers LLP*  
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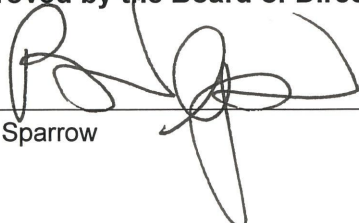
# Edmonton Eskimo Football Club

## Summary Consolidated Statement of Financial Position

As at December 31, 2017

				2017	2016
	Operating Fund	Stabilization Fund	Capital Asset Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash	9,507,467	-	-	9,507,467	6,384,207
Investments	-	13,422,262	-	13,422,262	12,463,999
Accounts receivable	793,978	-	-	793,978	1,302,636
Prepaid expenses	29,757	-	-	29,757	34,153
Inventory	655,770	-	-	655,770	672,314
	10,986,972	13,422,262	-	24,409,234	20,857,309
<b>Capital assets</b>	-	-	3,476,326	3,476,326	4,300,286
	10,986,972	13,422,262	3,476,326	27,885,560	25,157,595
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	1,893,866	-	-	1,893,866	1,867,315
Deferred revenue	6,012,587	-	-	6,012,587	3,737,811
	7,906,453	-	-	7,906,453	5,605,126
<b>Non-current accrued liabilities</b>	154,400	-	-	154,400	159,400
	8,060,853	-	-	8,060,853	5,764,526
<b>Net Assets</b>					
<b>Unrestricted</b>	2,926,119	-	-	2,926,119	2,628,784
<b>Investment in capital assets</b>	-	-	3,476,326	3,476,326	4,300,286
<b>Internally restricted</b>	-	13,422,262	-	13,422,262	12,463,999
	2,926,119	13,422,262	3,476,326	19,824,707	19,393,069
	10,986,972	13,422,262	3,476,326	27,885,560	25,157,595

Approved by the Board of Directors

  
Brad Sparrow

Director

  
Janice Agrios

Director

# Edmonton Eskimo Football Club

## Summary Consolidated Statement of Revenue and Expenses

For the year ended December 31, 2017

	2017 \$	2016 \$
<b>Revenue</b>		
Gate receipts	9,725,390	8,919,131
Sponsorship	5,312,619	4,877,909
Canadian Football League distributions	4,199,221	4,270,580
Concessions and game day	4,121,671	3,946,245
Merchandise	1,147,187	1,316,410
Interest and other	117,735	126,799
Post-season games	30,000	30,000
	<u>24,653,823</u>	<u>23,487,074</u>
<b>Football operations expenses</b>		
Players and coaches	8,845,348	7,928,249
Scouting and football administration	1,205,464	1,149,664
Medical, video and other team costs	768,550	821,670
Away game travel	806,826	753,995
Training camp	413,267	387,356
Equipment and training supplies	403,517	375,980
	<u>12,442,972</u>	<u>11,416,914</u>
<b>Administration and other expenses</b>		
Administration	3,275,494	2,637,761
Game day	2,485,190	2,334,270
Ticketing and customer service	1,376,547	1,274,084
Merchandise	910,480	1,061,285
Marketing and community relations	2,039,238	1,295,333
Sponsorship	812,631	687,603
Communications and broadcasting	482,470	432,739
Post-season games	237,097	208,635
	<u>11,619,147</u>	<u>9,931,710</u>
<b>Total operating expenses</b>	<u>24,062,119</u>	<u>21,348,624</u>
<b>Excess of revenue over expenses from operations</b>	<u>591,704</u>	<u>2,138,450</u>
<b>Other revenue (expenses)</b>		
Investment income – Stabilization Fund	958,263	672,748
Grey Cup revenue	198,292	-
Rental and miscellaneous income	120,798	46,848
Community donations	(102,128)	(97,364)
Grey Cup expenses	(198,292)	-
Amortization of capital assets	(1,136,999)	(1,342,887)
50/50 raffle revenue	2,320,903	2,038,119
50/50 raffle expenses	(2,320,903)	(2,038,119)
	<u>(160,066)</u>	<u>(720,655)</u>
<b>Excess of revenue over expenses for the year</b>	<u>431,638</u>	<u>1,417,795</u>

# Edmonton Eskimo Football Club

## Summary Consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2017

				2017	2016
	Operating Fund \$	Stabilization Fund \$	Capital Asset Fund \$	Total \$	Total \$
<b>Fund balances – Beginning of year</b>	2,628,784	12,463,999	4,300,286	19,393,069	17,975,274
Excess (deficiency) of revenue over expenses for the year	662,227	958,263	(1,188,852)	431,638	1,417,795
Purchase of capital assets with operating funds	(364,892)	-	364,892	-	-
<b>Fund balances – End of year</b>	<b>2,926,119</b>	<b>13,422,262</b>	<b>3,476,326</b>	<b>19,824,707</b>	<b>19,393,069</b>

# Edmonton Eskimo Football Club

## Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2017

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	2017 \$	2016 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	431,638	1,417,795
Items not affecting cash		
Amortization	1,194,827	1,400,715
Change in fair value of investments	(702,853)	(466,806)
Non-current accrued liabilities	(5,000)	159,400
	<hr/>	<hr/>
	918,612	2,511,104
Net change in non-cash working capital items		
Accounts receivable	508,658	330,899
Inventory	16,544	12,046
Prepaid expenses and deposits	4,396	(5,510)
Accounts payable and accrued liabilities	26,551	(1,034,884)
Deferred revenue	2,274,776	1,033,219
	<hr/>	<hr/>
	3,749,537	2,846,874
<b>Investing activities</b>		
Purchase of capital assets	(370,867)	(3,251,181)
Purchase of investments	(255,410)	(205,942)
	<hr/>	<hr/>
	(626,277)	(3,457,123)
<b>Increase (decrease) in cash during the year</b>	3,123,260	(610,249)
<b>Cash – Beginning of year</b>	<hr/>	<hr/>
	6,384,207	6,994,456
<b>Cash – End of year</b>	<hr/>	<hr/>
	9,507,467	6,384,207

# Edmonton Eskimo Football Club

## Note to Summary Consolidated Financial Statements

December 31, 2017

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### 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, 2017 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.