

Financial Statements and Supplementary Information
(In Canadian dollars)

HOCKEY HALL OF FAME AND MUSEUM

Year ended June 30, 2018



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Hockey Hall of Fame and Museum, which comprise the statement of financial position as at June 30, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hockey Hall of Fame and Museum as at June 30, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

November 13, 2018
Vaughan, Canada

HOCKEY HALL OF FAME AND MUSEUM

Statement of Financial Position
(In thousands of Canadian dollars)

June 30, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|-----------|-----------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 2,710 | \$ 2,308 |
| Short-term investments (note 2(a)) | 1,000 | – |
| Accounts receivable | 679 | 523 |
| Sponsorships and contributions receivable (note 3) | 2,942 | 2,648 |
| Inventory | 990 | 840 |
| Prepaid expenses | 49 | 101 |
| | 8,370 | 6,420 |
| Long-term investments (note 2(b)) | 1,033 | – |
| Sponsorships and contributions receivable (note 3) | 5,995 | 7,357 |
| Capital assets (note 4) | 7,255 | 7,556 |
| | \$ 22,653 | \$ 21,333 |

Liabilities, Deferred Sponsorships and Contributions and Net Assets

| | | |
|---|-----------|-----------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 2,613 | \$ 1,960 |
| Unearned revenue | 426 | 731 |
| | 3,039 | 2,691 |
| Deferred sponsorships and contributions (note 6): | | |
| Capital assets | 4,169 | 5,277 |
| Expenses of future periods | 2,585 | 3,360 |
| Core operations | 3,339 | 3,543 |
| | 10,093 | 12,180 |
| Net assets: | | |
| Investment in capital assets (note 7(a)) | 3,086 | 2,829 |
| Internally restricted (note 8) | 4,735 | 4,004 |
| Endowment (note 9) | 2,033 | – |
| Unrestricted | (333) | (371) |
| | 9,521 | 6,462 |
| Commitments (note 10) | | |
| Contingencies (note 14) | | |
| | \$ 22,653 | \$ 21,333 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

HOCKEY HALL OF FAME AND MUSEUM

Statement of Operations

(In thousands of Canadian dollars)

Year ended June 30, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|-----------------|-----------------|
| Revenue: | | |
| Sponsorships and contributions (note 6) | \$ 4,023 | \$ 2,175 |
| Admission | 3,490 | 3,646 |
| Spirit of Hockey retail | 3,840 | 4,246 |
| Facility sales | 3,854 | 3,392 |
| Licensing | 2,774 | 2,695 |
| Induction celebration | 582 | 500 |
| Miscellaneous | 848 | 647 |
| | <u>19,411</u> | <u>17,301</u> |
| Expenses: | | |
| Cost of revenue and direct costs: | | |
| Spirit of Hockey retail | 2,895 | 3,133 |
| Facility sales | 2,958 | 2,641 |
| Licensing | 1,096 | 869 |
| Induction celebration | 381 | 335 |
| Miscellaneous | 566 | 412 |
| | <u>7,896</u> | <u>7,390</u> |
| Other costs: | | |
| Staff: | | |
| Salaries, net of direct cost allocations | 2,848 | 2,755 |
| Fringe benefits | 563 | 556 |
| Travel and other | 101 | 97 |
| Amortization of capital assets | 1,597 | 1,486 |
| Marketing and promotion | 895 | 993 |
| Building occupancy and services | 998 | 973 |
| Resource centre and exhibits | 61 | 57 |
| IT and general office | 205 | 199 |
| Legal, audit and insurance | 184 | 229 |
| Committee and meetings | 122 | 92 |
| Contributed services and subsidized costs (note 6) | 1,915 | 1,135 |
| Interest and other fees | - | 10 |
| | <u>9,489</u> | <u>8,582</u> |
| | <u>17,385</u> | <u>15,972</u> |
| Excess of revenue over expenses | \$ 2,026 | \$ 1,329 |

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, 2018, with comparative information for 2017

| | Operating | | Invested | | 2018 | 2017 |
|--|-----------------|--------------------------------------|----------------------|-----------------|-----------------|-----------------|
| | Unrestricted | Internally restricted (note 8) | in capital assets | Endowment | Total | Total |
| Net assets, beginning of year | \$ (371) | \$ 4,004 | \$ 2,829 | \$ – | \$ 6,462 | \$ 5,133 |
| Excess of revenue over expenditures (expenditures over revenue) (note 9(b)) | 2,515 | – | (489) | – | 2,026 | 1,329 |
| Transfers to Endowment Fund | (1,000) | – | – | 1,000 | – | – |
| Direct Endowment Fund contributions | – | – | – | 1,000 | 1,000 | – |
| Investment income earned from Endowment Fund | – | – | – | 33 | 33 | – |
| Net change in investment in capital assets (note 7(b)) | (746) | – | 746 | – | – | – |
| Internally imposed restrictions (note 8) | (731) | 731 | – | – | – | – |
| Net assets, end of year | \$ (333) | \$ 4,735 | \$ 3,086 | \$ 2,033 | \$ 9,521 | \$ 6,462 |

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, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|-----------------|-----------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | \$ 2,026 | \$ 1,329 |
| Direct contributions to endowment | 1,000 | – |
| Investment income earned from endowment | 33 | – |
| Items not involving cash: | | |
| Amortization of capital assets | 1,597 | 1,486 |
| Amortization of deferred sponsorships and contributions related to capital assets | (1,108) | (1,040) |
| Amortization of deferred sponsorships and contributions related to expenses of future periods | (3,065) | (1,285) |
| Amortization of deferred sponsorships and contributions related to core operations | (1,134) | (1,226) |
| Net change in deferred sponsorship | 3,220 | 4,778 |
| Change in non-cash operating working capital | 94 | 515 |
| | <u>2,663</u> | <u>4,557</u> |
| Financing activities: | | |
| Decrease (increase) in sponsorships and contributions receivable | 1,068 | (1,693) |
| Decrease in bank indebtedness | – | (1,325) |
| | <u>1,068</u> | <u>(3,018)</u> |
| Investing activities: | | |
| Purchase of capital assets | (1,296) | (760) |
| Increase in investments | (2,033) | – |
| | <u>(3,329)</u> | <u>(760)</u> |
| Increase in cash position | 402 | 779 |
| Cash position, beginning of year | 2,308 | 1,529 |
| Cash position, end of year | <u>\$ 2,710</u> | <u>\$ 2,308</u> |
| Supplemental cash flow information: | | |
| Interest paid | \$ – | \$ 10 |

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, 2018

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, 2018

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, 2018

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 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, 2018

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, 2018

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:

| | 2018 | 2017 |
|---|----------|------|
| Bank of Nova Scotia Annual Interest GIC 11/27/18 1.25% | \$ 1,000 | \$ – |

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

2. Investments (continued):

(b) Long-term:

| | 2018 | 2017 |
|--|----------|------|
| ScotiaMcLeod Balanced Growth portfolio invested in accordance with Investment Policy Statement of the Endowment Fund | \$ 1,033 | \$ – |
| Supplemental information: Endowment Fund returns reinvested | \$ 33 | \$ – |

3. Sponsorships and contributions receivable:

Net contracted sponsorships and contributions receivable for the next five years and thereafter are as follows and include \$1,785 (2017 - \$2,335) in connection with contributed services commitments:

| | |
|------------|----------|
| 2019 | \$ 2,942 |
| 2020 | 2,402 |
| 2021 | 2,232 |
| 2022 | 1,210 |
| 2023 | 126 |
| Thereafter | 25 |
| | <hr/> |
| | \$ 8,937 |

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

4. Capital assets:

| | | | 2018 | 2017 |
|---|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Exhibits, leaseholds and furnishings financed by: | | | | |
| Sponsorships and contributions | \$ 38,603 | \$ 34,804 | \$ 3,799 | \$ 4,164 |
| Core operations | 9,643 | 6,890 | 2,753 | 2,459 |
| Spirit of Hockey store leaseholds and fixtures financed by: | | | | |
| Sponsorships and contributions | 1,865 | 1,670 | 195 | 293 |
| Core operations | 773 | 580 | 193 | 270 |
| IT and office equipment financed by: | | | | |
| Sponsorships and contributions | 1,955 | 1,780 | 175 | 270 |
| Core operations | 1,270 | 1,130 | 140 | 100 |
| | \$ 54,109 | \$ 46,854 | \$ 7,255 | \$ 7,556 |

5. Credit facilities:

As of October 14, 2016, the Hall of Fame renewed its credit facilities with the lender. Security for the facilities included 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.

The credit facilities consist of a revolving operating loan bearing interest at the bank's prime rate plus 0.50% and a credit card.

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, 2018 (2017 - nil).

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

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:

| | 2018 | 2017 |
|--|----------|----------|
| Balance, beginning of year | \$ 5,277 | \$ 5,967 |
| New sponsorship commitments and contributions, net | – | 50 |
| Additional unspent contributions committed, net | – | 300 |
| Amounts amortized to revenue | (1,108) | (1,040) |
| Balance, end of year | \$ 4,169 | \$ 5,277 |

(b) Expenses of future periods:

| | 2018 | 2017 |
|--|----------|----------|
| Balance, beginning of year | \$ 3,360 | \$ 2,045 |
| New sponsorship commitments and contributions, net | 2,290 | 2,600 |
| Amounts taken into revenue: | | |
| Net proceeds from endowment fundraising event | (1,000) | – |
| Contributed services and subsidized expenses | (1,915) | (1,135) |
| Amounts taken into core operations | (150) | (150) |
| Balance, end of year | \$ 2,585 | \$ 3,360 |

(c) Related to core operations:

| | 2018 | 2017 |
|--|----------|----------|
| Balance, beginning of year | \$ 3,543 | \$ 2,941 |
| New sponsorship commitments and contributions, net | 930 | 1,828 |
| Amounts taken into core operations | (1,134) | (1,226) |
| Balance, end of year | \$ 3,339 | \$ 3,543 |

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

7. Investment in capital assets:

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

| | 2018 | 2017 |
|--|----------|----------|
| Capital assets | \$ 7,255 | \$ 7,556 |
| Amounts funded by: | | |
| Deferred contributions, net of unspent | (4,169) | (4,727) |
| | \$ 3,086 | \$ 2,829 |

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

| | 2018 | 2017 |
|--|----------|----------|
| Deficiency of revenue over expenses: | | |
| Amortization of deferred sponsorships and contributions related to capital assets | \$ 1,108 | \$ 1,040 |
| Amortization of capital assets | (1,597) | (1,486) |
| | \$ (489) | \$ (446) |
| Net change in investment in capital assets: | | |
| Purchase of capital assets | \$ 1,296 | \$ 760 |
| Amounts funded by deferred contributions | (550) | (50) |
| | \$ 746 | \$ 710 |

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.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

8. Restrictions in net assets (continued):

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:

| | 2018 | 2017 |
|--|----------|----------|
| Excess of revenue over expenses | \$ 2,026 | \$ 1,329 |
| Sponsorships and contributions | (4,023) | (2,175) |
| Amortization of certain capital assets | 1,460 | 1,359 |
| Contributed services and subsidized expenses | 1,915 | 1,135 |
| Surplus from core operations | 1,378 | 1,648 |
| Purchase of capital assets funded by internally restricted amounts | (647) | (661) |
| | 731 | 987 |
| Internally restricted amounts, beginning of year | 4,004 | 3,017 |
| Internally restricted amounts, end of year | \$ 4,735 | \$ 4,004 |

9. Endowment:

(a) The endowment is calculated as follows:

| | |
|--|----------|
| Direct contributions to the Endowment Fund | \$ 1,000 |
| Sponsorships and contributions from fundraising event(s) | 2,190 |
| Less subsidized direct cost of fundraising event(s) | 1,190 |
| | 2,000 |
| Endowment Fund returns reinvested | 33 |
| | 2,033 |
| Endowment, beginning of year | - |
| Endowment, end of year | \$ 2,033 |

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

9. Endowment (continued):

(b) Endowment Fund comprises:

| | |
|--------------------------------|----------|
| Long-term investments (note 2) | \$ 1,033 |
| Short-term investments | 1,000 |
| | <hr/> |
| | \$ 2,033 |

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:

| | |
|------------|----------|
| 2019 | \$ 561 |
| 2020 | 521 |
| 2021 | 344 |
| 2022 | 208 |
| 2023 | 138 |
| Thereafter | 408 |
| | <hr/> |
| | \$ 2,180 |

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 (2017 - \$100) with respect to the sale of NHL merchandise in the Spirit of Hockey retail store.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

11. Related entities (continued):

Contributed services of in-kind marketing and promotional support via NHL media properties of \$500 (2017 - \$500).

Purchase of Hall of Fame Induction Celebration "gala tickets" of \$128 (2017 - \$128).

Contribution pledged by the NHL to the Hall of Fame in the amount of \$1,000 (2017 - nil) to establish the Endowment Fund.

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.

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, 2018 amount to \$312 (2017 - \$298), which includes \$6 (2017 - \$6) 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 2018, the Hall of Fame incurred \$4 in additional rent (2017 - \$13). In 2018, additional rent will occur if 6% of gross revenue (net of sales tax) for the lease year exceeds \$221.

HOCKEY HALL OF FAME AND MUSEUM

Notes to Financial Statements (continued)

(In thousands of Canadian dollars, unless otherwise indicated)

Year ended June 30, 2018

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 \$37 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:

| | 2018 | 2017 |
|----------------------------------|---------------------|------------|
| | (In actual dollars) | |
| Customer deposits | \$ (2,602) | \$ (4,763) |
| Covered by bank balance in trust | 6,972 | 53,064 |
| Prepaid travel | (1,382) | - |
| Surplus | \$ 2,988 | \$ 48,301 |

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, 2018, with comparative information for 2017

(Unaudited)

| | 2018 | | 2017 | |
|---|-----------------|-------------------|-----------------|-------------------|
| | Paid attendance | Admission revenue | Paid attendance | Admission revenue |
| July | 42,199 | \$ 634 | 40,283 | \$ 578 |
| August | 39,912 | 610 | 40,213 | 571 |
| September | 15,143 | 241 | 25,684 | 389 |
| October | 13,240 | 216 | 13,238 | 201 |
| November | 11,626 | 180 | 12,071 | 176 |
| December | 11,820 | 176 | 13,577 | 192 |
| January | 11,666 | 178 | 13,440 | 192 |
| February | 10,322 | 158 | 12,114 | 174 |
| March | 20,607 | 308 | 18,086 | 252 |
| April | 14,506 | 210 | 18,177 | 254 |
| May | 17,678 | 248 | 22,783 | 287 |
| June | 23,221 | 331 | 27,088 | 380 |
| Total attendance/admission revenue | 231,940 | \$ 3,490 | 256,754 | \$ 3,646 |

| | 2018 | 2017 |
|--------------------------------------|----------|----------|
| Average admission revenue per capita | \$ 15.05 | \$ 14.20 |
| Admission prices: | | |
| General admission | \$ 19.00 | \$ 18.00 |
| Children, three years and under | Free | Free |
| Seniors | 15.00 | 14.00 |
| Youth (4 - 13 years) | 13.00 | 12.00 |

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, 2018, with comparative information for 2017
(Unaudited)

| | 2018 | 2017 |
|--|----------|----------|
| Sales | \$ 3,840 | \$ 4,246 |
| Cost of sales | 2,013 | 2,255 |
| | 1,827 | 1,991 |
| Other sales-related costs: | | |
| Bank and credit card charges | 85 | 92 |
| Occupancy-percentage rent | 4 | 13 |
| E-Commerce shipping and handling | 28 | 26 |
| | 117 | 131 |
| | 1,710 | 1,860 |
| Other expenses: | | |
| Staff: | | |
| Salaries (Schedule 4) | 371 | 355 |
| Fringe benefits | 30 | 30 |
| Occupancy: | | |
| Basic rent | 240 | 240 |
| Lease operating costs | 71 | 74 |
| Property taxes | 17 | 12 |
| Packaging and sales supplies | 20 | 20 |
| General office | 3 | 4 |
| Maintenance and repairs | 13 | 12 |
| | 765 | 747 |
| Net contribution from Spirit of Hockey retail operations | \$ 945 | \$ 1,113 |

HOCKEY HALL OF FAME AND MUSEUM

Schedule 3 - Facility Sales

(In thousands of Canadian dollars)

Year ended June 30, 2018, with comparative information for 2017

(Unaudited)

| | 2018 | 2017 |
|---|---------------|---------------|
| Revenue: | | |
| Facility sales: | | |
| Full facility rentals | \$ 243 | \$ 187 |
| Theatre rentals | 120 | 104 |
| Great Hall rentals | 41 | 41 |
| Boardroom rentals | 7 | 13 |
| Commercial access fees | 21 | 8 |
| Food and beverage | 2,342 | 2,056 |
| Staging and rentals | 701 | 636 |
| Staffing and security | 222 | 193 |
| Merchandise | 27 | 39 |
| Other | 130 | 115 |
| | <u>3,854</u> | <u>3,392</u> |
| Expenses: | | |
| Staff: | | |
| Salaries (Schedule 4) | 279 | 253 |
| Fringe benefits | 24 | 24 |
| Food and beverage | 1,950 | 1,715 |
| Staging and rentals | 593 | 542 |
| Merchandise | 12 | 18 |
| Direct marketing | 19 | 17 |
| Other | 81 | 72 |
| | <u>2,958</u> | <u>2,641</u> |
| Net contribution from facility sales operations | <u>\$ 896</u> | <u>\$ 751</u> |

HOCKEY HALL OF FAME AND MUSEUM

Schedule 4 - Staff Salaries

(In thousands of Canadian dollars)

Year ended June 30, 2018, with comparative information for 2017

(Unaudited)

| | 2018 | 2017 |
|--|----------|----------|
| Staff salaries, including bonuses and commissions: | | |
| Gross salaried payroll | \$ 2,489 | \$ 2,432 |
| Contracted services | 214 | 179 |
| Hourly payroll: | | |
| Guest services | 336 | 328 |
| Retail services | 233 | 222 |
| Facility sales services | 177 | 154 |
| Building services | 114 | 99 |
| AV and IT support services | 4 | 48 |
| Resource centre and archival services | 80 | 77 |
| Administrative and temporary services | 88 | 60 |
| Gross salaries and wages | 3,735 | 3,599 |
| Less direct cost allocations and other items: | | |
| Spirit of Hockey retail | 371 | 355 |
| Facility sales | 279 | 251 |
| Licensing and other: | | |
| IIHF Images contribution | 75 | 75 |
| Outreach Program | 50 | 50 |
| NHL Trophy Movement | 30 | 30 |
| Subsidized via resource centre grants | 39 | 41 |
| Hockey Canada contribution | 19 | 18 |
| Legends Magazine | 12 | 12 |
| Induction celebration | 12 | 12 |
| | 887 | 844 |
| Staff salaries, net of direct cost allocations | \$ 2,848 | \$ 2,755 |