

The following report was reviewed by the Finance & Audit Committee at its meeting of November 16, 2000 and is recommended to the Board of Governors for APPROVAL; and further that Corporate Secretary notify the Board of Directors of the Canada's Sports Hall of Fame of the error in Item no. 8 of the Notes to the Ernst & Young 1999 Audited Statement as it appears to report that the Board of Governors of Exhibition Place receives funding from the Federal Government which is in error.

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November 7, 2000

TO: The Board of Governors of Exhibition Place  
FROM: Dianne Young, General Manager & CEO  
SUBJECT: Grant to Canada's Sports Hall of Fame

**Recommendations:**

It is recommended that the Board provide a grant to Canada's Sports Hall of Fame for the year 2001 in the amount of \$84,750 which grant will be paid in equal quarterly installments.

**Background:**

At its meeting in October, 2000, the Board approved of the terms of a one-year agreement with Canada's Sports Hall of Fame with respect to use of its year-round office space in the Halls of Fame Building. The Board requested a further report from staff on the purposes, activities and financial status of this organization.

**Discussion:**

Canada's Sports Hall of Fame has submitted, as requested, an Application for a Grant in the form established by the City. As outlined in this Grant Application, Canada's Sports Hall of Fame was founded in 1955 to preserve the record of Canadian sports achievements and to promote a greater awareness of Canada's heritage of sports. Pursuant to these objectives, the Sports Hall of Fame recognizes and honours persons who have brought distinction to Canada in the advancement of sport and athletic endeavours and collects and preserves a collection of artifacts relating specifically to its honoured members. It is a not-for-profit, charitable organization which is operated by a volunteer board of governors and has a full-time staff of 3 persons.

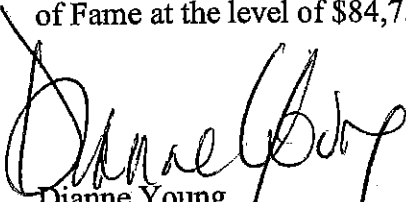
Canada's Sports Hall of Fame national museum first opened its doors to the public on June 10, 1955 at Exhibition Place. In 1985, the museum was substantially renovated by the Sports Hall of Fame at a cost of \$1.4 million to create one of the leading facilities of its kind with three exhibit galleries with interactive displays, a theatre, library and archives. The museum is open to the public during the week and throughout the entire period of the 18-day CNE and there is no admission charge. On an annual basis, 250,000 visitors enjoy the Hall of Fame including students at all levels, from primary to university, as well as sports historians. To date, it has honoured the achievements of 410 Canadians; developed a collection of over 3,000 sports artifacts and 40,000 photographs; and maintains biographical data on all Canadian sports figures.

The Board has since 1975 provided a grant to Canada's Sports Hall of Fame which grant has been as high as \$180,000.. However, in the early 1990s, the grant was gradually reduced until it stabilized to \$84,750 (in 1998, 1999, & 2000) while at the same time the Sports Hall of Fame were required to reimburse the Board for utility costs associated with the museum/office space (estimated at \$19,000 annually). Attached as Appendix "A" are the 1999 Financial Statements for Canada's Sports Hall of Fame and as outlined in that document, the Sports Hall of Fame relies heavily on the Board grant as its major source of operating funding. Other sources of revenue are an annual golf tournament and annual induction dinner. The Sports Hall of Fame is planning to reinvent the Hall in the Government Conference Centre in Ottawa and have undertaken a fundraising campaign to make this a reality. While no date has been set, the aim is to complete the move to the new Hall by 2003.

This report recommends the continuation of the grant from the Board in the amount of \$84,750 for 2001 in equal quarterly installments provided that the Sports Hall of Fame continues on the grounds; continues to be open to the public free of charge throughout the year; and open as an active display during the CNE period. The grant is to be paid in quarterly installments throughout the year provided the conditions of the grant as outlined above are met. If the grant were to be reduced or discontinued by the Board at this time, Canada's Sports Hall of Fame would likely not be able to continue to operate as a public venue. Canada's Sports Hall of Fame is a valued exhibit on the grounds not only during the CNE but throughout the year bringing over a ¼ million visitors to Exhibition Place.

**Conclusions:**

This report outlines the objects, activities and financial situation of Canada's Sports Hall of Fame at Exhibition Place and recommends the continuation of a grant from the Board to the Hall of Fame at the level of \$84,750 in 2001.

  
Dianne Young  
General Manager & CEO

**APPENDIX "A"**

**FINANCIAL STATEMENTS**

**CANADA'S SPORTS HALL  
OF FAME**

**December 31, 1999**

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## AUDITORS' REPORT

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To the Members of  
**Canada's Sports Hall of Fame**

We have audited the balance sheet of **Canada's Sports Hall of Fame** as at December 31, 1999 and the statements of surplus and revenue and expenditure for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with accounting principles generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives a portion of its revenue from the general public in the form of donations which are not susceptible of satisfactory audit verification. Accordingly, our verification of revenue from such source was limited to accounting for the amounts recorded in the accounts of the organization and we were not able to determine whether any adjustments might be necessary to donations, loss for the year and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of **Canada's Sports Hall of Fame** as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 11, 2000.

*Ernst & Young LLP*

Chartered Accountants

Canada's Sports Hall of Fame

**BALANCE SHEET**

As at December 31

	1999 \$	1998 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	100,775	44,311
Investments	1,502	1,533
Accounts receivable	30,696	51,384
Prepaid expenses	9,300	12,324
<b>Total current assets</b>	<b>142,273</b>	<b>109,552</b>
Promissory note receivable <i>[note 3]</i>	92,984	—
Fixed assets, net of accumulated amortization \$1,456 [1998 - nil]	2,703	4,159
Deferred start-up costs <i>[note 6]</i>	—	235,376
	<b>237,960</b>	<b>349,087</b>
<b>LIABILITIES AND SURPLUS AND RESERVES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	63,513	123,400
Demand loan <i>[note 4]</i>	85,000	—
<b>Total current liabilities</b>	<b>148,513</b>	<b>123,400</b>
<b>Surplus and reserves</b>		
Surplus	74,130	110,370
General reserve <i>[note 5]</i>	15,317	15,317
Ottawa reserve <i>[note 6]</i>	—	100,000
<b>Total surplus and reserves</b>	<b>89,447</b>	<b>225,687</b>
	<b>237,960</b>	<b>349,087</b>

*See accompanying notes*

On behalf of the Board:

Director

Director



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Canada's Sports Hall of Fame

STATEMENT OF SURPLUS

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Year ended December 31

	1999 \$	1998 \$
Surplus, beginning of year	110,370	323,097
Loss for the year	(136,240)	(112,727)
Ottawa reserve [note 6]	100,000	(100,000)
Surplus, end of year	74,130	110,370

*See accompanying notes*

Canada's Sports Hall of Fame

STATEMENT OF REVENUE AND EXPENDITURE

Year ended December 31-

	1999 \$	1998 \$
<b>REVENUE</b>		
Ottawa project [schedule 1 and note 6]	300,219	—
Induction dinner [schedule 2]	201,721	221,327
Contributions from the Board of Governors of Exhibition Place [note 8]	84,733	84,033
Golf tournament [schedule 3]	52,427	35,739
Donations	21,653	5,903
Interest	870	—
Sundry	265	1,075
	<b>661,888</b>	<b>348,077</b>
<b>EXPENDITURE</b>		
Ottawa project [schedule 1 and note 6]	485,552	—
Salaries and benefits	151,549	168,279
Induction dinner [schedule 2]	88,810	104,765
Golf tournament [schedule 3]	39,373	36,658
Office	21,688	21,038
Maintenance of building	20,204	19,935
Public relations	16,544	15,955
Meetings	10,058	5,820
Newsletter	8,003	3,745
Insurance	7,554	7,331
Display costs	4,354	1,423
Equipment leases	3,439	4,375
Translation costs	1,000	969
Interest	—	511
	<b>858,128</b>	<b>390,804</b>
Loss from operations	<b>(196,240)</b>	<b>(42,727)</b>
Unusual item [note 9]	<b>60,000</b>	<b>(70,000)</b>
<b>Loss for the year</b>	<b>(136,240)</b>	<b>(112,727)</b>

See accompanying notes



**NOTES TO FINANCIAL STATEMENTS**

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December 31, 1999

**1. OPERATIONS**

Canada's Sports Hall of Fame was incorporated without share capital under the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada).

**2. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies followed by Canada's Sports Hall of Fame in the preparation of these financial statements are as follows:

- [a] Donations are recorded on a cash basis. All other revenue and expenditures are recorded on an accrual basis.
- [b] Fixed assets are amortized on a straight-line basis over the estimated useful lives of the assets. Fixed assets consist of computer equipment which is being amortized over a three-year period.
- [c] Donations-in-kind which relate to materials and services which would otherwise have been acquired by Canada's Sports Hall of Fame are recorded in the accounts as estimated fair market value.

**3. PROMISSORY NOTE RECEIVABLE**

The promissory note is receivable from an employee and bears interest at the Royal Bank's prime rate plus 0.5%. Interest is payable by the employee on a quarterly basis and the principal is due on May 25, 2001.

**4. DEMAND LOAN**

The demand loan bears interest at the Royal Bank's prime rate plus 0.5%. Interest payments are due monthly.

**5. GENERAL RESERVE**

In 1991, the Board of Governors established a general reserve to provide financing for the enhancement of the building, the production of a Canada's Sports Hall of Fame brochure and for general long-term projects. The reserve balance is \$15,317 [1998 - \$15,317].



## NOTES TO FINANCIAL STATEMENTS

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December 31, 1999

### 6. OTTAWA PROJECT

The Ottawa project represents revenue and expenditures associated with activities related to the board of Governor's decision to relocate to Ottawa.

During the year ended December 31, 1998, the Ottawa project incurred start-up costs totalling \$235,376. These costs were capitalized as the project was in its pre-operating period.

During the year ended December 31, 1999, a Chief Executive Officer for the project was hired. In addition, one founding sponsor was obtained, pledging \$1,500,000 in cash to the project. Subsequent to year end, three additional founding sponsors have been obtained by Canada's Sports Hall of Fame each pledging \$1,500,000 in cash or technology support.

The project is now fully operational and, therefore, the start-up costs incurred in 1998 were written off during the year.

During the year ended December 31, 1998, the Board of Governors established an Ottawa reserve in connection with the Ottawa project. In 1999, the funds were transferred back to surplus since expenses were recorded in the schedule of revenue and expenditure related to this project.

### 7. SPONSORSHIPS

During 1999, in addition to cash, Canada's Sports Hall of Fame received sponsorships consisting of airline passes and video services having an estimated fair value of \$30,000 [1998 - \$30,000]. These items would otherwise have been acquired for the Induction Dinner. These amounts are, therefore, recorded as sponsorship revenue and the corresponding amounts are included in the expenditure for the Induction Dinner.

### 8. ECONOMIC DEPENDENCE

A major portion of the operations of Canada's Sports Hall of Fame is funded by the Board of Governors of Exhibition Place who receive their funding for funds and grants from the Federal Government. The contributions from the Board of Governors of Exhibition Place consist of a cash grant of \$66,033 [1998 - \$66,033] and an amount equivalent to the cost of maintenance of the buildings of \$18,700 [1998 - \$18,000]. In addition, the premises are provided at a nominal charge of \$1 under a lease which expired on December 31, 1999.

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 1999

**9. UNUSUAL ITEM**

In July 1998, Canada's Sports Hall of Fame was the victim of a fraud by an external financial advisor resulting in an unusual loss of \$70,000. In 1999, the Board of Governors accepted a legal claim settlement of \$60,000 with the opportunity to recover the remaining \$10,000 through the Crown at the court trial.

**10. STATEMENT OF CASH FLOWS**

A separate statement of cash flows has not been presented as it would not provide any additional meaningful information.

**11. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1999 financial statements.

**OTTAWA PROJECT  
SCHEDULE OF REVENUE AND EXPENDITURE**

Year ended December 31

	1999	1998
	\$	\$
<b>REVENUE</b>		
Contributions from funding partners	300,000	—
Interest	219	—
	<b>300,219</b>	<b>—</b>
<b>EXPENDITURE</b>		
Basic building	143,262	—
Salaries and benefits	124,448	—
Ottawa task force	89,425	—
CEO search	55,129	—
Vision and marketing	34,842	—
Fundraising costs	31,104	—
Design and exhibits	4,181	—
Travel	2,961	—
Bank charges and interest	200	—
	<b>485,552</b>	<b>—</b>
<b>Net loss</b>	<b>(185,333)</b>	<b>—</b>

*See accompanying notes*

**INDUCTION DINNER  
SCHEDULE OF REVENUE AND EXPENDITURE**

Year ended December 31

	1999	1998
	\$	\$
<b>REVENUE</b>		
Tickets	149,986	170,027
Sponsorships [note 7]	45,000	45,000
Donations	6,735	6,300
	<b>201,721</b>	<b>221,327</b>
<b>EXPENDITURE</b>		
Food and beverage	37,135	41,925
Video profiles	24,661	23,187
Travel and accommodation	20,046	26,942
Program and printing	6,968	12,711
	<b>88,810</b>	<b>104,765</b>
<b>Net revenue</b>	<b>112,911</b>	<b>116,562</b>

*See accompanying notes*

**GOLF TOURNAMENT  
SCHEDULE OF REVENUE AND EXPENDITURE**

Year ended December 31

	1999	1998
	\$	\$
<b>REVENUE</b>		
Green fees and sponsorships	49,868	32,789
Auction proceeds	2,559	2,950
	<b>52,427</b>	<b>35,739</b>
<b>EXPENDITURE</b>		
Dinner and golf	28,128	28,217
Golf shirts and prizes	9,998	7,548
Signage and trophies	797	443
Photography	450	450
	<b>39,373</b>	<b>36,658</b>
<b>Net revenue (loss)</b>	<b>13,054</b>	<b>(919)</b>

*See accompanying notes*

