



CRE ANNUAL REPORT 2019

It Happens Here.

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**CELEBRATING
SUCCESS AND
MOVING
FORWARD**



CRE Board President's Message



Mark Schneider
President

2019 was a year of transition and change for the board and organization. We had gone a number of years with no real vision or strategic plan in place and it was having a negative effect on the organization. A quote that I have quoted many times in my business life says; If you fail to plan, your plan is to fail and as the board stopped and looked at where this organization was, we had to agree, we were failing and something needed to change.

The Board and Executive Director took the time to sit and build out a Vision and Strategic plan so that we have a road map to follow. This plan has been implemented at an organizational level and because of that plan, the Board and organization have had to change and along the way, make some tough decisions, which were not always the popular decisions. Change is hard and at times controversial and yet it is important part of our business.

We as a board of Directors have the mandate of ensuring the CRE is sustainable for years to come and in doing so, we have to embrace change. We need to continue to support our Executive Director and staff in bringing our strategic plan to life and engaging you, our membership to assist us along the road. Communication is the key in all of this and we are working hard on rebuilding the communication will all members to keep you informed and engaged, so we can grow together.

In order for this organization to be relevant in the years to come and for years to come, we have to have a plan and we have to have a strong base. We now have the plan in place and we are working on the base to further strengthen this great organization and we are asking you to be a part of that base. We need our membership to grow and assist us in our change. Are you all in?

I challenge you to assist us and to be part of our growth.

CRE Executive Director's Message



Dianne Kohler
Executive Director

2019 was a year of change for CRE. We committed to communicate more, be transparent and keep fiscally focused. Although the decisions were complicated and gruelling, I truly believe the organization is now on the stable foundation needed to achieve profitability in coming years and trusted as a good community partner.

I am only one member of the amazing CRE team that exemplifies the One Team concept realizing while we all have our jobs to do, when required we come together to produce amazing results. I am honored and humbled to work with such amazing team members.

We achieved many accomplishments in 2019 from reducing our operating expenses by over 10%, reducing our staffing levels for maximum efficiency and auditing all CRE signature events. Now we begin the process of building on the new foundation of excellence the team worked so hard to build. Expect new programming in 2020 and expanded membership benefits and value. We know strength comes from collaboration and will continue to partner with both City of Camrose and Camrose County and our many community organizations.

Change is constant in our industry and although CRE committed organizationally to a great amount of change in 2019, we are just beginning! If we are to be relevant in 2029 and beyond, we must begin the hard work now to ensure our future financial sustainability.

I look forward to sharing our success with you next year as we continue to build the CRE for future generations.



**CRE
BOARD OF
DIRECTORS**

**VISION
VALUES
FOCUS**



- 1 Mark Schneider**
President
- 2 Steven Hansen**
Vice President
- 3 Sandy Scott**
Secretary
- 4 Davis Sheets**
Treasurer
- 5 Brent Byers**
Director
- 6 Steve Cowan**
Director
- 7 Kaitlyn Schneider**
Director
- 8 Cindy Trautman**
County Representative
- 9 Kevin Hycha**
City Representative



DIRECTION OF CRE

The CRE Board of Directors were busy in 2019 working on the future strategy to ensure CRE remains relevant with its programming and operations well past 2029. The goals were to ensure Transparency, Accountability and Community Impact became our guide posts to all decisions undertaken. In April 2019 the board sat down for a weekend strategy session to review the Vision, Mission, Values and Strategic Priorities that would guide the organization forward.

Many challenges and hard decisions were undertaken by this dedicated group of volunteers who met monthly for hours at a time. Their generous dedication ensures CRE is well positioned to be the leader in Agriculture Societies in Alberta.



CRE Vision

The CRE is the location of choice in East Central Alberta where the exchange of ideas, goods & services, information and knowledge will happen by helping our clients dream up their next unique IT experience!



CRE Mission

The CRE provides unique event opportunities to clients and community partners through our grounds, facilities and experienced personnel. Our role as an Economic Driver for the Camrose region is highlighted through our work in Community Development and Collaborations.



CRE Strategic Priorities

01

Profitability

02

Focus on the CRE Image within the Camrose Region

03

Partnership/
Community Development

04

Infrastructure



CRE Values

- Promotion of Rural Life in every event we host.
- Profitability for sustainability of the organization.
- Training of Tomorrow's leaders.
- Collaboration with clients, community, suppliers and partners.
- Innovative Solutions.
- Safety is Paramount.
- Respect for each other, our clients, and our community partners.
- Being Flexible and Adaptable to respond to whatever challenge presents itself.

CRE Board of Directors Committee Work

Finance Committee

Dave Sheets, Mark Schneider

The Finance Committee of CRE reviews the financial statements of the Camrose Regional Exhibition and Panhandle Productions Ltd. quarterly, and provides their recommendations and findings to the board as a whole. They also assist with the preparation and approval of the operating budgets for both Camrose Regional Exhibition and Panhandle Productions Ltd. The Finance Committee reviews and approves the annual financial statements of both organizations.

In 2019, the focus of the Finance Committee was to work with the Executive Director to chart a course for returning to a break even status within the next 48 months. Work on long term financial commitments were examined with financial banking partners to ensure CRE was being offered the best solutions possible.

Membership Committee

Sandy Scott, Kaitlyn Schneider

The membership committee is responsible for reviewing membership concerns and bringing them to the attention of the board. They are also responsible for looking at innovative ways to attract new members and to assist in retaining current members. The committee is instrumental in promoting the vision and mission of the CRE through promotional ideas for members. The committee has also been responsible in the past for bringing forward possible candidates for election to the board.

In 2019, the focus of the Membership Committee was to examine the Board of Directors and examine any deficiencies in skill sets from the current members. They worked on getting the best possible candidates to fill vacancies and ensure a strong board going forward. They also began the work of developing a CRE Membership plan to ensure we are engaging future leaders of CRE into the organization and people see the value of being an agriculture society member.

Gaming Committee

Cindy Trautman

The Gaming Chairmanship is responsible for all gaming activity at the CRE including the Casino, 50/50's at BVJ, Nevada Ticket Sales, Bullnanza Raffle and November City Wide 50/50.

The 50/50 ticket sales from BVJ 2019 started with the Thursday evening Kickoff party, and gained momentum and larger daily ticket sales numbers as the weekend progressed. Nevada Ticket sales did very good as well. We have increased the prize payout of the Nevada boxes which has had an impact on ticket sales. The Casino was held for 6 days during BVJ and pooled profits from the event were equal to previous years.

In 2019 the Gaming committee with the assistance of Morris Henderson were able to put into place some of the strategies identified in strategic selling times and locations. With the lowered attendance of BVJ the same revenue was achieved. The goal is to continue down the strategic selling of all gaming activities to ensure the much needed capital funds are generated each year.

Governance Committee

Brent Byers, Steve Hansen

The Governance Committee of the CRE is designed to ensure board members and CRE as a whole operate to the fullest of their potential. This committee regularly reviews the CRE Operating bylaws to ensure we are in full compliance under the Agriculture Societies Act.

In 2019, a new amendment to the Agriculture Societies Act was passed in Alberta parliament. CRE was already 85% compliant with the new regulations and will be working in FY20 to ensure all bylaw amendments required under the Act are ready for review at the AGM in January 2021.



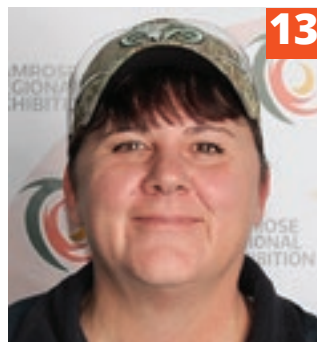
CRE STAFF



- 1 Dianne Kohler**
Executive Director
- 2. Tammy Wollman**
Finance Manager
- 3. Chuck Erman**
Director, Programming & Operations
- 4. Kendyle Carson**
Administration and Rental Coordinator
- 5. Tim Hudec**
Business Development Representative
- 6. Evelyn Fisher**
Campground Manager
- 7. Megan Lethbridge**
Agriculture Liaison
- 8. Vanessa Sheppard**
Canadian Bull Congress Event Coordinator

9. **Alex Wancho**
BVJ Ticketing/Client Event
Coordinator
10. **Ken McTavish**
Operations Foreman
11. **Emma Hudec**
Operations Team Lead
12. **Paige MacDonald**
Operations
13. **Penny McEachern**
Operations
14. **Derrick Mikasko**
Operations
15. **Jarrod McPherson**
Operations
16. **Jamie Finnegan**
Operations
17. **Dreena Westerneng**
Beverage Manager

CRE Staff



The CRE team went through many changes in Fiscal Year 2019 and embraced the decisions necessary to become fiscally responsible and accountable. The current team at CRE exemplifies the values of innovation, collaboration, leadership, and flexibility. They do not fear tough decisions which has allowed them to examine all programming and operations to ensure CRE is “best in class” and financially sound on whatever we plan, collaborate on or deliver. The goal of the leadership is to bring the four strategic points set by the Board to life on a daily basis in all we do and all we offer. Internally we follow the rules of “Work Hard, Have Fun and Be Accountable” in all that we do and every decision we make.

After detailed examination, many hard decisions were made with all areas of CRE including Staffing, Operations and Programming. With our goal to return to profitability as soon as possible while remaining a good community partner, the following decisions were made;

- Contract out the Catering Department to A1 Catering.
- Hire a dedicated Business Development Representative to focus on attracting more events to CRE.
- Cleaned out storage areas needed for equipment and sell off what was no longer required.
- Put the Spring Rodeo on Hiatus so we would not suffer the losses in 2019 and allow ourselves time to plan on how to best offer the event.
- Streamline our staffing and ensure we had the right people in the right jobs to move CRE forward to face challenges in 2020 and beyond.

- Consolidate all employees in the CRE Administration Building and sell off the PPLP Building.
- Partner with Community whenever possible and get actively involved with our partners at the City of Camrose and Camrose County.
- Restructure old events that had declining participation and launch “updated” versions based on current demographics.

While the decisions were challenging, the results are starting to pay off with happier clients receiving great customer service, and many new events being attracted to host their event in Camrose. We look forward to continuing the growth curve at CRE while continuing to be transparent and communicative to all members.



The Business of CRE

The Camrose Regional Exhibition is a multipurpose agriculture, entertainment, education and leisure complex situated on 480 acres of land located one kilometer east of Camrose on Highway 13. Our site includes; a 45,000 sq. ft. event centre, 12,000 sq. ft. of banquet facilities, two 12,000 sq. ft. free standing pavilions and a world class outdoor festival site with 7,500 campsites. The facilities are used by provincial and community organizations for conferences, banquets, concerts, educational programs, cattle sales, equestrian events, festivals, trade displays and weddings. In total there are approximately 350 activity days annually at the Camrose Regional Exhibition with an estimated 250,000 - 300,000 people enjoying the many activities and events.

We remain focused on providing the best service possible for our guests. Whether our client is an event planner, an attendee at one of our signature events, or renting tables and chairs; our goal is to create a memorable experience that inspires repeat business with CRE. We achieve that by being great listeners, creating a safe environment for all, and always looking to surpass our guests' expectations.

The Décor Rentals Division at CRE was created after assessing the local market and realizing our clients were having to drive to the city to fulfill their equipment and/or décor needs to run successful events. The Décor Rentals Division started simply with tables and chairs but has grown to include tents, linen, pipe and drape, catering supplies and a wonderful assortment of event Décor items. The division offers delivery, set-up and pick-up services along with the products and serves the Battle River trading area. It continues to grow with repeat customers and our legendary great customer service attracting new clients monthly.

The CRE Campground also received some upgrades in the summer of 2019. An improved boiler in the shower house and improved water management from all sites was completed allowing for cost savings to our utility costs and improved client satisfaction.

Operations were reviewed regularly to ensure the facility and rental divisions are operating at maximum efficiency and operational & staffing costs are contained. Whenever possible, we try to encourage clients to take advantage of a previous client's set up saving both the client and our staffing time required. This strategy will be maximized whenever possible for clients in future years.

A new roof was successfully installed in May 2019 over the entire Event Centre. This capital project was possible after utilizing a new grant from the Alberta government and using our Gaming reserves. Completing the new roof was paramount to reducing operating expenses with lower heating/cooling utilities required and client comfort. We are pleased to report that no leaks were detected in the Banquet Halls or Arena.

CRE is working with a grant writer on contract to ensure we are taking advantage of any facility upgrade grants that may exist through regional, provincial or federal funding.

CRE Programming for the Future

The CRE owns and operates 4 CRE Signature Events: Festival of Trees, Canadian Bull Congress, Growing Rural Tourism, and the Camrose Spring Rodeo. These events were audited in Fiscal Year 2019 for profitability, operations and efficiencies. Following the strategic priority of Profitability set by the CRE Board of Directors, it was determined that the Camrose Spring Rodeo would be put on hiatus in 2019 due to its financial trend of negative returns. The other three events were produced and plans have been drawn up to update the events whenever possible to ensure we are producing what the community wants, and attracting next generation attendees.

The CRE will continue the strategic direction of producing innovative and profitable events that address the needs of both our community and the agriculture community as a whole. A new one-time event was held in 2019 with the CRE Garage Sale weekend which allowed CRE to clear out décor items that were taking up space and not being used.

Whenever possible CRE endeavours to partner with community organizations to produce events lowering our financial risk and fulfilling our strategic goal of Community Partnership. The team looks forward to making new event announcements in 2020 as we continue our goal to reach a 50% internally produced events and 50% externally produced events in the coming future.

BVJ

BVJ 2019 was held August long weekend on the CRE Grounds. Although 2019's version of the jamboree featured a strong lineup, BVJ once again saw declining attendance and returned a negative result. Throughout 2019 the Board undertook the hard work of analyzing BVJ and considering future options for this event. Many meetings were held to discuss strategic options and unfortunately strategic questions put to the previous producers went unanswered. At the end of 2019, due to being unable to come to a mutually agreeable contract, the production management company of Trixstar was informed CRE would not be moving forward on a new contract.

As is now public information, Big Valley Jamboree was sold to a festival producer in late 2019. The call of interest came in early October of 2019. Big Valley Jamboree Inc. is now established in Camrose and the CRE looks forward to being the home of BVJ for the long-term future. The sale allowed CRE to divest itself of the financial risk while welcoming a new partner for CRE with hopes on producing more joint events.



Members & Volunteers

Agriculture Societies were begun by Volunteers and they remain the cornerstone of how we are able to produce programming and other initiatives. Our annual Volunteer Appreciation event that happened annually at the end of September has been moved to April with many opportunities to say THANK YOU to our volunteers being planned. The reason to move to April was to coincide with National Volunteer Week in Canada. The team is working on a revamped Volunteer recruitment program for launch in 2020 that will better match people with "How" they want to volunteer with current opportunities at CRE.

At the AGM in January of 2019, the leadership committed to the goals of communication and transparency with CRE Members. CRE published 8 CRE Membership Updates throughout 2019 and one in-person update meeting where early results of Big Valley Jamboree were shared. Future plans include expanding membership by 50% in 2020 and increasing the value and benefits offered under the CRE Membership Program. We look forward to sharing those plans with our valued members throughout 2020.



Community Initiatives

As a not-for-profit our values are rooted in giving back to the community. Whether it's raising \$130,000 for S.T.A.R.S. through our Canadian Bull Congress events, or over \$3,500 worth of tickets to Big Valley Jamboree tickets for CAFCL clients, the Camrose Regional Exhibition gives back. With almost 500 acres of land and 70,000 sq. ft. of facilities on our site, we are proud to donate our space and expertise when called upon.

In 2019 we provided camping for the Under the Lights Soccer Tournament. We are the overnight turnaround for the M.S. Bike Tour where we feed and entertain over 2,500 attendees. We welcome the Legion and community to celebrate our Veterans every year on Remembrance Day, November 11th.

Camrose Fire hone their skills training inside one of our facilities during the winter as well as Camrose Minor Ball Association. In keeping with our musical roots we support the Bailey with autographed guitar auctions from the main stage at BVJ.

We not only dedicate our facilities but our expertise as well...sitting on boards and committees such as: Garlands & Gatherings Community Celebration, Tourism Camrose, Camrose County Agriculture Communications Committee, Food Artisans of Camrose County, Camrose Chamber of Commerce and many others.

Our support is not limited to what happens on our sites, and our ongoing partnerships with this community are what define our purpose as a not-for-profit...to enrich the lives and support the goals of all Camrosians, making this city better for all.



FINANCIAL REPORTS

Report is not dated



Financial Statements

Camrose Regional Exhibition and Agricultural Society

September 30, 2019

Draft - December 20, 2019, 10:56 AM

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Draft - December 20, 2019, 10:56 AM

Independent Practitioner's Review Engagement Report

Grant Thornton LLP

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To the Board of Directors of
Camrose Regional Exhibition and Agricultural Society

We have reviewed the accompanying financial statements of Camrose Regional Exhibition and Agricultural Society that comprise the statement of financial position as at September 30, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Independent Practitioner's Review Engagement Report (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Camrose Regional Exhibition and Agricultural Society as at September 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Camrose, Canada

Chartered Professional Accountants

Draft - December 20, 2019, 10:56 AM

Camrose Regional Exhibition and Agricultural Society Statement of Operations

Year ended September 30	2019 Budget	2019 Actual	2018 Actual
Revenues			
Activities (Schedule 1)	\$ 1,210,495	\$ 1,419,543	\$ 1,548,676
Rentals	725,258	577,573	646,460
Grants	398,854	398,853	398,854
Amortization of deferred capital contributions	-	245,071	263,221
Interest	6,000	43,430	41,508
Other	31,950	23,882	75,044
Sponsorship	<u>3,600</u>	<u>2,700</u>	<u>3,600</u>
	<u>2,376,157</u>	<u>2,711,052</u>	<u>2,977,363</u>
Expenditures			
Activities (Schedule 1)	960,584	1,111,741	1,329,685
Operations	882,132	816,315	900,041
Administration	668,565	662,840	537,207
Amortization of capital assets	-	475,948	507,028
Interest on long-term debt	147,600	154,848	141,915
CRE marketing	33,000	48,953	12,323
Manager	23,650	32,844	35,133
Business development	42,500	39,974	33,132
Board	<u>4,000</u>	<u>2,921</u>	<u>3,269</u>
	<u>2,762,031</u>	<u>3,346,384</u>	<u>3,499,733</u>
Deficiency of revenues over expenditures before other items	(385,874)	(635,332)	(522,370)
Gain (loss) on sale of capital assets	-	(30,033)	3,494
Equity loss of subsidiaries	<u>-</u>	<u>(140,467)</u>	<u>(219,223)</u>
Deficiency of revenues over expenditures	<u>\$ (385,874)</u>	<u>\$ (805,832)</u>	<u>\$ (738,099)</u>

Camrose Regional Exhibition and Agricultural Society

Statement of Changes in Net Assets

Year ended September 30

	Unrestricted	Externally Restricted	Invested in Capital Assets	Total 2019	Total 2018
Balance, beginning of year	\$ 2,545,407	\$ 338,407	\$ 4,388,552	\$ 7,272,366	\$ 8,010,465
(Deficiency) excess of revenues over expenditures	(612,454)	156,510	(349,888)	(805,832)	(738,099)
Repayment of callable debt and capital lease obligation	(177,834)	-	177,834	-	-
Purchase of capital assets	(5,591)	(206,273)	211,864	-	-
Proceeds on sale of capital assets	<u>1,667</u>	<u>-</u>	<u>(1,667)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,751,195</u>	<u>\$ 288,644</u>	<u>\$ 4,426,695</u>	<u>\$ 6,466,534</u>	<u>\$ 7,272,366</u>

See accompanying notes and schedule to the financial statements.

Camrose Regional Exhibition and Agricultural Society

Statement of Financial Position

September 30

2019

2018

Assets

Current

Cash and cash equivalents	\$ -	\$ 651,658
Accounts receivable	87,809	114,541
Inventories	18,237	85,820
Prepaid expenses	25,315	25,355
Current portion of loan receivable	<u>127,095</u>	<u>123,405</u>
	258,456	1,000,779
Restricted cash (Note 3)	316,837	336,655
Loan receivable (Note 4)	1,707,277	1,834,372
Capital assets (Note 5)	10,398,587	10,257,438
Investment in related parties (Note 6)	<u>1,961,123</u>	<u>1,679,327</u>
	<u>\$ 14,642,280</u>	<u>\$ 15,108,571</u>

Liabilities

Current

Bank indebtedness (Note 7)	\$ 267,625	\$ -
Accounts payable and accrued liabilities (Note 8)	177,126	117,875
Deferred revenues (Note 9)	236,075	195,116
Current portion of capital lease obligation (Note 11)	<u>14,390</u>	<u>-</u>
	695,216	312,991
Callable debt (Note 10)	<u>3,527,082</u>	<u>3,736,883</u>
	4,222,298	4,049,874
Capital lease obligation (Note 11)	19,953	-
Deferred contributions related to capital assets (Note 12)	<u>3,933,495</u>	<u>3,786,331</u>
	<u>8,175,746</u>	<u>7,836,205</u>

Net assets

Unrestricted	1,751,195	2,545,407
Externally restricted	288,644	338,407
Invested in capital assets	<u>4,426,695</u>	<u>4,388,552</u>
	<u>6,466,534</u>	<u>7,272,366</u>
	<u>\$ 14,642,280</u>	<u>\$ 15,108,571</u>

Contingent liabilities (Note 14)

On behalf of the board

Director

Director

Camrose Regional Exhibition and Agricultural Society

Statement of Cash Flows

Year ended September 30

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenues over expenditures	\$ (805,832)	\$ (738,099)
Items not affecting cash		
Amortization of capital assets	475,948	507,028
Amortization of deferred capital contributions	(245,071)	(263,221)
Loss (gain) on sale of capital assets	<u>30,033</u>	<u>(3,494)</u>

(544,922) (497,786)

Change in non-cash working capital items

Accounts receivable	26,732	59,778
Inventories	67,583	(2,533)
Prepaid expenses	40	26,320
Accounts payable and accrued liabilities	59,252	(91,924)
Deferred revenues	<u>40,959</u>	<u>(30,578)</u>

(350,356) (536,723)

Financing

Repayment of callable debt	(209,801)	(217,722)
Repayment of capital lease obligation	<u>(10,354)</u>	<u>(6,410)</u>

(220,155) (224,132)

Investing

Repayment of loan receivable	123,405	119,822
Purchase of capital assets not funded by capital contributions	(211,866)	(207,095)
Proceeds on disposal of capital assets	1,667	8,000
Net draws (to) from related parties	(281,796)	933,909
Contribution of equipment	392,235	-
Contributed equipment put into service	<u>(392,235)</u>	<u>-</u>

(368,590) 854,636

(Decrease) increase in cash and cash equivalents

(939,101) 93,781

Cash and cash equivalents

Beginning of year

988,313 894,532

End of year

\$ 49,212 \$ 988,313

Cash consists of:

Cash and cash equivalents	\$ -	\$ 651,658
Restricted cash	316,837	336,655
Bank indebtedness	<u>(267,625)</u>	<u>-</u>

\$ 49,212 \$ 988,313

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

1. Nature of operations

Camrose Regional Exhibition and Agricultural Society (CRE) is a not-for-profit organization incorporated under the Agricultural Societies Act of Alberta and is a registered charity under the Income Tax Act. The Society's objectives are to encourage improvement in agriculture, horticulture, homemaking and the quality of life in the City of Camrose community and region. This is accomplished via lectures, demonstrations, exhibitions and provision of the facilities.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue recognition

The CRE follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government or other grants are recognized as revenue either in the period received, or, where the grants relate to a future period, they are deferred and recognized in the subsequent period. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits with maturities of three months or less.

Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined using the specific cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Capital assets

Capital assets are initially measured at cost and subsequently measured at cost less, where applicable, any accumulated amortization and impairment losses.

The following rates applied on a declining balance will apply the cost over the estimated useful lives of property, plant and equipment:

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

2. Significant accounting policies (continued)

Capital assets (continued)

Equipment under capital lease	20%
Site improvements	5%
Campground	5%
Exhibition Centre	0-5%
Equipment	20-50%
Conference Centre	5%
Shop	5-20%
Bleachers	10%
Website development	10%
Internet lab	30%

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Impairment of long-lived assets

The Society tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Investments

Camrose Regional Exhibition and Agricultural Society accounts for its investments in subsidiaries using the equity method. The Society maintains a 100% interest in Panhandle Productions Ltd. and is the sole beneficiary of the Camrose Regional Exhibition Panhandle Trust. The Society maintains a 100% ownership interest in Panhandle Productions Limited Partnership through its interest in Panhandle Productions Ltd. and its interest in the Camrose Regional Exhibition Panhandle Trust. The operations of Panhandle Productions Limited Partnership are not consolidated in these financial statements.

Contributed services

The Society benefits from the value of services donated by members interested in furthering its objectives. No amount is recorded for the year ended September 30, 2019 since the value is not readily determinable.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

2. Significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, obsolete inventory provision, useful lives of capital assets and impairment of investments and other assets.

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- Cash and cash equivalents
- Accounts receivable
- Loan receivable
- Investment in related parties
- Accounts payable and accrued liabilities
- Callable debt

A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial instrument	Subsequent measurement
Cash and cash equivalents	Fair value
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Investment in related parties	Equity, less any reduction for impairment
Accounts payable and accrued liabilities	Amortized cost
Callable debt	Amortized cost

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Restricted cash

Restricted cash includes amounts from gaming activities which are restricted for capital expenditures. Restricted cash is not available for general operations.

4. Loan receivable

	<u>2019</u>	<u>2018</u>
Loan receivable from Mayfield Investments Ltd.	\$ 1,834,372	\$ 1,957,777
Less: current portion	<u>(127,095)</u>	<u>(123,405)</u>
	<u>\$ 1,707,277</u>	<u>\$ 1,834,372</u>

There was a settlement of the loan receivable from Mayfield Investments Ltd. on July 8, 2015. As part of the settlement CRE agreed to transfer to Mayfield any and all rights, interests, entitlement, shares or claims, interest and/or partnership units held in the Camrose Casino Corporation. Under the terms of the settlement agreement, Mayfield is now required to pay CRE \$12,500 per month for a period of 10 years commencing on November 1, 2015 and continuing to October 31, 2025 for a total payment of \$1,500,000. In the original settlement CRE was also to receive a 25 acre parcel of land that had an estimated value of \$1,000,000. However, Mayfield currently has this property and the Casino land for sale. Once the land is sold, Mayfield will use these proceeds to compensate the CRE for the value of the 25 acres of land.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

5. Capital assets

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 3,219,216	\$ -	\$ 3,219,216	\$ 3,219,216
Campground	3,645,417	1,376,195	2,269,222	2,388,655
Site improvements	4,653,521	2,411,236	2,242,285	2,284,737
Exhibition Centre	4,976,828	3,048,522	1,928,306	1,529,566
Equipment	2,658,772	2,150,394	508,378	609,200
Conference Centre	311,535	221,045	90,490	95,253
Shop	207,981	143,892	64,089	67,468
Bleachers	213,418	156,517	56,901	63,223
Website development	20,648	1,032	19,616	-
Internet lab	62,337	62,253	84	120
	<u>\$ 19,969,673</u>	<u>\$ 9,571,086</u>	<u>\$ 10,398,587</u>	<u>\$ 10,257,438</u>

Included in equipment are assets under capital lease with a cost of \$44,697 (2018 - \$nil) and accumulated amortization of \$4,470 (2018 - \$nil).

6. Investment in related parties

	<u>2019</u>	<u>2018</u>
Investment in Panhandle Productions Ltd., beginning of year	\$ 1,043,643	\$ 1,045,420
Loss	(1,405)	(2,191)
Expenses	(850)	(850)
Income tax recovery	680	1,264
Investment in Panhandle Productions Ltd., end of year	<u>1,042,068</u>	<u>1,043,643</u>
Investment in CRE Panhandle Trust, beginning of year	635,684	1,567,816
Trust loss	(139,062)	(217,031)
Contributions (draws)	422,433	(715,101)
Investment in CRE Panhandle Trust, end of year	<u>919,055</u>	<u>635,684</u>
	<u>\$ 1,961,123</u>	<u>\$ 1,679,327</u>

The CRE is the sole beneficiary of the Camrose Regional Exhibition Panhandle Trust which is a limited partner in the Panhandle Productions Limited Partnership. The CRE's shareholder loan investment in the Panhandle Productions Ltd. company was transferred to the Trust.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

7. Bank indebtedness

The Society has an authorized a line of credit of \$1,500,000 bearing interest at prime plus 0.25%, of which \$538,230 (2018 - \$nil) was used at year end. This facility is secured by a general security agreement over all present and after acquired personal property, mortgage of lease on land owned by the City of Camrose in the principal sum of \$5,200,000, mortgage of lease on land owned by the CRE in the principal sum of \$2,324,460 and a general assignment of leases and rents in respect of the lands described above.

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$9,506 (2018 - \$13,341).

9. Deferred revenues

Deferred revenues represent operating funding received in the current year that is related to the subsequent year. Deferred revenues consist of the following:

	<u>2019</u>	<u>2018</u>
Alberta government grant	\$ 149,426	\$ 149,426
Environmental stewardship grant	36,337	-
Lottery grant	25,000	25,000
Prepaid camping fees	17,554	17,790
Event and rental deposits	7,758	2,900
	<u>\$ 236,075</u>	<u>\$ 195,116</u>

10. Callable debt

The following bank loans are secured by a general security agreement over all present and after acquired personal property, mortgage of lease on land owned by the City of Camrose in the principal sum of \$5,200,000, mortgage of lease on land owned by the CRE in the principal sum of \$2,324,460 and a general assignment of leases and rents in respect of the lands described above.

	<u>2019</u>	<u>2018</u>
Bank loans bearing interest at prime plus 0.25%, repayable in monthly payments of \$13,750 including interest, due on demand, maturing March 2020. The loan is secured by land with a net book value of \$2,324,460.	\$ 2,003,623	\$ 2,082,126
Bank loans bearing interest at prime plus 0.25%, repayable in monthly payments of \$16,500 including interest, due on demand, maturing March 2020.	<u>1,523,459</u>	<u>1,654,757</u>
	<u>\$ 3,527,082</u>	<u>\$ 3,736,883</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

11. Capital lease obligation

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The following is a schedule of future minimum aggregate lease payments under capital leases.

2020	\$	17,113
2021		17,113
2022		<u>4,278</u>
Total future minimum lease payments		38,504
Less amount representing interest at 9.772%		<u>4,161</u>
Present value of minimum net lease payments		34,343
Less current portion		<u>14,390</u>
	\$	<u>19,953</u>

Interest charges to the accounts of the Society on the above during the year amounts to \$2,750 (2018 - \$-).

12. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions with which CRE's capital assets were originally purchased. The changes in the deferred contributions related to capital assets balance for the year are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 3,786,331	\$ 4,049,552
Amortized to revenue	(245,071)	(263,221)
Contributions	<u>392,235</u>	<u>-</u>
Balance, end of year	<u>\$ 3,933,495</u>	<u>\$ 3,786,331</u>

13. Externally restricted net assets

The externally restricted net assets are the net amounts received from gaming which are restricted for capital expenditures only per the CRE's gaming license.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

14. Contingent liabilities

The Camrose Regional Exhibition and Agricultural Society is currently defending two wrongful dismissal claims. The possible outcomes or any settlement of these claims are not determinable at year end. No provision has been made in the financial statements related to these claims.

15. Commitments

The Society leases land from the City of Camrose under a long-term lease that expires October 14, 2055. Under the lease the CRE is required to pay an annual rental of \$1.00.

16. Related party transactions

The CRE controls Panhandle Productions Limited Partnership. The partnership has not been consolidated in the Society's financial statements as allowed for by CPA Handbook Section 4450 - Reporting Controlled and Related Entities by Not-For-Profit Organizations. The financial summaries of this unconsolidated entity as at September 30, 2019 and September 30, 2018 and for the years then ended are as follows:

	<u>2019</u>	<u>2018</u>
Financial position		
Assets	\$ 3,589,904	\$ 3,342,762
Liabilities	<u>(2,615,638)</u>	<u>(2,650,293)</u>
Net assets	<u>\$ 974,266</u>	<u>\$ 692,469</u>
Results of operations		
Revenue	\$ 8,502,626	\$ 8,928,632
Expenses	<u>(8,643,093)</u>	<u>(9,147,855)</u>
(Deficiency) excess of revenues over expenses	<u>\$ (140,467)</u>	<u>\$ (219,223)</u>
Cash (paid) received		
Cash (to) from operations	\$ (187,224)	\$ 4,494
Cash used in financing activities	452,166	(714,687)
Cash used in investing activities	<u>(122,384)</u>	<u>(37,934)</u>
(Decrease) increase in cash	<u>\$ 142,558</u>	<u>\$ (748,127)</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

16. Related party transactions (continued)

During the year the CRE received the following amounts from Panhandle Productions Limited Partnership, in which it has 100% control: Rental income of \$303,000 (2018 - \$303,009) and other reimbursements of \$322,781 (2018 - \$585,083). CRE made payments to Panhandle Productions Limited Partnership during the year in the amount of \$15,860 (2018 - \$13,491).

At the end of the year the accounts receivable balance relating to these transactions was \$14,344 (2018 - \$14,427) and the accounts payable balance relating to these transactions was \$53,176 (2018 - \$11,145).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposures and concentrations at September 30, 2019.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risks relate to its accounts receivable and loan receivable since failure of any of these parties to fulfil their obligation could result in significant financial loss for the Society. There was no significant change in exposure from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its callable debt and accounts payable. There was no significant change in exposure from the prior year.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its callable debt. There was no significant change in exposure from the prior year.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2019

18. Comparative figures

Comparative figures have been reclassified to conform to changes in the current year presentation.

19. Subsequent events

Subsequent to year end, Panhandle Productions Limited Partnership, an organization controlled by the Society, sold its Big Valley Jamboree trademark and various assets and will no longer be running the event. At this time, an estimate of the financial effect is not determinable.

Draft - December 20, 2019, 10:56 AM

Camrose Regional Exhibition and Agricultural Society Schedule to the Financial Statements

Year ended September 30

Schedule of activities

Schedule 1

2019

	Revenue	Expenditures	Excess (Deficiency)
50/50 at Big Valley Jamboree	\$ 254,396	\$ 171,660	\$ 82,736
Campground	386,264	186,207	200,057
Canadian Bull Congress	194,643	159,310	35,333
Casino	69,141	11,315	57,826
Catering service	281,917	310,140	(28,223)
Festival of Trees	81,770	98,363	(16,593)
Nevada tickets	8,784	2,585	6,199
Rural Tourism Conference	101,196	98,300	2,896
Spring Pro Rodeo	-	422	(422)
Garage sale	41,431	73,439	(32,008)
	<u>\$ 1,419,543</u>	<u>\$ 1,111,741</u>	<u>\$ 307,802</u>

2018

	Revenue	Expenditures	Excess (Deficiency)
50/50 at Big Valley Jamboree	\$ 257,753	\$ 174,814	\$ 82,939
Campground	272,286	168,927	103,359
Canadian Bull Congress	192,728	171,634	21,094
Casino	68,288	11,119	57,169
Catering service	429,159	407,314	21,845
Festival of Trees	86,167	109,899	(23,732)
Nevada tickets	9,415	2,276	7,139
Rural Tourism Conference	99,376	90,636	8,740
Spring Pro Rodeo	132,625	163,525	(30,900)
Volunteer appreciation night	269	8,965	(8,696)
Women's Conference	610	20,576	(19,966)
	<u>\$ 1,548,676</u>	<u>\$ 1,329,685</u>	<u>\$ 218,991</u>





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