



**CRE ANNUAL REPORT
2020**

It Happens Here.

WWW.CRE.AB.CA

Table of Contents

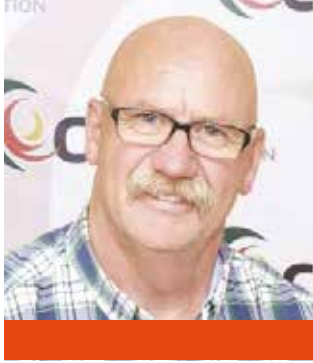
Executive Messages	04-05
<hr/>	
Vision/Values/Focus	06
• CRE Board of Directors	07
<hr/>	
Direction of CRE	08
• CRE, Vision, Mission, Values, and Strategic Priorities	8-9
• CRE Board of Directors Committee Work	10-11
▪ Finance Committee	
▪ Membership Committee	
▪ Gaming Committee	
▪ Governance Committee	
Leadership – CRE Executive Director & All Staff	12-14
<hr/>	
The Business of CRE	15-17
• CRE Programming for the Future	
• Volunteers	
• Members	
• Corporate Social Responsibility at CRE	
<hr/>	
Financial Reports	19



**CELEBRATING
SUCCESS AND
MOVING
FORWARD**



CRE Board President's Message



Mark Schneider
President

As we all know, 2020 has been a very challenging year for all and the CRE was no exception. The board had met in 2019 to build out a strategic plan for the CRE as we were in a state of transition. As strategic plans are to be fluid documents, we took the time again in the Spring of 2020 to sit together and be lead through the strategic planning process as our world had been turned upside down with COVID. We felt it important to revisit this knowing that we could be shut down with no income for what we thought could stretch out for several months or even further.

We were also advised that we were under audit from CRA, in relation to our charitable status and understood from the preliminary meetings that there were some concerns by CRA that could have lasting effects on the CRE as an organization. We were also advised that this would affect our purpose and would require a change of our purposes in our bylaws. We have since received our documentation back from CRA and as an organization; we are working to comply with the changes as required by CRA.

The Board of Directors continues to be focused on the sustainability of the organization for the long term. We have supported our Executive Director to ensure that we have the right people in the right positions to ensure that we are viable going forward. This meant some tough decisions, which I know were agonizingly difficult for Dianne to make. We also recognize the foresight of a previous visioning committee that recommended an HR consultant be engaged. This consultant was instrumental in working with Dianne through the staffing issues during COVID as well as with Dianne and the board on the strategic planning process.

We recognized that now was going to be the time to pivot our organization to be more effective in being a leader in the community (both rural and urban). We recognized that we wanted to be more community minded, in order to engage more people in our community to be a part of the events the CRE hosts or develops and to engage more people in the community to build our membership. With this said, you will notice a new membership strategy presented as the first steps to build CRE membership. We have now established a stable foundation and are working diligently to ensure our financial stability for the next decade and beyond. What we do today will have ripple effects in years to come and the importance of including our youth in our organization today will go a long way in ensuring our continued success in the years to come. We have to be relevant to all ages no matter who they are or where they come from. With this said, you will notice a difference in the way we operate as we move forward and we look forward to partnering with you so that we can assist each other in creating a stronger future.

CRE Executive Director's Message



Dianne Kohler
Executive Director

2020 was a roller-coaster of a year to say the least at CRE thanks to the COVID-19 pandemic and the complete collapse of all major revenue streams from March 16th to the end of the fiscal year.

Thankfully the CRE Board of Directors made some excellent decisions early in Fiscal Year 2020 that safeguarded CRE from a total collapse. The sale of BVJ has allowed both CRE & BVJ to survive this storm and although a controversial decision to many, it was absolutely the right one.

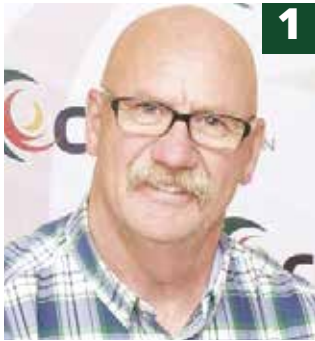
The CRE was on the path to recovery in the first half of the fiscal year with above average bookings and interest. We had the right staff doing the right jobs and the organization was moving forward. We had to react quickly in March/April 2020 and again the Board of Directors and myself worked together to come up with a plan that was not reactionary but put CRE in the best position to survive and thrive upon reopening. That included reducing our staffing by close to 40% and shutting down any spending not deemed operationally necessary. Thankfully a great federal granting program like CEWS was established and has allowed us to keep nine superstars employed with CRE who are passionate and focused on the future. We have the best team in the business and I would like to take this opportunity to THANK them for their passion, their loyalty, their imagination and enthusiasm. The future of CRE is bright with these stars involved.

There is always a silver lining in each challenge and this is no different. We realized we could do more with less, we learned what is important to clients and guests and we have developed a future looking strategy that not only returns CRE to its roots but makes it the most innovative Agriculture Society in Alberta.



**CRE
BOARD OF
DIRECTORS**

**VISION
VALUES
FOCUS**



- 1 Mark Schneider**
President
- 2 Brent Byers**
Vice President
- 3 Sandy Scott**
Secretary
- 4 David Sheets**
Treasurer
- 5 Steven Hansen**
Director
- 6 Jake Vermeer**
Director
- 7 Kaitlyn Schneider**
Director
- 8 Norris Sheppard**
Director
- 9 Cindy Trautman**
County Representative
- 10 Kevin Hycha**
City Representative



DIRECTION OF CRE

The CRE Board of Directors were busy in 2020 working on the future strategy to ensure CRE remains relevant with its programming and operations well past 2029. Transparency, Accountability and Community Impact became our guide posts in decision making to ensure Goals were being met. The added element of "Mass Gathering" restrictions weighed heavily In June 2020 as 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 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

David Sheets, Jake Vermeer, 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 then to the board as a whole. They also assist with the preparation and approval of the operating budgets Camrose Regional Exhibition. The Finance Committee reviews and approves the annual financial statements of both organizations.

In 2020, the focus of the Finance Committee was to work with the Executive Director to prioritize spending during the shut down, assist with Federal granting while remaining focused on 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 or 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 2020, 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. A new Membership Model is being launched in January 2021 that provides more robust features and benefits to potential CRE Members.

Gaming Committee

Cindy Trautman, Norris Sheppard

The Gaming Committee is responsible for all Gaming activities undertaken by the CRE and the main contact for AGLC. The goal of the Gaming Committee is to continue the strategic selling of all gaming activities to ensure the much needed capital funds are generated each year for the organization.

The loss of Big Valley Jamboree in 2020 meant this committee was not busy with the BVJ 50/50 and Nevadas or Casino. The only Gaming activities that took place in Fiscal Year 2020 were the City Wide 50/50 and the Candian Bull Congress BullNanza. We were notified of a potential Casino date in August but unfortunately that did not happen thanks to COVID-19.

Although we experienced a break in actual gaming activity, it did allow us to spend time on updating Gaming Manuals, do AGLC Online Training and get prepared for a successful Fiscal Year 2021 Gaming Season.

Governance Committee

Brent Byers, Sandy Scott, 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 Agricultural Societies Act and practicing the best form of governance possible for a non-profit organization.

The Governance committee took on the work of bringing CRE Bylaws into full compliance in 2020 with a complete by-law review. Updated by-laws will be approved by the membership at the AGM in January 2021 completing this extensive overhaul by this committee.



**LEADERSHIP
CRE STAFF**



- 1 Dianne Kohler**
Experience Engineer
- 2. Tammy Wollman**
Experience Engineer
- 3. Megan Lethbridge**
Experience Engineer
- 4. Alex Wancho**
Experience Engineer
- 5. Ken McTavish**
Experience Engineer
- 6. Emma Hudec**
Experience Engineer
- 7. Penny McEachern**
Experience Engineer
- 8. Derrick Mikasko**
Experience Engineer
- 9. Jamie Finnegan**
Experience Engineer



Leadership Continued

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. 2020 was a challenging year for the organization with the arrival of the COVID-19 Pandemic.

A further reduction of staff due to COVID-19 closing our site happened in April 2020. Unfortunately we had to say goodbye to valued members of our team whose job’s became redundant during a shut down of the site. These are always extremely hard decisions to make and the added uncertainty of how long the pandemic would last made it more challenging. The arrival of the Federal CEWS grant has been a lifesaver for CRE and allowed us to keep a strong team in place.

The team that remained stepped up to the challenge and proved we made the right decisions. They are committed, enthusiastic, passionate and engaged with making CRE the “It Happens Here” spot for many years to come. They are excited to bring to life the CRE Board of Directors’ vision in everything they do on a daily basis.



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 had a very slow year in 2020 due to COVID-19 and never achieved over 40% occupancy on any weekend or through long-term rentals. The slower traffic meant that we could begin the work of repairs. As some of the parking pad sites were failing from the original construction, the work of replacement began with 12 of the sites. We also added in some Garden Boxes which can be used by our Long-Term Guests during the season in 2021.

Operations are 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 setup, saving both the client and our staffing time required. This strategy will be maximized whenever possible for clients in future years.

As the buildings have been closed since March 17th, it was a great time to take on "DIY" renovations whenever possible. As we did have some AGLC money we needed to use, we replaced the floor in the hallways, washrooms, and banquet halls. We also painted all areas, fixed what needed fixing and we are excited to launch a refreshed building when we are allowed to do so.

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. We were successful in Fiscal Year 2020 with our submission to the CFEP granting stream which resulted in CRE being awarded \$125,000 in capital grant funds to partially cover the costs of building a new administration building attached directly to the Event Centre.

CRE Programming for the Future

The CRE owns and operates all CRE Signature Events. In the Fiscal Year 2020, after a full analysis, it was decided only to proceed with the Canadian Bull Congress. Growing Rural Tourism was stopped and converted into an online podcast called Rural Opportunities Series which features interviews and discussions with Rural focused people in both agriculture and urban populations.

We had hoped to be joined by Outlaw Buckers in April 2020 for the 1st Outlaw Buckers Rodeo but unfortunately due to COVID-19 shutting down our facilities that was unable to happen. A future date has yet to be determined at the time of writing.

CRE launched the Training Tomorrow's Leaders program in September of 2020. We have 13 bright and energetic youth as part of the inaugural series. They meet twice monthly to engage in learning about required life skills such as backing up a trailer and cooking from scratch. They have also toured a Dairy Operation to learn where their food comes from. This group will also be responsible for developing a "youth targeted" event for launch in 2021.

The CRE launched it's FREE-RE event series in Fiscal Year 2020 which includes putting on free community events. We managed to have bike riding in the arena and a movie night with over 225 attendees before being shut down in March 2020. Summer 2020 saw us as the host of the CRE Community Drive In movie nights for the region which were well attended and appreciated. The goal for 2021 is to run many more FREE-RE events when we are allowed to do so.

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 CRE will continue the strategic direction of producing innovative and profitable events that address the needs of any of the communities we serve. The team looks forward to making new event announcements in 2021 as we continue our goal to reach a 50% internally produced events and 50% externally produced events in the coming future.

Volunteers

At the heart of every Agriculture Society is our Volunteers! CRE is so lucky to have a dedicated group of community members that assist in making the CRE operate. From our dedicated Volunteer Board of Directors to Committee Chairpeople to BVJ 50/50 Sellers and CRE Signature Event Volunteers, the community really is at the heart of CRE success.

Although 2020 did not allow us to gather in person to recognize these amazing supporters, we look forward to hosting our Volunteer Appreciation events in April 2021. Thank you Volunteers for making **It Happens Here** at the CRE!

Members

CRE Membership went under the microscope in Fiscal Year 2020 and we are thrilled to announce a new CRE Membership program at the Annual General Meeting in January 2021. Like most Agricultural Societies, an analysis of the CRE membership showed dropping numbers and low levels of engagement with the community.

The idea of the CRE Collective was brainstormed at the CRE Board Strategic Session as we wanted to expand our reach beyond traditional boundaries and add real value to being part of our Agriculture Society. We also realized that for future survival, we needed to engage with a younger audience that would keep the CRE relevant.

The new CRE membership offers immediate value for the cost and has benefits we know our members will take advantage of during the year. We also added in a Junior membership to allow us to interact with this valuable demographic.

Corporate Social Responsibility at CRE

As a not-for-profit our values are rooted in giving back to the community. 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.

The CRE is the winter training ground for the Camrose Fire Department as well as host of the annual Camrose Remembrance Day service. We provide meeting rooms at discounted rates or no-charge if possible to local Non-Profit organizations. We are always looking to assist

other groups reach their fundraising goals in whatever way we can.

As the CRE is a designated Emergency Shelter, we stand ready to assist the community if called into service by Emergency Operations. The COVID-19 Pandemic has caused a substantial financial loss for CRE but not our willingness to service the community if called upon.

As an Agriculture Society, we understand the importance of food and growing food. In Fiscal Year 2020, CRE introduced our "Garden Plot" sponsorship at Battle River Landscape Design & Supply. CRE sponsored 5 garden plots and ran a contest for community members to apply. The response was overwhelming and the CRE Staff had a hard time picking the winning 5 families who grew amazing gardens with us this summer. We are hoping to double this program in the coming years.

We not only dedicate our facilities but our expertise as well...sitting on boards and committees such as: Tourism Camrose, Camrose County Agriculture Communications Committee, Camrose County Ag Intelligence Committee, Food Artisans of Camrose County, 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

Financial Statements

Camrose Regional Exhibition and Agricultural
Society

September 30, 2020

Draft - December 3, 2020, 2:19 PM

Contents

	Page
Independent Practitioner's Review Engagement Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16

Draft - December 3, 2020, 2:19 PM

Independent Practitioner's Review Engagement Report

Grant Thornton LLP
4870 - 51 Street
Suite 201
Camrose, AB
T4V 1S1

T +1 780 672 9217
F +1 780 672 9216
www.GrantThornton.ca

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, 2020, 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, 2020, 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.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 4 to the financial statements, which describes that certain comparative information presented for the year ended September 30, 2019 has been restated.

Camrose, Canada

Chartered Professional Accountants

Draft - December 3, 2020, 2:10 PM

Camrose Regional Exhibition and Agricultural Society Statement of Operations

Year ended September 30	2020 Budget	2020 Actual	2019 Actual (Restated)
Revenues			
Grants	\$ 398,800	\$ 398,853	\$ 398,853
Amortization of deferred capital contributions	-	268,099	245,071
Canadian Bull Congress	454,025	208,187	194,643
Government COVID programs	-	206,002	-
Rentals	645,450	160,852	577,573
Campground	287,365	158,012	386,264
Food services	95,000	34,628	281,917
Other	97,600	25,986	23,780
Interest	6,000	13,433	43,430
Gaming	379,000	2,810	175,812
Rural Tourism Conference	-	-	101,196
Garlands & Gatherings	-	-	81,770
Garage sale	-	-	41,431
	<u>2,363,240</u>	<u>1,476,862</u>	<u>2,551,740</u>
Cost of sales			
Purchases	34,000	20,768	119,412
	<u>34,000</u>	<u>20,768</u>	<u>119,412</u>
Gross profit	<u>2,329,240</u>	<u>1,456,094</u>	<u>2,432,328</u>
Expenditures			
Administration	1,226,918	975,987	988,973
Amortization of capital assets	-	480,296	475,948
Operations	565,320	410,725	883,160
Canadian Bull Congress	471,248	162,326	159,094
Interest on long-term debt	155,800	133,169	154,848
CRE marketing	61,700	91,134	48,953
Business development	83,000	82,954	39,974
Board	74,925	62,890	119
Equipment rental	63,500	29,715	7,239
Manager	25,150	10,788	20,760
Gaming	-	-	185,560
Rural Tourism Conference	-	-	98,300
Garlands & Gatherings	-	-	87,381
Garage sale	-	-	73,439
Spring Pro Rodeo	-	-	422
	<u>2,727,561</u>	<u>2,439,984</u>	<u>3,224,170</u>
Deficiency of revenues over expenditures before other items	<u>(398,321)</u>	<u>(983,890)</u>	<u>(791,842)</u>
Loss on sale of capital assets	-	(30,725)	(30,033)
Equity income/loss of subsidiaries	-	629,900	(140,467)
Deficiency of revenues over expenditures	<u>\$ (398,321)</u>	<u>\$ (384,715)</u>	<u>\$ (962,342)</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 2020	Total 2019
Balance, beginning of year	\$ 1,751,195	\$ 288,644	\$ 4,426,695	\$ 6,466,534	\$ 7,272,366
As previously reported	-	(288,644)	(206,273)	(494,917)	(338,407)
Prior period adjustment (Note 4)					
As restated	1,751,195	-	4,220,422	5,971,617	6,933,959
Deficiency of revenues over expenditures	(74,440)	-	(310,275)	(384,715)	(962,342)
Windup of investments	(991,301)	-	-	(991,301)	-
Repayment of callable debt and capital lease obligation	(155,272)	-	155,272	-	-
Purchase of capital assets	(131,512)	-	131,512	-	-
Proceeds on sale of capital assets	28,490	-	(28,490)	-	-
Balance, end of year	\$ 427,160	\$ -	\$ 4,168,441	\$ 4,595,601	\$ 5,971,617

See accompanying notes to the financial statements.

Camrose Regional Exhibition and Agricultural Society

Statement of Financial Position

September 30

2020

2019
(Restated)

Assets

Current

Cash and cash equivalents	\$ 170,387	\$ -
Accounts receivable	31,831	87,809
Inventories	13,398	18,237
Prepaid expenses	25,393	25,315
Current portion of loan receivable	<u>128,982</u>	<u>127,095</u>
	369,991	258,456

Restricted cash	300,990	316,837
Loan receivable (Note 6)	1,642,311	1,707,277
Capital assets (Note 7)	<u>10,262,131</u>	<u>10,398,587</u>
Investment in related parties (Note 1)	<u>-</u>	<u>1,961,123</u>
	\$ 12,575,423	\$ 14,642,280

Liabilities

Current

Bank indebtedness (Note 8)	\$ -	\$ 267,625
Accounts payable and accrued liabilities (Note 9)	47,265	177,126
Deferred revenues (Note 10)	29,621	25,312
Deferred contributions (Note 11)	363,121	499,407
Current portion of capital lease obligation	<u>-</u>	<u>14,390</u>
	440,007	983,860
Callable debt (Note 12)	<u>3,396,604</u>	<u>3,527,082</u>
	3,836,611	4,510,942

Capital lease obligation	-	19,953
Deferred contributions related to capital assets (Note 13)	<u>4,143,211</u>	<u>4,139,768</u>
	7,979,822	8,670,663

Net assets

Unrestricted	427,160	1,751,195
Externally restricted	-	-
Invested in capital assets	<u>4,168,441</u>	<u>4,220,422</u>
	4,595,601	5,971,617
	\$ 12,575,423	\$ 14,642,280

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

2020

2019
(Restated)

Increase (decrease) in (bank indebtedness) cash

Operating

Deficiency of revenues over expenditures	\$ (384,715)	\$ (962,342)
Items not affecting cash		
Amortization of capital assets	480,296	475,948
Amortization of deferred capital contributions	(268,099)	(245,071)
Loss on sale of capital assets	<u>30,725</u>	<u>30,033</u>
	<u>(141,793)</u>	<u>(701,432)</u>
Change in non-cash working capital items		
Accounts receivable	55,978	26,732
Inventories	4,839	67,583
Prepaid expenses	(78)	40
Accounts payable and accrued liabilities	(129,862)	59,252
Deferred revenues	4,309	(169,804)
Deferred contributions	<u>(136,286)</u>	<u>499,407</u>
	<u>(342,893)</u>	<u>(218,222)</u>

Financing

Repayment of callable debt	(130,478)	(209,801)
Repayment of capital lease obligation	<u>(34,343)</u>	<u>(10,354)</u>
	<u>(164,821)</u>	<u>(220,155)</u>

Investing

Restricted cash	15,847	19,818
Repayment of loan receivable	63,080	123,405
Purchase of capital assets not funded by capital contributions	(131,512)	(344,000)
Proceeds on disposal of capital assets	28,490	1,667
Net draws (to) from related parties	844,821	(281,796)
Contribution of equipment	161,337	392,235
Contributed equipment put into service	<u>(36,337)</u>	<u>(392,235)</u>
	<u>945,726</u>	<u>(480,906)</u>

Increase (decrease) in (bank indebtedness) cash 438,012 (919,283)

(Bank indebtedness) cash

Beginning of year	<u>(267,625)</u>	<u>651,658</u>
End of year	<u>\$ 170,387</u>	<u>\$ (267,625)</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

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.

On April 20, 2020, a wind-up of subsidiaries occurred into the Society at the carrying value of their assets and liabilities:

Panhandle Productions Limited Partnership
Panhandle Productions Ltd

Upon wind-up, each entity brought in the following:

Panhandle Productions Limited Partnership	
Total Assets	\$ 120,615
Total Liabilities	<u>1,157,434</u>
Net Assets	<u>\$ (1,036,819)</u>
Panhandle Productions Ltd.	
Total Assets	\$ 47,718
Total Liabilities	<u>200</u>
Net Assets	<u>\$ 47,518</u>

2. Impacts of COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In April 2020, the Society confirmed its eligibility to receive funding from the government under the Canada Emergency Wage Subsidy (CEWS) program. Under the CEWS program, the Society is entitled to receive a subsidy equal to 75% of an employee's wages up to a set amount per week. At the date these financial statements were completed the government has proposed to run the CEWS program until June 2021.

Management has determined that COVID-19 has had a significant negative effect on the Society's operations. Many events were required to be cancelled due to COVID, which has created a significant decrease in revenues than in prior years.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

3. 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 the capital assets:

Exhibition Centre	0-5%
Equipment	20-50%
Vehicles	5-25%
Conference Centre	5%
Shop	5-20%
Bleachers	10%
Campground	5%
Website development	10%
Site improvements	5%

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

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

3. Significant accounting policies (continued)

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.

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.

Government assistance

Grants received to cover current period expenses are accounted for as a reduction of operating expenses.

Grants received specified to cover future expenses are deferred and amortized as a reduction of those operating expenses when the expenses are incurred.

Grants received for the acquisition of long lived assets are accounted for as a deduction from the related asset's cost with any future amortization calculated on the net amount.

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 and useful lives of capital assets.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

3. Significant accounting policies (continued)

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 bank indebtedness
- Accounts receivable
- Loan receivable
- 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 bank indebtedness	Fair value
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
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.

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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

4. Prior period adjustment

During the year, the Society determined that externally restricted gaming proceeds were erroneously being treated as direct adjustments to externally restricted net assets and not as deferred contributions. An adjustment was required to correct these amounts.

As a result, the following financial statement items as of September 30, 2019 have been restated::

	<u>Previously reported</u>	<u>Adjustment</u>	<u>Restated</u>
Statement of operations			
Gaming revenue	\$ 332,322	\$ (156,510)	\$ 175,812
Deficiency of revenue over expenses	(805,832)	(156,510)	(962,342)
Statement of changes in net assets			
Net assets, beginning of year	7,272,366	(338,407)	6,933,959
Externally restricted net assets, end of year	288,644	(288,644)	-
Invested in capital assets, end of year	4,426,695	(206,273)	4,220,422
Statement of financial position			
Deferred contributions	-	288,644	288,644
Deferred contributions related to capital assets	3,933,495	206,273	4,139,768

5. Restricted cash

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

6. Loan receivable

	<u>2020</u>	<u>2019</u>
Loan receivable from Mayfield Investments Ltd.	\$ 1,771,293	\$ 1,834,372
Less: current portion	(128,982)	(127,095)
	<u>\$ 1,642,311</u>	<u>\$ 1,707,277</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.

Payments on this loan stopped in March 2020 as a result of COVID-19 and no payments have been received as of the date of the financial statements.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

7. Capital assets

			<u>2020</u>	<u>2019</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
Exhibition Centre	5,185,435	3,147,917	2,037,518	1,928,306
Equipment	1,897,196	1,547,160	350,036	508,462
Vehicles	793,418	717,506	75,912	-
Conference Centre	311,535	225,569	85,966	90,490
Site improvements	5,879,815	3,672,030	2,207,785	2,242,285
Shop	204,832	143,979	60,853	64,089
Bleachers	228,418	176,988	51,430	56,901
Campground	3,645,417	1,489,656	2,155,761	2,269,222
Website development	20,648	2,994	17,654	19,616
	<u>\$ 21,385,930</u>	<u>\$ 11,123,799</u>	<u>\$ 10,262,131</u>	<u>\$ 10,398,587</u>

8. Bank indebtedness

The Society has an authorized a line of credit of \$500,000 (2019 - \$1,500,000) bearing interest at prime plus 0.25%, of which nil (2019 - \$538,230) 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.

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of nil (2019 - \$9,506).

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

10. 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:

	2020	2019
Prepaid camping fees	\$ 20,623	\$ 17,554
Event and rental deposits	8,998	7,758
	\$ 29,621	\$ 25,312

11. Deferred contributions

Deferred contributions represent unspent resources externally restricted for specific purposes. Changes in the deferred contributions balance are as follows:

	2020	2019 (Restated)
Balance, beginning of year	\$ 499,407	\$ 338,408
Less amounts recognized as revenue	(11,500)	(193,060)
Less amounts transferred to deferred capital contributions	(146,542)	(206,273)
Add amounts received in the year	21,756	560,332
	\$ 363,121	\$ 499,407

12. 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.

	2020	2019
Bank loans bearing interest at prime plus 0.25%, currently 2.70% (2019 - 4.20%), repayable in monthly payments of \$11,000 including interest, due on demand, maturing March 2021. The loan is secured by land with a net book value of 2,324,460.	\$ 1,950,047	\$ 2,003,623
Bank loans bearing interest at prime plus 0.25% currently 2.70% (2019 - 4.20%), repayable in monthly payments of \$10,200 including interest, due on demand, maturing March 2021.	1,446,557	1,523,459
	\$ 3,396,604	\$ 3,527,082

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

12. Callable debt (continued)

During the year, the Society has violated the lender's covenant with respect to actual versus projected revenues and excess of revenues over expenses. Management does not believe this will have a significant impact on the future viability of the Society.

13. 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>2020</u>	<u>2019</u> (Restated)
Balance, beginning of year	\$ 4,139,768	\$ 3,786,331
Amortized to revenue	(268,099)	(245,071)
Contributions	<u>271,542</u>	<u>598,508</u>
Balance, end of year	<u>\$ 4,143,211</u>	<u>\$ 4,139,768</u>

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, which was wound up into the Society during the year. 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, 2020 and September 30, 2019 and for the years then ended are as follows:

	<u>2020</u>	<u>2019</u>
Financial position		
Assets	\$ -	\$ 3,589,904
Liabilities	-	<u>(2,615,638)</u>
Net assets	<u>\$ -</u>	<u>\$ 974,266</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

16. Related party transactions (continued)

	<u>2020</u>	<u>2019</u>
Results of operations		
Revenue	\$ 839,832	\$ 8,502,626
Expenses	<u>(209,932)</u>	<u>(8,643,093)</u>
	<u>\$ 629,900</u>	<u>\$ (140,467)</u>
Cash (paid) received		
Cash (to) from operations	\$ (2,418,784)	\$ (187,224)
Cash used in financing activities	(1,634,068)	452,166
Cash used in investing activities	<u>1,624,821</u>	<u>(122,384)</u>
	<u>\$ (2,428,031)</u>	<u>\$ 142,558</u>

During the year the CRE received the following amounts from Panhandle Productions Limited Partnership, in which it has 100% control: Rental income of \$nil (2019 - \$303,000) and other reimbursements of \$20,630 (2019 - \$322,781). CRE made payments to Panhandle Productions Limited Partnership during the year in the amount of \$nil (2019 - \$15,860).

At the end of the year the accounts receivable balance relating to these transactions was \$nil (2019 - \$14,344) and the accounts payable balance relating to these transactions was \$nil (2019 - \$53,176).

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, 2020.

(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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2020

17. Financial instruments (continued)

(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.

18. Comparative figures

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



**Camrose
Regional
Exhibition**

4250 Exhibition Drive
Camrose, AB T4V 4Z8

Telephon (780) 672-3640
Toll Free 1-800-296-8112
Fax: (780) 672-8140
Email cre@cre.ab.ca

WWW.CRE.AB.CA