



CRE ANNUAL REPORT 2021

It Happens Here.

WWW.CRE.AB.CA

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**CELEBRATING
SUCCESS AND
MOVING
FORWARD**

CRE Board President's Message



Brent Byers
President

As we come to the end of another trip around the sun, as things are different, many things are still the same. With the ongoing Covid-19 situation, the CRE has had its share of ups and downs. The ups being that we did get the opportunity to tidy up many internal items carrying over from 2020 such as policies pertaining to the Bylaws as well streamlining our staff. Of course, the downs being not being able to utilize our innovative staff with the running of in person events.

From the Board's perspective, we believe we are in the best position we can be without the doors being open. The time taken to take a long, in depth look into the policies which affect the operation of the CRE, and cementing a definitive goals and vision for the future, I am confident will begin to pay dividends to the organization once we are able to fully open. We are ready to be in the race, we just need the starting gun to go off.

The composition of the board has also been adjusted during this year. With understanding, board member Amber Campbell reluctantly resigned due to family priority. We wish Amber and her family all the best and welcome the opportunity to work with her again. We also are saying goodbye to Kaitlyn Schneider who has made a career and life change by becoming a Peace Officer. With a young family, we know Kaitlyn is going to be busy. Last but not least, Vice President Mark Schneider is fulfilling his last term on the board. I can't express enough the effort and commitment Mark has put into his time with the CRE. He was President of the Board through a very critical and uncertain time in for the CRE, and was the major force in getting us where we are today. Thank you cannot begin to cover the amount of work, which Mark has given the CRE, but it is a start.

As always, we are ready to welcome the community, no matter the nature of said community. From the beginning, the main purpose of and agricultural society is bringing people together. We are still in that same business of bringing people together. We look forward to brighter days with many new experiences awaiting just around the corner. Let's make IT happen together.

CRE Executive Director's Message



Dianne Kohler
Executive Director

2021 was a continuation of sorts from 2020. COVID restrictions still hampered our abilities to generate stable revenue streams as many events were announced then due to changing restrictions, had to be pulled down again. While the conditions were challenging, the CRE did some fantastic work in 2021 with innovative new ideas that we are now ready to implement in the future when allowed to do so.

The CRE Board of Directors and Committees were hard at work making fundamental changes and decision to ensure the future Financial Security of the organization. It is such a blessing to work with such a dedicated group of passionate individuals all pulling for the same goals.

The last year, CRE really put into action the Vision and Mission set out from the Board in 2020. We launched our FREE-RE events which are free to anyone in the community to attend. The Rural Opportunities Podcast came to life with great conversations. When restaurants needed patio spaces to stay open, we jumped into help them make this a reality.

We did our first fully online 50/50 draw over the BVJ weekend. Our campground and rentals division saw an increase in business with new customers which we hope to transition into return customers. We were successful in receiving a programming grant allowing us to collaborate with The Bailey Theatre and take Oktoberstock from conception to "almost" reality. We hosted cattle sales, weddings, alpaca shows and dog shows! And we did all this with the smallest and most agile team CRE has ever had watching every penny.

We have proven you can do more with less and this is thanks to the amazing group of people that CRE is lucky to call employees. This team truly understands the organization's goals of Financial Security, Industry Leader, Collaboration Leader and Future Focused and live it every day with passion. They look for collaboration opportunities and are always focused on making a positive impact on the communities we serve. I am truly honored to work with these individuals, and I am deeply grateful for every single one of them. I cannot wait to see what they achieve in 2022!

The future is bright for CRE. I truly believe we have the right people in place to become the Most Innovative Agriculture Society in Alberta!



**CRE
BOARD OF
DIRECTORS**

**VISION
VALUES
FOCUS**



1



2



3



4



5



6

- 1 Brent Byers**
President
- 2 Mark Schneider**
Vice President
- 3 Sandy Scott**
Secretary
- 4 Jake Vermeer**
Treasurer
- 5 Debbie Schielke**
Director
- 6 Kaitlyn Schneider**
Director
- 7 Norris Sheppard**
Director
- 8 Blaine Heck**
Director
- 9 Cindy Trautman**
County Representative
- 10 Lana Broker**
City Representative



7



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DIRECTION OF CRE

The CRE Board of Directors were busy in 2021 working on the future strategy to ensure CRE remains relevant with its programming and operations well past 2029.

Financial Security, Industry Leading, Future Focus, and Collaboration are pillars to all decisions made by the board of directors and staff.

Succession planning was a significant discussion for the board in 2021. As we look

forward and build on the progress we have made the last few years, succession planning helps CRE to continue to move in the right direction. As we head in to 2022 Revenue Innovation planning will be a priority to allow CRE to make the shifts necessary in operations, marketing, staffing, and strategy to be ready to serve the community in the future! The generous dedication of the board 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

Jake Vermeer, Mark Schneider, Brent Byers

The Finance Committee of CRE reviews the financial statements of the Camrose Regional Exhibition 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 of the Camrose Regional Exhibition. The Finance Committee reviews and approves the annual financial statement of the organization.

In 2021, the focus of the Finance Committee was to work with the Executive Director to prioritize spending during the restart, 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, Debbie Schielke

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.

2021 was an exciting year for the membership committee with the implementation of the new Membership model with its added benefits for members. The new model has been well received and supports value in membership. Promotion of the new model involved a friendly membership challenge between directors and staff, a win for the organization and fun for the participants. Welcome to the new members from the challenge and to all members who continue to support the CRE.

Gaming Committee

Cindy Trautman, Norris Shepard

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.

As in 2020, the 2021 Big Valley Jamboree was postponed however this year the CRE launched our first online 50/50. It was held during the traditional BVJ week/weekend. The cash payouts were modest but consistent, the big success for the organization is that it was launched with very little technical issues. A big thank you to Tammy Wollman, Morris Henderson, Dianne Kohler, and the staff at Ascend.

Great news came when the AGLC notified the CRE that the annual casino dates during the BVJ week were a go! The CRE Board of Directors and volunteers worked the dates so that CRE would receive all of the charity funds.

We are happy to report that although we did not have the “big events” like BVJ and the CBC, we are happy with the successful launch of the online 50/50 and being able to add income from the casino dates! Look out BVJ 2022 , we will be ready to sell, sell, sell.

Governance Committee

Blaine Heck, Brent Byers, Sandy Scott

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.

With the intensive overhaul of the Bylaws in 2020, the main focus for the Governance Committee in 2021 was to address the final adjustments of the Bylaws to meet the specific recommendations presented to align with the Provincial Regulations. Overall, the end product is up to date and the most comprehensive set of Bylaws the CRE has had to date



**LEADERSHIP
CRE STAFF**



- 1 Dianne Kohler**
Experience Engineer
- 2. Tammy Wollman**
Experience Engineer
- 3. Megan Lethbridge**
Experience Engineer
- 4. Alex Wancho**
Experience Engineer
- 5. Jamie Finnegan**
Experience Engineer
- 6. Ken McTavish**
Experience Engineer
- 7. Brendann Query**
Experience Engineer
- 8. Barrett Coene**
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.

The CRE team remained small but mighty through Fiscal Year 2021. As we continued under restrictions for the majority of the 2021 year, it was important for us to keep the team small and efficient. We hired two casual staff to help out when extra hands are needed. All of the staff have adopted the mindset that job descriptions don't matter and are willing to do whatever needs to get done to make It Happen Here at CRE. CRE staff 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 charitable, non-profit Agricultural Society and Event Venue. The multi-purpose agriculture, entertainment, education, and leisure complex is 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, festivals, trade displays and weddings. In total there are approximately 350 activity days (in a non covid year) 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, 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. With the

pandemic still having an impact on events, the summer of 2021 saw an increase in offsite event rentals with clients renting tents, tables, and chairs for outdoor weddings and events.

The Camrose RV Park received updates this year including new branding and an online booking system! Those upgrades helped increase the number of guests in the campground compared to summer 2020. Garden plots were added for long term campers to enjoy fresh vegetables over the summer.

CRE hired Crowd Design Inc. on contract to assist in producing and managing CRE Signature Events. Crowd Design Inc. brings significant industry connections along with agriculture and community event experience. We are excited to welcome them to the team!

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 was successful in Fiscal Year 2021 with our submission to the Community Initiatives Program (CIP) from Government of Alberta granting stream which resulted in CRE being awarded \$70,750 in capital grant funds to launch Oktoberstock, CRE's newest signature event.

CRE Programming for the Future

CRE Signature Events

CRE owns and operates 5 CRE Signature Events; Canadian Bull Congress, CRE Ag Days, CRE Acreage & Garden Show, Oktoberstock and a holiday event (TBD). Following the strategic priority of Profitability set by the CRE Board of Directors, new events will not launch unless grant funding is secured. We are excited to host the 35th Annual Canadian Bull Congress in 2022.

FREE-RE Community Events

The CRE launched its FREE-RE event series in Fiscal Year 2020 which includes putting on free community events. Over the summer we continued to host Drive-In movies which were well attended and appreciated in the community. The goal for 2022 is to run many more FREE-RE events as we are allowed to do so.

Training Tomorrow's Leaders

Training Tomorrow's Leaders was a successful youth program in 2021. Thirteen youth met twice monthly at CRE to learn life skills that they don't have an opportunity to learn about at school. This leadership training included farm tours, resume writing, job interview skills, how to back up a trailer, how to buy and sell vehicles, making a budget...etc. It was amazing to see the youth grow throughout the course of the program. This program will be amended for 2022 as the pandemic continues to impact schools.

Whenever possible CRE endeavours to partner with community organizations to produce events lowering our financial risk and fulfilling our strategic goal of being a Collaboration Leader.

The team looks forward to making new event announcements in 2022 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! Driven by our volunteer Board of Directors, event advisory committees will be added to the CRE Signature Events. This will help to engage the community and let them be a part of making It Happen Here! CRE is so lucky to have a dedicated group of community members that assist in making the CRE operate. While the last two years have been slow for volunteers, CRE has been working on ways to make volunteering at events easier. In the future, volunteers will be able to sign up online for volunteer positions and times. CRE wants to make it as easy as possible to volunteer for upcoming events! Thank you volunteers for making It Happen Here at CRE!

Members

In 2020 a new membership model was implemented that increases the benefits that members receive. This new program has been successful as we have seen an increase in our membership throughout Fiscal Year 2021. A membership update goes out to the members every month so they can stay updated on CRE happenings

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.

In 2021 we donated space for Camrose Kids Sport to keep sports equipment for youth in the community. They were in need of a large storage space in order to accept this donation and CRE was delighted to share our space for this initiative. CRE also provided tents, picnic tables, and patio supplies to local restaurants at discounted prices to help keep their businesses running during restrictions in summer 2021.

CRE partnered with the Bailey Theatre, Camrose Chamber, and Camrose Arts Society for Battle River's Got Talent. A local talent event, showcasing the community's skills including everything from, dancing, singing, magic tricks...etc. This was a fun event for the community and was a great partnership opportunity as we would have used the talent on the Oktoberstock stage if that event had gone ahead.

CRE is a winter training ground for the Camrose Fire Department. In non restriction years, CRE hosts 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 an Agriculture Society, we understand the importance of food and growing food. In Fiscal Year 2021 CRE continued the garden plot program and gave out 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 hope to expand on this program in coming years as finances allow.

We not only dedicate our facilities but our expertise as well...sitting on boards and committees such as: Camrose County Agriculture Communications Committee, Food Artisans of Camrose County, Camrose Chamber of Commerce, Canadian Association of Fairs & Exhibitions, Battle River's Got Talent by the Bailey Theatre, and many others.

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. 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 everyone in our community, making it a better place for all!



FINANCIAL REPORTS

Report is not dated



Financial Statements

Camrose Regional Exhibition and Agricultural
Society

September 30, 2021

Draft - December 21, 2021, 10:17 AM

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Draft - December 21, 2021, 10:17 AM

Independent Practitioner's Review Engagement Report

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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, 2021, 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, 2021, 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.

Material uncertainty related to going concern

Without modifying our conclusion, we draw attention to Note 2 in the financial statements, which indicates that the society incurred a net loss of \$676,048 during the year ended September 30, 2021 and as at that date the Society's current liabilities exceeded its current assets by \$4,007,488. The consequences of COVID-19 outspread have materially and adversely affected the ability for the Society to operate as usual and therefore, its operating results have been negatively impacted. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the society's ability to continue as a going concern.

Camrose, Canada

Chartered Professional Accountants

Draft - December 21, 2021

Camrose Regional Exhibition and Agricultural Society Statement of Operations

Year ended September 30	2021 Budget	2021 Actual	2020 Actual
Revenues			
Grants	\$ 398,800	\$ 441,053	\$ 398,853
Government COVID programs	-	287,597	206,002
Campground	262,700	164,908	158,012
Rentals	395,000	97,520	160,852
Other	59,100	42,926	25,986
Gaming	390,000	140,183	2,810
Food services	16,500	6,137	34,628
Other event revenue	-	4,000	-
Interest	6,000	1,789	13,433
Canadian Bull Congress	74,925	-	208,187
	<u>1,603,025</u>	<u>1,186,113</u>	<u>1,208,763</u>
Expenditures			
Administration	875,025	827,456	975,987
Operations	491,700	326,817	410,725
CRE marketing	81,000	97,778	91,134
Interest on long-term debt	95,000	97,360	133,169
Business development	58,500	44,756	82,954
Board	31,950	37,015	62,890
Gaming	-	20,446	-
Event expenses	5,850	19,981	20,768
Manager	4,900	5,027	10,788
Equipment rental	21,200	2,747	29,715
Canadian Bull Congress	242,850	-	162,326
	<u>1,907,975</u>	<u>1,479,383</u>	<u>1,980,456</u>
Deficiency of revenues over expenditures before amortization and other items	(304,950)	(293,270)	(771,693)
Amortization of deferred capital contributions	-	267,806	268,099
Amortization of capital assets	-	(433,617)	(480,296)
Gain (loss) on sale of capital assets	-	1,033	(30,725)
Equity income/loss of subsidiaries	-	-	629,900
Employment settlement (Note 15)	-	(218,000)	-
Deficiency of revenues over expenditures	\$ (304,950)	\$ (676,048)	\$ (384,715)

Camrose Regional Exhibition and Agricultural Society

Statement of Changes in Net Assets

Year ended September 30

	Unrestricted Capital Assets	Invested in Capital Assets	Total 2021	Total 2020
Balance, beginning of year	\$ 427,160	\$ 4,168,441	\$ 4,595,601	\$ 4,980,316
Deficiency of revenues over expenditures	(462,243)	(213,805)	(676,048)	(384,715)
Repayment of callable debt	(132,600)	132,600	-	-
Purchase of capital assets	(51,047)	51,047	-	-
Proceeds on sale of capital assets	2,762	(2,762)	-	-
Balance, end of year	<u>\$ (215,968)</u>	<u>\$ 4,135,521</u>	<u>\$ 3,919,553</u>	<u>\$ 4,595,601</u>

See accompanying notes to the financial statements.

Camrose Regional Exhibition and Agricultural Society

Statement of Financial Position

September 30

2021

2020

Assets

Current

Cash and cash equivalents	\$ -	\$ 170,387
Accounts receivable	29,169	31,831
Inventories	6,951	13,398
Prepaid expenses	15,785	25,393
Current portion of loan receivable (Note 5)	<u>261,820</u>	<u>128,982</u>

313,725 369,991

Restricted cash	393,608	300,990
Loan receivable (Note 5)	1,509,473	1,642,311
Capital assets (Note 6)	<u>9,902,580</u>	<u>10,262,131</u>

\$ 12,119,386 **\$ 12,575,423**

Liabilities

Current

Bank indebtedness (Note 7)	\$ 255,289	\$ -
Accounts payable and accrued liabilities (Note 8)	376,983	47,265
Deferred revenues (Note 9)	24,344	29,621
Deferred contributions (Note 10)	<u>393,608</u>	<u>363,121</u>

1,050,224 440,007

Callable debt (Note 11) 3,230,989 3,396,604

Long-term debt (Note 12) 40,000 -

4,321,213 3,836,611

Deferred contributions related to capital assets (Note 13) 3,878,620 4,143,211

8,199,833 **7,979,822**

Net assets

Unrestricted	(215,968)	427,160
Invested in capital assets	<u>4,135,521</u>	<u>4,168,441</u>

3,919,553 **4,595,601**

\$ 12,119,386 **\$ 12,575,423**

Contingent liabilities (Note 15)

On behalf of the board

Director

Director

Camrose Regional Exhibition and Agricultural Society

Statement of Cash Flows

Year ended September 30

2021

2020

Increase (decrease) in cash (bank indebtedness)

Operating

Deficiency of revenues over expenditures	\$ (676,048)	\$ (384,715)
Items not affecting cash		
Amortization of capital assets	165,811	212,197
(Gain) loss on sale of capital assets	(1,033)	30,725

(511,270) (141,793)

Change in non-cash working capital items

Accounts receivable	2,662	55,978
Inventories	6,447	4,839
Prepaid expenses	9,608	(78)
Accounts payable and accrued liabilities	329,716	(129,862)
Deferred revenues	(5,277)	4,309
Deferred contributions	30,487	(136,286)

(137,627) (342,893)

Financing

Repayment of callable debt	(165,615)	(130,478)
Issuance of long-term debt	40,000	-
Repayment of capital lease obligation	-	(34,343)

(125,615) (164,821)

Investing

Restricted cash	(92,618)	15,847
Repayment of loan receivable	-	63,080
Purchase of capital assets not funded by capital contributions	(72,578)	(131,512)
Proceeds on disposal of capital assets	2,762	28,490
Net draws (to) from related parties	-	844,821
Contribution of equipment	3,215	161,337
Contributed equipment put into service	(3,215)	(36,337)

(162,434) 945,726

(Decrease) increase in cash (bank indebtedness)

(425,676) 438,012

Cash (bank indebtedness)

Beginning of year 170,387 (267,625)

End of year \$ (255,289) \$ 170,387

(Bank indebtedness) cash consists of:

Cash and cash equivalents	\$ 50,233	\$ 170,387
Bank indebtedness	(134,678)	-
Revolving loan	(170,844)	-

\$ (255,289) \$ 170,387

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

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. Going concern and COVID-19 Impact

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") which contemplates the continuation of the organization as a going concern, including the realization of assets and settlement of liabilities during the normal course of operations. However, certain conditions may cast significant doubt on the validity of this assumption.

On March 17, 2020, in response to the COVID-19 global pandemic, the Government of Alberta declared a local state of public health emergency and required a temporary shutdown of all non-essential businesses in the province. The Society was not considered an essential business and was required to close. In June 2020, restrictions were lifted by the province and the Society reopened and re-commenced its operations though on a much smaller scale in order to still meet the ongoing public health restrictions. In response to the consequences of the COVID-19 outbreak, management implemented various measures to meet its administrative expenses, maximize cash inflows, reduce expenditures and conserve cash during this period of economic uncertainty. These measures included the lay off and termination of non-essential employees, application for and the collection of government assistance programs, and cost cutting measures to remove non-essential expenditures. In September 2021 the Society implemented the Government of Alberta's Restrictions Exemption Program, which permits the Society to operate as usual by requiring proof of vaccination along with other requirements.

During the year ended September 30, 2021 the society reported a \$676,048 deficiency of revenues over expenditures. The consequences of the COVID-19 outbreak have materially and adversely affected the ability for the Society to provide its services including holding large in person events and therefore, its operating results have been negatively impacted. It is uncertain whether, and when, the Society will return to profitability and positive cash flows from operations. As at September 30, 2021 the Society's current liabilities exceeded its current assets by \$4,007,488. As further discussed in Note 11, the Society has two demand bank loans totaling \$3,230,989 due to mature in 2022. As a result, the Society has included these loans as a current liabilities.

Management's plan for addressing the above conditions include, but are not limited to, the application of government assistance programs as available, continue to reduce its non-essential expenditures, seeking new revenue sources to assist in returning to profitable operations in the long term, and securing continued bank financing. Notwithstanding, it is uncertain whether and when, the society will ultimately return to profitability and positive cash from operations. As such these financial statements do not reflect the adjustments to the carrying amounts of reported assets and liabilities, revenues and expenses and balance sheet classifications that might be necessary should the going concern assumption not be appropriate. Such adjustments could be material.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

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.

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	20%
Site improvements	5%

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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

3. Significant accounting policies (continued)

Contributed services

The Society benefits from the value of services donated by members interested in furthering its objectives. No amount is recorded since the value is not readily determinable.

Government assistance

Grants received to cover current period expenses are accounted for as revenue.

Grants received specified to cover future expenses are deferred and amortized into revenue 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.

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
- Long-term 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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

3. Significant accounting policies (continued)

Financial instruments (continued)

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
Long-term 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.

4. Restricted cash

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

5. Loan receivable

	<u>2021</u>	<u>2020</u>
Loan receivable from Mayfield Investments Ltd.	\$ 1,771,293	\$ 1,771,293
Less current portion	<u>261,820</u>	<u>128,982</u>
Due beyond one year	<u>\$ 1,509,473</u>	<u>\$ 1,642,311</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

5. Loan receivable (continued)

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, but restarted subsequent to year end. However, subsequent to year end, the Society initiated legal proceedings to recover the full value of the loan receivable. At this time, the outcome is undeterminable.

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Land	\$ 3,219,216	\$ -	\$ 3,219,216	\$ 3,219,216
Exhibition Centre	5,185,435	3,247,558	1,937,877	2,037,518
Equipment	1,909,957	1,626,898	283,059	350,036
Vehicles	782,418	723,571	58,847	75,912
Conference Centre	311,535	229,868	81,667	85,966
Site improvements	5,919,815	3,783,474	2,136,341	2,207,785
Shop	204,832	147,021	57,811	60,853
Bleachers	228,418	182,131	46,287	51,430
Campground	3,645,417	1,597,444	2,047,973	2,155,761
Website development	42,179	8,677	33,502	17,654
	<u>\$ 21,449,222</u>	<u>\$ 11,546,642</u>	<u>\$ 9,902,580</u>	<u>\$ 10,262,131</u>

7. Bank indebtedness

The Society has an authorized a line of credit of \$282,000 (2020 - \$500,000) bearing interest at prime plus 0.25%, of which \$170,844 (2020 - \$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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$3,924 (2020 - \$nil).

9. Deferred revenues

Deferred revenues represent amounts received in the current year that are related to the subsequent year. Deferred revenues consist of the following:

	<u>2021</u>	<u>2020</u>
Prepaid camping fees	\$ 18,846	\$ 20,623
Event and rental deposits	5,498	8,998
	<u>\$ 24,344</u>	<u>\$ 29,621</u>

10. Deferred contributions

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 363,121	\$ 499,407
Less amounts recognized as revenue	(490,477)	(11,500)
Less amounts transferred to deferred capital contributions	(3,215)	(146,542)
Add amounts received in the year	524,179	21,756
	<u>\$ 393,608</u>	<u>\$ 363,121</u>

11. Callable debt

	<u>2021</u>	<u>2020</u>
Bank loan bearing interest at prime plus 0.35%, repayable in monthly payments of \$11,100 including interest, due on demand, maturing June 2022. The loan is secured by land with a net book value of \$2,324,460.	\$ 1,869,982	\$ 1,950,047
Bank loan bearing interest at prime plus 0.35%, repayable in monthly payments of \$10,500 including interest, due on demand, maturing June 2022.	1,361,007	1,446,557
	<u>\$ 3,230,989</u>	<u>\$ 3,396,604</u>

The 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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

12. Long-term debt

ATB, Canada Emergency Business Account - The amount of \$40,000 represents the unforgivable balance of the \$60,000 interest-free loan received under the Government of Canada COVID response programs. 33% of the loan will be eligible for loan forgiveness, up to \$20,000, if the loan is fully repaid on or before December 31, 2022. As at the year end date, \$20,000 has been included in other income and represents the maximum forgivable portion of the loan. If the unforgiven balance of the loan is not fully repaid by December 31, 2022 the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2023. The loan is due in full December 31, 2025.

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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 4,143,211	\$ 4,139,768
Amortized to revenue	(267,806)	(268,099)
Contributions	<u>3,215</u>	<u>271,542</u>
Balance, end of year	<u>\$ 3,878,620</u>	<u>\$ 4,143,211</u>

14. Government assistance - CEWS

In April 2020, the company applied for funding from the Federal government under the Canada Emergency Wage Subsidy program ("CEWS"). Under the CEWS program, the company is entitled to receive a subsidy to 75% of an employee's wages - up to a set amount per week. The Canadian government announced various extensions of the program up until October 23, 2021. During the year-ended September 30, 2021, the company recognized payroll subsidies under CEWS totaling \$267,597 (2020 - \$195,264).

15. Contingent liabilities

The Camrose Regional Exhibition and Agricultural Society has been named as a defendant in two wrongful dismissal suits totaling \$288,000. One of the lawsuits resulted in a settlement of \$70,000 which has been accrued in the financial statements. The second lawsuit is now in appeals as the court found in favour of the plaintiff. The potential amount of that lawsuit is \$218,000 which has been accrued in the financial statements. The Society is hopeful that their appeal will be successful.

The Society maintains a letter of credit in the amount of \$218,000 in regards to the above actions.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2021

16. 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.

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, 2021.

(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 bank indebtedness and 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.

19. Subsequent events

Subsequent to year-end, the Society entered into a lease for a vehicle, which expires October 31, 2024. Under this lease, the CRE is required to pay annual lease payments of \$19,352. In exchange, the vendor will receive building facility access, in which the CRE will receive annual rental payments of \$19,352.



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