



CRE ANNUAL REPORT 2022

It Happens Here.

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THE CRE
STORY

▶
THE CRE
STORY

Change is inevitable. Regardless of our tolerance of change, it keeps coming. Camrose Regional Exhibition & Agricultural Society is no different.

What started as an Agricultural Society in September of 1908, Camrose Regional Exhibition & Agricultural Society changed as required by the communities it serves through the decades including building fairgrounds and buildings in the centre of Camrose that now occupies the Camrose Recreation Centre complex. To being moved to a new location on the east side of Camrose with larger infrastructure to host the largest events in East Central Alberta including Big Valley Jamboree and Canadian Bull congress. Offering Agriculture and other forms of training, hosting community celebrations and creating and operating a campground in the city to boost Tourism impact just became part of the CRE's mandate as time evolved. What the communities required, CRE answered the call.

As the organization grew to accommodate requests and offer services required, something happened. The roots and the DNA of the Society were lost. It became all about the Exhibition side and less about the Agricultural Society side. The focus became keeping the events and the venue going over decades often at a financial loss to the Society. The impact of decisions being made that served the venue and events instead of the Society's mandate took priority often increasing the financial risk.

The CRE Board has always attracted some great visionaries and analysts that understand the importance of Community.

“The work of the past four years has really been about auditing and analyzing every piece of the operation to enable the CRE Board to make the best decisions about the future.”

They remain committed to the strategic planning process and established 4 new goals that would drive the future of the Agricultural Society. Those goals included Financial Security, Industry Leader, Collaboration Leader and Future focused.

When it became time to put a new plan into action, COVID shut down the CRE for two years. During those two years as is common in times of great stress, the desire to return to normalcy was the driving factor. As the Society committed to keeping a core staff employed thanks to the CEWS granting system and paying every loan payment and invoice on time, a few events took place.

CRE was audited by the Charities Directorate of the Canada Revenue Agency (CRA). Thanks to decisions already made to divest itself of BVJ and close down Panhandle Productions (PPLP), the organization received a warning rather than being shut down. The CRA did put restrictions in place that greatly hampered the revenue opportunities of the future. One of the CRA requirements was that CRE divest itself of the campground within the next five years.

Mayfield Investments Ltd. also decided to stop making payments on their 2015 Settlement Agreement which greatly financially impacted the organization due to no income streams during COVID. Instead of restarting payments to CRE upon opening, Mayfield decided to use litigation. To date no further payments of the debt have been received.

The shutdown from the COVID Pandemic of 2020 and 2021 and loss of revenues weakened the CRE position with its financial institution. Unfortunately, that resulted in cash flow restrictions and higher interest rates which reduced the operating funds needed to restart the organization.

It could no longer be ignored, and the Board took on the excruciating work of examining the CRE's position, keeping in mind their four goals, and what the future would look like. The most challenging decision to make in a lifetime is to stop doing what you know intrinsically no longer works. Whether that reason is financial, operational, or strategic based, makes no difference how hard it is to stop doing it and admit it is not working. Every producer working in agriculture understands this process and the challenges that come it. Starting immediately the Camrose Regional Exhibition & Agricultural Society will begin the work of charting a new path through restructuring the organization.

Step 1

Sell off Campground to fulfill details laid out in the CRA Charities Directorate Education Letter

Step 2

Sell land that does not provide revenue streams to CRE. BVJ will purchase half of the land used as the BVJ Campground and the other half will remain property of CRE.

Step 3

Begin Foreclosure legal proceedings on Mayfield Investments Inc. to recoup financial investment.

Step 4

Review all facilities for occupancy levels and determine where limited capital fund repairs will be focused on. Determine if any facility needs to be de-commissioned or repurposed for prospect of higher revenue generation.

Step 5

Scale back FREE-RE events to 4/year to conserve cash flow and labour requirements.

Step 6

Increase BINGOs to 4/year. (2 Ham & Turkey/1 Cash and potentially one at BVJ)

Step 7

Review existing programming goals and analyze for future revenue potential. Determine which activities to continue with operational changes and which to end.

Step 8

Review feasibility study on Agriculture Education conducted in October/November to develop training/education features currently missing in the marketplace that align with renewed focus.

Step 9

Review current rental pricing for venue and décor items and institute 20% minimum increase across the board on all items.

Step 10

Develop Agricultural Client Price List for rentals.

Step 11

Review Staffing/Contractor models to ensure a lean, productive organization that maximizes financial costs.

Step 12

Develop “move forward” vision to ensure Agricultural Society, financial stability and collaboration focus and update all operational plans and marketing.

Camrose Agricultural Society is committed to developing a new future that remains focused on the 4 goals of the organization: Financial Security, Industry Leader, Collaboration Leader and Future Focused. The time will be taken to ensure a smooth transition out of the previous business model into a new one that is being developed and will include a focus on assisting the development, collaboration, and entrepreneurial spirit of Agriculture. It will focus on assisting the development of a rural way of life that is enjoyed by so many. We are excited to share that vision in the future.





**CELEBRATING
SUCCESS AND
MOVING
FORWARD**

CRE Board President's Message



Brent Byers
President

I believe in the importance of an Agricultural Society in relation to community and how it being a hub to support the community. This got me thinking on the building blocks of Community, in this case, the Three C's of building Community. Conversation. Collaboration. Commitment.

With the concept of any idea, the first step is to include that idea in a conversation with interested and effective people. Without this initial step, or Conversation, the idea remains close to dormant without the sharing of interest and knowledge. There are many who will agree with this, and there are many whose involvement will end with conversation. Conversation is only the first step, the beginning.

The next phase in this process falls into the Collaboration category. In my mind, Collaboration goes beyond just cooperation. To me, Collaboration instills the want and the means to effectively see the idea to fruition. Words don't make ideas happen, it is the follow up action which brings about the necessary effect which makes these ideas come to light, a reality.

This brings us to the true core of this concept. Commitment. Commitment again goes beyond the aspects of consistency and execution of an idea. This encompasses the sheer willingness to see success no matter the task at hand or the hurdles which may be encountered along the way. Commitment is the engine which drives the idea to success.

With this template, any and all who participate in this collective to achieve a common goal, in my mind, have created a Community. Not all Communities are big, not all are far reaching, but one thing they all are is, just like people, diverse and unique. And just like people and their own social circles, these Communities cross over and ripple out from their origins to impact many other communities and people, alike.

So, moving forward, let us take it upon ourselves to build Community, in whatever form it may take, and ask each other, "How can I help you make this happen?" Divisiveness and selfish agendas should take a much deserved back seat and make way to the Three C's for building Community.

“ Let's make IT Happen Here.

CRE Executive Director's Message



Dianne Kohler
Executive Director

Greetings to all CRE Members!

2022 was another roller coaster year at Camrose Regional Exhibition & Agricultural Society. The lessons learned during the COVID shut down of close to 27 months will have lasting effect on this organization for years to come. We learned how to do more with less, focused on our future financial security and analyzed the organization from top to bottom. We truly opened our minds to innovation as we realized it was crucial to create stability for future generations.

The CRE Story really tells the story of the work of the past four years that the CRE team participated in. Analysis and auditing is a long process with many twists and turns but I am confident that work discovered some excellent data and insights to develop a path forward that hits on all four of our organizational goals. My commitment is to continue this work daily. It is not enough to do once; it is now part of the staff's DNA.

This strategic work is never easy or fun, but I would personally like to thank the entire CRE Board of Directors for digging in, asking the hard questions and really tackling the issues. Their support of the organization, myself and the staff is always greatly appreciated!

I would also like to take this opportunity to thank the amazing team of CRE Staff Members. They truly are the best in the business, and I am so thankful for their hard work, creative thinking, and passion for all things CRE.

The only thing constant is change and thankfully we have a team involved with CRE that embraces the change and works to put forward the most innovative solutions required to deal with change. We are excited to get to work in 2023 ensuring the future success of this great organization for decades to come.



**CRE
BOARD OF
DIRECTORS**

**VISION
VALUES
FOCUS**



- 1 Brent Byers**
President
- 2. Debbie Schielke**
Vice President
- 3. Blaine Heck**
Secretary
- 4. Jake Vermeer**
Treasurer
- 5. Ashley Ness**
Director
- 6. Neil Larson**
Director
- 7. Norris Sheppard**
Director
- 8. Cindy Trautman**
County Representative
- 9. Lana Broker**
City Representative



DIRECTION OF CRE

The CRE Board of Directors were busy in 2022 with a return to regular business after the pandemic shutdown of 2020 and 2021. Future financial sustainability for the organization was a priority in 2022.

The board started fiscal year 2022 with a revenue innovation session to make the necessary shifts 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, Brent Byers, Blaine Heck

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

In 2022, 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

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.

2022 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, Ashley Ness

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.

After two years of shutdown 2022 brought the return of events to the CRE! After the initial roll out of the online 50/50 during 2021 with no technical issues, the decision was made to continue with selling online during the 2022 BVJ event with volunteers and booths set up to assist patrons with the enrollment in the online platform and selling of the Nevada tickets. The committee will continue to work on improving the sales of the 50/50's and are investigating a hybrid of online and handheld point of sales, with goals of restoring the sales to previous heights.

The AGLC continued to award the CRE the casino dates during the BVJ week and with the help of a volunteer group we were able to retain the charity funds from the AGLC that is the foundation of the annual gaming funding.

A big thank you to Tammy Wollman, Morris Henderson, Dianne Kohler, board members, our volunteers, and the staff at Ascend. We look forward to the 2023 events, we have big plans, so be prepared to roll up your sleeves alongside of your gaming committee members!

“ Look out BVJ 2023, we will be ready to sell, sell, sell.

Governance Committee

Blaine Heck, Brent Byers

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
Executive Director

2. Tammy Wollman
Finance Manager

3. Shawna Horrell
Client Coordinator

4. Megan Lethbridge
Agriculture Liaison

5. Jamie Finnegan
Operations

6. Ken McTavish
Operations

7. Alex Wancho
BVJ Ticketing

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 remains a lean team as we returned to regular business. Making use of contractors and casual staff, we are an efficient and adaptable team. 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 Agriculture 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.

The Camrose RV Park was busy again this summer after two slower years during the pandemic! It was great to welcome new and seasoned travellers back to the Camrose RV Park. We had stellar summer staff in the campground this year that we got assistance to employ through the Canada Summer Jobs grant. We had several sell out weekends in the campground!

Crowd Design Inc. continued to work with us in 2022 as we executed and launched events including Canadian Bull Congress, CRE Acreage & Garden Show, BVJ Tradeshow, and Oktoberstock. Tegan's event experience and connections are a huge benefit to our events here at CRE.

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

CRE Programming for the Future

CRE Signature Events

CRE owns and operates 5 CRE Signature Events: Canadian Bull Congress, CRE Ag Days, CRE Acreage & Garden Show, and 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 36th Annual Canadian Bull Congress in 2023

Canadian Bull Congress (CBC)

This event is CRE's longest running event, 2022 featured the 35th Annual Canadian Bull Congress at CRE! CBC is a great showcase of Canadian Cattlemen of all ages! This great community event brings the cattle industry together for two days of cattle shows, networking, education and relationship building.

CRE Ag Days

Over the pandemic the traditional school agriculture education program that was run in conjunction with Canadian Bull Congress was identified as a program that could be expanded or improved upon in the future. CRE wanted to make sure that the program fit the needs of the parents, educators, and youth in the area. CRE received funds from Canadian Agricultural Partnership to conduct a feasibility study and survey on what the community's needs were surrounding agriculture education.

CRE Acreage & Garden Show

The first ever CRE Acreage & Garden Show launched in 2022. The first year of the show was small as expected but vendors are already reaching out for the next one. The speaker stage was popular with people being able to learn all kinds of things regarding acreage living and gardening. We partnered with Camrose County for the learning stage and a couple of tree workshops which were hugely popular.

Oktoberstock

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. We were able to use these funds to finally launch Oktoberstock in September 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.

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 committee CRE is so lucky to have a dedicated group of community members that assist in making the CRE operate. CRE has been utilizing an online Volunteer sign up system which makes it easy on our end and easy for Volunteers to sign up for available shifts. We appreciate all of the Volunteers that have worked CRE events this year!

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 2022. Membership updates are emailed out so members can stay informed on the happenings at CRE!

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.

Camrose Kids Sport continues to keep sports equipment for youth in the community at the CRE. They needed a large storage space in order to accept the donation and CRE was delighted to share our space for this initiative.

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.

CRE has donated Barn B for the Boys and Girls Club Camrose to run their annual haunted house! All proceeds from the haunted house go back to the Boys and Girls Club. They are delighted to have a larger space to make their haunt bigger and better!

As an Agricultural Society, we understand the importance of food and growing food. In Fiscal Year 2022 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 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 and others.

Whenever possible CRE endeavours to partner with community organizations to produce events lowering our financial risk and fulfilling our strategic goal of Community Partnership. The team looks forward to making new event announcements in 2022 as we continue our goal to reach 50% internally produced events and 50% externally produced events in the coming future.

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, 2022

Draft - December 20, 2022, 7:16 PM

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Draft - December 20, 2022, 7:16 AM

Independent Practitioner's Review Engagement Report

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, 2022, 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, 2022, 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 \$2,681,070 during the year ended September 30, 2022 and as at that date the Society's current liabilities exceeded its current assets by \$3,807,580. 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 20, 2022, PWSA

Camrose Regional Exhibition and Agricultural Society Statement of Operations

Year ended September 30	2022 Actual	2022 Budget (Not Reviewed)	2021 Actual
Revenues			
Grants	\$ 500,396	\$ 398,800	\$ 441,053
Rentals	320,389	365,048	97,520
Campground	206,072	212,700	164,908
Gaming	180,897	401,000	140,183
Canadian Bull Congress	149,161	264,850	-
Other	47,433	175,000	42,926
Food services	18,728	52,925	6,137
Interest	6,726	1,500	1,789
Other event revenue	-	-	4,000
	<u>1,429,802</u>	<u>1,871,823</u>	<u>898,516</u>
Expenditures			
Administration	783,757	736,187	827,456
Operations	525,849	476,230	326,817
Canadian Bull Congress	138,767	405,050	-
Interest on long-term debt	136,308	100,000	97,360
CRE marketing	86,686	91,200	97,778
Business development	70,761	-	44,756
Board	44,792	141,250	37,015
Gaming	37,038	-	20,446
Equipment rental	15,849	28,050	2,747
Manager	10,266	4,757	5,027
Event expenses	9,157	34,000	19,981
	<u>1,859,230</u>	<u>2,016,724</u>	<u>1,479,383</u>
Deficiency of revenues over expenditures before amortization and other items	(429,428)	(144,901)	(580,867)
Other items			
Amortization of capital assets	(424,065)	-	(433,617)
Amortization of deferred capital contributions	267,135	-	267,806
Gain on sale of capital assets	213,251	-	1,033
Employment settlement provision (Note 5)	34,118	-	(218,000)
Government COVID Programs	82,456	-	287,597
Allowance provision of loan receivable (Note 7)	(50,059)	-	-
Impairment loss of capital assets (Note 8)	(2,376,188)	-	-
Deficiency of revenues over expenditures	<u>\$ (2,682,780)</u>	<u>\$ (144,901)</u>	<u>\$ (676,048)</u>

Camrose Regional Exhibition and Agricultural Society Statement of Changes in Net Assets

Year ended September 30

	Unrestricted	Invested in Capital Assets	Total 2022	Total 2021
Balance, beginning of year	\$ (233,991)	\$ 4,153,544	\$ 3,919,553	\$ 4,595,601
Deficiency of revenues over expenditures	(371,138)	(2,311,642)	(2,682,780)	(676,048)
Repayment of callable debt	(12,011)	12,011	-	-
Purchase of capital assets	(186,843)	186,843	-	-
Proceeds on sale of capital assets	290,447	(290,447)	-	-
Balance, end of year	<u>\$ (513,536)</u>	<u>\$ 1,750,309</u>	<u>\$ 1,236,773</u>	<u>\$ 3,919,553</u>

Draft - December 20, 2022, 7:16 AM

Camrose Regional Exhibition and Agricultural Society

Statement of Financial Position

September 30

2022

2021

Assets

Current

Cash and cash equivalents	\$ 72,628	\$ 85,113
Accounts receivable	191,479	29,169
Inventories	6,292	6,951
Prepaid expenses	26,786	15,785
Current portion of loan receivable (Note 7)	<u>447,328</u>	<u>261,820</u>
	744,513	398,838
Restricted cash (Note 6)	24,481	393,608
Loan receivable (Note 7)	1,252,672	1,509,473
Capital assets (Note 8)	<u>7,222,519</u>	<u>9,902,580</u>
	\$ 9,463,185	\$ 12,204,499

Liabilities

Current

Revolving loan facility (Note 9)	\$ 826,931	\$ 340,402
Accounts payable and accrued liabilities (Note 10)	238,995	376,983
Deferred revenues (Note 11)	6,150	24,344
Deferred contributions (Note 12)	300,355	393,608
Callable debt (Note 13)	3,200,496	3,230,989
Loan payable (Note 14)	<u>40,000</u>	<u>40,000</u>
	4,612,927	4,406,326
Deferred contributions related to capital assets (Note 15)	<u>3,613,485</u>	<u>3,878,620</u>
	8,226,412	8,284,946

Net assets

Unrestricted	(513,536)	(233,991)
Invested in capital assets	<u>1,750,309</u>	<u>4,153,544</u>
	1,236,773	3,919,553
	\$ 9,463,185	\$ 12,204,499

Going concern (Note 2)

Subsequent events (Note 17)

On behalf of the board

Director

Director

Camrose Regional Exhibition and Agricultural Society

Statement of Cash Flows

Year ended September 30

2022

2021

Increase (decrease) in cash

Operating

Deficiency of revenues over expenditures	\$ (2,682,780)	\$ (676,048)
Items not affecting cash		
Amortization of capital assets	424,365	433,617
Amortization of deferred capital contributions	(267,435)	(267,806)
Gain on sale of capital assets	(213,251)	(1,033)
Allowance provision of loan receivable	50,059	-
Impairment loss of capital assets	2,376,188	-
Forgivable portion of loan payable	-	(20,000)
	(312,854)	(531,270)
Change in non-cash working capital items		
Accounts receivable	(162,310)	2,662
Inventories	659	6,447
Prepaid expenses	(11,001)	9,608
Accounts payable and accrued liabilities	(137,988)	329,716
Deferred revenues	(18,194)	(5,277)
Deferred contributions	(93,253)	30,487
	(734,941)	(157,627)

Financing

Revolving loan facility	486,529	328,103
Repayment of callable debt	(30,493)	(165,615)
Proceeds of loan payable	-	60,000
	456,036	222,488

Investing

Restricted cash	150,127	(92,618)
Repayment of loan receivable	21,234	-
Purchase of capital assets not funded by capital contributions	(186,843)	(72,578)
Proceeds on disposal of capital assets	281,902	2,762
	266,420	(162,434)

Decrease in cash (12,485) (97,573)

Cash

Beginning of year	85,113	182,686
End of year	\$ 72,628	\$ 85,113

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

1. Nature of operations

Camrose Regional Exhibition and Agricultural Society (CRE, the "Society") 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

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.

During the year ended September 30, 2022, the Society reported a \$2,681,070 deficiency of revenues over expenditures. It is uncertain whether, and when, the Society will return to profitability and positive cash flows from operations. As at September 30, 2022, the Society's current liabilities exceeded its current assets by \$3,847,580. As further discussed in Notes 12 and 13, the Society has two non-revolving loans and a loan payable totaling \$3,240,496. As a result, the Society has included these loans as 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.

3. Change in accounting policy

The Society has adopted the amendments to *CPA Handbook* Section 3856, Financial Instruments. The amendments have been adopted effective October 1, 2020, the beginning of the earliest comparative period in these financial statements (the "transition date"). The amendments provide guidance on the accounting for financial instruments arising from transactions between both arm's-length and related parties, and require disclosure of enterprise-specific information related to significant risks arising from financial instruments.

The Society has applied the amendments retrospectively, in accordance with the transition provisions. The amendments provide transition relief for instruments without repayment terms to be measured at their pre-adoption carrying amount less impairment at the transition date. Transition relief is also provided for instruments extinguished or derecognized prior to the transition date, such that only instruments existing on the transition date need to be assessed.

The adoption of the amendments had no impact on the Society's financial statements other than the enterprise-specific risk disclosures related to significant risks arising from the Society's financial instruments (see Note 18).

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

4. 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:

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, allowance provision of loan receivable, obsolete inventory provision, amortization and useful lives of capital assets, impairment, and employment settlement provisions.

Revenue recognition

The Society 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.

Government assistance

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

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 deferred and amortized into revenue over the life of the related asset.

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.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

4. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

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

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.

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 restricted cash
- Accounts receivable
- Loan receivable
- Revolving loan facility
- Accounts payable and accrued liabilities
- Callable debt
- Loan payable

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

4. Significant accounting policies (continued)

Financial instruments (continued)

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:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash and restricted cash	Fair value
Accounts receivable	Amortized cost
Loan receivable	Amortized cost
Revolving loan facility	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Callable debt	Amortized cost
Loan payable	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.

5. Employment settlement

The Camrose Regional Exhibition and Agricultural Society had been named as a defendant in a wrongful dismissal suit. In the prior year, an employment settlement provision of \$218,000 had been recorded. As at November 28, 2022, the lawsuit outcome has been finalized resulting in the employment settlement amount of \$158,822 to be paid by the Society to the Plaintiff. A reversal of settlement liability of \$34,118 has been recognized in other items in the statement of operations as at September 30, 2022.

6. Restricted cash

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

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

7. Loan receivable	<u>2022</u>	<u>2021</u>
Loan receivable from Mayfield Investments Ltd.	\$ 1,750,059	\$ 1,771,293
Allowance provision	<u>(50,059)</u>	<u>-</u>
	1,700,000	1,771,293
Less current portion	<u>447,328</u>	<u>261,820</u>
Due beyond one year	<u>\$ 1,252,672</u>	<u>\$ 1,509,473</u>

A dispute arose regarding the indebtedness owed by Mayfield Investments Ltd. and the parties agreed to settle the dispute by way of a Settlement Agreement on July 8, 2015. As part of the settlement, the Society 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 required to pay the Society \$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. Mayfield mortgaged to the Society a 25 acre parcel of land with estimated value of \$1,000,000 as security for the repayment of the amounts owing under the settlement agreement.

Commencing March 2020, Mayfield failed to make loan repayments and has defaulted in the obligations to the Society. In January 2022, the Society has demanded payment of the indebtedness from Mayfield and has foreclosed on the secured lands described above by way of Notice of Intention to Enforce Security pursuant to section 244 of the Bankruptcy and Insolvency Act.

As at September 30, 2022, the estimated recoverable amount of the loan is anticipated to be \$1,700,000 and an allowance provision of \$50,059 has been recognized in the statement of operations.

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

8. Capital assets

			<u>2022</u>	<u>2021</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	3,345,619	1,839,816	1,937,877
Campground	2,543,344	1,700,183	843,161	2,047,973
Equipment	1,616,158	1,410,460	205,698	283,059
Vehicles	738,875	581,221	157,654	58,847
Site improvements	4,645,700	3,891,862	753,838	2,136,341
Conference Centre	311,535	233,951	77,584	81,667
Shop	204,832	149,912	54,920	57,811
Bleachers	228,418	187,938	40,480	46,287
Website development	42,179	12,027	30,152	33,502
	<u>\$ 18,735,692</u>	<u>\$ 11,513,173</u>	<u>\$ 7,222,519</u>	<u>\$ 9,902,580</u>

As at September 30, 2022, the net book value of the campground land, site improvements and equipment is \$4,876,188 and has a fair value of \$2,500,000. As the carrying amount exceeds the fair value, an impairment loss of \$2,376,188 has been recognized in the statement of operations.

Refer to Note 17 for subsequent events.

9. Revolving loan facility

The Society has an authorized a line of credit of \$632,000 (2021 - \$282,000) bearing interest at prime plus 0.32%, of which \$510,656 (2021 - \$170,844) was used at year end. In addition to the facility above, the Company also has two non-revolving loans (Note 12), an irrevocable standby letter of credit in the amount of \$218,000, and a Mastercard of \$50,000 under its loan agreement.

The facilities above are secured by a general security agreement over all present and after acquired personal property, a caveat forbidding registration from the City of Camrose supported by mortgage of lease of \$5,200,000 over specified lands, mortgage on land owned by the Society 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, 2022

10. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$796 (2021 - \$3,924) and employment settlement provision of \$180,877 (2021 - \$218,000).

11. 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>2022</u>	<u>2021</u>
Prepaid camping fees	\$ -	\$ 18,846
Event and rental deposits	<u>6,150</u>	<u>5,498</u>
	<u>\$ 6,150</u>	<u>\$ 24,344</u>

12. Deferred contributions

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 393,608	\$ 363,121
Less amounts recognized as revenue	(781,829)	(490,477)
Less amounts transferred to deferred capital contributions	(2,000)	(3,215)
Add amounts received in the year	<u>690,576</u>	<u>524,179</u>
	<u>\$ 300,355</u>	<u>\$ 393,608</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

13. Callable debt

	<u>2022</u>	<u>2021</u>
Non-revolving loan bearing interest at prime plus 0.35% per annum, repayable in monthly payments of \$11,100 including interest, due on demand.	\$ 1,857,971	\$ 1,869,982
Non-revolving loan bearing interest at prime plus 0.35% per annum, repayable in monthly payments of \$10,500 including interest, due on demand.	<u>1,342,525</u>	<u>1,361,007</u>
	<u>\$ 3,200,496</u>	<u>\$ 3,230,989</u>

The non-revolving loans above matured on June 30, 2022 and the Society is in the process of negotiating loan terms and renewal.

Refer to Note 8 for security details.

14. Loan payable

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, 2023. 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, 2023 the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

15. Deferred contributions related to capital assets

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

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 3,878,620	\$ 4,143,211
Amortized to revenue	(267,135)	(267,806)
Contributions	<u>2,000</u>	<u>3,215</u>
Balance, end of year	<u>\$ 3,613,485</u>	<u>\$ 3,878,620</u>

Camrose Regional Exhibition and Agricultural Society

Notes to the Financial Statements

September 30, 2022

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.

The Society entered a leasing agreement with Lamb Ford Sales Ltd. on November 1, 2021 that expires October 31, 2024. The payment schedule is as following:

2023	\$	19,352
2024		<u>19,352</u>
	\$	<u>38,704</u>

17. Subsequent events

Capital assets

Subsequent to the reporting period, the Society has initiated a process to entertain purchase offers for a parcel of land and its campground site improvements and equipment.

18. 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, 2022.

(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. The carrying amount of loan receivable exceeds the recoverable amount and an allowance provision has been provided for.

(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 bank indebtedness, accounts payable and accrued liabilities, callable debt and loan payable. The Society actively monitors its financial obligations and cash and cash equivalents to ensure it has sufficient available funds to meet current and foreseeable future financial requirements.

(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.

Camrose Regional Exhibition and Agricultural Society
Notes to the Financial Statements
September 30, 2022

18. Financial instruments (continued)

(c) Market risk (continued)

(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 fixed and floating interest rate financial instruments. Given the current composition of debt, fixed-rate instruments subject the Society to a fair value risk, while the floating-rate instruments subject it to a cash flow risk.

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