



# Shareholder Memorandum

**Date:** February 2, 2021  
**From:** Mike Olesen, CEO  
**Subject:** Q3, Year to Date, Financial Statements and Report  
**Document #:** 2021-003

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Attached to this memorandum are the Year-to-Date Financial statements for Westerner Park. This includes the financial performance through the third quarter of FY21 (Month ending December 31, 2020)

Gathering restrictions due to COVID-19 continue to impact our earning potential, although there has been a modest level of event revenue earned in the past quarter. The operating grant as provided by the City of Red Deer, in addition to the relief created by the Canadian Emergency Wage Subsidy program, have been a great support to Westerner Park thus far.

- **Referring to the Statement of Operations**

- The budget column on the right-hand side is what management anticipated for activity through to the end of December. Of note, this assumed that neither Westerner Days nor the CFR were going to operate because of COVID restrictions.
- Overall, the budgeted EBITDA through October was to be (\$1,672,770). However, because of a higher than anticipated level of support through grants, in addition to further cost reduction measures, this loss has been reduced to (\$224,299). This is a slight improvement from Q2.

- **Highlights of Revenues**

- Modest revenues realized from rentals and events including the World Junior Hockey training camp.
- The Canadian Emergency Wage Subsidy has supported our administration by approximately \$662K through December 31<sup>st</sup>.
- Just over \$1.5M of the \$2M operating grant approved by City of Red Deer Council in July has been utilized to date. The full grant is anticipated to be needed through year-end as anticipated in July presentation.

- **Highlights of Expense:**

- Event expenses are as expected and in correlation to the revenues earned on events.
- Salaries & Benefits: We are better than budget even with the addition of severance settlements required for the numerous staff terminations we have completed this year.
- Have been able to complete a number of smaller efficiency projects, including the upgrade of accounting systems which will reduce administrative costs in the future.
- Generally, all other expenses are materially within anticipated ranges to date.

Should you have any questions or concerns about these statements please do not hesitate to reach out to us to discuss further.

Regards,

Mike Olesen  
Chief Executive Officer

**THE WESTERN EXPOSITION ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 (UNAUDITED)**

	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>Explanations of changes</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 312,881	\$ 655,277	
Restricted Cash - Centrium capital upgrade	456,983	-	Approx \$60K Centrium upgrade expenditures to come
Government remittances receivable	40,271	1,133	Centrium capital GST 5%
Accounts receivable	69,054	508,006	Saputo \$14K rebate, AB Justice \$10K, Hockey Can \$7K, Labatt \$27K
Inventories	52,902	77,288	Decrease due mainly to writeoffs as product expires
Prepaid expenses and deposits	47,039	3,569	2 months insurance prepaid
<b>Total Current Assets</b>	<u>\$ 979,130</u>	<u>\$ 1,245,273</u>	
<b>MAJOR MAINTENANCE FUND</b>	55,433	55,296	
<b>INTERESTS IN JOINT ARRANGEMENTS &amp; INVESTMENTS</b>	80,000	425,958	Agritrade \$20K, With This Ring \$60K
<b>CAPITAL ASSETS</b>	<u>52,015,929</u>	<u>51,447,247</u>	Centrium upgrades \$2.5MM (so far) less amortization
<b>TOTAL ASSETS</b>	<u>\$ 53,130,492</u>	<u>\$ 53,173,774</u>	
<b>CURRENT LIABILITIES</b>			
Credit Facility	\$ 666,092	\$ 349,199	Line of credit balance per CIBC bank statement
Accounts payable and accrued liabilities	409,409	1,507,574	\$150K vac accrual, \$117K settlements, utility \$60K
Government remittances payable	-	37,321	
Deferred revenue	183,644	332,274	\$113K AR credits (event deposits), World Junior comm on tix \$47K, sponsorship \$20K
Current portion of long term debt	614,842	614,842	No change - interest only
Demand portion of long term debt	17,382,823	17,382,823	No change - interest only
Current portion of capital lease obligation	4,262	5,682	
<b>Total Current Liabilities</b>	<u>\$ 19,261,072</u>	<u>\$ 20,229,715</u>	
<b>FV OF INTEREST RATE SWAP CONTRACTS</b>	1,166,539	1,166,539	To update at year end
<b>CAPITAL CONTRIBUTIONS</b>	<u>18,448,961</u>	<u>16,419,161</u>	Centrium upgrade funds from City \$3MM less grant amortization
<b>TOTAL LIABILITIES</b>	<u>\$ 38,876,572</u>	<u>\$ 37,815,415</u>	
<b>SHARE CAPITAL</b>	\$ 6,730	\$ 6,670	
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	15,563,613	17,024,731	
<b>UNRESTRICTED NET ASSETS</b>	(1,602,938)	(1,959,557)	
<b>INTERNALLY RESTRICTED RESERVE</b>	286,515	286,515	
<b>TOTAL NET ASSETS</b>	<u>\$ 14,253,920</u>	<u>\$ 15,358,359</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 53,130,492</u>	<u>\$ 53,173,774</u>	

**THE WESTERN EXPOSITION ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS FOR PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Net Investment in Capital Assets	Unrestricted Net Assets	Major Maintenance Fund	Total December 31, 2020	Total March 31, 2020
Balance, beginning of year	\$ 17,024,731	\$ (1,959,557)	\$ 286,515	\$ 15,351,689	\$ 18,817,637
Excess (deficiency) of revenues over expenses	-	(1,104,499)	-	(1,104,499)	(3,465,948)
Amortization of capital assets	(1,850,400)	1,850,400	-	-	-
Purchase of capital assets	2,419,082	(2,419,082)	-	-	-
Proceeds on disposal of capital assets	-	-	-	-	-
Gain on disposal of capital assets	-	-	-	-	-
Capital contributions received	(3,000,000)	3,000,000	-	-	-
Amortization of capital contributions	970,200	(970,200)	-	-	-
Proceeds of long term debt	-	-	-	-	-
Repayment of long term debt	-	-	-	-	-
Repayment of capital lease obligation	-	-	-	-	-
Transfer from Major Maintenance Reserve	-	-	-	-	-
Balance, end of period	<u>\$ 15,563,613</u>	<u>\$ (1,602,938)</u>	<u>\$ 286,515</u>	<u>\$ 14,247,190</u>	<u>\$ 15,351,689</u>

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**THE WESTERNER EXPOSITION ASSOCIATION**  
STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2020

	Dec 31, 2020	Dec 31, 2020	
	Actual	COVID-Adjusted	
	9 MONTHS	9 MONTHS	
<b>REVENUE</b>			<b>Explanations</b>
Grants	\$ 2,739,825	\$ 943,158	\$398K Ag, \$662K Wage Subsidy, \$1,550K City of RD, Relaunch grant \$20K, Foundation \$45K
Rental	368,704	1,869,403	\$111K Rebels suites prior yr, \$57K comm hockey, \$49K tradeshows, \$103K Ag, outdoor \$25K
Sponsorship Cash & Gift-in-Kind	81,825	1,156,042	Dairy Showcase \$41K cash
Gate Admission/Ticket/Parking	20,499	2,544,627	Dairy Showcase \$20K
Food & Beverage	21,127	1,751,821	CFR and Westerner Days cancelled due to Covid19
Commissions	65,949	305,016	Campground \$45K, F&B rebates \$12K
Joint Venture	-	348,000	CFR cancelled due to Covid19
Other revenue	73,872	158,058	Advert \$15K, ATB Visa points \$10K, Prior year control acct adj's \$40K, GST \$6K
<b>Total Revenue</b>	<b>\$ 3,371,801</b>	<b>\$ 9,076,125</b>	
<b>EVENT EXPENSES</b>			
Event Wages	\$ 1,622	\$ 645,176	Salaried-staff used for most events plus wage recoveries billed to clients
Food & Beverage	6,560	601,766	Limited F&B event activity
Contracted Services	44,854	1,290,722	DairySC \$16K, Tradeshows \$8K, Ag \$8K, CMMOTA conference\$5K
Marketing	19,466	189,124	Cowboy Kicks \$10K, DSC \$6.6K
Sponsorship GIK offset	1,200	717,201	
AG Supplies	14,100	103,292	Installation of sand in Ag centre
Volunteers	99	108,660	
Entertainment Promotor Fees	-	141,500	
Contract Settlements	-	1,895,660	
Other event expenses	9,284	750,176	
<b>Total Event Expenses</b>	<b>\$ 97,185</b>	<b>\$ 6,443,277</b>	
<b>NON-EVENT EXPENSES</b>			
Salaries & Benefits	\$ 1,804,115	\$ 2,345,890	Includes severance (\$352.5K) not budgeted.
Interest Expense	464,815	495,000	
Utilities	454,107	462,413	
Insurance	200,354	179,397	Insurance premiums higher than anticipated at time of budget.
IT Services & Software	124,649	115,101	Armanino SAGE set up fee \$18K, SAGE \$11K.
Supplies & Services	29,656	92,985	Less than budget due to low activity
Contracted Services/Equipment lease	82,220	64,530	Not budgeted: HR legal settlement \$12K, legal \$5K, Pivotal audit \$18K more (\$38-20K)
			Unexpected repairs: storm drain, kitchen floor coating, gas line instal, spray tents offset by roof repairs postponed.
Repairs & Maintenance	127,356	244,466	
Sponsorship GIK Offset	-	43,250	
Telephone/Internet	46,520	32,930	Under-budgeted: Telebyte, Telus (cell & landline), Shaw internet, Telus backup internet
Marketing	3,369	34,113	Less than budget due to low activity
Food & Beverage	19,362	20,700	F&B write offs due to expiry
Other non-event expenses	142,392	174,843	
<b>Total Non-Event Expenses</b>	<b>\$ 3,498,915</b>	<b>\$ 4,305,618</b>	
<b>EXCESS (DEFICIENCY) BEFORE AMORTIZATION</b>	<b>\$ (224,299)</b>	<b>\$ (1,672,770)</b>	
<b>GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>AMORTIZATION OF CAPITAL ASSETS</b>	<b>(1,850,400)</b>	<b>(1,878,750)</b>	
<b>AMORTIZATION OF CAPITAL CONTRIBUTIONS</b>	<b>970,200</b>	<b>970,497</b>	
<b>DECREASE IN FV OF INTEREST RATE SWAP CONTRACTS</b>	<b>-</b>	<b>-</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (1,104,499)</b>	<b>\$ (2,581,023)</b>	

# THE WESTERN EXPOSITION ASSOCIATION

## STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2020 (UNAUDITED)

	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<b>CASH FROM (USED FOR) OPERATIONS</b>		
Cash received from customers	\$ 919,708	\$ 9,815,358
Cash received from grants	2,739,825	1,449,224
Cash received from interest income	3,723	31,617
Cash paid for materials and services	(2,915,265)	(5,452,479)
Cash paid for salaries and benefits	(1,875,676)	(6,548,379)
<b>Cash From (Used for) Operating Activities</b>	<u>\$ (1,127,685)</u>	<u>\$ (704,659)</u>
<b>FINANCING ACTIVITIES</b>		
Share capital issued	\$ 60	\$ 30
Repayment of current capital lease obligation	(1,420)	(32,703)
Repayment of long term debt	-	(16,678,220)
Proceeds of long term debt	-	20,668,040
<b>Cash From (Used for) Financing Activities</b>	<u>\$ (1,360)</u>	<u>\$ 3,957,147</u>
<b>INVESTMENTS</b>		
Transfer from Major Maintenance Fund	\$ (137)	\$ (1,160)
Capital contributions received - restricted funds	3,000,000	-
Purchase of capital assets	\$ (2,419,082)	(4,188,471)
Proceeds on disposal of capital assets	-	381
Contributions to joint arrangements	-	(760,871)
Drawings from joint arrangements	345,958	894,276
<b>Cash From (Used for) Investment Activities</b>	<u>\$ 926,739</u>	<u>\$ (4,055,845)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ (202,306)	\$ (803,357)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	\$ 306,078	\$ 1,109,435
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 103,772</u>	<u>\$ 306,078</u>
<b>CASH COMPRISED OF:</b>		
Cash and Cash Equivalents	\$ 312,881	\$ 655,277
Restricted Cash - Centrium Upgrade	456,983	-
Credit Facility	(666,092)	(349,199)
	<u>\$ 103,772</u>	<u>\$ 306,078</u>