



CERTIFIED COPY

"We, Deborah Beck, President and Board Chair, and Tyler Nightingale, Vice President, hereby certify the attached to be a true copy of the Audited Financial Statements for the Year Ending March 31, 2022 and Auditor's Report for the Westerner Exposition Association.

Date: June 9, 2022

Deborah Beck
President & Board Chair

Tyler Nightingale
Vice President

**THE WESTERN
EXPOSITION ASSOCIATION
FINANCIAL STATEMENTS
MARCH 31, 2022**

THE WESTERNER EXPOSITION ASSOCIATION**TABLE OF CONTENTS
MARCH 31, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
The Westerner Exposition Association

Opinion

We have audited the accompanying financial statements of The Westerner Exposition Association ("the Association") which comprise the statement of financial position as at March 31, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Red Deer County, Alberta
May 31, 2022

Pivotal LLP

Chartered Professional Accountants

THE WESTERN EXPOSITION ASSOCIATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,017,170	\$ 465,063
Accounts receivable	734,714	326,881
Government remittances receivable	-	31,128
Inventories (Note 4).....	238,699	58,991
Prepaid expenses and deposits (Note 5)	<u>37</u>	<u>38</u>
	1,990,620	882,101
MAJOR MAINTENANCE FUND (Note 6)	55,918	55,656
WESTERNER FOUNDATION - RESTRICTED CHARITABLE ENHANCEMENT FUND (Note 7)	7,963,032	31,676
INTEREST IN JOINT ARRANGEMENT (Note 8)	20,000	-
CAPITAL ASSETS (Note 9)	<u>49,488,423</u>	<u>51,668,572</u>
	<u>\$ 59,517,993</u>	<u>\$ 52,638,005</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 10)	\$ 442,959	\$ 964,792
Accounts payable and accrued liabilities	1,240,673	452,845
Government remittances payable	21,192	-
Deferred revenue	537,366	252,549
Current portion of long term debt (Note 11).....	<u>420,818</u>	<u>408,669</u>
	2,663,008	2,078,855
Callable portion of long term debt (Note 11)	<u>16,424,624</u>	<u>17,588,996</u>
	19,087,632	19,667,851
DEFERRED CONTRIBUTIONS - WESTERNER FOUNDATION (Note 7)	7,963,032	-
CAPITAL CONTRIBUTIONS (Note 12)	19,004,019	18,087,840
INTEREST RATE SWAP CONTRACTS (Note 11)	-	592,662
DEFICIENCY IN JOINT ARRANGEMENT (Note 8)	-	163,861
TOTAL LIABILITIES	<u>46,054,683</u>	<u>38,512,214</u>
NET ASSETS		
SHARE CAPITAL (Note 13)	6,870	6,750
NET INVESTMENT IN CAPITAL ASSETS	13,638,952	15,583,057
UNRESTRICTED NET ASSETS	(469,649)	(1,750,891)
MAJOR MAINTENANCE FUND (Note 6)	<u>287,137</u>	<u>286,875</u>
	13,463,310	14,125,791
	<u>\$ 59,517,993</u>	<u>\$ 52,638,005</u>
COMMITMENTS AND CONTRACTUAL OBLIGATIONS (Note 14)		

On Behalf of the Board of Directors:



Director



Director

See accompanying notes to financial statements

THE WESTERNER EXPOSITION ASSOCIATION

**STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022**

	Net Investment in Capital Assets	Unrestricted Net Assets	Major Maintenance Fund	Total 2022	Total 2021
Balance, beginning of year	\$ 15,583,057	\$ (1,750,891)	\$ 286,875	\$ 14,119,041	\$ 15,351,688
Deficiency of revenue over expenses after non-cash charges and contributions	-	(662,601)	-	(662,601)	(1,232,647)
Amortization of capital assets	(2,468,447)	2,468,447	-	-	-
Purchase of capital assets	288,298	(288,298)	-	-	-
Capital contributions received (Note 11)	(2,285,000)	2,285,000	-	-	-
Amortization of capital contributions	1,368,821	(1,368,821)	-	-	-
Proceeds of long term debt	(16,715,000)	16,715,000	-	-	-
Repayment of long term debt	17,867,223	(17,867,223)	-	-	-
Interest earned on fund	-	(262)	262	-	-
Balance, end of year	<u>\$ 13,638,952</u>	<u>\$ (469,649)</u>	<u>\$ 287,137</u>	<u>\$ 13,456,440</u>	<u>\$ 14,119,041</u>

See accompanying notes to financial statements

THE WESTERN EXPOSITION ASSOCIATION

STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2022

	2022	2021
REVENUE		
Commissions	\$ 661,643	\$ 75,472
Food and beverage	1,725,135	29,147
Gaming revenue	248,635	11,647
Gate/admissions	1,659,391	20,499
Grants and subsidies	3,891,437	3,576,281
Income (loss) from joint arrangements	723,655	(183,861)
Other income	407,896	88,800
Rental of facilities	2,337,510	473,390
Sponsorship	<u>722,520</u>	<u>139,734</u>
	<u>12,377,822</u>	<u>4,231,109</u>
EVENT EXPENSES		
Contracted services	3,575,754	67,824
Food and beverage	686,133	17,546
Marketing	141,146	19,466
Other event expenses	158,846	52,898
Tickets Alberta expense	91,401	1,884
Wages	<u>434,141</u>	<u>1,622</u>
	<u>5,087,421</u>	<u>161,240</u>
INCOME BEFORE NON-EVENT EXPENSES	<u>7,290,401</u>	<u>4,069,869</u>
NON-EVENT EXPENSES		
Administrative expenses	75,690	34,514
Bank charges, interest and credit machine fees	74,309	86,507
Computer services and software	233,993	194,271
Contracted services	169,630	94,434
Equipment rental and minor equipment	46,842	30,476
Insurance	339,491	248,881
Interest on long term debt	404,612	561,903
Marketing	16,053	10,607
Other	242,322	37,054
Repairs and maintenance	657,938	161,257
Salaries, wages and benefits	3,530,995	2,449,513
Supplies	103,041	37,649
Telephone and internet	86,271	69,020
Utilities	877,872	724,398
Volunteer expenses	<u>26,847</u>	<u>552</u>
	<u>6,885,906</u>	<u>4,741,036</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING NON-CASH CHARGES AND CONTRIBUTIONS	404,495	(671,167)
LOSS ON FOREIGN EXCHANGE	(14,032)	(3,123)
AMORTIZATION OF CAPITAL ASSETS	(2,468,447)	(2,463,555)
AMORTIZATION OF CAPITAL CONTRIBUTIONS	1,368,821	1,331,321
INCREASE IN FAIR VALUE OF INTEREST RATE SWAP CONTRACTS	<u>46,562</u>	<u>573,877</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (662,601)</u>	<u>\$ (1,232,647)</u>

See accompanying notes to financial statements

THE WESTERNER EXPOSITION ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Cash received from customers	\$ 7,599,032	\$ 845,809
Cash received from governments	3,891,437	3,632,853
Interest income received	7,138	3,848
Cash paid for materials and services	(7,498,878)	(3,350,294)
Cash paid for salaries and benefits	(3,910,358)	(2,473,877)
	<u>88,371</u>	<u>(1,341,661)</u>
FINANCING ACTIVITIES		
Share capital issued	120	80
Repayment of interest rate swaps	(546,100)	(5,682)
Repayment of long term debt	(17,867,223)	-
Proceeds from long term debt	<u>19,000,000</u>	<u>-</u>
	<u>586,797</u>	<u>(5,602)</u>
INVESTING ACTIVITIES		
Transfer to internally restricted reserves	(7,815,756)	(31,676)
Capital contributions received	-	3,000,000
Foundation contributions received	7,963,032	-
Purchase of capital assets	(288,298)	(2,832,826)
Drawings from joint arrangements	<u>539,794</u>	<u>405,958</u>
	<u>398,772</u>	<u>541,456</u>
INCREASE (DECREASE) IN CASH	1,073,940	(805,807)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>(499,729)</u>	<u>306,078</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ <u>574,211</u>	\$ <u>(499,729)</u>
CASH COMPRISED OF:		
Cash and cash equivalents	\$ 1,017,170	\$ 465,063
Bank indebtedness	<u>(442,959)</u>	<u>(964,792)</u>
	<u>\$ 574,211</u>	<u>\$ (499,729)</u>

See accompanying notes to financial statements

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Westerner Exposition Association is incorporated under the Companies Act of Alberta as a not-for-profit organization. The mission statement of the Association is "To provide exceptional guest experiences through premier facilities and services for agriculture and trade, sports and entertainment, conferences and meetings, generating economic benefits for Central Alberta."

The Association is exempt from income tax and is a registered charity under the Canadian Income Tax Act.

The directors and officers of the Association are elected volunteers who cannot be paid in any form for their services under the by-laws of the Association. The shareholders of the Association, who are also volunteers, cannot receive any dividends, nor can shares appreciate in value. Shares cannot be sold or held by persons permanently residing outside of the Province of Alberta, nor in estates of deceased shareholders.

The Association is also designated as an Agricultural Society under the Alberta Agricultural Societies Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

Cash and Cash Equivalents

The policy of the Association is to disclose floats, petty cash, and cash held in bank accounts as cash and cash equivalents.

Inventories

Inventories are valued at the lower of cost and current replacement cost, cost being determined by using the first-in, first-out method. Any previous inventory write downs will be reversed if economic circumstances have changed to support an increased inventory value.

Capital Assets

Capital assets are accounted for at cost. Amortization is based on the estimated useful life of each asset, using the following rates:

Plant facility	- 2.5% straight-line
Equipment and vehicles	- 10% straight-line

One-half of the normal rates are applied in the year of acquisition.

THE WESTERNER EXPOSITION ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2022****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Contributed Services***

The Association would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Contributed Materials

Donated materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Association would otherwise have purchased these items.

Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current year. Significant items subject to such estimates and assumptions include the valuation of allowance for accounts receivable, the estimated useful lives of capital assets, the valuation of inventories, accrued liabilities and contingent liabilities. Actual results could differ from those estimates.

Financial Instruments***Measurement of financial instruments***

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and interest rate swap contracts which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, and the Major Maintenance Fund.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, and long term debt.

The Association's financial liabilities measured at fair value include interest rate swap agreements in respect of its long term debt.

The Association does not currently hold any financial assets measured at fair value.

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in Joint Arrangements

The Association's interests in joint arrangements are accounted for using the equity method.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. 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. Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the year in which the related expenses are incurred. Capital contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenues from the sales of goods and services are recognized when the goods are delivered or when the services have been rendered. Revenues from sponsorship and rental of facilities are recognized over the term of the sponsorship contract or rental contract.

3. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$95,693 (2021 - \$9,904) of funds restricted by Alberta Gaming, Liquor & Cannabis ("AGLC"). Expenditures from these funds must be approved once per year, based on AGLC regulations.

4. INVENTORIES

	2022	2021
Food and beverage	\$ 89,265	\$ 11,690
Liquor and beer	114,629	26,033
Disposables	30,793	20,524
Fuel	<u>4,012</u>	<u>744</u>
	<u>\$ 238,699</u>	<u>\$ 58,991</u>

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

5. PREPAID EXPENSES AND DEPOSITS

The Association's facilities are located on land owned by the City of Red Deer ("the City"). The lease agreement with the City calls for clear annual rent of \$1 and expires May 31, 2059. The Association has paid the full rent for the term of the lease.

	2022	2021
Site lease	\$ <u>37</u>	\$ <u>38</u>

6. MAJOR MAINTENANCE FUND

The Major Maintenance Fund was established in 1994 pursuant to an agreement with the City for the purpose of financing future long term maintenance needs in relation to the Association's facilities. Under the terms of the agreement, the target sum of the Major Maintenance Fund is \$1,000,000. As monies are disbursed from time to time from the fund, the Association will resume annual allocations of \$50,000 or such greater amounts as the Association's Board may deem necessary from time to time to bring the fund back up to approximately \$1,000,000. A portion of the fund may be used to finance special capital construction projects, subject to approval by Red Deer City Council ("City Council"). If annual payments to attain and maintain the target sum for the fund from time to time are not achieved, the annual budget of the Association is to be submitted to City Council for approval.

The total amount designated as the Major Maintenance Fund reserve is \$287,137 (2021 - \$286,875). The total cash on hand in the Major Maintenance Fund bank account at year end is \$55,918 (2021 - \$55,656).

7. WESTERNER FOUNDATION - RESTRICTED CHARITABLE ENHANCEMENT FUND

The Association Board of Directors established the Westerner Foundation - Restricted Charitable Enhancement Fund. Donations designated to the fund are restricted as per the appropriately authorized Donation Agreement, established with the Donor and the Association. Disbursements of these funds, or any residual interest resulting from the investment of these funds, require approval from the Westerner Foundation Committee and the Board of Directors. The Association will be designing programs for the future to meet the needs of both donors and the Association, including the establishment of the Westerner Exposition Association Permanent Endowment. At year end, the net amount designated as Westerner Foundation - Restricted Charitable Enhancement Fund was \$7,847,170 (2021 - \$31,676). The activities of the fund are summarized on Schedule 1.

8. INTEREST (DEFICIENCY) IN JOINT ARRANGEMENT

Interests in significant joint arrangements are as follows:

	2022	2021
Agri-Trade joint venture (50% interest)	\$ <u>20,000</u>	\$ <u>(163,861)</u>

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

9. CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Plant facility	\$ 89,918,234	\$ 41,443,550	\$ 48,474,684
Equipment and vehicles	<u>7,278,326</u>	<u>6,264,587</u>	<u>1,013,739</u>
	<u>\$ 97,196,560</u>	<u>\$ 47,708,137</u>	<u>\$ 49,488,423</u>
			\$ 50,496,050
			<u>1,172,522</u>
			<u>\$ 51,668,572</u>

10. BANK INDEBTEDNESS

The Association has a demand operating credit facility through CIBC in the amount of up to \$1,000,000. Interest on the credit facility is charged at the monthly banker's acceptance rate plus a 1.15% stamping fee. At year end, the amount outstanding on the facility was \$442,959 (2021 - \$964,792).

Under the provisions of the facility agreement with CIBC, the Association is required to maintain a debt service coverage ratio of not less than 1.20:1. The covenant was met at year end.

11. LONG TERM DEBT

	2022	2021
City of Red Deer demand loan repayable in annual payments equal to 50% of the Association's EBITDA up to \$1,000,000 including interest at 2.616%. The loan matures on September 29, 2051 and is secured by a general security agreement.	\$ 10,130,442	\$ -
City of Red Deer demand loan repayable in annual payments equal to 75% of the Association's EBITDA between \$1,000,000 and \$2,000,000, plus 90% of EBITDA between \$2,000,000 and \$3,000,000, plus 100% of EBITDA in excess of \$3,000,000. No interest is being charged on the loan, which matures on September 29, 2051 and is secured by a general security agreement.	6,715,000	-
Loan repaid during the year.	-	<u>17,997,665</u>
	16,845,442	17,997,665
Current portion of long term debt	(420,818)	(408,669)
Callable portion of long term debt	(16,424,624)	<u>(17,588,996)</u>
	<u>\$ -</u>	<u>\$ -</u>

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

11. LONG TERM DEBT (Continued)

Notwithstanding the demand feature of the loans, scheduled principal repayments due at year end are:

2023	\$	420,818
Thereafter		<u>16,424,624</u>
		<u>\$ 16,845,442</u>

During the year, the Association signed an agreement with the City of Red Deer to borrow \$19,000,000 to repay the existing debt financing with CIBC. The loan is divided into two tranches. Tranche 1 of the loan is \$10,000,000 and bears interest of 2.616% using the simple interest method. Tranche 2 of the loan is \$9,000,000 and bears no interest. The difference between the face value of Tranche 2 of the loan and its fair value of \$6,715,000 has been recognized as a capital contribution and is to be amortized over the term of the loan. The unamortized capital contribution at March 31, 2022 is \$2,285,000.

The City of Red Deer holds, as security, a general security agreement granting first interest in all present and after acquired personal property, a first-priority fixed charge in the amount of \$23,000,000 over the lease of the real property of the Association, and an assignment of rents and leases over all property held under the mortgage lease, and assignment of fire and other perils insurance on the property.

During the year, the Association settled its interest rate swap contracts, which resulted in a gain on disposal of \$46,562.

12. CAPITAL CONTRIBUTIONS

	2022			2021
	Total	Accumulated	Net	Net
	<u>Contribution</u>	<u>Amortization</u>	<u>Contribution</u>	<u>Contribution</u>
Contributed surplus	\$ 936,627	\$ 917,027	\$ 19,601	\$ 43,016
Government grants	<u>56,101,197</u>	<u>37,116,779</u>	<u>18,984,418</u>	<u>18,044,824</u>
	<u>\$ 57,037,824</u>	<u>\$ 38,033,806</u>	<u>\$ 19,004,019</u>	<u>\$ 18,087,840</u>

During the year, the Association received capital contributions of \$2,285,000 (Note 11) (2021 - \$3,000,000) and recorded amortization of capital contributions of \$1,368,821 (2021 - \$1,331,321).

13. SHARE CAPITAL

	2022	2021
Issued		
687 Class "A" common shares	\$ <u>6,870</u>	\$ <u>6,750</u>

During the year, twelve new shares were issued.

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Canadian Finals Rodeo

In 2021, the Association entered into an agreement with the Canadian Professional Rodeo Association ("CPRA") to co-produce the Canadian Finals Rodeo ("CFR") event annually at Westerner Park until December 2022. Under the terms of the agreement, the Association has committed to pay amounts in hosting fees totaling up to \$2,400,000 per year over the term of the agreement.

Agri-trade

In 2019, the Association entered into a joint venture agreement and co-operation agreement with the Chamber to produce the Agri-trade Equipment Expo ("Agri-trade"). The terms of the agreement dictate the distribution of net profits from the event.

Red Deer Rebels

In June 2020, the Association entered into a license agreement with Rebels Sports Ltd. ("the Rebels") to grant a license to the Rebels to use the Centrium for the operation of a hockey team for a term of seven years. The agreement expires on May 31, 2027.

The Association has entered into lease agreements for equipment. Minimum lease payments under these agreements are as follows:

2023	\$	52,059
2024		41,223
2025		27,659
2026		<u>11,471</u>
	\$	<u><u>132,412</u></u>

15. RELATED PARTY TRANSACTIONS

During the year, the Association entered into transactions with related parties.

- a) The Association recognized joint venture income (loss) from Agri-Trade of \$723,655 (2021 - \$(183,861)).
- b) The Association recognized grants from the City of Red Deer of \$2,350,000 (2021 - \$2,000,000).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In 2020, The Association and the City of Red Deer announced that financial challenges at the Association resulted in a request for support whereby the City assumed temporary financial oversight of the Association. A relationship framework was signed September 29, 2021 for a term of five years. Two City of Red Deer councillors have been appointed to the Association's board and the City Manager attends meetings in an advisory capacity.

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

16. COVID-19 PANDEMIC

On March 11, 2020, the coronavirus outbreak (COVID-19) was declared as a pandemic by the World Health Organization. A provincial state of emergency was declared with respect to COVID-19 by the Government of Alberta per the Province of Alberta's Public Health Act on March 17, 2020. As a result, social distancing measures were implemented and economic activity slowed to providing only essential services.

New information, which cannot be predicted, may develop concerning the severity of COVID-19 and there is uncertainty of the effect this could have on the Association's results. The overall impact to which COVID-19 may have on the Association's operations is unknown at this time.

17. ECONOMIC DEPENDENCE

As a result of facility closures resulting from the COVID-19 pandemic, in the current year, the Association was economically dependent on grants from the City of Red Deer. During the year, the Association received operating grants of \$2,350,000 (2021 - \$2,000,000) from the City.

18. SUBSEQUENT EVENTS

After year end, the Association signed an agreement with the Canadian Professional Rodeo Association to co-produce the Canadian Finals Rodeo event for the 2023 year.

19. CANADA EMERGENCY WAGE SUBSIDY

In the current year, the Association recognized \$626,866 (2021 - \$1,154,728) from the Canada Emergency Wage Subsidy program, of which \$41,971 (2021 - \$162,560) was included in accounts receivable at year end. The amounts were a direct increase to revenue. The program is provided by the Government of Canada in response to COVID-19.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year method of presentation.

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

21. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at March 31, 2022.

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 Association's main credit risks relate to its accounts receivable. The Association provides credit to its customers in the normal course of its operations.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and long term debt.

Market Risk

Market risk is the risk that the fair value of 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 entity is mainly exposed to interest rate risk.

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 Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

**THE WESTERNER EXPOSITION ASSOCIATION
WESTERNER FOUNDATION - RESTRICTED CHARITABLE ENHANCEMENT FUND
SCHEDULE OF ACTIVITIES
YEAR ENDED MARCH 31, 2022**

	2022	2021
REVENUE		
Grants	\$ 3,506,022	\$ -
Donations	4,607,826	44,925
Interest	15,686	-
Casino and 50/50	-	702
	<u>8,129,534</u>	<u>45,627</u>
EXPENSES		
Fundraising expenses	166,502	13,951
EXCESS OF REVENUES OVER EXPENSES BEFORE DEFERRAL ADJUSTMENT	<u>7,963,032</u>	<u>31,676</u>
LESS DEFERRED CONTRIBUTIONS	<u>(7,963,032)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 31,676</u>