



Westerner
Park

2023 Financial Statements



CERTIFIED COPY

"We, Tyler Nightingale, President and Board Chair, and Al Lucas, Vice President, hereby certify the attached to be a true copy of the Audited Financial Statements for the Year Ending March 31, 2024 and Auditor's Report for the Westerner Exposition Association.

Date: June 6, 2024

X 

Tyler Nightingale (Jun 4, 2024 13:06 MDT)

Tyler Nightingale
President & Board Chair

X 

Al Lucas (Jun 4, 2024 13:17 MDT)

Al Lucas
Vice President

**THE WESTERN
EXPOSITION ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024**

THE WESTERNER EXPOSITION ASSOCIATION**TABLE OF CONTENTS
MARCH 31, 2024**

	<u>Page</u>
Independent Auditors' Report	2 - 3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Operations	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 16
Schedule 1 - Westerner Foundation - Restricted Charitable Enhancement Fund - Schedule of Activities	17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
The Westerner Exposition Association

Opinion

We have audited the accompanying consolidated financial statements of The Westerner Exposition Association ("the Association") which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, 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 Consolidated 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 consolidated 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 consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 21, 2024

Pivotal LLP


Chartered Professional Accountants

THE WESTERN EXPOSITION ASSOCIATION
CONSOLIDATED BALANCE SHEET
MARCH 31, 2024

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 2,010,469	\$ 978,139
Accounts receivable	930,716	241,124
Inventories (Note 4).....	259,667	296,954
Prepaid expenses and deposits (Note 5)	985	36
Marketable securities	-	561,960
	<u>3,201,837</u>	<u>2,078,213</u>
MAJOR MAINTENANCE FUND (Note 6)	302,174	288,922
WESTERNER FOUNDATION - RESTRICTED		
CHARITABLE ENHANCEMENT FUND (Note 7)	8,397,032	7,808,140
CAPITAL ASSETS (Note 8)	<u>45,486,972</u>	<u>47,553,868</u>
	<u>\$ 57,388,015</u>	<u>\$ 57,729,143</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 9)	\$ 957,683	\$ 328,932
Accounts payable and accrued liabilities	767,354	750,629
Government remittances payable	31,260	22,647
Deferred revenue	907,891	690,695
Current portion of long term debt (Note 10).....	-	235,309
	<u>2,664,188</u>	<u>2,028,212</u>
Callable portion of long term debt (Note 10)	<u>17,359,889</u>	<u>16,519,485</u>
	20,024,077	18,547,697
DEFERRED CONTRIBUTIONS - WESTERNER		
FOUNDATION (Note 7)	8,397,032	7,808,140
CAPITAL CONTRIBUTIONS (Note 11)	<u>18,170,405</u>	<u>18,117,783</u>
TOTAL LIABILITIES	<u>46,591,514</u>	<u>44,473,620</u>
NET ASSETS		
SHARE CAPITAL (Note 12)	7,160	7,050
NET INVESTMENT IN CAPITAL ASSETS	10,466,900	12,681,290
UNRESTRICTED NET ASSETS	20,267	278,261
MAJOR MAINTENANCE FUND (Note 6)	<u>302,174</u>	<u>288,922</u>
	<u>10,796,501</u>	<u>13,255,523</u>
	<u>\$ 57,388,015</u>	<u>\$ 57,729,143</u>

COMMITMENTS AND CONTRACTUAL OBLIGATIONS (Note 13)

On Behalf of the Board of Directors:


Tyler Nightingale (Jun 3, 2024 17:49 MDT)


Al Lucas (Jun 3, 2024 17:13 MDT)

Vice President

THE WESTERN EXPOSITION ASSOCIATION
CONSOLIDATED STATEMENT CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024

	Net Investment in Capital Assets	Unrestricted Net Assets	Major Maintenance Fund	Total 2024	Total 2023
Balance, beginning of year	\$ 12,681,290	\$ 278,261	\$ 288,922	\$ 13,248,473	\$ 13,456,440
Deficiency of revenue over expenses	-	(2,459,132)	-	(2,459,132)	(207,967)
Amortization of capital assets	(2,487,823)	2,487,823	-	-	-
Purchase of capital assets	420,927	(420,927)	-	-	-
Capital contributions recognized (Note 11)	(1,504,358)	1,504,358	-	-	-
Amortization of capital contributions	1,375,568	(1,375,568)	-	-	-
Repayment of long term debt	(18,704)	18,704	-	-	-
Interest earned on fund	-	(13,252)	13,252	-	-
Balance, end of year	<u>\$ 10,466,900</u>	<u>\$ 20,267</u>	<u>\$ 302,174</u>	<u>\$ 10,789,341</u>	<u>\$ 13,248,473</u>

See accompanying notes to consolidated financial statements

THE WESTERNER EXPOSITION ASSOCIATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2024

	2024	2023
REVENUE		
Rental income	\$ 4,665,376	\$ 4,778,457
Food and beverage	4,417,776	3,976,469
Gate and admission	3,197,220	2,812,013
Commissions	2,297,219	1,791,520
Other revenue	682,130	576,390
Sponsorship	755,372	752,380
Gaming	237,134	261,439
Interest income	152,855	67,866
	<u>16,405,082</u>	<u>15,016,534</u>
EVENT EXPENSES	<u>12,272,896</u>	<u>10,573,118</u>
INCOME BEFORE INDIRECT EXPENSES	<u>4,132,186</u>	<u>4,443,416</u>
INDIRECT EXPENSES		
Administration, marketing and park maintenance	6,080,081	6,480,405
Interest on debt	277,077	261,973
	<u>6,357,158</u>	<u>6,742,378</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE	<u>(2,224,972)</u>	<u>(2,298,962)</u>
GRANT REVENUE		
Federal.....	4,773	827,911
Provincial.....	716,188	667,724
Municipal.....	-	1,650,000
Other.....	157,134	69,845
	<u>878,095</u>	<u>3,215,480</u>
	<u>(1,346,877)</u>	<u>916,518</u>
Amortization of capital assets	(2,487,823)	(2,496,515)
Amortization of capital contributions	1,375,568	1,372,030
	<u>(1,112,255)</u>	<u>(1,124,485)</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (2,459,132)</u>	<u>\$ (207,967)</u>

See accompanying notes to consolidated financial statements

THE WESTERNER EXPOSITION ASSOCIATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Cash received from customers	\$ 14,529,961	\$ 14,483,792
Cash received from governments	878,095	3,215,480
Interest income received	106,408	54,208
Cash paid for materials and services	(11,834,817)	(11,951,864)
Cash paid for salaries and benefits	(6,268,873)	(5,425,244)
	<u>(2,589,226)</u>	<u>376,372</u>
FINANCING ACTIVITIES		
Share capital issued	110	180
Proceeds from line of credit	500,000	-
Repayment of long term debt	-	(166,823)
Deferred contributions received	316,450	31,600
Capital contributions received	1,040,638	-
	<u>1,857,198</u>	<u>(135,043)</u>
INVESTING ACTIVITIES		
Transfer to internally restricted reserve	(13,252)	(233,004)
Purchase of investments	(316,450)	(71,600)
Proceeds on disposal of investments	1,165,613	14,120
Purchase of capital assets	(420,927)	(561,960)
Contributions to joint ventures	(77,475)	-
Drawings from joint ventures	798,098	686,110
	<u>1,135,607</u>	<u>(166,334)</u>
INCREASE IN CASH	403,579	74,995
CASH, BEGINNING OF YEAR	<u>649,207</u>	<u>574,212</u>
CASH, END OF YEAR	\$ <u>1,052,786</u>	\$ <u>649,207</u>
CASH COMPRISED OF:		
Cash and cash equivalents	\$ 2,010,469	\$ 978,139
Bank indebtedness	<u>(957,683)</u>	<u>(328,932)</u>
	<u>\$ 1,052,786</u>	<u>\$ 649,207</u>

See accompanying notes to consolidated financial statements

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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 consolidated 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:

Basis of Presentation

The consolidated financial statements include the accounts of the Association and its 50% interest in Agri-Trade Equipment Expo (Agri-Trade) and its 50% interest in Agri-Food Innovation Expo (Agri-Food).

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 net realizable value, 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 CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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 consolidated financial statements.

Contributed Materials

Donated materials are recorded in the consolidated 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 consolidated 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 consolidated 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 doubtful accounts receivable, impairment of long-lived assets, the estimated useful lives of capital assets, the valuation of inventories, accrued liabilities, contingent liabilities, and estimated principal repayments of long term debt. 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 assets measured at fair value include amounts invested in marketable securities and the Westerner Foundation Charitable Enhancement Fund.

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in Joint Ventures

The Association's interests in joint arrangements are accounted for using the proportionate consolidation 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.

Changes in Accounting Policy

During the year, the Association changed its accounting policy from the equity method to the proportionate consolidation method to better align with similar industry practice.

The change has been accounted for retrospectively and resulted in the following changes to financial statement line items in the financial statements for the year ended March 31, 2023:

	Increase (decrease)
Rental income	\$ 918,118
Gate and admission	103,237
Other revenue	194,109
Event expenses	430,805
Administration, marketing and park maintenance	65,548
Income from interests in joint ventures	\$ (716,110)

3. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$33,140 (2023 - \$174,792) of funds restricted by Alberta Gaming, Liquor & Cannabis ("AGLC"). Expenditures from these funds must be approved once per year, based on AGLC regulations. Also included in cash is \$1,042,523 (2023 - \$nil) of funds from government grants that are restricted for capital purposes.

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

4. INVENTORIES

Inventories consist of food and beverage, liquor and beer, disposables, and fuel. During the year, the amount of inventories that were recognized as an expense was \$1,603,486 (2023 - \$1,493,751).

	2024	2023
Food and beverage	\$ 106,505	\$ 111,086
Liquor and beer	106,414	104,506
Disposables	33,199	67,813
Fuel	<u>13,549</u>	<u>13,549</u>
	<u>\$ 259,667</u>	<u>\$ 296,954</u>

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.

	2024	2023
Prepaid site lease	\$ 35	\$ 36
Other	<u>950</u>	<u>-</u>
	<u>\$ 985</u>	<u>\$ 36</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 \$302,174 (2023 - \$288,922). The reserve is funded by the Major Maintenance Fund bank account balance of \$302,174 (2023 - \$57,703) and allocated cash.

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

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. At year end, the net amount designated as Westerner Foundation - Restricted Charitable Enhancement Fund was \$8,397,032 (2023 - \$7,808,140). The activities of the fund are summarized on Schedule 1.

8. CAPITAL ASSETS

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Plant facility	\$ 90,444,411	\$ 45,923,890	\$ 44,520,521	\$ 46,618,199
Equipment and vehicles	<u>7,735,036</u>	<u>6,768,585</u>	<u>966,451</u>	<u>935,669</u>
	<u>\$ 98,179,447</u>	<u>\$ 52,692,475</u>	<u>\$ 45,486,972</u>	<u>\$ 47,553,868</u>

9. BANK INDEBTEDNESS

The Association has a demand operating credit facility through Canadian Imperial Bank of Commerce ("CIBC") in the amount of up to \$1,000,000. Interest on the credit facility is charged at the prime rate plus a 2.50%. At year end, the amount outstanding on the facility was \$957,683 (2023 - \$328,932).

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

THE WESTERN EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

10. LONG TERM DEBT

	2024	2023
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.	\$ 9,982,332	\$ 9,963,627
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.	6,867,333	6,791,167
City of Red Deer demand line of credit with interest at 4.91%. The line of credit and accrued interest are due April 1, 2028 and are secured by a general security agreement.	510,224	-
	17,359,889	16,754,794
Current portion of long term debt	-	(235,309)
Callable portion of long term debt	(17,359,889)	(16,519,485)
	\$ -	\$ -

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

2029	\$ 510,224
Thereafter	\$ <u>16,849,665</u>
	\$ <u>17,359,889</u>

In 2021, the Association signed an agreement with the City to borrow \$19,000,000 to repay existing debt. The loan is divided into two tranches. Tranche 1 is \$10,000,000 and bears interest at 2.616% using the simple interest method. Tranche 2 is \$9,000,000 and bears no interest. The difference between the face value of Tranche 2 and its fair value of \$6,715,000 has been recognized as a capital contribution amortized over the 30 year term of the loan. The unamortized capital contribution at March 31, 2024 is \$2,132,667 (2023 - \$2,208,833). In the current year, the the City agreed to amend the loan agreement for five years, allowing payments to be deferred if the Association's current ratio falls below 1:1.

During the year, the Association signed an agreement with the City for a demand line of credit facility of up to \$1,000,000 which bears interest at 4.91% using the simple interest method. The line of credit and any accrued interest is due on April 1, 2028.

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

10. LONG TERM DEBT (Continued)

The City 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.

11. CAPITAL CONTRIBUTIONS

	2024			2023
	Total	Accumulated	Net	Net
	<u>Contribution</u>	<u>Amortization</u>	<u>Contribution</u>	<u>Contribution</u>
Contributed surplus	\$ 936,627	\$ 936,627	\$ -	\$ -
Government grants	57,141,835	39,959,922	17,181,913	17,562,847
Westerner Park Foundation	<u>1,025,680</u>	<u>37,188</u>	<u>988,492</u>	<u>554,936</u>
	<u>\$ 59,104,142</u>	<u>\$ 40,933,737</u>	<u>\$ 18,170,405</u>	<u>\$ 18,117,783</u>

During the year, the Association recognized capital contributions of \$1,504,358 (2023 - \$561,960) and recorded amortization of capital contributions of \$1,375,568 (2023 - \$1,372,030).

12. SHARE CAPITAL

	2024	2023
Issued		
716 Class "A" common shares	<u>\$ 7,160</u>	<u>\$ 7,050</u>

During the year, eleven new shares were issued.

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

2025	\$ 38,719
2026	26,553
2027	19,338
2028	1,500
2029	<u>1,125</u>
	<u>\$ 87,235</u>

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

13. COMMITMENTS AND CONTRACTUAL OBLIGATIONS (Continued)

Agri-Trade Equipment Expo

In 2019, the Association entered into a joint venture agreement and co-operation agreement with the Red Deer & District Chamber of Commerce to produce 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.

Agri-Food Innovation Expo

In 2023, the Association entered into a three-year joint venture agreement with the Lethbridge & District Exhibition to produce the Agri-Food Innovation Expo event.

14. RELATED PARTY TRANSACTIONS

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

- a) The Association recognized grants from the City of \$nil (2023 - \$1,650,000).

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 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 councillors have been appointed to the Association's Board and the City Manager attends meetings in an advisory capacity.

15. ECONOMIC DEPENDENCE

In the current year, the Association was economically dependent on its relationship with the City. During the year, the Association received operating grants of \$nil (2023 - \$1,650,000) and loan financing of \$1,000,000 (2023 - \$nil) from the City.

16. COMPARATIVE FIGURES

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

THE WESTERNER EXPOSITION ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

17. 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, 2024.

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 risk relates 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 and other price 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.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in marketable securities and the Westerner Foundation Restricted Charitable Enhancement Fund.

**THE WESTERN EXPOSITION ASSOCIATION
WESTERNER FOUNDATION - RESTRICTED CHARITABLE ENHANCEMENT FUND
SCHEDULE OF ACTIVITIES
YEAR ENDED MARCH 31, 2024**

	2024	2023
REVENUE		
Donations	\$ 316,450	\$ 71,600
Investment income	927,292	393,174
	<u>1,243,742</u>	<u>464,774</u>
EXPENSES		
Fundraising expenses	135,933	14,119
Investment management fees	51,197	43,587
	<u>187,130</u>	<u>57,706</u>
EXCESS OF REVENUES OVER EXPENSES		
BEFORE DEFERRAL ADJUSTMENT	<u>1,056,612</u>	<u>407,068</u>
LESS DEFERRED CONTRIBUTIONS	<u>(1,056,612)</u>	<u>(407,068)</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 DEFERRED CONTRIBUTIONS, BEGINNING OF YEAR	 \$ 7,808,140	 \$ 7,963,032
NET CONTRIBUTIONS RECEIVED	1,056,612	407,068
CONTRIBUTIONS RECOGNIZED		
Capital programs	(463,720)	(561,960)
Innovation & Events	-	-
Education & Community Engagement	(4,000)	-
Other programs or services	-	-
	<u>(467,720)</u>	<u>(561,960)</u>
DEFERRED CONTRIBUTIONS, END OF YEAR	<u><u>\$ 8,397,032</u></u>	<u><u>\$ 7,808,140</u></u>