

2020 ANNUAL REPORT

#REAL 



OUR VISION

To be the heart of our city and province, a place where people come to live, work and play.

OUR MISSION

To deliver exceptional experiences and foster meaningful memories that make our community a better place.





BRINGING COMMUNITY TOGETHER SINCE

1884



OUR HISTORY

It all began in **1884** when an enthusiastic group of people organized Regina's first-ever agricultural fair in what we know now as downtown's Victoria Park. In time, land was purchased west of Elphinstone Street and became the permanent home of the Regina Agricultural and Industrial Exhibition Association. We played host to events large and small, including the prestigious World's Grain Exhibition and Conference during the heart of the Great Depression.

We became Regina Exhibition Park, and over the years, three major events were born that we still enjoy today: Queen City Ex (formerly Buffalo Days, 1967), Canadian Western Agribition (1970) and Canada's Farm Show (1978). We are now the proud home of the Saskatchewan Roughriders, Regina Pats, Futbol Club Regina, University of Regina Cougars hockey, Hockey Regina, and many recreational sports, concerts, trade shows, conferences and conventions of all shapes and sizes.

The men and women who began all this more than 130 years ago with a vision to bring the community together could have not imagined what this park would eventually come to be. But throughout our history, one thing has stayed the same: ***we build community***, one memory at a time. Look closely and you'll see it in action—community is, and has always been, at the heart of everything we do. Whether it's family time enjoyed at Queen City Ex, cheering on the home team at Mosaic Stadium or the Brandt Centre, or scoring big to take home that sought-after tournament trophy, we create positive experiences and memories that last a lifetime.

**WE'RE PROUD TO
WELCOME YOU
TO OUR CAMPUS.**



ENTERTAINMENT



AGRICULTURE

SPORTS & REC



BUSINESS



EXECUTIVE MESSAGE

For the Regina Exhibition Association Limited (REAL), 2020 was intended to be the start of a fresh year, a crisp new decade, and a launch pad for the implementation of the newly approved REAL 2.0 Strategic Plan. Fresh off a record setting year in 2019 that included two sold out Garth Brooks Concerts and the first ever neutral site non-NHL market Outdoor Hockey game in the Tim Hortons Heritage Classic, the start of a new decade was looking promising. With record setting attendance at the Queen City Exhibition in 2019 and having hosted over 20 concerts and events at the Brandt Centre, at the outset of 2020, REAL was enjoying the support of positive momentum and success.

The stage was set for a truly exceptional 2020 with a record number of confirmed concerts at the Brandt Centre, a repositioned Canada's Farm Show, a remarkable program for the annual Queen City Exhibition, and a stacked line up for summer outdoor concerts. The organization was set to make history hosting the 2020 Grey Cup Festival and Grey Cup all on one site to create the ultimate fan experience. It was a year that was positioned to be a year of impressive moments and brilliant memory making. The 136th year of operations for REAL was going to be one to remember.

January, February, and the beginning of March 2020 were performing ahead of budget, ahead of activation, and ahead of utilization. We were most definitely off to a great start. Then, with the blink of an eye, everything changed on our campus, within our City, and around the globe. The call that immediately changed our world came from our Provincial Health Authority on March 13, 2020, and it was a moment that defined the unique business of REAL as we were asked to immediately suspend all operations. From active trade shows filled with thousands enjoying the "What Women Want" event, to a full house for Professional Bull Riding at the Brandt Centre, playoffs were happening at the Co-operators Centre for hockey and ringette, the AffinityPlex was wrapping up the indoor soccer season and the turf was being groomed at Mosaic Stadium for Rider Nation. At 5pm on March 13, 2020 the business of the Regina Exhibition Association Limited was immediately suspended and the campus would become eerily still. As an organization perhaps the biggest reality was going from 3.7 M annual visitors to the silence of empty buildings and an empty car park. It was a remarkable, unprecedented and unsettling time.

As an organization that had spent 136 years creating confidence within the marketplace that large public gatherings can be safe, well organized, and positive experiences the impacts of COVID-19 were immediately devastating and recovery will be a lengthy process. As 2020 progressed, and more clarity on the impact of COVID-19 on the business of REAL became apparent, the financial



consequence of ceased operations was forecast at as much as \$7 M in annual deficit. Bookings evaporated, artists and tours postponed and canceled, leagues and signature events vanished and REAL found itself with massive, costly, and empty civic buildings. Everything had changed and a path forward seemed uncertain.

As an organization immediate cost containment measures were implemented and this included the most difficult decision any organization will be forced to make, the layoff of members of an amazing team. At the peak of the pandemic, 82% of all employees at REAL were on temporary layoff, all non-essential spending had been eliminated, buildings had been sealed, annual compensation programs for staff were frozen and organizational focus shifted immediately to safety and security. With a small but dedicated team remaining, our resilient and proud Exhibition Association did what it has done for well over a century, we repositioned our business and responded to the needs our community, our neighbours, and our Province. We should remember that this was not our first global pandemic!

This is when the REAL Pivot of 2020 commenced. As an organization we went from an event hub to a COVID-19 testing hub, from field sport to a Medical Field Hospital, from festivals to flu shot clinics, but we found a way to be relevant and meet the immediate needs of our community. While we cherished our opportunity to support the Saskatchewan Health Authority and the remarkable health care professionals who worked tirelessly to keep our Province safe, we simply couldn't resist our need to find a way to safely bring our community together. With creativity, innovation, and perseverance we found a way to host drive-thru mini-donuts, three sold out Brett Kissell concerts, fireworks shows, REAL Kids Summer Camps and Halloween Trick-or-Treat at Mosaic Stadium. We opened the AffintyPlex and Co-operators Centre to limited attendance but full operations, we opened the VolleyBarn, and we even found a way to deliver Canada's largest Outdoor Rink at Iceville. Inspired by our steadfast tradition and the countless examples over the past 136 years, the Regina Exhibition Association Limited once again found a way to reposition our business and our operations to meet the needs of our City in the most challenging of times. We remained resilient and relevant. We persisted.

While 2020 will not be remembered for record setting attendance numbers, glossy pictures of filled stadiums and arena facilities, selfies from the top of the Ferris wheel at QCX, or loud cheering for touchdowns by Rider Nation fans, it will nonetheless be a year to remember. It will be looked back on as the year we converted the International Trade Centre into the flagship testing facility for COVID-19 in our country, it will be remembered for the 8 person hockey practices that allowed our next generation to find a way to play, and it will be remembered for the sacrifice of hundreds of members of the REAL team that went without a shift and without a place to go to work for almost a year. It will be historically remembered as the year that physical distancing, face masks, and hand sanitizing stations became part of our normal daily routine. In the darkest of days within our community, 2020 will be remembered as the year where we, as an organization, were reminded of our REAL Heart where it has always been and always will be, at the heart of our City and Province making our community a better place.

With the remarkable support we have seen from the Government of Saskatchewan, our Owner the City of Regina, the steadfast leadership of our Board of Directors, the professionalism and dedication of the REAL Team and the unwavering support from our community, it is time to turn the page on 2020 and begin to write a new chapter in the history of the Exhibition Association. Lest we forget the sacrifice of 2020, but it is now time to reposition our thoughts to brighter days, better times, and a comeback that is going to be REAL EPIC. When it is safe and the time is right the REAL comeback will begin, and although it will be slow and take time, as an organization we will return from COVID-19 stronger, better, and bolder than ever before.

With special recognition and appreciation to ALL health care professionals and first responders we submit this annual report and bring 2020 to a close.



SASKATCHEWAN HEALTH AUTHORITY

Field Hospital

In April of 2020, the Saskatchewan Health Authority (SHA) and the Regina Exhibition Association Ltd. (REAL) worked together to create a Field Hospital as an emergency health care facility on campus. The Field Hospital would be activated at any time of increased COVID-19 cases during flu season. The strategy was to be prepared in case hospital capacity cannot meet demand. The facility is meant to serve patients that don't require the level of service offered in an acute setting, but still need ongoing service such as monitoring or oxygen. The facility plan includes 178 patient treatment areas with a contingency plan to expand to a 500-patient treatment facility if needed

In a few short weeks the following infrastructure was put in place in the International Trade Centre:

- Construction of 7 stall shower facility
- Construction of AGMP treatment area
 - Plumbed for regulated oxygen delivery of up to 10 litres per minute for 5 treatment areas
- Construction of radiology area
- Construction of internal hallways to and from patient restroom area
- IT data and phone drops to support clinical applications, phones, faxes
 - 8 nursing pods with line of sight view of every bed within clinical service area (Pod)
- Scaffolding POD dividers with internalized service corridors
 - External low-level wall construction which permits each bed space to have oxygen regulator, power outlet and cot stabilization fixtures.
 - Plumbed oxygen for 178 patient treatment areas (bed or cot)
 - Electrical outlets for 178 patient treatment areas (bed or cot)

- Exterior cement pad for oxygen tower
- 30-foot Air Liquide Oxygen storage tank and bulk transfer piping to permit regulated oxygen at 6L/minute per patient treatment area (bed or cot) with a maximum capacity of 500 beds.
- Construction of an external garage leading into Hall C to help regulate the temperature inside the facilities when the overhead doors open
 - The field hospital is 'turnkey' ready for immediate activation
 - The field hospital remains in place until the conventional system can maintain the capacity

COVID-19 Testing Site

On September 8th, 2020 SHA opened a COVID-19 Drive Thru Testing Site in Hall C of the International Trade Centre. SHA setup a 6-lane drive thru system, with three nursing stations administering tests in each lane.

From September 8th – December 31st the SHA completed a total of 53,535 tests on site

Flu Shot Clinic

On October 19th, 2020 the SHA opened an appointment-based Flu Shot Clinic which ran until December 5th, 2020 in Hall B of the International Trade Centre. SHA administered a total of 13,790 immunizations during this time.

Eventually, the Flu Shot Clinic would be transformed into the COVID Vaccine Clinic.

CORPORATE GOVERNANCE

The *Regina Exhibition Association Limited (REAL)* is governed by a Board of Directors (*BOD*). REAL is a not-for-profit and municipal arms-length organization that operates the property currently known as Evraz Place. The City of Regina is the owner and sole shareholder of the REAL. REAL operates separately and independently from the City of Regina and does not have the authority to act as an agent for the City of Regina without express permission to do so. In January 2014, REAL's governance structure underwent a major shift from a community shareholder base of over 400 shareholders to a municipal arms-length organization with the City of Regina Council becoming the owner and sole-shareholder. With significant municipal investment in the assets on the site, the City of Regina required a greater degree of control over these assets. The City of Regina realized that the assets on the exhibition grounds needed to continue to operate through an entity that allowed the flexibility to operate in the space that private business would not and that at times is an area of too much risk for a municipality to operate within.

To ensure that the operating mandate empowered REAL to have the flexibility to truly take advantage of opportunities that would see the organization flourish and bring benefits to not only the city but also the province, the City of Regina thoughtfully and purposefully outlined REAL's mandate in the Unanimous Members Agreement (UMA). It is in the spirit of this mandate, the BOD have diligently fulfilled their duties to see REAL strive to achieve financial sustainability and bring prosperity to Regina.

The mandate of REAL as per the UMA is as follows:

- (a) to operate in the best interest of the community, and to enrich the quality of life for people in the community through the hosting and delivery of local, regional, national, and international events
- (b) to develop, operate and maintain facilities to provide world-class hospitality for trade, agri-business, sporting, entertainment and cultural events that bring innovation, enrichment and prosperity to the community; and
- (c) to operate with an entrepreneurial spirit and to pursue expanded business ventures that could generate additional revenue.

The BOD is made up of no more than fifteen (15) members and no fewer than seven (7). There are currently twelve (12) voting appointed directors and two (2) ex-officio (non-voting) directors – one appointed by the City of Regina and the other by the Ministry of Agriculture, Province of Saskatchewan.



The BOD is responsible for;

Governance: structures and processes to fulfill responsibilities, such as board skills matrix and recruitment, committee appointments, and governance policies, to name a few.

Talent: selecting, evaluating, and compensating the CEO and overseeing their performance targets in alignment with strategy.

Integrity: the ethical tenor of the company. Standards of honesty, integrity, and ethics. Adheres to regulatory compliance.

Risk: monitoring the company's strategic, operational, financial, and compliance risk exposure. Collaborates with management to set risk-tolerance levels and alignment with strategic priorities.

Performance: reviews and approves company strategy, annual operating plans, and financial plans. Monitors the execution against established budgets and alignment with the strategic objectives of the organization.

Strategy: develops strategic priorities and plans that align with the mission of the organization and in the best interest of the shareholder. Monitors the ability to execute strategy.

The BOD is assisted in performing its work by four standing committees:

- Audit and Finance Committee
- Governance and Nominating Committee
- Human Resources Committee
- Strategic Initiatives Committee



1500

BAGS OF MINI DONUTS HANDED
OUT AT TASTE OF QCX

600

VEHICLES AT 3 DRIVE-IN
BRETT KISSEL CONCERTS

53K+

COVID-19 TESTS COMPLETED AT
SHA DRIVE-THRU TESTING IN ITC



7.5K+

TREATS HANDED OUT
AT TRICK-OR-TREAT WITH REAL

400

VEHICLES AT
REAL LIGHTS UP THE NIGHT

13K+

FLU SHOTS ADMINISTERED
AT SHA FLU SHOT CLINIC IN ITC

#REAL 



YEAR IN REVIEW

Heading into 2020, we were certain we were heading into a new decade with a new, clear, vision. Armed, with another jam packed year of concerts and events. Ready to host another successful Canada's Farm Show with a new look and feel. We were gearing up for another stellar Queen City Ex with a stacked lineup for the Great Western Stage. The 50th Canadian Western Agribition show was all set to run on campus in November, no doubt with an exciting celebration planned. And of course, what all of Saskatchewan was waiting for, hosting the 2020 Grey Cup at Mosaic Stadium and holding the Grey Cup Festival all right here on campus throughout a number of our world-class facilities. On top of all of that, we were ready to bring forth the vision of what was to be the beginning of a new chapter for our organization, Evraz Place 2.0, 136 years in the making. Within a blink of an eye, it all changed and we were left to pivot quickly with how we could still engage with our community, in safe ways – *and that's just what we did.*

Taste of QCX

Coming off a record setting Queen City Ex in 2019, we knew we had to do something to celebrate QCX in light of not being able to host the fair in its traditional capacity. In June, we celebrated Queen City Ex by offering a Drive-thru Mini Donut experience. This was the first event we had on campus during COVID-19 and demand was overwhelming. Mini Donuts were available for pre-order only and sold out in just over 60 minutes. On June 5, over the course of 3 hours we provided more than 18,000 donuts in 1500 bags to 293 vehicles. Dome Concessions supported the event by providing the product and labour for free as a result, all proceeds supported the Regina Food Bank, and Prairie Mobile Communications matched the donation to enable us to donate \$9,000 to the Regina Food Bank.



Drive-in Concert:

In the early months of the COVID-19 pandemic, REAL brought Canadian Country artist, Brett Kissell to Regina for three sold out drive-in concerts on June 20th. Brett Kissell performed to over 2,400 attendees in 600 cars, in the first outdoor drive-in event on the REAL campus. The show aired live on YouTube to more than 4,000 viewers and has since been viewed more than 17,000 times. Concert goers were encouraged to bring donations for the Regina Food Bank and donated enough food to support 1,000 families for a week. Originally scheduled for one performance, the tickets sold out in 11 minutes so two additional shows were added to address the overwhelming demand.

REAL Kids Day Camp:

For the first time ever REAL offered day camps for children that provided a range of sport, physical activities and group games that brought a much needed break to isolation during pandemic restrictions. REAL welcomed 29 children in August to participate in the inaugural REAL Kids Day Camp that has developed into an annual program. REAL engaged with five different community partners to offer unique camp programming: Football Sask, Futbol Club Regina, Regina Ultimate, Basketball Saskatchewan and Regina Youth Flag Football.

Fireworks – REAL Lights up the Night

On a historically busy weekend on the REAL campus, Labour Day 2020 looked very different during COVID-19. In the absence of public gatherings REAL found a way to bring the community together on the REAL campus to recognize Labour Day and provide a much deserved celebration. REAL welcomed 400 vehicles to the grounds to celebrate and experience a fireworks display from the safety of their vehicles. Building off the success of the Brett Kissell Drive in Concert, community members were able to pre-register to watch the fireworks display from the comfort of their vehicles, REAL's commitment to creating memorable experiences continued to be delivered to the community through the pandemic.

Trick-or-Treat with REAL

In the uncertain times of COVID-19 and the safety unknowns for parents having their children go trick-or-treating, REAL brought together 24 community groups, partners and sponsors to provide a COVID safe trick-or-treating experience for the children of Regina. Utilizing the large concourse of Mosaic Stadium, over 1500 children dressed up in costume to fill their buckets and bags with more than 75,000 treats on Halloween. Demand for this event was so overwhelming the registration system could barely keep up with over 20,000 people trying to register, resulting in all time slots filling up in 45 minutes.





Sport and Rec:

Throughout the pandemic, working with Saskatchewan Health Authority (SHA), REAL continued to offer sport and recreation programs while providing space for community sport groups to operate in a COVID safe environment. In partnership with SHA, REAL developed cleaning and operating protocols that allowed thousands of local community members through our community leagues and programs (Hockey Regina, Regina Ringette, Regina Skate Association, FCR and many more) stay active and remain training at high levels in a much needed time of physical activity. Even with restrictions on sport and rec delivery, REAL continued to provide the opportunity for the community to stay active, interact with friends and battle the isolation of the pandemic.

Volleybarn

REAL's continual growth includes the development of the Volleybarn in the Canada Centre Show Sale Arena. Working with local volleyball association, ICP Sports Management Group, a multi-court volleyball development centre was created to fill a need in local sport community. Hundreds of local young athletes participate in volleyball development, training and competition programs with the addition of the Volleybarn on the REAL campus.



FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

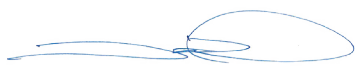
The accompanying financial statements of The Regina Exhibition Association Limited operating Evraz Place have been prepared by the Association's management in accordance with Canadian public sector accounting standards and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

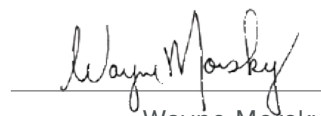
The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, MNP LLP, and their report is presented separately.

March 26, 2021



Tim Reid
President and CEO



Wayne Morsky
Acting Chair of the Board

The Regina Exhibition Association Limited
Financial Statements
December 31, 2020

To the Directors of The Regina Exhibition Association Limited:

Opinion

We have audited the financial statements of The Regina Exhibition Association Limited (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of loss, changes in net (deficit) assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations, changes in its net (deficit) assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 of the Annual Report.

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. We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 the financial statements in accordance with Canadian public sector accounting standards for government 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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.

Independent Auditor's Report *(Continued)*

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Regina, Saskatchewan

March 24, 2021

MNP LLP

Chartered Professional Accountants

The Regina Exhibition Association Limited

operating Evraz Place

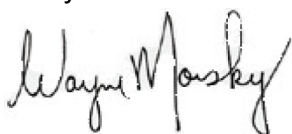
Statement of Financial Position

As at December 31, 2020

	2020	2019
	\$	\$
Assets		
Current assets		
Cash	1,007,925	540,740
Accounts and grants receivable	1,761,643	2,222,353
Inventories	268,962	412,696
Supplies and prepaid expenses	210,703	258,250
	<u>3,249,233</u>	<u>3,434,039</u>
Capital assets (note 4)	<u>88,101,748</u>	<u>93,745,026</u>
	<u>91,350,981</u>	<u>97,179,065</u>
Contractual rights (note 14)		
Liabilities and Net (Deficit) Assets		
Current liabilities		
Bank indebtedness (note 3)	-	1,346,524
Accounts payable and accrued liabilities	4,887,181	4,858,761
Deferred revenue and deposits	5,434,367	1,013,368
Current portion of term loans due on demand (note 5)	1,351,295	1,320,340
	<u>11,672,843</u>	<u>8,538,993</u>
Term loans due on demand (note 5)	<u>3,690,275</u>	<u>4,863,135</u>
	<u>15,363,118</u>	<u>13,402,128</u>
Deferred grants and other contributions (note 6)	<u>78,281,037</u>	<u>82,121,750</u>
	<u>93,644,155</u>	<u>95,523,878</u>
Contractual obligations (note 15)		
Commitment (note 16)		
Significant event (note 17)		
Share capital (note 8)	10	10
Investment in capital assets	4,779,140	5,439,800
Accumulated deficit	<u>(7,072,324)</u>	<u>(3,784,623)</u>
Net (deficit) assets	<u>(2,293,174)</u>	<u>1,655,187</u>
	<u>91,350,981</u>	<u>97,179,065</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Board:



Director



Director

The Regina Exhibition Association Limited

operating Evraz Place

Statement of Loss

For the year Ended December 31, 2020

	2020	2019
	\$	\$
Revenue		
External funding (note 11)	2,711,281	2,884,449
Event sales and recoveries	5,235,484	15,064,681
Rental and lease revenue	5,083,566	10,053,547
Sponsorship sales	344,790	2,524,801
Food and beverage	2,182,185	13,916,046
	15,557,306	44,443,524
Expenses		
Contracted labour	270,422	2,302,651
Cost of goods sold	881,228	4,960,660
Repairs and maintenance	1,559,097	2,047,753
Administration, supplies, and services	4,059,022	12,287,506
Utilities	3,062,509	3,552,678
Wages and employee benefits	11,378,939	19,128,199
	21,211,217	44,279,447
(Loss) earnings from operations	(5,653,911)	164,077
Government COVID-19 assistance (note 18)	4,066,855	-
(Loss) earnings before amortization and interest	(1,587,056)	164,077
Amortization	5,987,439	5,960,527
Interest on term loans due on demand	214,602	278,660
Loss before contributed capital and interest earned	(7,789,097)	(6,075,110)
Contributed capital and interest earned	3,840,736	3,879,393
Net loss for the year	(3,948,361)	(2,195,717)

The accompanying notes are an integral part of these financial statements.

The Regina Exhibition Association Limited

operating Evraz Place

Statement of Changes in Net (Deficit) Assets

For the year ended December 31, 2020

	Share capital \$	Investment in capital assets \$	Accumulated (deficit) \$	2020 \$	2019 \$
Balance, beginning of year	10	5,439,800	(3,784,623)	1,655,187	3,850,903
Net loss for the year	-	-	(3,948,361)	(3,948,361)	(2,195,716)
Amortization	-	(5,987,439)	5,987,439	-	-
Capital contributions recognized	-	3,840,713	(3,840,713)	-	-
Investment in capital assets during the year	-	344,161	(344,161)	-	-
Net change in term loans due on demand	-	1,141,905	(1,141,905)	-	-
Balance, end of year	10	4,779,140	(7,072,324)	(2,293,174)	1,655,187

The accompanying notes are an integral part of these financial statements.

The Regina Exhibition Association Limited

operating Evraz Place

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Net loss for the year	(3,948,361)	(2,195,716)
Items not affecting cash		
Amortization	5,987,439	5,960,527
Deferred capital contributions recognized	(3,840,713)	(3,847,498)
	(1,801,635)	(82,687)
Net increase in non-cash working capital balances related to operations (note 7)	5,079,751	663,837
Net cash generated through operating activities	3,278,116	581,150
Financing activities		
Advance of term loans due on demand	-	1,000,000
Repayment of term loans due on demand	(1,141,905)	(1,418,110)
Repayment of bank indebtedness	(1,346,524)	(249,825)
Contributions received	21,659	600,000
Net cash utilized through financing activities	(2,466,770)	(67,935)
Investing activities		
Purchase of capital assets	(344,161)	(575,092)
Increase (decrease) in cash during the year	467,185	(61,877)
Cash, beginning of year	540,740	602,617
Cash, end of year	1,007,925	540,740

The accompanying notes are an integral part of these financial statements.

The Regina Exhibition Association Limited

Operating Evraz Place

Notes to the Financial Statements

For the year ended December 31, 2020

1. Description of operations

The Regina Exhibition Association Limited (the Association) is a not-for-profit organization that operates the 100-acre Evraz Place property in the City of Regina. The Association was incorporated in 1907 by "An Act to incorporate The Regina Exhibition Association Limited", being Chapter 41 of the Statutes of Saskatchewan, 1907. The Association transitioned to The Non-profit Corporations Act, 1995 (Saskatchewan), on January 1st, 2014 under an Order in Council approving the Association's Articles of Continuance, which were passed by a special resolution of the shareholders on May 1, 2012. Since the Association is a not-for-profit organization it is not subject to federal or provincial income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting standards for government not-for-profit organizations.

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimates are reviewed periodically and adjustments as necessary are reported in the period of review. Significant areas requiring the use of management estimates is the useful life of long-lived assets and allowance for doubtful accounts.

a) Inventories

Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Inventory consists of merchandise, food and beverages.

b) Capital assets

Capital assets are recorded at cost. Amortization is recorded over the estimated useful life of the assets as follows:

Buildings	-straight-line over 10 to 30 years
Equipment	-straight-line over 3 to 20 years

c) Long-lived assets

Long-lived assets consist of buildings and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in earnings for the year.

d) Revenue recognition

Event sales and recoveries, rental and lease revenue as well as food and beverage are recognized as services are provided. Sponsorship and external funding is recognized based on the terms of the contract.

2. Significant accounting policies (continued from previous page)

The Association recognizes government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance and that the assistance will be received.

e) External funding

External funding received by the Association is accounted for as follows:

- i) External funding to assist with the financing of capital asset additions are recorded as deferred capital contributions (note 6). The portion of the external funding equivalent to the annual amortization expense of the related asset is recognized annually as external funding.
- ii) External funding that are restricted and not specifically intended for capital asset additions are recorded in revenue in the period the related expenses are incurred.
- iii) Contributed materials and services are measured at fair value at the date of contribution if fair value can be reasonably estimated.

f) Financial instruments

All financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received.

All of the Association's financial instruments are measured at amortized cost following initial recognition.

When an impairment is indicated, and when actual impairment has occurred, the financial instrument's carrying amount is reduced to its realizable value.

3. Bank indebtedness

The Association has an authorized line of credit with HSBC Bank Canada for \$6,788,661 (2019 - \$3,000,000) at a rate of prime - 0.25%. At December 31, 2020 there is no amount outstanding on the line of credit (2019 - \$1,346,524).

4. Capital assets

	Cost		Accumulated amortization		Net book value	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Buildings	123,840,674	123,589,724	39,316,888	34,560,202	84,523,786	89,029,522
Equipment	8,776,859	8,752,241	5,198,897	4,036,737	3,577,962	4,715,504
	132,617,533	132,341,965	44,515,785	38,596,939	88,101,748	93,745,026

5. Term loans due on demand

	2020	2019
	\$	\$
Term demand loan up to \$5,000,000 payable to HSBC Bank Canada with 1 (one) annual principal payment of \$1,000,000. Interest is paid monthly at prime - 0.25%. Due in May, 2023.	2,900,000	3,900,000
Term demand loan up to \$4,000,000 payable to HSBC Bank Canada in 5 (five) annual principal payments of \$280,000 based on the 10-year repayment period. Interest is paid monthly at prime - 0.25%. Due in May, 2023.	1,931,340	2,211,340
Term demand loan payable to RCAP Leasing in monthly payments of \$3,617 including interest at 5.7%. Secured by the equipment. Due in September, 2021.	31,796	72,135
Term demand loan payable to RCAP Leasing in monthly payments of \$948 including interest at 5.6%. Secured by the equipment. Due in October, 2023.	29,739	-

5. Term loans due on demand (continued from previous page)

Term demand loan payable to CWB National Leasing in monthly payments of \$3,045 including interest at 5.1%. Secured by the equipment. Due in August, 2025.

	148,695	-
Total Term loans due on demand	5,041,570	6,183,475
Less: current portion	1,351,295	1,320,340
	<u>3,690,275</u>	<u>4,863,135</u>

The City of Regina has guaranteed all credit facilities with HSBC Bank Canada. During the year, the City of Regina approved to increase the total authorized debt and guarantee to an amount not to exceed \$21,000,000 (2019 - \$13,000,000).

The terms of the term loans due on demand with HSBC Bank Canada requires that a debt service coverage covenant be met. As at December 31, 2020, the Association was in violation of this covenant.

The estimated principal payments in the next five years are as follows:

2021	1,351,295
2022	1,321,607
2023	2,313,264
2024	34,375
2025	21,029
	<u>5,041,570</u>

6. Deferred grants and other contributions

	2020	2019
	\$	\$
Opening deferred grants and other contributions	82,121,750	85,912,623
Amounts received in year	21,659	600,000
Amounts transferred from deferred revenue and deposits	(21,659)	(543,375)
Amounts recognized in year	<u>(3,840,713)</u>	<u>(3,847,498)</u>
	<u>78,281,037</u>	<u>82,121,750</u>

7. Net increase in non-cash working capital balances related to operations

	2020	2019
	\$	\$
Accounts and grants receivable	460,710	6,453,677
Inventories	143,734	124,045
Supplies and prepaid expenses	47,547	(41,560)
Accounts payable and accrued liabilities	6,761	(5,073,856)
Deferred revenue, deposits, grants and other contributions	<u>4,420,999</u>	<u>(798,469)</u>
	<u>5,079,751</u>	<u>663,837</u>

8. Share capital

	2020	2019
	\$	\$
Issued -		
1 share (2019 - 1 share)	<u>10</u>	<u>10</u>

9. Financial risk management

The Association has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Association is exposed are as follows:

Currency risk

The Association is not exposed to significant foreign currency risk.

9. Financial risk management (continued from previous page)

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 is exposed to credit risk on the accounts receivable from its customers.

In order to reduce its credit risk, the Association has adopted credit policies, which include the review of a new customer's credit history and financial position before extending credit and conducting regular reviews of its existing customers' credit performances to reflect the Association's credit policies. The amounts disclosed in the Statement of Financial Position are net of allowance for doubtful accounts.

Liquidity risk

The Association's objective is to have sufficient liquidity to meet its liabilities when due. The Association manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements to ensure that it has sufficient funds to fulfill its obligations.

The COVID-19 pandemic has had a significant impact on the Association's events sales and recoveries revenue, sponsorship sales and food and beverage revenue. The operating restrictions the Association has been forced to abide by, from Public Health Orders, has had a significant negative impact on the Association's ability to operate its business and has forced the Association to rely on its operating credit line and Government funding programs.

The Association has implemented a rolling 24 month detailed cash flow and monthly EBITDA forecasting tool to manage its liquidity risk. In addition, the Association established a new loan credit guarantee as approved by the City of Regina.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of the other financial assets and liabilities, known as price risk. The Association is exposed to interest rate cash flow risk with respect to its line of credit, which is subject to a floating interest rate (note 3) and on certain term loans due on demand (note 5). The Association is exposed to price risk on certain term loans due on demand (note 5).

10. Financial instruments

The Association's recognized financial instruments consist of cash, accounts and grants receivable, accounts payable and accrued liabilities, and term loans due on demand. The fair value of cash, accounts and grants receivable, accounts payable and accrued liabilities approximates carrying value given the short-term nature of the amounts. The fair value of term loans due on demand approximates carrying value based on the terms of the debt agreements.

11. External funding

On November 22 1997, the Association ceased operating its casino. In accordance with an agreement between the Association and the Province of Saskatchewan, a 30 year agreement was entered into whereby the Association will receive \$2,600,000 annually to maintain its earnings.

12. Contingencies

The Association is subject to certain legal matters arising in the normal course of business, none of which are expected to materially affect the financial results of the Association.

13. Related parties

During the year the Association conducted business with the City of Regina in the normal course of operations and at prices equivalent to unrelated purchases, as follows:

	2020	2019
	\$	\$
Revenue for the year:		
External funding	1,295,805	1,495,805
Event sales and recoveries	3,610,361	4,462,240
Rental and lease revenue	1,772,742	1,814,466
Food and beverage	246,239	58,432
Expenses for the year:		
Contracted labour	-	115,623
Administration, supplies, and services	445,435	446,985
Utilities	206,090	267,452
Accounts receivable	-	52,968
Accounts payable	113,989	192,379

The buildings and other facilities of the Association are located on the land that belongs to the City of Regina. Such land is being used by the Association at no consideration.

14. Contractual rights

Effective April 11, 2018, the Association entered into a 3 (three) year and 9 (nine) month Operating & Maintenance agreement with the City of Regina for Mosaic Stadium. The contract includes a renewal term for 5 (five) consecutive terms of 5 (five) years each. The Association is paid an annual base building fee to operate and maintain the stadium as well as a game day fee to provide services to the Saskatchewan Roughrider Football Club.

The Association has signed agreements with various other organizations and companies that provide the Association with the contractual right to future revenue streams.

Future collections from the stadium Operating & Maintenance agreement with the City of Regina and other funding and sponsorship agreements are estimated as follows:

Year	Amount
2021	6,737,679
2022	5,944,827
2023	5,973,185
2024	6,014,593
2025	5,744,069

15. Contractual obligations

Effective April 11, 2018, the Association entered into a 3 (three) year and 9 (nine) month Operating & Maintenance agreement with the City of Regina for Mosaic Stadium. The contract includes a renewal term for 5 (five) consecutive terms of 5 (five) years each. Under the terms of this agreement, the Association has the exclusive right and license to provide food and beverage services. The Association has agreed to repay the City of Regina for the funding required to complete the food and beverage areas. The repayment is an annual fee of \$300,000.

Year	Amount
2021	300,000
2022	300,000
2023	300,000
2024	300,000
2025	300,000

16. Commitment

As at December 31, 2020, the Association has a funding commitment of \$4,008,000 to the City of Regina towards the construction of Food & Beverage assets in Mosaic Stadium.

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact which the COVID-19 outbreak may have on the Association is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

18. Government COVID-19 assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in April, 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is assessed over multiple four-week application periods. The Association has applied for and received government assistance related to the CEWS in the amount of \$3,741,855 which has been reflected in revenue. The Association expects to continue to receive the subsidy after year-end.

The Association also applied, was approved and received funding from the Provincial Government of Saskatchewan as part of their COVID-19 relief programs. A total value of \$325,000 was received and recorded as revenue.

19. Comparative figures

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



BEST WESTERN ARENA



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