



# 2018 ANNUAL REPORT



## 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

is a fascinating one. It all began in 1884 when an enthusiastic group of people organized Regina's first-ever agricultural fair in what we now know 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 Progress Show (1978). We are now the proud home of the Saskatchewan Roughriders, Regina Pats, Futbol Club Regina, University of Regina Cougars hockey, 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 Evraz Place home.**

## SPORT & REC



## ENTERTAINMENT



## BUSINESS



SINCE **1884**

## EXECUTIVE MESSAGE

As we head into 2019, we'd like to take a moment to reflect on 2018, a year of exceptional live entertainment and world-class events, with a focus on reflection, renewal and transformation. 2018 was a year of moments, experiences and memories. We'd like to thank our community, partners, stakeholders and employees for once again showcasing our community and assets to a regional and global audience.

We have over a century of practice in bringing the community together to experience moments from sport and recreation, to concerts and comedians, to tourism and trade shows. Our goal is to add to the energy of our amazing community while enhancing the economic opportunity and prosperity within our region. The men and women who began all this in 1884 with a vision to bring the community together could have not imagined what this campus would eventually come to be. But throughout our history, one thing has stayed the same: we build community, one memory at a time. Major events in 2018 like the Tim Hortons Brier and MasterCard Memorial Cup, along with a great second season at Mosaic Stadium, gave our organization an opportunity to demonstrate our professionalism, delivery expertise and dedication to those memorable guest experiences. Most importantly, 2018 was a year of unveiling our exceptional community-owned assets to a global audience and sending a strong message that our community is a great place to explore.

Vision 2020, the guiding light set by Regina Exhibition Association Limited's (REAL) previous leadership team, created a far-reaching impact that can be seen in the billion dollars of infrastructure and \$425M of provincial economic impact that is driven by the campus each year. More than 3,100 jobs locally or nearly one in every 40 jobs within Regina exist because of what we do each day. We are incredibly proud to be the heart of Regina, a place that contributes to our economic growth and quality of life through job creation and local spending that builds a strong and vibrant community for us all. To the past leaders and founders of REAL, we offer a sincere thank you, and to our owners and strongest partner in the City of Regina, we thank you for your leadership and the opportunity to steward such remarkable community spaces.

With the Vision 2020 strategic plan nearing completion at the end of 2019, it's time to decide what's next for Evraz Place. Our Board of Directors have embraced the opportunity to begin the next chapter in the incredible history of our organization.



*“Look closely and you’ll see it  
in action—community is, and  
has always been, at the heart of  
everything we do.”*

In October, a Futures Committee was formed that includes Board of Directors and community leaders who led a review of best practices in other North American cities, along with a broad public engagement effort to capture the voice of the community on their future needs and aspirations for Evraz Place. A series of open houses, focus groups and an online survey allowed community members to provide their input that will help our Board of Directors develop a new 10-15 year strategic plan for our 100-acre campus. We engaged with over 6,000 people throughout the public engagement process, with every idea welcomed, considered, valued and reviewed. The resounding message from our community was that the Evraz Place campus and the work of REAL is important, and while there is much opportunity on the horizon, the service and delivery today must remain a priority. Most importantly, the community is exceptionally proud of the assets, infrastructure and opportunity at Evraz Place. We look forward to working with the Futures Committee and Board of Directors to deliver a strategic plan in 2019 to the City of Regina and City Council to determine what Evraz Place will look like in the future.

Evraz Place continues to thrive because of the REAL team. I want to take a moment to recognize and thank the dedicated team who are behind all of our successes as an organization. Their ongoing, tireless commitment is the reason we are able to deliver exceptional events that deliver memorable guest experiences. Our employees, volunteers, tenants, shareholders and community partners truly are the heart of our organization, and we're honoured to be a part of a team that is committed to building a great future for this generation and generations to come.

Lastly, as a community-owned and volunteer-driven organization, we must thank our guests, customers, and facility users for your valued contributions, energy and support. You truly inspire our organization each and every day.



Tim Reid  
*President and CEO*



Sandra Masters  
*Chair of the Board*



## CORPORATE GOVERNANCE

The Regina Exhibition Association Limited (REAL) is governed by a Board of Directors (BOD). REAL is a not-for-profit corporation that operates 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 authority to act as an agent for the City of Regina unless expressly provided. The City of Regina owns the land and assets of Evraz Place which REAL operates on behalf of City Council in accordance with the Unanimous Members Agreement (UMA).

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 venture 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 eleven (11) 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 fulfil 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:** ethical tenor of the company. Standards of honesty, integrity, and ethics. Complies with 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 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 committees:

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

## BOARD OF DIRECTORS



SANDRA MASTERS  
*Board Chair - 5 years*



KEN BUDZAK  
*3 years*



MICHAEL FIX  
*4 years*



KAREN GIBBONS  
*5 years*



KATHY MCCRUM  
*2 years*



BLAIN KEZEMA  
*1 year*



MARTY MELOCHE  
*5 years*



GORD SELINGER  
*3 years*



DAVE SINCLAIR  
*1 year*



TIFFANY STEPHENSON  
*2 years*



GRANT WASNIK  
*5 years*



CHRIS HOLDEN  
*Ex-Officio - City of Regina  
3 years*



KEVIN FRANCE  
*Ex-Officio - Ministry of Agriculture  
5 months*

## EXECUTIVE LEADERSHIP TEAM

Tim Reid  
*President & Chief Executive Officer*

Gerry Fischer  
*Vice-President, Corporate Development*

Roberta Engel  
*Vice-President, Corporate Operations & Finance*

Amanda Acorn  
*Director, Corporate Governance*

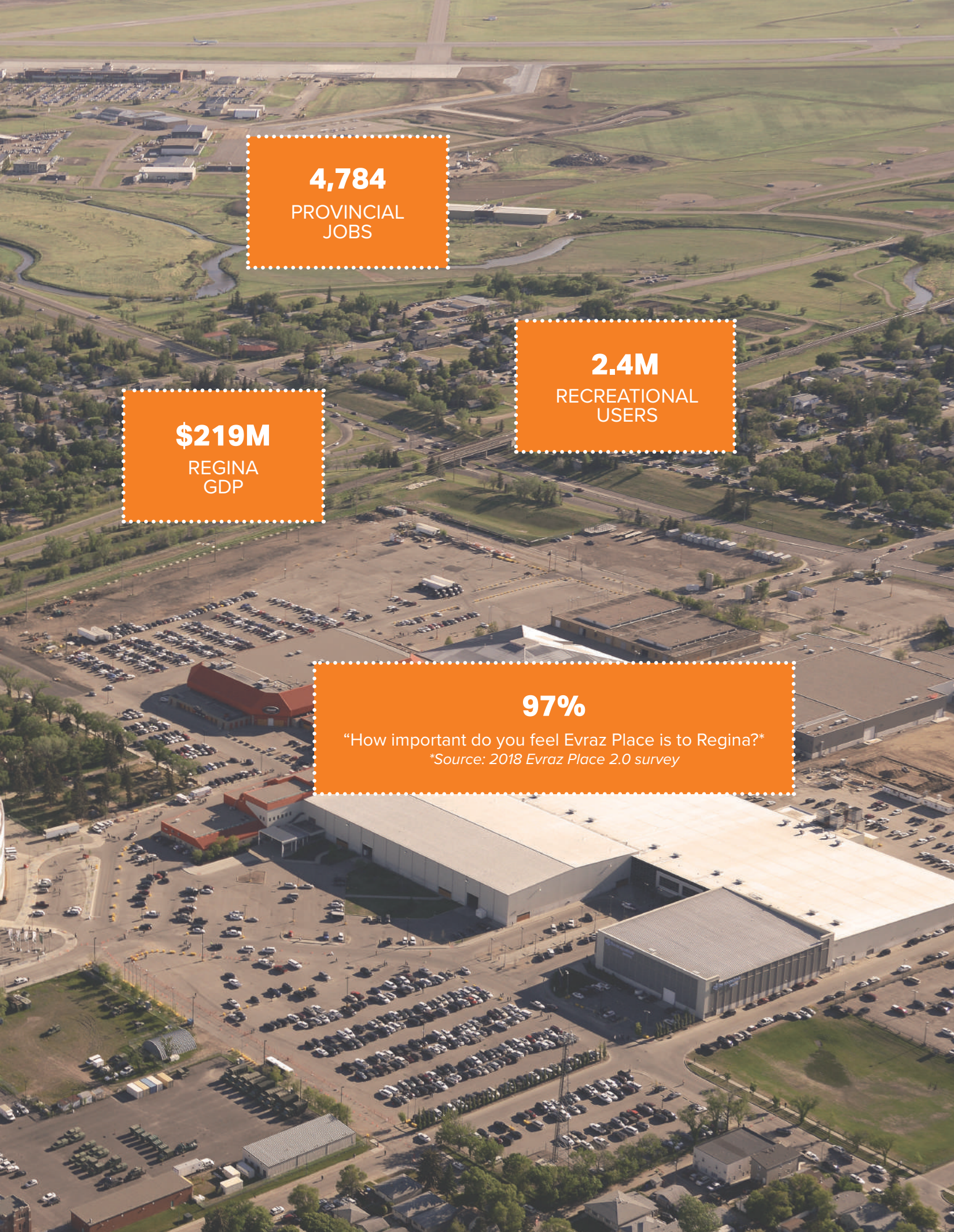


**135**  
YEARS OF  
OPERATION

**\$425M**  
PROVINCIAL  
GDP

**700+**  
ANNUAL  
EVENTS

**3.5M**  
ANNUAL  
VISITORS



**4,784**

PROVINCIAL  
JOBS

**2.4M**

RECREATIONAL  
USERS

**\$219M**

REGINA  
GDP

**97%**

“How important do you feel Evraz Place is to Regina?”  
*\*Source: 2018 Evraz Place 2.0 survey*



## YEAR IN REVIEW

Evraz Place – powered by the Regina Exhibition Association Limited (REAL) – has a long history of bringing the community together to experience all types of sport, recreation, entertainment and business events. As a not-for-profit community service organization, REAL's core purpose is to contribute to our region's collective quality of life. We achieve this purpose by providing tourism economic impact, entertainment value, local employment, non-profit group volunteer opportunities, and recreational facilities that support healthier lifestyles. The Evraz Place property hosts the majority of Regina's major events, including Canada's Farm Progress Show, Queen City Ex and Canadian Western Agribition. Evraz Place is home to the Saskatchewan Roughriders, Regina Pats, Futbol Club Regina, University of Regina Cougars Hockey, many minor and recreational sports, and numerous concerts, trade shows and conventions.



## CANADA'S FARM PROGRESS SHOW

For 41 years, Canada's Farm Progress Show has brought together qualified buyers with manufacturers and dealers to showcase the newest innovation that makes our province and country leaders in the global agriculture industry.

2018 marked the show's first year in the International Trade Centre (ITC). The new \$37-million facility housed 200 exhibitors and the first-ever Launch Pad stage where top agricultural retailers and manufacturers presented new products, innovations and inventions. The show was programmed knowing the new ITC would provide more opportunities to showcase the industry's best technology in an interactive setting. A record 22 innovation program entries came in along with three major product launches from AGCO, Morris Industries and Salford Group.

The 2018 show saw strong performance in domestic and international sales and leads generated, which contributed to the millions in economic impact the show drives locally and provincially.

Canada's Farm Progress Show is known as one of the world's top shows for bringing together international buyers with our local companies. The International Business Centre saw an estimated \$345M in sales. Nearly 700 registered international visitors and buyers from countries such as the USA, Russia, China, Ukraine and South Africa visited this year's show prepared to spend with Saskatchewan and Canadian manufacturers and exporters.

The REAL team that powers Canada's Farm Progress Show is excited to bring the world together once again at the 2019 show, taking place June 19 to 21, 2019.





## QUEEN CITY EX

Queen City Ex (QCX) continues to be Regina's largest and most beloved summer tradition.

Queen City Ex participated in an incredibly special moment for a newlywed couple, which reinforces the annual summer fair's commitment to creating life-long memories. A bride and groom who started their relationship many years ago at Queen City Ex chose the fair as their location for their wedding photos.

As always, a highlight of the week was the performances on the Great Western Stage, taking place outdoors in Confederation Park after being indoors for the past couple of years. The diverse lineup brought people of all ages and interests to Queen City Ex to enjoy the newly renovated park. The lineup of performers included Kip Moore, The Arkells, Burton Cummings, Craig Morgan, and the Regina Symphony Orchestra performing the music of Prince and Michael Jackson.

The Mosaic Flip for Hunger pancake breakfast was back for its eighth year on Sunday to wrap up the five-day event. For a limited time, pancakes and sausages in addition to gate admission were free to the 4,000 fairgoers who brought a non-perishable food item and/or monetary donation for the Regina Food Bank. The breakfast brought in a total of 14,982 lbs. of food for the Regina Food Bank, bringing the eight-year total to 112,282 lbs.

The REAL team that powers Queen City Ex looks forward to creating new exciting memories with the community during 2019's fair, taking place July 31 to August 4, 2019.



## CONCERT AND ENTERTAINMENT EVENTS



The REAL team is proud to offer a wide variety of entertainment options to please the diverse preferences of our community's concert and event-goers. 2018 proved to be another memorable year with big entertainment, big events and big fun! The Brandt Centre at Evraz Place welcomed a number of acts including Jack White, Stone Temple Pilots, Chad Brownlee and comedian Kevin Hart.

Canadian figure skating superstars brought the Thank You Canada Tour to the Brandt Centre, paying tribute to our country. The tour included performances by Olympic greats Tessa Virtue, Scott Moir and Patrick Chan to name a few.



We were honoured to host the First Nations University Powwow, held annually at the Brandt Centre. More than 400 dancers entertained guests with performances that celebrated Indigenous song, dance and culture. The annual Regina Police Service showcase was also a hit, with the officers demonstrating live action demos and giving over 2,500 youth an up-close-and-personal look at what our police members do each day to keep our community safe.

Creating positive experiences and life-long memories is what we do best!



## SPORT & REC



The Tim Hortons Brier was the first major event of 2018 with 10 days of exciting competition from the best curlers in Canada. The Mastercard Memorial Cup held in May was one of the largest multi-day events to be hosted at Evraz Place. The national event kicked off with an incredible performance from the Eagles at Mosaic Stadium. Our hometown Regina Pats reached the championship game, uniting hockey fans across our community to take in the action.



The Saskatchewan Roughriders finished second in the CFL's west division with a 12-6 record and hosted five sell-out games at Mosaic Stadium. Also of note, Mosaic Stadium hosted its first-ever CFL playoff game in November.

The Co-operators Centre, home to the University of Regina Cougars men's and women's hockey teams also kept busy with just under 16,000 hours of ice bookings for 2018.

The EventPlex at Evraz Place was re-named the AffinityPlex in September as a result of a new community partnership with Affinity Credit Union that aims to provide long-term sustainability, economic impact and community benefit to Evraz Place. The partnership will enable REAL to implement a number of improvements to the facility, which will lower the cost of operating, create efficiencies and improve environmental sustainability. The AffinityPlex is Regina's

premier multi-purpose sport facility that is home to more than 300 events and 1.3 million annual local, regional, national and international visitors. From October to April each year, the facility is a hub of activity for the Futbol Club Regina with thousands of players and families enjoying one of the best indoor soccer facilities in Canada.

Looking ahead to 2019, the REAL team is excited to welcome a number of national-level tournaments including the National Archery Schools Championship, Volleyball Canada Championship, and Canadian Strongman and Strongwoman Nationals. Mosaic Stadium will also play host to the Tim Hortons NHL Heritage Classic in October – the first time regular season outdoor NHL game will be hosted in Saskatchewan!



## TRADE AND CONSUMER SHOWS



Over 30 trade and consumer shows of all types and sizes were hosted at Evraz Place in 2018 allowing customers, businesses and product/service suppliers to connect.

The ever-popular Regina Spring Home Show in March drew a crowd of over 15,000 – one of the largest home, renovating, landscaping and lifestyle shows in Canada. The International Trade Centre hosted What Women Want for the first time, offering shoppers and exhibitors a beautiful space to spend their day. Over 17,000 guests had a chance to kick-start their Christmas shopping by browsing countless assortments of quality handmade, local goods.



## VALUED PARTNERSHIPS

Each of our corporate partners plays an integral role in providing value to our community. Together with their support, we're able to provide people with positive, memorable experiences through a variety of sport, entertainment and business events.

We're thankful for the support of our corporate partners as they join us for another fun and successful year!



## 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 20, 2019



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Tim Reid  
*President and CEO*

## **Independent Auditor's Report**

To the Directors of The Regina Exhibition Association Limited:

### **Opinion**

We have audited the financial statements of The Regina Exhibition Association Limited (the "Association") which comprise the statement of financial position as at December 31, 2018 and the statements of loss, changes in net 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 Association as at December 31, 2018 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance Canadian public sector accounting standards.

### **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 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.

### **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, 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.

### **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.

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 entity'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 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.

Regina, Saskatchewan

March 20, 2019

**MNP LLP**  
Chartered Professional Accountants

**MNP**

# The Regina Exhibition Association Limited

Operating Evraz Place  
Statement of Financial Position  
As at December 31, 2018

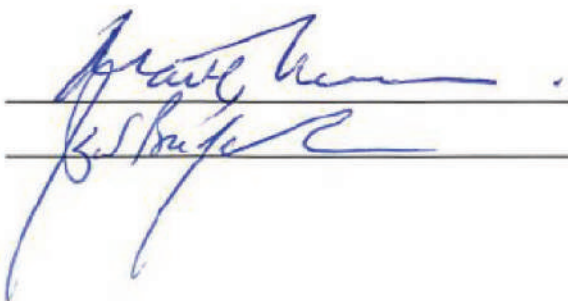
|                                                         | 2018               | 2017               |
|---------------------------------------------------------|--------------------|--------------------|
|                                                         | \$                 | \$                 |
| <b>Assets</b>                                           |                    |                    |
| <b>Current assets</b>                                   |                    |                    |
| Cash                                                    | 602,617            | 797,997            |
| Accounts and grants receivable (note 14)                | 8,676,030          | 6,243,015          |
| Inventories                                             | 536,741            | 540,930            |
| Supplies and prepaid expenses                           | 216,690            | 56,198             |
|                                                         | <u>10,032,078</u>  | <u>7,638,140</u>   |
| <b>Long-term accounts receivable (note 14)</b>          | -                  | 200,000            |
| <b>Capital assets (note 5)</b>                          | <u>99,130,461</u>  | <u>99,651,559</u>  |
|                                                         | <u>109,162,539</u> | <u>107,489,699</u> |
| <b>Contractual rights (note 15)</b>                     |                    |                    |
| <b>Liabilities and Net Assets</b>                       |                    |                    |
| <b>Current liabilities</b>                              |                    |                    |
| Bank indebtedness (note 4)                              | 1,596,349          | -                  |
| Accounts payable and accrued liabilities                | 9,932,617          | 12,234,520         |
| Deferred revenue and deposits                           | 1,268,462          | 2,782,459          |
| Current portion of long-term debt (note 6)              | 1,318,111          | 52,387             |
|                                                         | <u>14,115,539</u>  | <u>15,069,366</u>  |
| <b>Long term debt (note 6)</b>                          | 5,283,474          | 110,247            |
| <b>Deferred grants and other contributions (note 7)</b> | <u>85,912,623</u>  | <u>86,899,704</u>  |
|                                                         | <u>105,311,636</u> | <u>102,079,317</u> |
| <b>Contractual obligations (note 16)</b>                |                    |                    |
| <b>Commitment (note 17)</b>                             |                    |                    |
| <b>Share capital (note 9)</b>                           | 10                 | 10                 |
| <b>Investment in capital assets</b>                     | 6,616,252          | 12,589,221         |
| <b>Accumulated deficit</b>                              | <u>(2,765,359)</u> | <u>(7,178,849)</u> |
| <b>Net assets</b>                                       | <u>3,850,903</u>   | <u>5,410,382</u>   |
|                                                         | <u>109,162,539</u> | <u>107,489,699</u> |

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

Approved by the Board:

Director

Director



# Regina Exhibition Association Limited

Operating Evraz Place

## Statement of Loss

For the year Ended December 31, 2018

|                                             | 2018               | 2017               |
|---------------------------------------------|--------------------|--------------------|
|                                             | \$                 | \$                 |
| <b>Revenues</b>                             |                    |                    |
| Sales                                       | 27,420,681         | 29,128,815         |
| Rentals                                     | 9,663,556          | 9,362,753          |
| Contributions and other income              | 6,155,121          | 4,426,571          |
| Sponsorships and advertising                | 2,314,418          | 2,231,408          |
| Revenue continuance (note 12)               | 2,600,000          | 2,600,000          |
|                                             | 48,153,776         | 47,749,547         |
| <b>Expenses</b>                             |                    |                    |
| Administration                              | 2,467,809          | 2,265,573          |
| Amortization                                | 5,980,608          | 5,609,692          |
| Cost of goods sold                          | 5,167,097          | 5,492,351          |
| Repairs and maintenance                     | 1,697,235          | 1,056,503          |
| Supplies, equipment and contracted services | 8,952,035          | 9,136,102          |
| Utilities                                   | 3,734,620          | 3,444,299          |
| Wages and employee benefits                 | 21,713,851         | 21,753,104         |
|                                             | 49,713,255         | 48,757,624         |
| <b>Net loss for the year</b>                | <b>(1,559,479)</b> | <b>(1,008,077)</b> |

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

# The Regina Exhibition Association Limited

Operating Evraz Place

Statement of Changes in Net Assets

For the year ended December 31, 2018

|                                              | Share<br>capital<br>\$ | Investment in<br>capital assets<br>\$ | Accumulated<br>(deficit)<br>\$ | 2018<br>\$       | 2017<br>\$       |
|----------------------------------------------|------------------------|---------------------------------------|--------------------------------|------------------|------------------|
| <b>Balance, beginning of year</b>            | 10                     | 12,589,221                            | (7,178,849)                    | 5,410,382        | 6,418,459        |
| Net loss for the year                        | -                      | -                                     | (1,559,479)                    | (1,559,479)      | (1,008,077)      |
| Amortization                                 | -                      | (5,980,608)                           | 5,980,608                      | -                | -                |
| Capital contributions deferred               | -                      | (2,934,936)                           | 2,934,936                      | -                | -                |
| Capital contributions recognized             | -                      | 3,922,017                             | (3,922,017)                    | -                | -                |
| Investment in capital assets during the year | -                      | 5,459,510                             | (5,459,510)                    | -                | -                |
| Net change in long term debt                 | -                      | (6,438,952)                           | 6,438,952                      | -                | -                |
| <b>Balance, end of year</b>                  | <b>10</b>              | <b>6,616,252</b>                      | <b>(2,765,359)</b>             | <b>3,850,903</b> | <b>5,410,382</b> |

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, 2018

|                                                                                                | 2018        | 2017         |
|------------------------------------------------------------------------------------------------|-------------|--------------|
|                                                                                                | \$          | \$           |
| <b>Operating activities</b>                                                                    |             |              |
| Net loss for the year                                                                          | (1,559,479) | (1,008,077)  |
| Items not affecting cash                                                                       |             |              |
| Amortization                                                                                   | 5,980,608   | 5,609,692    |
| Deferred capital contributions recognized                                                      | (3,922,017) | (4,019,315)  |
|                                                                                                | 499,112     | 582,300      |
| Net (decrease) increase in non-cash working capital balances<br>related to operations (note 8) | (2,306,143) | 1,042,797    |
| Net cash generated through operating activities                                                | (1,807,031) | 1,625,097    |
| <b>Financing activities</b>                                                                    |             |              |
| Advance of long-term debt                                                                      | 9,414,490   | 154,938      |
| Repayment of long-term debt                                                                    | (2,975,540) | (33,259)     |
| Contributions received                                                                         | 632,211     | 11,500,000   |
| Net cash generated through financing activities                                                | 7,071,161   | 11,621,679   |
| <b>Investing activities</b>                                                                    |             |              |
| Purchase of capital assets                                                                     | (5,459,510) | (20,680,121) |
| <b>Decrease in cash during the year</b>                                                        | (195,380)   | (7,433,345)  |
| <b>Cash, beginning of year</b>                                                                 | 797,997     | 8,231,342    |
| <b>Cash, end of year</b>                                                                       | 602,617     | 797,997      |

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, 2018

## 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. Adopted accounting policies

Effective January 1, 2018, the Association adopted the recommendations relating to the following sections, as set out in the CPA Canada Public Sector Accounting Handbook:

PS 2200 Related Party Disclosures  
PS 3420 Inter-entity Transactions  
PS 3210 Assets  
PS 3380 Contractual Rights  
PS 3390 Contractual Obligations

Persuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements of adopting the new sections.

## 3. 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) 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  |

### b) 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.

### c) Revenue recognition

Sales revenue, including catering, concessions and events, and rental revenue are recognized as services are provided. Sponsorship, advertising and continuance revenue are recognized based on the terms of the contract.

### d) Grants, other contributions and contributed materials

Grants, other contributions and contributed materials received by the Association are accounted for as follows:

- i) Grants and other contributions to assist with the financing of capital asset additions are recorded as deferred capital contributions (see note 7). The portion of the grant and other contributions equivalent to the annual amortization expense of the related asset is recognized annually as contributions and other income.
- ii) Grants and other contributions 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.

### 3. Significant accounting policies (continued from previous page)

#### e) 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.

#### 4. Bank indebtedness

The Association has an authorized line of credit with HSBC for \$3,000,000 at rate of prime - 0.25%. The balance outstanding on the line of credit is \$1,596,349, consisting of \$780,926 on the line of credit (2017 - \$nil) and \$815,423 in outstanding items.

#### 5. Capital assets

|           | Cost               |                    | Accumulated amortization |                   | Net book value    |                   |
|-----------|--------------------|--------------------|--------------------------|-------------------|-------------------|-------------------|
|           | 2018               | 2017               | 2018                     | 2017              | 2018              | 2017              |
|           | \$                 | \$                 | \$                       | \$                | \$                | \$                |
| Buildings | 140,206,177        | 135,873,538        | 46,761,766               | 41,935,880        | 93,444,411        | 93,937,658        |
| Equipment | 13,434,772         | 12,307,900         | 7,748,722                | 6,593,999         | 5,686,050         | 5,713,901         |
|           | <u>153,640,949</u> | <u>148,181,438</u> | <u>54,510,488</u>        | <u>48,529,879</u> | <u>99,130,461</u> | <u>99,651,559</u> |

#### 6. Long term debt

|                                                                                                                                                                                                          | 2018             | 2017           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
|                                                                                                                                                                                                          | \$               | \$             |
| Term demand loan up to \$5,000,000 payable to HSBC with 1 (one) annual principal payment of \$1,000,000. Interest is paid monthly at prime - 0.25%. Due May, 2023                                        | 4,000,000        | -              |
| Term demand loan up to \$4,000,000 payable to HSBC in 5 (five) annual principal payments of \$56,000 based on the 10-year repayment period. Interest is paid monthly at prime - 0.25%. Due in May, 2023. | 2,491,339        | -              |
| Term demand loan payable to RCAP in monthly payments of \$3,617 including interest at 5.7%. Specific equipment is pledged as security. Due in September, 2021.                                           | 110,246          | 146,252        |
| Loan payable to Peak Performance in monthly payments of \$2,048, with no applicable interest. Specific assets are pledged as security. Repaid in August, 2018.                                           | -                | 16,382         |
|                                                                                                                                                                                                          | <u>6,601,585</u> | <u>162,634</u> |
| Less: current portion                                                                                                                                                                                    | <u>1,318,111</u> | <u>52,387</u>  |
|                                                                                                                                                                                                          | <u>5,283,474</u> | <u>110,247</u> |

The City of Regina has guaranteed all credit facilities with HSBC.

The terms of the long term debt with HSBC requires that certain measurable covenants be met. As at December 31, 2018, the Association was in violation of certain covenants, for which the lender provided a written waiver stating that it will not demand repayment of the debt for a period of more than one year from December 31, 2018. It is management's view that the Association will not violate covenants at future compliance dates within one year of the statement of financial position date.

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

|      |           |
|------|-----------|
| 2019 | 1,318,111 |
| 2020 | 1,320,340 |
| 2020 | 1,311,796 |
| 2021 | 1,280,000 |
| 2022 | 280,000   |

#### 7. Deferred revenue, deposits, grants and other contributions

|                                                        | 2018               | 2017               |
|--------------------------------------------------------|--------------------|--------------------|
|                                                        | \$                 | \$                 |
| Opening deferred grants and other contributions        | 86,899,704         | 76,645,184         |
| Amounts received in year                               | 632,211            | 11,500,000         |
| Amounts transferred from deferred revenue and deposits | 2,302,725          | 2,773,835          |
| Amounts recognized in year                             | <u>(3,922,017)</u> | <u>(4,019,315)</u> |
| Ending deferred grants and other contributions         | <u>85,912,623</u>  | <u>86,899,704</u>  |

Included in deferred revenue and deposits is \$nil (2017 - \$1,379,640) from the City of Regina and other contributors to be used towards future funding of the International Trade Centre.

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

|                                          | 2018<br>\$         | 2017<br>\$       |
|------------------------------------------|--------------------|------------------|
| Accounts and grants receivable           | (2,433,015)        | (2,120,027)      |
| Inventories                              | 4,189              | (269,904)        |
| Supplies and prepaid expenses            | (160,492)          | 102,464          |
| Long-term accounts receivable            | 200,000            | 200,000          |
| Bank indebtedness                        | 1,596,349          | -                |
| Accounts payable and accrued liabilities | (2,301,903)        | 2,349,957        |
| Deferred revenue and deposits            | 788,729            | 780,307          |
|                                          | <u>(2,306,143)</u> | <u>1,042,797</u> |

**9. Share capital**

|                                      | 2018<br>\$ | 2017<br>\$ |
|--------------------------------------|------------|------------|
| Issued -<br>1 share (2017 - 1 share) | 10         | 10         |

**10. 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:

*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. The major accounts receivable balance is with the City of Regina (see note 14) and the remaining from a number of 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 Association has incurred insignificant bad debt expense.

*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.

*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 4) and on certain long term debt (note 6). The Association is exposed to interest rate price risk on certain fixed rate long term debt (note 6).

**11. Financial Instruments**

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

**12. Revenue continuance**

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.

**13. 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.

#### 14. 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:

|                                                                                                     | 2018      | 2017      |
|-----------------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                                     | \$        | \$        |
| Revenue for the year:                                                                               |           |           |
| Sales                                                                                               | 4,390,536 | 5,082,242 |
| Rentals                                                                                             | 1,849,079 | 1,589,843 |
| Contributions and other income                                                                      | 2,258,325 | 1,668,298 |
| Expenses for the year:                                                                              |           |           |
| Supplies, equipment and contracted services                                                         | 415,866   | 32,562    |
| Utilities                                                                                           | 279,035   | 195,488   |
| Accounts receivable                                                                                 | 2,193,730 | 4,436,988 |
| Long-term accounts receivable (repayable in instalments of \$200,000 annually commencing June 2017) | -         | 200,000   |
| Accounts payable                                                                                    | 3,603,132 | 1,815,222 |
| Capital purchases                                                                                   | 135,150   | -         |

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.

#### 15. 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 Roughriders 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    |
|------|-----------|
| 2019 | 5,647,200 |
| 2020 | 5,664,504 |
| 2021 | 5,082,327 |
| 2022 | 5,100,685 |
| 2023 | 5,119,593 |

#### 16. 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 annual fee of \$300,000.

| Year | Amount  |
|------|---------|
| 2019 | 300,000 |
| 2020 | 300,000 |
| 2021 | 300,000 |
| 2022 | 300,000 |
| 2023 | 300,000 |

#### 17. Commitment

As at December 31, 2018, the Association has a funding commitment of \$5,200,000 to the City of Regina towards the construction of Food & Beverage assets in Mosaic Stadium.



The Regina Exhibition Association Limited (operating Evraz Place)  
[www.evrazplace.com](http://www.evrazplace.com)

P.O. Box 167 • 1700 Elphinstone Street, Regina, SK • S4P 2Z6  
Phone: 306.781.9200 • Fax: 306.565.3443