PRINCE ALBERT EXHIBITION ASSOCIATION

Financial Statements

Year Ended September 30, 2019

PRINCE ALBERT EXHIBITION ASSOCIATION
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Year Ended September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

November 20, 2019

To the Members of
PRINCE ALBERT EXHIBITION ASSOCIATION

I have audited the accompanying financial statements of PRINCE ALBERT EXHIBITION ASSOCIATION, which comprise the balance sheet as at September 30, 2019 and the statements of income, retained earnings and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

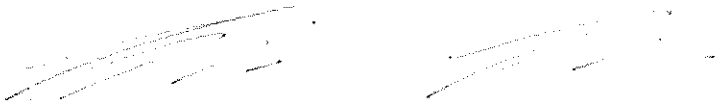
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Prince Albert Exhibition Assocation derives revenue from sponsorships, donations, and event admissions, the completness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Association and I am not able to determine whether any adjustments might be necessary to revenue, net income (deficit), current assets and net assets.

Opinion

In my opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of PRINCE ALBERT EXHIBITION ASSOCIATION as at September 30, 2019 and the the results of its operations and cash flow of the Organization for the year then ended in accordance with Canadian accounting standards for not-for- profit organizations.



Candice Hesje-Luchinski, CPA, CA

North Country Accounting

Carrot River, SK

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Financial Position as at
September 30, 2019

	2019	2018 *Restated (Note 11)*
ASSETS		
Current		
Cash	209,393	729,931
Accounts receivable	81,508	90,365
Government remittances receivable (note 4)	7,447	-
Grants receivable	35,645	35,645
Prepaid Expenses	13,570	16,889
Term deposit (note 5)	100,000	137,339
	447,563	1,010,169
INVESTMENTS	923	923
INTANGIBLES & OTHER ASSETS	1,696	-
TANGIBLE CAPITAL ASSETS (note 6)	694,996	381,806
	$ 1,145,178	$ 1,392,898
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and acccured liabilities	89,947	117,656
Wages payable	42,778	19,098
Rental deposits	30,578	34,808
Short term debt (note 8)	183,074	-
Government remittances payable (note 4)	-	15,879
	346,377	187,441
LONG TERM DEBT (note 9)	27,006	-
	373,383	187,441
NET ASSETS		
Unrestricted net assets	546,183	971,136
Internally restricted net assets	225,612	234,321
	771,795	1,205,457
	$ 1,145,178	$ 1,392,898

ON BEHALF OF THE BOARD

Director

Director

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Net Assets for the year ended
September 30, 2019

	Unrestricted Net Assets	Internally Restricted Net Assets	2019	2018 *Restated (note 11)*
NET ASSETS - BEGINNING OF YEAR	$ 971,136	$ 234,321	$ 1,205,457	1,151,430
Net Income (loss)	(433,662)		(433,662)	54,027
Transfers	8,709	(8,709)	-	-
NET ASSETS - END OF YEAR	$ 546,183	$ 225,612	$ 771,795	$ 1,205,457

PRINCE ALBERT EXHIBITION ASSOCIATION
Statement of Income for the year ended
September 30, 2019

	2019	2018 *Restated (note 11)*
REVENUE		
Donations received	8,484	1,283
Advertising income	88,839	64,648
Grant revenue	178,223	$ 199,273
Charity steer revenue	1,800	-
Event ticket, parking pass, and registration fees	323,904	272,813
Other revenue	350	15,964
Event security	12,432	-
Concession sales	52,970	35,942
Liquor sales	32,329	26,427
Rental revenue	458,580	434,544
Commission revenue	31,507	7,451
Memberships	210	200
	1,189,628	1,058,545
COST OF EVENTS *(Schedule 1)*	364,107	208,681
GROSS MARGIN	825,521	849,864
EXPENSES		
Advertising and promotion	81,534	38,603
Amortization	115,208	76,064
Bad debt expense	6,340	451
Bank charges and interest expense	17,262	6,017
Business licenses, fees and memberships	7,665	4,373
Insurance expense	49,816	57,349
Lease and rental expense	8,023	7,418
Management salaries and benefits	74,662	-
Meals and entertainment	14,051	-
Motor vehicle expense	11,719	2,390
Office supplies	23,542	49,758
Other office expense	10,049	-
Maintenance supplies	46,596	42,977
Professional fees	51,624	13,409
Repairs and maintenance	148,442	39,893
Salaries, wages and benefits	379,202	283,516
Training	4,399	(300)
Travel	3,326	2,629
Utilities	85,662	92,264
Telephone	16,081	9,824
Security	88,895	54,563
Waste management	38,453	14,379
Currency exchange gain/loss	624	-
Board meeting and travel expenses	1,102	560
Honorariums	11,993	6,353
Grants and donations	1,460	-
Cash over/short	(434)	(3)
	1,297,296	802,487
EXCESS OF EXPENSES OVER REVENUE	(471,775)	47,377
Other income *(Schedule 2)*	38,113	6,650
EXCESS OF EXPENSES OVER REVENUE	$ (433,662)	$ 54,027

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Cash Flows for the year ended
September 30, 2019

	2019	2018
Cash flows from operating activities		
Net income (loss)	$ (433,662)	$ 54,027
Items not affecting cash:		
Amortization	115,208	76,064
Loss on disposal of assets	31,801	-
Changes in non-cash working capital:		
Accounts receivable	8,857	(60,443)
Inventory	-	1,392
Prepaid expenses	3,319	4,137
Accounts payable and acccured liabilities	(27,709)	81,896
Wages payable	23,680	6,299
Rental deposits	(4,230)	21,022
Government remittances payable (note 4)	(23,326)	15,879
Net cash provided by (used in) operating activities	(306,062)	200,273
Cash flows from investing activities		
Purchase of property, plant and equipment	(492,199)	(50,155)
Proceeds from sale of property, plant and equipment	32,000	-
Proceeds from maturity of term deposits	237,769	-
Purchase of term deposits	(200,430)	(2,752)
Purchase of deferred charges, intangible assets and other	(1,696)	-
Net cash used in investing activities	(424,556)	(52,907)
Cash flows from financing activities		
Proceeds from short-term debt	175,358	-
Repayment of short-term debt	-	(66,745)
Proceeds from long-term liabilities	34,722	-
Net cash provided by (used in) financing activities	210,080	(66,745)
Net increase (decrease) in cash and cash equivalents	(520,538)	80,621
Cash and cash equivalents at the beginning of the year	729,931	649,310
Cash and cash equivalents at the end of the year	$ 209,393	$ 729,931

PRINCE ALBERT EXHIBITION ASSOCIATION

Schedule 1 Statement of Cost of Events
September 30, 2019

	2019	2018 *Restated (note 11)*
COST OF EVENTS		
Supplies	53,139	26,094
Commission (note 7)	17,518	12,463
Subcontracts	242,012	125,244
Concession materials and supplies sold	36,160	39,560
Liquor material and supplies sold	13,438	3,400
Finished Beef expenses	198	220
Charity Steer expenses	1,642	1,700
	364,107	208,681

PRINCE ALBERT EXHIBITION ASSOCIATION

Schedule 2 Statement of Other Income
September 30, 2019

	2019	2018 *Restated (Note 11)*
Other income:		
Interest	$ 6,312	$ 6,555
Gain/loss on sale of assets	31,801	95
	38,113	6,650

1. DESCRIPTION OF OPERATIONS

The Prince Albert Exhibition Association (the "Organization") is incorporated provincially under the Non-Profit Corporations Act of the province of Saskatchewan The organization is a registered charity with Canada Revenue Agency and is exempt from income tax under section 149(1)(c) of the Income Tax Act.

The organization operates to provide community minded events to provide small business and recreational opportunities, as well as, youth and agricultural learning opportunities. In addition, the organization provides rental accomodations to fill the personal and business rental needs of Prince Albert and surounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were presented, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the charterred Professional Accountants of Canada ("CPA Canada") Handbook, which sets out the generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Financial instruments policy

The Organization initially recognizes its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost, net of any provisions for impairment. Financial assets are assessed for impairment on an annual basis at the end of each fiscal year for indicators of impairment. If there is an indicator of impairement, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows. The carrying value of the financial asset is then reduced to the highest of the present value of expected cash flows, the amount that could be realized from selling the finanical asset, or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and grants. Donations are recorded when received since pledges are not legally enforceable claims. Restricted grants and contributions are recognized as revenue when received or receivable based on the contribution agreement. All other externally restricted contributions are recognized as revenue in the year the related expense is recognized.

Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Sales revenue including beverage sales, event admissions, parking, rental services, commisisons, and sponsorships are recognized as the goods or services are provided and collection is reasonably assured.

Donated goods or services are recorded at fair value at the time of the donation when the fair value of materials and services can be reasonably determined.

Tangible Capital Assets

Tangible capital assets are started at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

	Rate	Method
Buildings	25 years	Straight line
Storage sheds and barns	20 years	Straight line
Fences	10 years	Straight line
Site facilities and improvements	20 years	Straight line
Computer equipment	3 years	Straight line
Trade show curtains and other electronic equipment	5 years	Straight line
Furniture and other equipment	10 years	Straight line
Self propelled equipment	5 years	Straight line
Trailers	10 years	Straight line

The Organization regularly reviews its tangible capital assets for impairment and obsolescence.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include the collectability of receivables and the useful life of capital assets and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Organization may be exposed to risk through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is management's opinion that the Organization is not exposed to any significant price risks arising from its financial instruments September 30, 2019.

(a) Credit risk
Credit risk arises from the potential risk that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customer receivables. In order to reduce its credit risk, the Organization reviews a prospective customer's credit history. An allowance for doubtful loans is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

(b) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk through long term debt and other regular obligations. The organization monitors its cash balance and cash flows generated from operations to meet its requirements.

(c) Interest Rate Risk
Interest rate risk is the risk that the value of a financial instrument might be adversly affected by a change in interest rates. The organization is exposed to interest rate risk through its floating interest bank indebtness and credit facilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

4. GOVERNMENT REMITTANCES RECEIVABLE (PAYABLE)

The following government remittances were receivable (Payable) at year end:

	2019	2018
GST remittance receivable (payable)	$ 19,262	$ (8,291)
PST remittance (payable)	(5,534)	(1,342)
source deduction remittance (payable)	(947)	(4,146)
Liquor tax remittance (payable)	(5,333)	(2,100)
	$ 7,448	$ (15,879)

5. TERM DEPOSITS

Term deposits consist of a non-redeemable term deposit that matures on Feb 15, 2020 which pays interest at a rate of 2.2%.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Buildings	$2,060,240	$ 1,678,376	$ 381,864	$ 188,423
Storage sheds and barns	968,468	941,187	27,281	33,037
Fences	41,031	37,052	3,979	-
Site facilities and improvements	987,118	889,629	97,489	107,381
Computers equipment	22,306	17,059	5,247	3,023
Trade show curtains and other electronic equipment	14,041	12,310	1,731	4,188
Furniture and other equipment	273,922	183,724	90,198	45,754
Self propelled equipment	152,132	64,925	87,207	-
Trailers	18,183	18,183	-	-
	$ 4,537,441	$ 3,842,445	$ 694,996	$ 381,806

7. RELATED PARTY TRANSACTIONS

The Organization pays for general manager travel and commission expenses required in the course of supporting the organization. Thoe Organization also pays organizations for contracted services for which board members are party to ownership or control. These amounts are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

8. SHORT TERM DEBT

Short term debt consists of:

	2019	2018
Line of credit with $175,000 authorized with interest charged on outstanding credit at 5.7%.	$ 175,358	$ -
Current portion of long term debt	7,716	-
	$ 183,074	$ -

9. Long-Term Debt

	2019	2018
Ford Credit loan bearing interest at 7.49% per annum, repayable in monthly blended payments of $840.23. Secured by self propelled equipment with a carrying value of $29,164	$ 34,722	$ -
Total debt	34,722	-
Current portion	7,716	-
Long-term portion	$ 27,006	-

Loan payments over the next five years are as follows:

2020	$ 7,716
2021	8,344
2022	8,990
2023	9,672
	$ 34,722

10. COMPARATIVE FIGURES

The government remittances payable have been combined with note disclosure identifing the specific items included. We have reclassed a number of income and expenditures to conform to the current year's presentation. These amounts include:

- Combined midway grounds rental with rental revenue,
- Moved sponsorship revenue to advertising income from sponsorships and donations,
- Moved ATM charges from Micellaneous revenue to commissions,
- Moved administration expense from advertising to office supplies,
- Seperated training expenses to a seperate line from salaries and wages,
- Seperated attraction and show expenses to more specific line items,
- Seperated micellanious expenses to more specific line items.
- Seperated membership equity accounts to long term investments

The prior year comparative figures were sudited by another firm of public accountants.

11. CORRECTION OF ERROR

	2018 Previously reported	Adjustment		2018 Restated
Cash	$ 735,674	$ (5,743)	a)	729,931
Accounts receivable	70,263	20,102	b)/k)	90,365
Tangible capital assets	375,322	6,484	c)	381,806
Total Assets	$ 1,181,259	$ 20,843		$1,202,102
Accounts payable	118,056	(402)	d)	117,654
Government remittances payable	12,456	3,423	e)/j)	15,879
Wages payable	18,033	1,065	f)	19,098
Deferred revenue	53,467	(53,467)	g)	-
Rental deposits	6,650	28,158	h)	34,808
Total liabilities	208,662	(21,223)		187,439
Opening net assets	863,641	53,467	g)	917,108
Advertising income	62,488	2,160	i)	64,648
Concession sales	46,496	(10,554)	a)/b)/d)/e)	35,942
Liquor sales	5,434	20,993	j)	26,427
Event tickets, parking passes, and registration fees	295,905	(23,092)	j)	272,813
Rental revenue	468,429	(33,885)	h)/l)	434,544
Total revenue	1,102,923	(44,378)		1,058,545
Concession materials sold	58,565	(19,005)	k)/l)	39,560
Subcontracts	128,259	(3,015)	m)	125,244
Supplies	24,610	1,484	l)	26,094
Total cost of events	229,217	(20,536)		208,681
Wages and salaries	282,451	1,065	f)	283,516
Advertising and promotion	36,443	2,160	i)	38,603
Bad debts	16,296	(15,845)	b)	451
Amortization	82,548	(6,484)	c)	76,064
Utilities	85,601	6,663	l)/m)	92,264
Total operating expenditures	814,928	(12,441)		802,487
Excess of revenue over expenditures	**$ 65,430**	**$ (11,401)**		**$ 54,029**
Ending unrestricted net assets	**$ 929,072**	**$ 42,066**		**$ 971,138**

11. CORRECTION OF ERROR *(Continued)*

Adjustments have been prepared to correct errors in the organization's opening balance. A description of the errors corrected is below:

a) Opening bank reconciliation and float balances were not properly agreed to the opening cash balances. This resulted in an overstatement of bank balances by $10,468 and an understatement of petty cash of $4,725 which directly affected the Concession sales amounts recorded.

b) Allowance for bad debts was overstated by $15,845 related to the bad debt expense while accounts receivable contained invalid accounts recorded equivalent to $3,888 related to Concession sales.

c) Amortization was overclaimed by $6,484 due to calculation errors.

d) The accounts payable listing was not properly agreed to the accounts payable balance resulting in an overstatement of $4,108. A stale dated cheque was incorrectly reversed to expenses instead of removed back to accounts payable for reissuance in the amount of $3,706. Both variance amounts were posted to Concession sales.

e) PST charged on concession sales of $1,324 was incorrectly reported as Concession sales.

f) Banked time payable of $1,065 was not accrued.

g) Deferred revenue of $53,467was incorrectly accrued and carried forward from 2014.

h) Rental deposts were understated by $28,158 as this amount was recorded as rental revenue.

i) Advertising revenue was incorrectly recorded to advertising expenses in the amount of $2,160.

j) Liquor sales were incorrectly recorded as event ticket sales resulting in liquor tax charged on liquor sales of $2,099 was incorrectly recorded as sales.

k) Pepsi rebates receivable of $8,145 were not recorded resulting in an understatement of accounts receivable.

l) Booth rental refunds of $5,727, utilities of $3,648 and tent rentals of $1,484 were incorrectly recorded to concession expenses

m) Utilities of $3,015 were incorrectly recorded to subcontracts expense.