PRINCE ALBERT EXHIBITION ASSOCIATION

Financial Statements

Year Ended September 30, 2020

PRINCE ALBERT EXHIBITION ASSOCIATION
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Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

December 23, 2020

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, 2020 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.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of PRINCE ALBERT EXHIBITION ASSOCIATION as at September 30, 2020 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.

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.

I conducted my audit in accordance with Canadian generally accepted auditing standards. my responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concer, 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 Responsibility

my 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 my 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.

Candice Hesje-Luchinski, CPA, CA

North Country Accounting

Carrot River, SK

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Financial Position as at
September 30, 2020

	2020	2019 *Restated (note 12)*
ASSETS		
Current		
Cash	108,235	210,988
Accounts receivable	5,745	81,508
Grants receivable (note 11)	60,375	35,645
Prepaid Expenses	4,002	22,820
Term deposit (note 5)	40,000	100,000
	218,357	450,961
INVESTMENTS	923	923
INTANGILBES & OTHER ASSETS	1,526	1,696
TANGIBLE CAPITAL ASSETS (note 5)	566,716	694,996
	$ 787,522	$ 1,148,576
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and acccured liabilities	34,755	88,254
Wages payable	11,860	42,778
Rental deposits	7,843	30,578
Short term debt (note 7)	68,829	183,074
Government remittances payable (note 6)	27,576	14,932
	150,863	359,616
LONG TERM DEBT (note 9)	112,545	27,006
	263,408	386,622
NET ASSETS		
Unrestricted net assets	524,114	536,342
Internally restricted net assets	-	225,612
	524,114	761,954
	$ 787,522	$ 1,148,576

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Net Assets for the year ended
September 30, 2020

	Unrestricted Net Assets	Internally Restricted Net Assets	**2020**	**2019** *Restated (note 12)*
NET ASSETS - BEGINNING OF YEAR	$ 536,342	$ 225,612	$ 761,954	1,205,457
EXCESS OF EXPENSES OVER REVENUE	(237,840)		(237,840)	(443,503)
TRANSFERS (note 9)	225,612	(225,612)	-	-
NET ASSETS - END OF YEAR	$ 524,114	$ -	$ 524,114	$ 761,954

PRINCE ALBERT EXHIBITION ASSOCIATION
Statement of Income for the year ended
September 30, 2020

	2020	2019 *Restated (note 12)*
REVENUE		
Donations received	6,892	8,484
Advertising income	7,415	86,828
Grant revenue (note 11)	192,044	$ 178,223
Charity steer revenue	-	1,800
Event ticket, parking pass, and registration fees	882	323,854
Other revenue	-	350
Event security	282	12,432
Concession sales	28,499	50,972
Liquor sales	19,604	32,329
Rental revenue	132,216	443,467
Commission revenue	5,427	30,763
Memberships	203	210
Wage subsidies	99,717	-
	493,181	1,169,712
COST OF EVENTS *(Schedule 1)*	55,505	365,356
GROSS MARGIN	437,676	804,356
EXPENSES		
Advertising and promotion	4,754	81,534
Amortization	101,393	115,208
Bad debt expense	1,195	6,340
Bank charges and interest expense	14,142	17,252
Business licenses, fees and memberships	6,254	7,665
Insurance expense	55,673	40,566
Interest on long term debt	6,263	-
Lease and rental expense	2,644	8,023
Management salaries and benefits	81,793	74,662
Meals and entertainment	214	14,051
Motor vehicle expense	2,753	11,133
Office supplies	4,723	23,542
Other office expense	3,936	10,049
Maintenance supplies	8,644	46,596
Professional fees	39,908	51,624
Repairs and maintenance	13,060	149,015
Salaries, wages and benefits	223,748	379,202
Training	4,497	4,399
Travel	1,287	3,326
Utilities	67,814	84,026
Telephone	13,799	15,666
Security	13,493	88,895
Waste management	4,499	38,453
Currency exchange gain/loss	-	624
Board meeting and travel expenses	427	1,102
Honorariums	493	11,993
Grants and donations	1,270	1,460
Cash over/short	(938)	(434)
	677,738	1,285,972
EXCESS OF EXPENSES OVER REVENUE	(240,062)	(481,616)
Other income *(Schedule 2)*	2,222	38,113
EXCESS OF EXPENSES OVER REVENUE	$ (237,840)	$ (443,503)

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Cash Flows for the year ended
September 30, 2020

	2020	2019 *Restated (note 11)*
Cash flows from operating activities		
Net loss	$ (237,840)	$ (443,503)
Items not affecting cash:		
Amortization	101,393	115,208
Loss (Gains) on disposal of assets	2,973	(31,801)
Changes in non-cash working capital:		
Accounts receivable	75,763	8,857
Grants receivable	(24,730)	-
Prepaid expenses	18,818	(5,931)
Accounts payable and acccured liabilities	(53,499)	(29,402)
Wages payable	(30,918)	23,680
Rental deposits	(22,735)	(4,230)
Government remittances payable (note 6)	12,644	(947)
Net cash used in operating activities	(158,131)	(368,069)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,106)	(428,597)
Proceeds from sale of property, plant and equipment	26,190	32,000
Proceeds from maturity of term deposits	100,000	237,769
Purchase of term deposits	(40,000)	(200,430)
Purchase of deferred charges, intangible assets and other	-	(1,696)
Net cash provided by (used in) investing activities	84,084	(360,954)
Cash flows from financing activities		
Proceeds from short-term debt	-	175,358
Repayment of short-term debt	(126,048)	-
Proceeds from long-term liabilities	140,000	34,722
Repayment of long-term liabilities	(42,658)	-
Net cash provided by (used in) financing activities	(28,706)	210,080
Net decrease in cash and cash equivalents	(102,753)	(518,943)
Cash and cash equivalents at the beginning of the year	210,988	729,931
Cash and cash equivalents at the end of the year	$ 108,235	$ 210,988

PRINCE ALBERT EXHIBITION ASSOCIATION

Schedule 1 Statement of Cost of Events
September 30, 2020

	2020	2019 *Restated (note 11)*
COST OF EVENTS		
Supplies	2,245	52,765
Commission (note 10)	-	17,518
Subcontracts	39,743	241,412
Concession materials and supplies sold	1,936	37,920
Liquor material and supplies sold	11,581	13,901
Finished Beef expenses	-	198
Charity Steer expenses	-	1,642
	55,505	365,356

PRINCE ALBERT EXHIBITION ASSOCIATION

Schedule 2 Statement of Other Income
September 30, 2020

	2020	2019 *Restated (Note 11)*
Other income:		
Interest	$ 5,195	$ 6,312
Gain/loss on sale of assets	(2,973)	31,801
	2,222	38,113

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 and is exempt from income tax under section 149(1)(l) 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, 2020.

(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. TERM DEPOSITS

Term deposits consist of a non-redeemable term deposit that matures on June 30, 2021 which pays interest at a rate of 0.9%.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Buildings	$2,060,240	$ 1,729,896	$ 330,344	$ 381,864
Storage sheds and barns	968,468	944,578	23,890	27,281
Fences	41,031	37,494	3,537	3,979
Site facilities and improvements	987,118	899,374	87,744	97,489
Computers equipment	22,306	19,698	2,608	5,247
Trade show curtains and other electronic equipment	14,041	13,711	330	1,732
Furniture and other equipment	276,029	201,300	74,729	90,198
Self propelled equipment	107,742	64,210	43,532	87,207
Trailers	18,183	18,183	-	-
	$ 4,495,158	$ 3,928,444	$ 566,714	$ 694,997

6. GOVERNMENT REMITTANCES PAYABLE

The following government remittances were payable at year end:

	2020	2019
GST remittance payable	$ 3,094	$ 3,117
PST remittance payable	8,911	5,534
Source deduction remittance payable	7,400	947
Liquor tax remittance payable	8,171	5,333
	$ 27,576	$ 14,931

7. SHORT TERM DEBT

Short term debt consists of:

	2020	2019
Line of credit with $50,000 authorized with interest charged on outstanding credit at 4.2%.	$ 49,310	$ 175,358
Current portion of long term debt	19,519	7,716
	$ 68,829	$ 183,074

8. Long-Term Debt

	2020	2019
Conexus Credit Union loan bearing interest at 4.45% per annum, repayable in monthly blended payments of $1,935. Secured by self propelled equipment with a carrying value of $43,533	$ 92,064	$ -
Conexus Credit Union loan bearing interest at 0% per annum, repayable in one final payment of $30,000 due December 31, 2022. This loan includes a forgivable portion of $10,000 should the final payment be made prior to maturity. This also allows for a termed extension should the final payment not be made.	40,000	-
Ford Credit loan bearing interest at 7.49% per annum, repayable in monthly blended payments of $840.23.	-	34,722
Total debt	132,064	34,722
Current portion	19,519	7,716
Long-term portion	$ 112,545	27,006

8. Long-Term Debt *(continued)*

Loan payments over the next five years are as follows:

2021	$	19,519
2022		20,406
2023		61,333
2024		22,299
2025		8,507
	$	132,064

9. INTERFUND TRANSFERS

During the year, the board approved the transfer of amounts totaling $225,612 ($8,709 F2019) from the internally restricted fund to the unrestricted fund to fund the organizations operations.

10. RELATED PARTY TRANSACTIONS

The Organization pays for general manager travel and commission expenses required in the course of supporting the organization. The 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.

11. GOVERNMENT ASSISTANCE

The Organization has included the following governmnet funding amounts in Grant revenue:

	2020	2019
Community Initiatives fund	$ 178,223	$ 178,223
Employment and Social Development Canada	5,584	-
Saskatchewan Ministry of Finance	7,796	-
	$ 191,603	$ 178,223

The organization has also reported wage subsidy income seperately on the income statement which is in relation to the Wage Subsidies provided by the Government of Canada. Of the grants and subsidies noted, the following remain receivable:

	2020	2019
Community Initiatives fund	$ 35,645	$ 35,645
Employment and Social Development Canada	5,584	-
Emergency wage subsidy	19,146	-
	$ 60,375	$ 35,645

12. CORRECTION OF ERROR

	2019 Previously reported	Adjustment		2019 Restated
Cash	$ 209,393	$ 1,595	a)	210,988
Prepaids	13,570	9,250	d)	22,820
Government remittances receivable	7,447	(7,447)	a)/b)/e)	-
Total Assets	$ 1,145,178	$ 3,398		$1,148,576
Accounts payable	89,947	(1,693)	a)/b)/c)	88,254
Government remittances payable	-	14,932	a)/b)/e)	14,932
Total liabilities	373,383	13,239		386,622

12. CORRECTION OF ERROR *(Continued)*

Advertising income	88,839	(2,011)	e)	86,828
Commision revenue	31,507	(744)	e)	30,763
Concession sales	52,970	(1,998)	e)	50,972
Event ticket, parking pass, and registration fees	323,904	(50)	e)	323,854
Rental revenue	458,580	(15,113)	e)	443,467
Total revenue	1,189,628	(19,916)		1,169,712
Liquor materials and supplies sold	13,438	463	c)	13,901
Concession materials and supplies sold	36,160	1,760	e)	37,920
Subcontracts	242,012	(600)	a)	241,412
Supplies	53,139	(374)	a)	52,765
Total cost of events	364,107	1,249		365,356
Bank charges and interest expense	17,262	(10)	a)	17,252
Insurance expense	49,816	(9,250)	d)	40,566
Motor vehicle expense	11,719	(586)	a)	11,133
Telephone	16,081	(415)	b)	15,666
Utilities	85,662	(1,636)	b)/c)	84,026
Repairs and maintenance	148,442	573	e)	149,015
Total operating expenditures	1,297,296	(11,324)		1,285,972
Excess of revenue over expenditures	**$ (433,662)**	**$ (9,841)**		**$ (443,503)**
Ending unrestricted net assets	**$ 546,183**	**$ (9,841)**		**$ 536,342**

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

a) Invalid outstanding cheques were recorded relating to fuel, show awards, and subcontracted entertainmnet

b) Some telephone and natural gas accounts payable and relating expenses were overstated

c) Some natural gas and Co-op accounts payable and relating expenses were understated

d) An error on the insurance policy was corrected during the year which resulted in backpay for the error to December 31, 2018

e) Uncollected GST on rental sales, sponsorship, entry fees, concession, and commission sales as well as ITCs denied due to lack of proper support.