PRINCE ALBERT EXHIBITION ASSOCIATION

Financial Statements

Year Ended September 30, 2022

INFINITE
ACCOUNTING & TAX SOLUTIONS

PRINCE ALBERT EXHIBITION ASSOCIATION
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Year Ended September 30, 2022

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INFINITE
ACCOUNTING & TAX SOLUTIONS

INDEPENDENT AUDITOR'S REPORT

To the Members of Prince Albert Exhibition Association

Opinion

We have audited the financial statements of Prince Albert Exhibition Association (the Association), which comprise the statement of financial position as at September 30, 2022, and the statements of revenues and expenditures, 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 September 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 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 ASNPO, 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:

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- 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Annette Bernard, CPA, CA

PRINCE ALBERT, Saskatchewan
January 24, 2023

INFINITE ACCOUNTING & TAX SOLUTIONS
Chartered Professional Accountants

PRINCE ALBERT EXHIBITION ASSOCIATION
Statement of Financial Position
September 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	$ 593,233	$ 278,392
Term deposits *(Note 3)*	40,360	40,360
Accounts receivable	45,142	67,678
Grant receivable *(Note 9)*	35,645	40,456
Goods and services tax recoverable	3,924	-
Provincial liquor consumption tax receivable	534	534
Prepaid expenses	4,023	1,320
	722,861	428,740
CAPITAL ASSETS *(Note 4)*	300,689	411,672
INTANGIBLE ASSETS *(Net of accumulated amortization)*	1,187	1,357
LONG TERM INVESTMENTS	923	923
	$ 1,025,660	$ 842,692
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	$ 65,288	$ 45,157
Goods and services tax payable	-	8,226
Provincial sales tax payable	1,743	3,059
Wages payable	8,615	5,851
Employee deductions payable	22,560	11,929
Rental deposits	24,444	15,451
Short term debt *(Note 5)*	25,755	37,171
Scheduled repayment of callable debt *(Note 6)*	19,998	20,080
	168,403	146,924
Callable debt due thereafter *(Note 6)*	32,467	52,465
	200,870	199,389
LONG TERM DEBT *(Note 7)*	40,000	40,000
	240,870	239,389
NET ASSETS	784,790	603,303
	$ 1,025,660	$ 842,692

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

PRINCE ALBERT EXHIBITION ASSOCIATION

Statement of Revenues and Expenditures

Year Ended September 30, 2022

	2022	2021
REVENUES		
Advertising income	$ 7,642	$ 75
Canada Emergency Business Account forgivable portion *(Note 7)*	-	10,000
Canada Emergency and Temporary Wage Subsidy	-	104,630
Charity steer revenue	190	-
Commission revenue	7,528	46
Concession sales	37,144	300
Donations	100	350
Event security	936	-
Event ticket, parking pass, and registration fees	705,453	200
Grant revenue *(Note 9)*	196,171	237,583
Liquor sales	29,280	-
Memberships	110	165
Miscellaneous revenue	18,407	414
Rental revenue	310,232	302,383
	1,313,193	656,146
COST OF EVENTS		
Commission	1,031	-
Concession materials and supplies sold	11,937	1,036
Liquor material and supplies sold	11,334	-
Subcontracts	252,606	22,869
Supplies	23,582	156
	300,490	24,061
GROSS MARGIN	1,012,703	632,085
EXPENSES		
Advertising and promotion	22,093	1,766
Amortization	121,016	169,712
Bad debts	520	-
Business taxes, licences and memberships	4,570	6,012
Donations	700	-
Equipment rentals	2,180	-
Honorariums	17,498	791
Insurance	48,233	44,412
Interest and bank charges	13,885	7,162
Interest on long term debt	3,195	3,500
Maintenance supplies	21,750	5,990
Meetings/meals	6,706	268
Non deductible interest	14	1,524
Office expenses	14,057	4,485
Professional fees	28,413	44,160
Repairs and maintenance	33,595	22,121
Salaries, wages and benefits	205,001	129,569
Salaries, wages and benefits - management	89,232	74,666
Security	58,629	3,963
Telephone	17,854	13,642
Training	-	120
Travel	6,494	810
Utilities	83,845	58,845
Vehicle expenses	5,064	1,833
Waste management	31,747	1,762
	836,291	597,113
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	176,412	34,972
OTHER INCOME		
Interest income	7,753	4,928
EXCESS OF REVENUES OVER EXPENSES	$ 184,165	$ 39,900

See notes to financial statements

PRINCE ALBERT EXHIBITION ASSOCIATION
Statement of Changes in Net Assets
Year Ended September 30, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	$ **603,313**	$ 563,403
EXCESS OF REVENUES OVER EXPENSES	**184,165**	39,900
NET ASSETS - END OF YEAR	$ **787,478**	$ 603,303

See notes to financial statements

PRINCE ALBERT EXHIBITION ASSOCIATION
Statement of Cash Flows
Year Ended September 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 184,165	$ 39,900
Item not affecting cash:		
Amortization of property, plant and equipment	121,016	169,712
	305,181	209,612
Changes in non-cash working capital:		
Accounts receivable	22,536	(61,934)
Grant receivable	4,811	52,419
Accounts payable	14,502	10,402
Income taxes payable	-	(8,171)
Provincial liquor consumption tax receivable	-	(534)
Rental deposits	8,993	4,399
Prepaid expenses	(15)	2,682
Goods and services tax payable	(11,897)	5,132
Provincial sales tax payable (recoverable)	(1,316)	(5,852)
Wages payable	2,764	(6,009)
Employee deductions payable	10,631	4,529
	51,009	(2,937)
Cash flow from operating activities	356,190	206,675
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,863)	(14,500)
Addition to loans and notes receivable	-	40,000
Purchase of marketable securities	-	(40,360)
Cash flow used by investing activities	(9,863)	(14,860)
FINANCING ACTIVITIES		
Short term debt	(11,416)	(12,139)
Repayment of long term debt	(20,070)	(19,519)
Canada Emergency Business Account	-	10,000
Cash flow used by financing activities	(31,486)	(21,658)
INCREASE IN CASH FLOW	314,841	170,157
Cash - beginning of year	278,392	108,235
CASH - END OF YEAR	$ 593,233	$ 278,392

See notes to financial statements

1. PURPOSE OF THE ASSOCIATION

Prince Albert Exhibition Association (the "Association") is a not-for-profit organization of Saskatchewan.Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Association operates to provide an annual exhibition and fair, and to carry on community minded events and activities for small business and recreational opportunities, as well as, youth and agricultural learning opportunities. In addition, the Association provides rental accomodations to fill the personal and business rental needs of Prince Albert and surounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

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

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Callable debt

The Association's demand loan is classified as a current liability because the lender has the right to demand repayment within one year. The amount of the callable debt due thereafter has been shown on a separate line.

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

Revenue recognition

Prince Albert Exhibition Association follows the deferral method of accounting for contributions, which include donations and grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Advertising, registration fees, memberships and wage subsidy revenues are recognized as revenue in the year in which the related expenses are incurred.

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

Investment income is recognized as revenue when earned.

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates 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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the Association issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of $nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

3. TERM DEPOSITS

The Association has a non-redeemable term deposit that matures on July 3, 2023 which pays interest at a rate of 3.08%.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Buildings	$ 2,060,076	$ 1,863,240	**$ 196,836**	$ 252,781
Computer equipment	22,306	22,306	**-**	-
Fences	41,031	38,378	**2,653**	3,095
Furniture and other equipment	298,908	250,879	**48,029**	64,070
Self propelled equipment	109,226	96,587	**12,639**	23,228
Site facilities and improvements	987,118	958,161	**28,957**	55,032
Storage sheds and barns	968,631	957,166	**11,465**	13,246
Trade show curtains and other electronic equipment	14,041	13,931	**110**	220
Trailers	18,183	18,183	**-**	-
	$ 4,519,520	$ 4,218,831	**$ 300,689**	$ 411,672

5. SHORT TERM DEBT

Short term debt consists of a line of credit and current portion of long term debt listed below:

	2022	2021
Line of credit with Conexus, authorized limit of $50,000 with interest charged on outstanding credit at a rate of 7.20%.	**$ 25,755**	$ 37,171

6. CALLABLE DEBT

	2022	2021
Conexus Credit Union demand loan bearing interest at prime plus 2 %, therefore at 7.45% per annum, repayable in monthly blended payments of $1,935. Secured by self propelled equipment with a carrying value of $21,549.	**$ 52,465**	$ 72,545
Principal due in one year	**(19,998)**	(20,080)
	$ 32,467	$ 52,465

Principal repayment terms are approximately:

2023	$ 19,998
2024	21,524
2025	10,943
	$ 52,465

7. CANADA EMERGENCY BUSINESS ACCOUNT

Canada Emergency Business Account ("CEBA"), non-interest bearing loan, with no required principal repayments until December 31, 2023. Recognized net of forgivable portion of $10,000 in 2021 and in 2020, each year the loan is received, which has been recognized as contribution. If the repayable portion of principal is not repaid by December 31, 2023, the forgivable portion will not be forgiven, the $20,000 recorded as a loss, and the full balance of $60,000 will be due on December 31, 2025, bearing interest at 5% per annum from January 1, 2024.

8. RELATED PARTY TRANSACTIONS

The Association pays organizations for contracted services for which the general manager and board members are part owners or have control. These amounts are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

9. GRANT REVENUE

The Association has included government funding amounts in grant revenue which are listed below:

	2022	2021
Canada Recovery Hiring Program	$ 898	$ -
Community Initiative Fund	178,223	178,223
Saskatchewan Association of Agricultural Societies and Exhibitions	17,050	17,050
Saskatchewan Small Business Emergency Payment Program	-	25,000
Saskatchewan Tourism Sector Support Program	-	15,000
Strong Recovery Adaptation Rebate	-	2,310
	196,171	237,583

The Association has reported forgivable loan portion and wage subsidies seperately in the statement of revenue and expenses provided by the Government of Canada. Of the grants and subsidies noted, the following remain receivable as of September 30, 2022:

Canada Emergency Wage Subsidiy	-	4,811
Community Initiative Fund	35,645	35,645
Employent and Social Development Canada	-	-
Saskatchewan Association of Agricultural Societies and Exhibitions	-	-
Saskatchewan Tourism Sector Support Program	-	-
	35,645	40,456

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of September 30, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

11. SIGNIFICANT EVENTS

During the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the association in future periods.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.