

ANNUAL REPORT

REAL ESTABLISHED 1884
REGINA EXHIBITION ASSOCIATION LIMITED



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.

OUR VALUES

Be original. We think outside the box, constantly challenge the status quo and welcome ideas for improvement.

Be a host. We treat everyone as if they were a guest invited into our home and we do so with the highest level of hospitality.

Be inclusive. We welcome everyone and treat all others how we would like to be treated.

Be proud. We showcase how honoured we are to represent our history, our organization and to be a valued member of the **REAL** family.

Be resilient. We willingly adapt to change and never give up.

Be smart. We strategically and thoughtfully manage our business and plan for the future.

Always own it. We hold ourselves and others accountable for delivering on promises.



LAND ACKNOWLEDGEMENT

We respectfully acknowledge that we are situated on Treaty 4 lands, including the territories of the nêhiyawak, Anihšīnāpēk, Dakota, Lakota, and Nakoda, and the homeland of the Métis/Michif Nation. We respect and honour the Treaties that were made on all territories, we acknowledge the mistakes and wrongdoings of the past, and we are committed to moving forward in partnership with Indigenous Nations in the spirit of reconciliation. As Treaty People (both Indigenous and non Indigenous) we share the responsibility for stewardship of this land and the people it sustains.

OWNERSHIP AND OPERATIONS

The Regina Exhibition Association Limited (REAL) is a not-for-profit and municipal arms-length organization that operates a 102-acre campus in Regina. The City of Regina is the owner and sole shareholder of the land and facilities that make up the REAL District. REAL is governed by its Board of Directors and operates separately and independently from the City of Regina with an entrepreneurial spirit.



OUR HISTORY

REAL continues to build on the proud legacy of the Assiniboia Agricultural Society, which was established in 1884 when community-minded citizens organized Regina's first agricultural fair. In time, 50 acres of land were purchased west of Elphinstone Street, establishing a permanent home for the Regina Agricultural and Industrial Exhibition Association. The site was approximately half the size of the grounds today. For over 138 years, the exhibition association was led by passionate volunteers and Shareholders who believed in making the City of Regina a fantastic place to Live, Work and Play. The current Board of Directors is committed to leading with that same vision and passion.

2000-Present

The new millennium has seen considerable changes to the footprint of the REAL campus. In 2005, the AffinityPlex became Regina's premier multipurpose sports facility, home to more than 300 events and an annual 1.3 million local, regional, national and international visitors. From October to April each year, the facility is a hub of activity for Futbol Club Regina, which brings thousands of players and families to the campus to enjoy one of the best indoor soccer facilities in Canada. The Co-operators Centre became a reality in 2010. Featuring six regulation-size ice surfaces and a main arena providing seating for 1,300 spectators, this premier ice sports facility hosts local, regional, national, and international competitions year-round, including hockey, ringette, figure skating, and broomball. The Co-operators Centre is also

home to the University of Regina men's and women's hockey teams.

2017 was a critical year for the property, with the addition of two large-scale modern facilities. The demolition of multiple aging buildings including the Annex, Auditorium, and Exhibition Stadium made room for the 150,000 sq ft multipurpose Viterra International Trade Centre. That same year, the province's historic football franchise (the Saskatchewan Roughriders) joined the REAL District in its brand-new Mosaic Stadium. With a standard capacity of 33,000 people, expandable to 40,000, this multi-purpose event facility allows Regina to host even the largest events on a global stage.

2020-2022 saw the Canada Centre Building transform into a multi-sport complex welcoming users from the world of pickleball, volleyball, basketball and skate boarding. A new drive-thru McDonalds restaurant facility opened its doors to the public on the District in September 2021. The Agribition Building is seeing a huge overhaul in 2022 with the addition of a new tenant on the REAL District with YQR Distillery which will be a state-of-the-art brewing facility complete with restaurant, off sale and common space.

Present Day

The Regina Exhibition Association Limited grounds are home to sports and recreation, major concerts, tradeshow and conferences, the Saskatchewan Roughriders, and the Regina Pats, and proud hosts of the 2022 Grey Cup.



BRINGING COMMUNITY
TOGETHER SINCE

1884

EXECUTIVE MESSAGE

Our 2022 was a unique year, a strange year, an unpredictable year filled with the most remarkable reminders of just how much we had missed being separated from sport, recreation, and events during COVID-19 to embracing a new reality of the post COVID-19 work place and inflated costs of doing business. With a year that began battling the introduction of the Omicron Variant and ended with a record setting Grey Cup 109 in Mosaic Stadium and celebration of all things Agriculture with Canadian Western Agribition.

It was a year of recovery, a year of re-staffing, a year of returning to live sport, recreation, and events, and a year of bringing back the celebration of being together on to the REAL District and our Community.

The year began with the work of returning our amazing REAL Team back to work, a task that was significantly more difficult than anyone would predict. From a workforce of almost 1200 team members in 2019 the REAL team showcased dedication with a much smaller but mighty team of roughly 800 team members. Navigating the challenges of fewer staff, sick time because of COVID-19, and a live sport, recreation, and events industry that was energized to get back to work 2022 was a year that presented much opportunity and many challenges.

In February, we geared up for the inaugural Frost Regina Winter Festival. Here at REAL, we welcomed 2 concerts, GLOW a Festival of Lights, Iceville, which sported a curling rink in our Mosaic Stadium and the first ever outdoor Skins Game. Confederation Park was filled with light and laughter and it brightened what is normally the darkest part of the year. The smiles and the

joy of children playing in the snow and running through GLOW with their winter clothes on was magical. We were proud to be part of a true City-Wide celebration of our Winter City and we were inspired by the amazing community participation and engagement in this inaugural launch.

In March we unveiled a Renaming and Rebranding of our property - The REAL District. The new name and logo were developed after months of consultation with stakeholders, staff, and the public. It replaces the name Evraz Place a partnership that we had celebrated for a decade in our community and tens of millions of community and visitor experiences.

June saw us getting out of the dirt for Canada's Farm Show 2022 presented by Viterra! After a 2-year, hiatus it was wonderful to be welcoming international visitors from over 50 Nations to our show and our City in a celebration of the very best in Canadian Agriculture and Prairie hospitality. We got into our plaid, and the CFS launchpad was home to some sensational speakers and product launches. Overcoming the challenges of equipment availability and travel access the return to Canada's Farm Show was filled with great friends, economic impact, educational opportunities, a celebration of agriculture innovation, and some epic bull riding presented by PBR!

In July 2022, City Council expanded the mandate of REAL to include oversight and direction for Tourism Regina. City Council additionally asked that REAL assume a Co-Chair role on the Catalyst Committee. An opportunity to work alongside 16 diverse community leaders to recommend a coordinated and cohesive plan for future civic infrastructure priorities.

August, while for some may signal the end of summer, for us it is the best time of year as Saskatchewan's Fair comes to town - the Queen City EX! The annual Summer Fair has been at the heart and soul of REAL since 1884 and the return of this historic celebration was a strong milestone that our organization and our community was well on our road to recovery. Our Original 16 Stage saw the largest concert in QCX history when multi-platinum singer, songwriter, and dancer Jason Derulo took to the stage in Confederation Park and was joined by Regina's own Teshler. Corn dogs and summer nights under the stars is one of our favourite things and this year was no exception. Over 278,000 visitors - A new record for us! From Rodeo to the Symphony, from food to rides, from games to shows, from family to friends, from our newest community members to Indigenous celebrations, 2022 was the official return of the EX in Regina.

Alongside a very dedicated group of volunteers we hosted the first ever Miyo-wiciwitowin Day in Mosaic Stadium. Working alongside Chief Cadmus Delorme from Cowessess FN, and a volunteer committee of dedicated community members to welcomed over 12,000 guests that included 10,000 high-school students in what was one of the largest gatherings of people all dedicated to walking together for a more informed and improved future. Listening to survivor stories and having our first ever Indigenous Governor General, Her Excellency Mary Simon speak on our stage was a day we will never forget. The unveiling of an orange seat in Mosaic Stadium will forever act as a reminder of our past and a commitment to action in the future.

The fall brought 2 exciting (and back-to-back) events - the 109th Grey Cup and with a week-long festival and the Canadian Western Agribition. Once again, our team stepped up and even plummeting temperatures didn't deter us from delivering one of the most successful Grey Cup festivals. Agribition delivered one of their most successful shows and we welcomed over 120,000 visitors!

As we closed out 2022, the impacts of COVID-19 were evident in all elements of the business of REAL and we were reminded that recovery and growth will take time. Recreational use at the AffinityPlex was at 80% of 2019 level, the Cooperators Centre was at 84% of 2019 levels, costs of Food and Beverage had increased by almost 10% and margins had suffered, live event attendance was down 12% on average, and we were reminded of the global impacts on our local business. The headwinds were strong in 2022 with the introduction of PST on tickets, elevated costs of utilities, and a marketplace that was not entirely comfortable returning to the days of old. The business of REAL had fundamentally changed during the Global Pandemic and over time it will find a sustainable path, but it will take time.

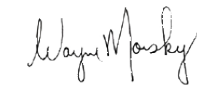
We thank all the many guests, customers, tenants, and facility users. Serving you is our honour and privilege and we look forward to the many exciting experiences and welcoming you to the REAL district in 2023.



Tim Reid
PRESIDENT & CEO



Wayne Morsky
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 the REAL District. The City of Regina (COR) is the owner and sole-shareholder of the REAL.

REAL operates separately and independently from the COR and does not have authority to act as an agent for the COR unless expressly provided. The COR owns the land and assets of the REAL District 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.

In July 2022, City Council expanded the mandate of REAL:

- (a) operate in the best interests of the community and enrich the quality of life for people in the community through the hosting and delivery of local, regional, national and international events;

(b) develop, operate and maintain City and other lands and facilities to provide world-class hospitality for trade, agri-business, sporting, entertainment and cultural events or for placemaking and community development projects that bring innovation, enrichment and prosperity to the community;

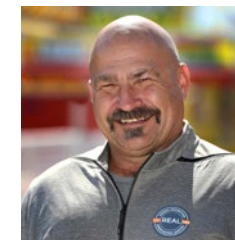
(c) encourage the retention, development, attraction and growth of tourism products and services for those who live, work and invest in the City and region;

(d) market and promote the City and region for tourism; and

(e) operate with an entrepreneurial spirit and to pursue expanded business ventures that could generate additional revenue.

This change in mandate meant that REAL took over responsibility for Tourism Regina which we did with great enthusiasm. Being the largest event district and tourism driver within the city, this created a great synergy for the organization and the teams at Tourism Regina and REAL. Since that time we have been integrating the teams and working on a new brand that will be launched in early 2023 and are excited to start attracting more visitors and events to our great city.

The BOD is made up of no more than sixteen (16) members and no fewer than seven (7). There are currently eleven (11) voting appointed directors and three (3) ex-officio (non-voting) directors – one City of Regina Councilor and another city representative appointed by the City of Regina and the third is appointed by the Ministry of Agriculture, Province of Saskatchewan.



Wayne Morsky
CHAIR



Tiffany Stephenson
VICE-CHAIR



Ken Budzak



Kenric Exner



Rosanne Hill Blaisdell



Jim Hopson



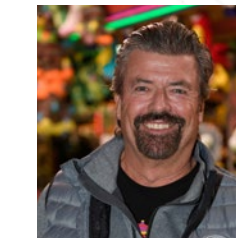
Collin Pullar



Ahmed Malik



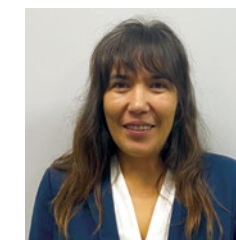
Edmund Bellegarde



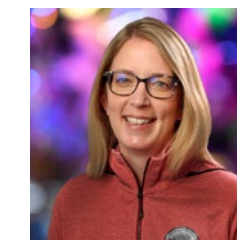
David Sinclair



Cathy Warner



Colina Paul



Angela Hall
EX-OFFICIO
REP. OF MINISTRY OF AGRICULTURE



Niki Anderson
EX-OFFICIO
CITY OF REGINA



Councillor Bob Hawkins
EX-OFFICIO
CITY OF REGINA

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: select, evaluate, and compensate the CEO, and oversee their performance targets and evaluation 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 sub-committees:

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

YEAR IN REVIEW

2022 started out again as a year of uncertainty with the introduction of a new COVID-19 Variant, and indoor gathering restrictions in place led to uncertainties hosting events. Public health officials remained at the forefront, making adjustments to ensure the safety of our community. In our first quarter, we experienced 3 major entertainment cancellations, but at the same time we were planning for Regina's first ever FROST Winter Festival. This event proved to be the turning point because soon after, restrictions were lifted in February 2022, and we began to see a light at the end of the tunnel. Sold out shows for big name acts filled the Brandt Centre, attendance records were set at Queen City Ex, the Canadian Western Agribition and the Grey Cup Festival to end the year. Our sport and recreation programming was back in full force. The greatest player in WHL history was putting on a show with the Regina Pats night after night creating the Legend we know as Connor Bedard. REAL staff were working countless hours, and REAL District was busy once again.

In July 2022, City Council created a Catalyst Committee to explore how to best align five

proposed recreation and cultural-based facility proposals to maximize economic and community benefits. The Committee is co-chaired by REAL CEO Tim Reid, and City Councilor Bob Hawkins.

The five proposed projects are:

- The Indoor Aquatic Centre
- The Modernization of the Central Library
- The Multi-Purpose Event Centre
- The Multi-Purpose Outdoor Baseball Event Centre
- The Synthetic Outdoor Field Project (Soccer)

These projects have the potential to attract people and businesses to Regina's city centre, stimulating economic development and tourism, and improving community safety and quality of life for Regina residents. In the fall of 2022, residents participated in public information sessions and an online survey to learn about the projects and provide their feedback and preferred prioritization of the various projects. The Catalyst Committee is reviewing the project proposals and community feedback and will return to Council with a finalized report in early 2023.



FROST

In February, the inaugural FROST Regina Winter Festival took place with 68,012 people, or about one third of Regina's population, participating in the 10-day event. FROST Regina, co-chaired by REAL CEO Tim Reid, and City Councilor, Lori Bresciani, featured activities at four hubs in the city including REAL, Downtown, Warehouse District and Wascana Centre. Every hub had their own unique set of activities, and the city came to life over the 10 days celebrating winter in our City.

Frost @REAL illuminated Confederation Park with ice sculptures, ice slides, a snow maze, Indigenous Village and vibrant light installations. Mosaic Stadium field was transformed into Iceville welcoming recreational skating, Canada's first ever outdoor curling skins game

featuring Team Dunstone versus Team Koe, and FROST on Ice starring Olympian and World Champion Elvis Stojko culminating in a dazzling fireworks show for over 10,000 guests. GLOW, an indoor activation at FROST, showcased an interactive light display illuminating the Viterra International Trade Centre with over 3 million lights and countless smiles.

The FROST committee recognized and seized the opportunity to create a Celebration of Winter, and the inaugural event was named one of Canada's Top 10 Winter Festivals by the Globe and Mail. As a remarkable Winter City, FROST has become a collaborative celebration to showcase our community as a true winter destination.



FEBRUARY 4-13, 2022 BY THE NUMBERS

10 DAYS of festivities **68,012** total visitors **600,000+** social engagements and posts **40** ice sculptures

42 FROST REGINA FLAGS on the Albert St Bridge

147 VOLUNTEERS who worked **2,244 hours** and took **3 million steps**

15,000+ CUPS of hot chocolate **7,700 CANS** of FROST Red Winter Wheat beer **9,000 LOGS** logs burned in **18 firepits**

FROST @DOWNTOWN
2,000+ PAIRS OF SKATES LOANED
35 LOCAL ARTISTS IN ART WALK

FROST @REAL
3,000,000+ LIGHTS AT GLOW
150,000 SLIDES DOWN THE ICE SLIDE

FROST @WAREHOUSE
200,000 GRAMS OF ICE IN THE FROST TOWER
575 ICE BAR SELFIES

FROST @WASCANA
102 HORSE CARRIAGE RIDES
425 DOG SLED RIDES

OUR SUPPORTERS



CANADA'S FARM SHOW

In June, REAL hosted the 44th edition of Canada's Farm Show (CFS) Regina, SK presented by Viterra. Attendees were enthusiastic about the show's return after a two-year hiatus during the COVID-19 pandemic and attendance was on par with 2019. CFS continues to be the nation's largest and longest-running dryland farming show and this edition saw a total of \$76 million in international sales in the agriculture sector, and \$100 million investment in the Agri-value chain. 300 international delegates from 50 countries took in the show along with 400 exhibitors from across North America.

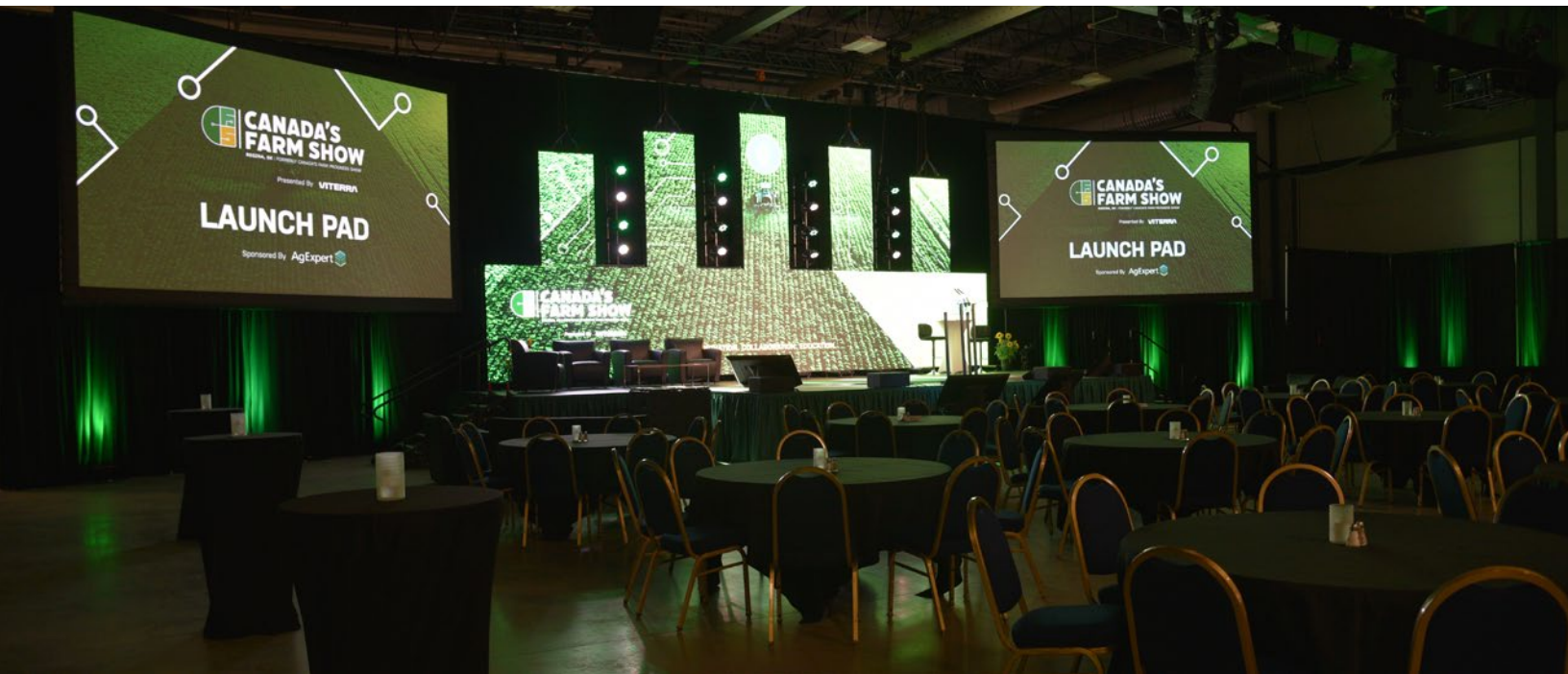
The Launch Pad Stage debuted during the virtual show in 2021 but welcomed a live audience in the Viterra International Trade Centre for the first time in 2022. The "biggest stage for the best in AG" hosted 26 agriculture experts who delivered keynote speeches to a farming audience as well provided space for exhibitors to launch new products. The 24-Hour Startup presented by Cultivator was

also a popular activation. The competition saw participants create teams, form ideas, build, and pitch an Ag Tech start-up all within 24-hours.

The AGTech Innovations Pavilion showcased the latest and greatest in equipment, technology and service in the agriculture industry. 26 Innovators were chosen to exhibit their unique and new to market products at CFS in 2022.

For the first time, Ag in the Classroom added four educational stops and a classroom learning element to the farm show programming; 82 Children from Grades 4-7 took part in the activities in 2022.

There was no shortage of entertainment for adults, too. Highlights spanned from networking events like the Empowering Women Conference to live music in Young's Equipment Farmhouse Lounge to the excitement of the Pro-Bull Riding Show.



2.5 MILLION
Volunteer
steps taken

8.6 MILLION
Ad impressions

**3 PRODUCT
LAUNCHES**

265,000
Video views

CANADA'S FARM SHOW

JUNE 21 - 23, 2022

400
Exhibitors

BEST IN THE BUSINESS

**\$100
Million**

Investment in
the Agri-Value
chain

ATTENDANCE
on par with 2019

\$76 MILLION
In International
sales

26 INNOVATIONS



Presented By **VITERRA**

canadasfarmshow.com

QUEEN CITY EX

In August, the 138th edition of Queen City EX (QCX) presented by SaskTel turned up the FUN and smashed all previous attendance records. This year an incredible 278,306 QCX'ers took in the five-day Fair. The new attendance record is 18% more than the previous one set during the last five-day fair in 2019. It also beat the 2021 attendance mark which was eight-days and two weeks later than normal.

A new addition to this year's QCX was the first annual Mini-Donut Eating Competition in support of the Regina Food Bank. Fourteen competitors raised over \$62,000 which is equal to 186,300 meals and competed against 55-time world record holder and professional eater Joey Chestnut. In eight minutes, Chestnut consumed an incredible 255 mini donuts! Maguire Abell from the University of Regina Rams Football Team consumed 76 while Rebellion Brewing President Mark Heise came in third at 61 donuts. The top fundraiser was nine-year-old Juliana Denouden who

raised over \$15,000 which was matched by her family's company Avana Builds.

The Original 16 Stage saw the largest concert in QCX history when multi-platinum singer, songwriter, and dancer Jason Derulo took to the stage in Confederation Park and was joined by Regina's own Teshler. Other acts throughout the week featured the Headpins and Streetheart, Kendra Kay and Tim Hicks, Saskatchewan's Own Tenille Arts and Tebey. Closing out the exhibition was the Regina Symphony Orchestra and an amazing fireworks display.

Two nights of the Pile O'Bones Rodeo saw the best attendance ever with over 7,700 people taking in the two-day event. And finally, over 3,000 pounds of food was donated on the last day of QCX because of the SaskMilk Flip for Hunger Pancake Breakfast where over 15,000 pancakes were flipped and enjoyed by the community.



SASKATCHEWAN'S FAIR
Presented by 

BY THE NUMBERS AUGUST 3 - 7, 2022

278,306 QCX'ers
set the highest attendance in 138 years

37,500 Instagramable moments
attributed to Jason Derulo as he rocked Confederation Park

Over \$63,540 raised
for the Regina Food Bank which is
190,620 meals

255 mini donuts
consumed by professional eater Joey Chestnut

385,000
ride tickets sold

15,000
pancakes served during
SaskMilk Family Day
Pancake Breakfast

Over 7 million
volunteer steps taken

\$12.8 million
Economic Impact

810 photo/video
contest entries

MIYO-WÎCÎWITOWIN DAY

On September 29th, the first ever Miyo-wîcîwitowin Day took place in Mosaic Stadium. This day is a response to the federal government's declaration of September 30 as the National Day for Truth and Reconciliation (NDT&R), a statutory holiday to pause and reflect on the tragic history and ongoing legacy of residential schools. A robust committee of remarkable and passionate volunteers endeavored to plan a day of walking together, of being together, and of coming together. Led by Cadmus DeLorme, Chief of Cowessess First Nation, we participated in one of the largest gatherings of Truth and Reconciliation in Canadian History.

The event saw over 12,000 high school students, business leaders and the public gather to understand the impact of residential schools, and the importance for everyone to act on the Truth and Reconciliation Commission's 94 calls to action. The program included Survivor

stories, music, dance, keynote speakers, and a presentation and action to advance the 94 calls to action recommend by the Truth and Reconciliation Commission.

An orange seat was officially unveiled as a legacy piece during Miyo-wîcîwitowin Day, now known as 'The Seat of Truth'. The singular orange seat will not be used or sold and will act as a visual reminder of the truth that must be told so the actions of reconciliation can advance. Our Seat of Truth is a call to action in the spirit of making concrete changes in society.

We want to thank all our Stadium partners for proudly celebrating this statement and commitment.

miyo-wîcîwitowin - means reconciliation in Cree. Walking together in a good way is how it is often described.



SPORT AND REC

Sport and recreation was back in full swing at REAL district with 50+ tournaments held in Co-Operators center, our CCHL league welcoming back 100's of teams to both youth and adult safe hockey, and the newly developed Avana Centre – home to Queen City Pickleball, the Volleybarn, Regina Skateboarding Coalition, as well as 4 courts ready for recreational basketball, volleyball, tennis and badminton.

The Saskatchewan Roughriders finished fourth in the CFL's Western Division amidst a hard-fought season plagued with injuries and are looking to bounce back in 2023. The oldest junior hockey franchise, The WHL's Regina Pats, finished ninth in the Eastern Conference but boast the electrifying, record breaking and generational talent, Connor Bedard, projected to be chosen 1st in the NHL Draft in 2023.

In November, years of planning and months of great Canadian football all came down to the 109th Grey Cup game between the Winnipeg Blue Bombers and Toronto Argonauts in Mosaic Stadium. The official Grey Cup Festival theme, Bring it to the Heartland, reflected Saskatchewan as the heartbeat of the CFL, and the Canadian prairies as the heartland of Canada.

For the first time in Grey Cup history, everything – including the championship game – took place at one location, REAL District. From November 15-20th, we welcomed the Nation to join in the fun by participating in multiple events from family friendly tube slides to 19+ team party rooms, including the largest ever Riderville. There truly was something for everyone to take in all the action, including a sold-out championship game!



ENTERTAINMENT

Concert and entertainment options in Brandt Centre started with cancellations in Q1, including Dierks Bentley, Offspring and Foo Fighters, but ended with a bang and multiple sold-out shows.

Starting in March, REAL welcomed comedian Jeff Dunham, and continued the year with metal band Slipknot, a sold out Chris Stapleton show who had just won the Country Music Award for Male Vocalist of the Year, six Cirque Du Soleil OVO shows where bugs came to life in a high-flying acrobatic act, Greta Van Fleet raised

the roof with a rocking performance, a high-flying WWE show, and we brought the year to a close with Canadian legend Bryan Adams, and finally a sold out show with country music star Kane Brown.

Many more performances by artists were enjoyed throughout the year by thousands of fans. We look forward to an entertaining 2023 and continuing to deliver exceptional experiences and memories that keep our community thriving.



AGRICULTURE

On the heels of Grey Cup came Canadian Western Agribition (CWA). The 51st show was deemed a resounding success with record-setting numbers, sell-out entertainment, and a significant return of international guests to Regina. Over the week, CWA's doors welcomed 120,000 attendees, including 1,200 international guests from 63 countries and around 10,000 school children. In addition to an economic impact of approximately \$96M, impressive sales figures from the show included a peak of \$979,000 in trade show booth sales and livestock sales totaling \$2.2 million.

In 2022, REAL furthered their mission to bring ag education to all REAL signature events including Canada's Farm Show Regina, SK, Queen City Ex, and Frost. Over the course of these events the Ag In the Classroom program brought in children from schools in and around Regina to take part in engaging activities with an agriculture focus. In 2022 the agriculture team introduced Queen City

Mustard; a yellow prepared mustard produced at the Saskatchewan Food Industry Development Centre. At Canada's Farm Show, students were given mustard seeds to plant which were harvested by students attending Queen City Ex and turned into the Queen City Mustard we now sell.

In 2022, we also welcome the Regina Farmers' Market Co-operative (RFM) back to the REAL campus for the first time in several decades. The RFM hosted 4 events in December that provided an opportunity for 50 local farmers and small businesses to transact with their customers leading up to the holiday season. Everything at the RFM is made, baked, grown, or designed in Saskatchewan.

BUSINESS

In May and June, REAL District hosted the Canadian Association Municipal Administrators Conference and Federation of Canadian Municipalities (FCM) Conferences, two of the largest gatherings of local government. FCM brings together 2,100 municipalities of all sizes—representing more than 92% of Canadians. 2022 marked the fullest national gathering of municipal leaders since 2019.

This year's Annual Conference theme, 'Together for Recovery' reinforced the essential role of municipalities as drivers for a strong and inclusive recovery. Throughout the conference, delegates heard from noteworthy speakers from federal political parties, each highlighting the importance of the federal-municipal partnership and Regina's own, Mayor Masters.

Commercial Development

In 2022, YQR Distillery started a build out of the Agribition Building to turn this location into a

store, with future development plans to include an event venue, distilling school, cooking school, a fermentation lab, and a restaurant.

2022 saw McDonald's first full year of operations as one of REALs anchor tenants. Highlights of McDonald's success:

- 120,000 annual visits
- Additional food and beverage options on site
- Strong development anchor facility
- 24-hour operations and additional on-site traffic
- Major international brand with strong recognition
- Support limited food and beverage options on site
- Improved customer experience for guests
- Annual lease payment to REAL
- Additional tax revenue
- Job creation in construction and operations



TOURISM REGINA

The recent changes to REAL's UMA have given REAL the ability to operate and coordinate tourism as the largest driver of the visitor economy in Regina. Continuing forward as the official Destination Marketing Organization for the City of Regina, Tourism Regina will work collaboratively with partners across the City to help the visitor economy and the hospitality sector recover from the devastating impacts of COVID-19. As the world becomes fiercely competitive in the attraction of visitors, our City will need to work harder than ever before to compete in a space looking to rebounding across the globe.

Our Mandate

As there has been repositioning of Tourism Regina to operationally be under REAL, the mandate of Tourism Regina has not changed, only refined with the purpose of aligning the organizations.

- **Event & Convention Sales:** The ECT Tactical Sales teams partner with REAL and other community organizations to explore the services necessary to market and attract these events as well as how to coordinate their delivery. Aligned partnerships position our existing assets and infrastructure effectively and are deployed to specific areas of opportunity in the Sports and Agriculture sectors.

- **Event Activation:** High engagement from Tourism Regina's Event Activation Committee aligns efforts to drive destination wide outcomes. Targeted event activation creates opportunity for long-lasting impact on event visitors and educates locals on signature events through experiential marketing and digital communication.

- **Visitor Experience:** Regina welcomes over 200,000 people annually which includes business travelers, leisure visitors, conferences, and event visitors. This provides opportunity for Tourism Regina to create mechanisms and partnerships that encourage impactful experiences across our destination.

- **Industry & Intel:** Using intel throughout decision making drives a higher outcomes and results to propel activities in the right direction. Having the visitor economy sector behind our brand, activities and driving outcomes is core to success as their success is our success.

- **Product Development:** Creating new and innovative products, experiences, and services to the market that create new opportunities for visitors and citizens of our community. By supporting businesses within Regina to create or enhance tourism product offerings, we can encourage visitors to explore more of our destination and increase economic activity.

Mission, Vision & Corporate Values

As the organization has transitioned, so has the organizational mission, vision and values to better reflect its new position. As previously demonstrated in 2022, Tourism Regina was managing the aftershock of COVID-19 on the tourism sector nationwide, and is still mainly focused on regional travel and local pride. Moving into late 2022, the shift towards traditional destination marketing organization activities is coming into view and pre-pandemic activities are returning.

Nationally, travel is in demand, with Google search from international markets exceeding 2019 levels, it is showing that spending and activity are nearing



pre-pandemic levels, primarily driven by domestic markets. This suggests encouraging conditions for continued tourism growth presenting the opportunity for Regina to be ready.

- **Destination Marketing:** Hang with the local's destination campaign showcasing what Regina has to offer to those in Regina and area, focus on Social Media content development to diversify the audiences, developed a new LinkedIn page to showcase industry communications.

- **Event Activation:** Activation across the destination showcased high impact and city-wide visual components that showcased the community support and pride to visitors in destination at that time.

- Eight major activations included FROST, Canada's Farm Show Regina, SK, Federation Canadian Municipalities, Queen City Ex, Grey Cup and Canadian Western Agribition.

- 12 minor activations that included Willison Basin Conference, Scot Dance, Cathedral Village Arts Festival, Regina Folk Festival.

Event and Convention Sales:

- Participated in sales conferences including Tete-a-tete Ottawa, and the Sports Tourism Conference, November.

- Supported the Regina Hotel Association REAL, University city wide bid development.



FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Regina Exhibition Association Limited (REAL) have been prepared by the Association's management in accordance with Canadian public sector accounting standards for government not-for-profit organizations 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 23, 2023



Tim Reid

President and CEO

The Regina Exhibition Association Limited
Financial Statements

December 31, 2022

To the Directors of The Regina Exhibition Association Limited:

Opinion

We have audited the financial statements of The Regina Exhibition Association Limited (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of loss, changes in net deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

March 23, 2023



Chartered Professional Accountants

The Regina Exhibition Association Limited

Statement of Financial Position
As at December 31, 2022

| | 2022 | 2021 |
|---|---------------------|--------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 3,790 | 145,061 |
| Accounts and grants receivable | 4,942,728 | 2,885,348 |
| Inventories | 179,154 | 409,090 |
| Supplies and prepaid expenses | 462,427 | 652,661 |
| | <u>5,588,099</u> | <u>4,092,160</u> |
| Long-term leases receivable | 583,142 | 169,298 |
| Capital assets (note 5) | 80,374,425 | 83,723,454 |
| | <u>86,545,666</u> | <u>87,984,912</u> |
| Contractual rights (note 14) | | |
| Liabilities and Net Deficit | | |
| Current liabilities | | |
| Bank indebtedness (note 4) | 4,882,545 | 1,725,223 |
| Accounts payable and accrued liabilities | 7,430,259 | 5,804,553 |
| Deferred revenue and deposits | 4,442,981 | 2,803,202 |
| Current portion of term loans due on demand (note 6) | 1,580,448 | 2,067,426 |
| | <u>18,336,233</u> | <u>12,400,404</u> |
| Term loans due on demand (note 6) | 7,942,797 | 6,067,159 |
| | <u>26,279,030</u> | <u>18,467,563</u> |
| Deferred grants and other contributions (note 7) | 72,266,643 | 74,681,795 |
| | <u>98,545,673</u> | <u>93,149,358</u> |
| Contingencies (note 15) | | |
| Contractual obligations (note 16) | | |
| Commitment (note 17) | | |
| Share capital (note 9) | 10 | 10 |
| Investment in capital assets | 3,826,006 | 6,148,543 |
| Accumulated deficit | (15,826,023) | (11,312,999) |
| Net deficit | <u>(12,000,007)</u> | <u>(5,164,446)</u> |
| | <u>86,545,666</u> | <u>87,984,912</u> |

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

Approved by the Board:

Director Wayne Morsky

Director Cathy Warner

The Regina Exhibition Association Limited

Statement of Loss
For the year Ended December 31, 2022

| | 2022 | 2021 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Revenue | | |
| External funding (note 12) | 3,646,821 | 3,224,823 |
| Tourism Regina restructuring transaction (note 19) | 300,000 | - |
| Event sales and recoveries | 14,256,333 | 9,029,309 |
| Rental and lease revenue | 9,530,711 | 8,152,216 |
| Sponsorship sales | 3,566,615 | 2,096,000 |
| Food and beverage | 2,396,032 | 5,764,240 |
| Food and beverage profit share | 457,941 | - |
| | <u>34,154,453</u> | <u>28,266,588</u> |
| Expenses | | |
| Contracted labour | 1,547,924 | 1,079,009 |
| Cost of goods sold | 1,265,699 | 2,032,479 |
| Repairs and maintenance | 2,422,018 | 2,192,668 |
| Administration, supplies, and services | 12,074,667 | 9,831,703 |
| Utilities | 3,960,470 | 3,244,777 |
| Wages and employee benefits | 18,009,493 | 13,797,246 |
| | <u>39,280,271</u> | <u>32,177,882</u> |
| Loss from operations | (5,125,818) | (3,911,294) |
| City of Regina term loan funding (note 18) | 958,062 | - |
| Government COVID-19 assistance | - | 3,412,167 |
| Loss before amortization and interest | (4,167,756) | (499,127) |
| Amortization | 6,030,544 | 6,037,155 |
| Interest on long term debt | 490,027 | 175,716 |
| Loss before contributed capital and interest earned | (10,688,327) | (6,711,998) |
| Contributed capital and interest earned | 3,852,766 | 3,840,726 |
| Net loss for the year | <u>(6,835,561)</u> | <u>(2,871,272)</u> |

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

The Regina Exhibition Association Limited

Statement of Changes in Net Deficit
For the year ended December 31, 2022

| | Share capital \$ | Investment in capital assets \$ | Accumulated (deficit) \$ | 2022 \$ | 2021 \$ |
|--|------------------------|---------------------------------------|--------------------------------|---------------------|--------------------|
| Balance, beginning of year | 10 | 6,148,543 | (11,312,999) | (5,164,446) | (2,293,174) |
| Net loss for the year | - | - | (6,835,561) | (6,835,561) | (2,871,272) |
| Amortization | - | (6,030,544) | 6,030,544 | - | - |
| Capital contributions deferred | - | (1,437,597) | 1,437,597 | - | - |
| Capital contributions recognized | - | 3,852,749 | (3,852,749) | - | - |
| Investment in capital assets during the year | - | 2,681,515 | (2,681,515) | - | - |
| Net change in term loans due on demand relating to capital assets | - | (1,388,660) | 1,388,660 | - | - |
| Balance, end of year | <u>10</u> | <u>3,826,006</u> | <u>(15,826,023)</u> | <u>(12,000,007)</u> | <u>(5,164,446)</u> |

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

The Regina Exhibition Association Limited

Statement of Cash Flows
For the year ended December 31, 2022

| | 2022 \$ | 2021 \$ |
|--|---------------------|-----------------------|
| Operating activities | | |
| Net loss for the year | (6,835,561) | (2,871,272) |
| Items not affecting cash | | |
| Amortization | 6,030,544 | 6,037,155 |
| Deferred capital contributions recognized (note 7) | (3,852,749) | (3,840,713) |
| | <u>(4,657,766)</u> | <u>(674,830)</u> |
| Net increase (decrease) in non-cash working capital balances related to operations (note 8) | <u>1,214,430</u> | <u>(3,588,883)</u> |
| Net cash used through operating activities | <u>(3,443,336)</u> | <u>(4,263,713)</u> |
| Financing activities | | |
| Advance of term loans due on demand | 3,064,856 | 5,609,972 |
| Repayment of term loans due on demand | (1,676,195) | (2,516,957) |
| Increase in bank indebtedness | 3,157,322 | 1,725,223 |
| Contributions received (note 7) | 1,437,597 | 241,471 |
| | <u>5,983,580</u> | <u>5,059,709</u> |
| Net cash received through financing activities | <u>5,983,580</u> | <u>5,059,709</u> |
| Investing activities | | |
| Purchase of capital assets | <u>(2,681,515)</u> | <u>(1,658,860)</u> |
| Decrease in cash during the year | <u>(141,271)</u> | <u>(862,864)</u> |
| Cash, beginning of year | <u>145,061</u> | <u>1,007,925</u> |
| Cash, end of year | <u><u>3,790</u></u> | <u><u>145,061</u></u> |

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

The Regina Exhibition Association Limited

Notes to the Financial Statements For the year ended December 31, 2022

1. Description of operations

The Regina Exhibition Association Limited (REAL) is a not-for-profit organization that operates a 100-acre property in the City of Regina which delivers on community, entertainment and sport and recreational activities and events. As noted, Tourism Regina was transitioned to REAL in 2022 expanding REAL's roles and responsibilities beyond the 100-acre property to be city-wide.

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

The impact of COVID-19 continued to be prevalent in the first quarter of 2022, with the province continuing with health restrictions which impacted REAL's ability to deliver on certain events. On April 1, 2022 the health restrictions were lifted and REAL opened the doors and started on the road to recovery from the pandemic and it became evident the sport, recreation, entertainment and events industry was going to experience a slow recovery.

Although 2020 was a year where the extent of the impact COVID-19 would have on REAL was unknown and 2021 provided more clarity on how to respond, 2022 further highlighted financial recovery from the pandemic was going to take some time. Future developments and uncertainties still exist and cannot be predicted with confidence. These uncertainties arise from the inability to predict how guests will respond to such factors as rising interest rates, inflation and rising prices in the market as these factors do impact disposable income.

While REAL is hopeful and is navigating returning to operations in a post pandemic environment, the extent of what is to be expected remains unknown. The year of 2022 did report reduced customer demand, supply chain disruptions, staff shortages, an inflationary increase and increased interest rates, all of which had a negative impact on REAL's business and financial results.

2. Change in accounting policy

Asset retirement obligations

Effective January 1, 2021, REAL adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement and disclosure requirements. Pursuant to these recommendations, the change was applied retroactively, and there was no impact upon adoption.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

There was no material impact on the financial statements from the retroactive application of the new accounting recommendations.

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.

3. Significant accounting policies (continued from previous page)

a) Inventories

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

b) Capital assets

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

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

c) Long-lived assets

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

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

d) Revenue recognition

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

REAL has several long-term tenants on the grounds that pay annual rent or lease revenue based on the stipulated contract amount indicated in the lease for that year. For these long-term leases receivable REAL recognizes revenues over the term of the lease on a straight-line basis.

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

e) External funding

External funding received by REAL is accounted for as follows:

- i) External funding to assist with the financing of capital asset additions is recorded as deferred capital contributions (note 7). The portion of the external funding equivalent to the annual amortization expense of the related asset is recognized annually as external funding.
- ii) External funding that is restricted and not specifically intended for capital asset additions is recorded in revenue in the period the related expenses are incurred.
- iii) Contributed materials and services are measured at fair value at the date of contribution if fair value can be reasonably estimated.

f) Financial instruments

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

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

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

3. Significant accounting policies (continued from previous page)

g) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for REAL to incur retirement cost in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at January 1, 2021. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, REAL reviews the carrying amount of the liability. REAL recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

REAL continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

4. Bank indebtedness

REAL has an authorized line of credit with HSBC Bank Canada for \$6,788,661 (2021 - \$6,788,661) at a rate of prime - 0.25%. At December 31, 2022 there is an amount of \$4,882,545 outstanding on the line of credit (2021 - \$1,725,223).

5. Capital assets

| | Cost | | Accumulated amortization | | Net book value | |
|-----------|--------------------|--------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Buildings | 125,717,127 | 124,224,625 | 48,901,603 | 44,097,334 | 76,815,524 | 80,127,291 |
| Equipment | 11,240,783 | 10,051,769 | 7,681,882 | 6,455,606 | 3,558,901 | 3,596,163 |
| | <u>136,957,910</u> | <u>134,276,394</u> | <u>56,583,485</u> | <u>50,552,940</u> | <u>80,374,425</u> | <u>83,723,454</u> |

6. Term loans due on demand

| | 2022 | 2021 |
|---|-----------|-----------|
| | \$ | \$ |
| Term demand loan up to \$8,000,000 payable to HSBC Bank Canada with an annual principal payment of \$700,000, used for operations. Interest is paid monthly at prime - 0.3%. Due in December, 2033. | 7,300,000 | 5,000,000 |
| Term demand loan up to \$4,000,000 payable to HSBC Bank Canada with an annual principal payment totalling \$280,000 based on the 10-year repayment period. Interest is paid monthly at prime - 0.25%. Due in May, 2026. | 1,371,339 | 1,651,339 |
| Term demand loan up to \$5,000,000 payable to HSBC Bank Canada with an annual principal payment of up to \$1,000,000. Interest is paid monthly at prime - 0.25%. Due in May, 2023. | 400,000 | 900,000 |
| Term demand loan payable to RCAP Leasing in monthly payments of \$948 including interest at 5.6%. Secured by the equipment. Due in October, 2023. | 9,243 | 19,779 |
| Term demand loan payable to CWB National Leasing in monthly payments of \$3,045 including interest at 5.1%. Secured by the equipment. Due in August, 2025. | 88,085 | 119,156 |

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

| | | |
|--|------------------|------------------|
| Term demand loan payable to CWB National Leasing in monthly payments of \$6,914 including interest at 3.7%. Secured by the equipment. Due in February, 2024. | 94,573 | 172,420 |
| Term demand loan payable to Stevenson Industrial Refrigeration Ltd. in annual payments of \$67,973 including interest at 0.0%. Secured by the equipment. Due in March, 2025. | 203,918 | 271,891 |
| Term demand loan payable to WS Leasing in monthly payments of \$894 including interest at 1.9%. Secured by the equipment. Due in January, 2025. | 56,087 | - |
| Total Term loans due on demand | <u>9,523,245</u> | <u>8,134,585</u> |
| Less: current portion | <u>1,580,448</u> | <u>2,067,426</u> |
| | <u>7,942,797</u> | <u>6,067,159</u> |

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

The terms of the term loans due on demand with HSBC Bank Canada requires a minimum debt service coverage covenant of 1.1 to 1. As at December 31, 2022, REAL was in violation of this covenant.

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

| | |
|------|-----------|
| 2023 | 1,580,448 |
| 2024 | 1,106,042 |
| 2025 | 1,105,417 |
| 2026 | 1,231,339 |
| 2027 | 700,000 |

7. Deferred grants and other contributions

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Opening deferred grants and other contributions | 74,681,795 | 78,281,037 |
| Amounts received in year | 1,437,597 | 241,471 |
| Amounts recognized in year | (3,852,749) | (3,840,713) |
| | <u>72,266,643</u> | <u>74,681,795</u> |

8. Net increase (decrease) in non-cash working capital balances related to operations

| | 2022 | 2021 |
|--|------------------|--------------------|
| | \$ | \$ |
| Accounts and grants receivable | (2,057,380) | (1,123,705) |
| Inventories | 229,936 | (140,128) |
| Supplies and prepaid expenses | 190,234 | (441,958) |
| Long-term leases receivable | (413,844) | (169,298) |
| Accounts payable and accrued liabilities | 1,625,706 | 917,372 |
| Deferred revenue and deposits | 1,639,778 | (2,631,166) |
| | <u>1,214,430</u> | <u>(3,588,883)</u> |

9. Share capital

| | 2022 | 2021 |
|--------------------------|------|------|
| | \$ | \$ |
| Issued - | | |
| 1 share (2021 - 1 share) | 10 | 10 |

10. Financial risk management

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

Currency risk

REAL is not exposed to significant foreign currency risk.

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

In order to reduce its credit risk, REAL 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 REAL's credit policies. The amounts disclosed in the Statement of Financial Position are net of allowance for doubtful accounts.

Liquidity risk

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

REAL has implemented a quarterly detailed cash flow and quarterly EBITDA forecasting tool to manage its liquidity risk. In addition, REAL established a loan credit guarantee as approved by the City of Regina.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of the other financial assets and liabilities, known as price risk. REAL 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 term loans due on demand (note 6). REAL is exposed to price risk on certain term loans due on demand (note 6).

11. Financial instruments

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

12. External funding

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

13. Related parties

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

| | 2022 | 2021 |
|----------------------------|-----------|-----------|
| | \$ | \$ |
| Revenue for the year: | | |
| External funding | 2,070,494 | 1,631,297 |
| Term loan funding | 958,062 | - |
| Event sales and recoveries | 5,083,026 | 3,974,966 |
| Rental and lease revenue | 3,532,557 | 3,172,523 |
| Food and beverage | 301,734 | 5,423 |

13. Related parties (continued from previous page)

Expenses for the year:

| | | |
|--|-----------|---------|
| Administration, supplies, and services | 606,461 | 789,648 |
| Utilities | 247,460 | 246,840 |
| Accounts receivable | 1,424,910 | 400,188 |
| Accounts payable | 1,895,424 | 697,415 |

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

14. Contractual rights

Effective April 11, 2018, REAL 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, and in 2021 the first five-year renewal term was executed. REAL is paid an annual base building fee to operate and maintain the stadium as well as a game day fee to provide services to the Saskatchewan Roughrider Football Club.

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

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

| Year | Amount |
|------|-----------|
| 2023 | 7,996,921 |
| 2024 | 7,640,708 |
| 2025 | 7,483,588 |
| 2026 | 7,294,172 |
| 2027 | 6,755,228 |

15. Contingencies

REAL 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 REAL.

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in April 2020. CEWS provided a wage subsidy to organizations who qualified based on eligible remuneration, subject to limits per employee and including the demonstration of decline in revenues as a result of COVID-19. REAL applied and was approved to receive funding in the value of \$3,412,167 in 2021 and \$4,066,855 in 2020 for a total value received of \$7,479,022. There is uncertainty surrounding the Government of Canada's formal review of REAL's CEWS applications.

16. Contractual obligations

Under the terms of the agreement with the City of Regina as described in Note 14 *Contractual Rights*, REAL has the exclusive right and license to provide food and beverage services. REAL has agreed to repay the City of Regina for the funding required to complete the food and beverage areas. The repayment is an annual fee of \$300,000.

| Year | Amount |
|------|---------|
| 2023 | 300,000 |
| 2024 | 300,000 |
| 2025 | 300,000 |
| 2026 | 300,000 |
| 2027 | 300,000 |

17. Commitment

As at December 31, 2022, REAL has a funding commitment of \$4,008,000 to the City of Regina towards the construction of Food & Beverage assets in Mosaic Stadium.

18. City of Regina term loan funding

In December 2020, the City of Regina Council authorized annual grant funding to REAL to be used for the sole purpose of making principal and interest payments on outstanding debt REAL has with HSBC Bank Canada.

19. Tourism Regina restructuring transaction

During the year, Regina City Council passed a motion to have Tourism Regina responsibilities transferred from Economic Development Regina (EDR) to REAL, effective June 30, 2022. The City of Regina is the sole member of REAL and the sole member of EDR. REAL and EDR agreed to have the City of Regina transfer the net amount of budgeted core funding of \$426,450 to REAL as part of this transaction. EDR agreed to transfer the Tourism Recovery Restricted Surplus Fund of \$300,000 to REAL. The total restructuring transaction amount transferred from EDR to REAL was \$300,000.

20. Economic dependence

REAL is economically dependant on the City of Regina, which owns its sole share. REAL is reliant on various funding sources, received from the City of Regina, that assist with repayment of term debt and operations.

21. Comparative figures

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



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