

2023 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, Anihşināpēk, 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.



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 Viterro 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.



BUSINESS



SPORTS & REC

ENTERTAINMENT



AGRICULTURE



EXECUTIVE MESSAGE

While 2022 was a year of unpredictability and recovery, 2023 saw our organization go through change and renewal as we worked to return to our core business.

REAL welcomed over 3 million visitors to our district and our strategic imperative of delivering events that bring innovation, enrichment and prosperity was executed on many levels. While we saw some financial struggles in 2023, we are on a path of stability and building a stronger relationship with our sole shareholder.

Some highlights of the year included Frost Regina, presented by Co-op, which drew thousands to our city for winter fun and the enchanting Glow event. The Brandt Centre hosted Thomas Rhett, Old Dominion, and 10 other concerts, along with sell-out Regina Pats games featuring rising star Connor Bedard.

Summer brought PBR, Pile O Bones rodeo, and Cirque de Soliel's Corteo. Avana Centre opened, offering a variety of sports facilities. The Cooperators Centre hosted 50+ tournaments and the CCHL by Great Western welcomed 100+ teams to our 6 rinks.

Canada's Farm Show, the anchor of our Agriculture pillar returned with 300+ exhibitors and new and exciting initiatives.

We once again rocked the Queen City Ex and with Flo Rida headlining and setting attendance records. Saskatchewan Roughriders games are a favourite, and we love seeing our district in filled with green and white!

Canada Western Agribition, one of our major tenants ended the year with a rodeo and festivities. With attendance rebounding in 2023, we're optimistic for continued momentum in 2024.

While the end of the year saw change in governance and in our unanimous member's agreement (UMA), we are confident the interim board will provide the necessary oversight and guidance. We will continue to work with the REAL team, City Council, and City Administration to ensure the business model, organizational and structural model is optimal for long term success and sustainability.

Niki Anderson

CHAIR, REAL BOARD OF DIRECTORS



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.

2023 saw changes to the UMA and governance of the REAL BOD. In October, at the request of the current BOD, City Council voted to remove the oversight of Tourism and on December 31, all responsibility for Tourism was relinquished.

In November, City Council voted to remove the REAL Board of Directors and replace them with an Interim Board comprised of city employees appointed by Council.

The interim board is currently in place till July 2024.



JANUARY-NOVEMBER BOARD OF DIRECTORS



Wayne Morsky
CHAIR



Tiffany Stephenson
VICE-CHAIR



Ahmed Malik



Cathy Warner



Colina Paul



Collin Pullar



David Sinclair



Jim Hopson



Ken Budzak



Kenric Exner



Rosanne Hill Blaisdell



Tamara Therrien



Niki Anderson
NON-VOTING



Sara Nichols
NON-VOTING



Councillor Bob Hawkins
NON-VOTING



Tim Reid
PRESIDENT AND CEO
NON-VOTING

NOVEMBER-DECEMBER INTERIM BOARD OF DIRECTORS



Niki Anderson
CHAIR



Jennifer Johnson
VICE-CHAIR



Ly Pham



Jeff May



Barry Lacey



Maria Burns



Lori Bresciani
NON-VOTING



Kevin France
NON-VOTING



Tim Reid
PRESIDENT AND CEO
NON-VOTING

YEAR IN REVIEW

2023 was a year of change and renewal. To use a fair analogy, it was also a bit of a rollercoaster with some highs and lows.

February saw our city embrace Frost Regina presented by Co-op and we welcomed thousands of guests to our District. Young and old enjoyed winter fun and the magic of Glow for ten days.

The Brandt Centre kicked off the year with Harlem Globetrotters and the fun continued all year with Thomas Rhett, Old Dominion, and ten other concerts. We also welcomed many a sell-out crowd to watch the Regina Pats. History was made as they advanced to the play-offs with the talented Connor Bedard leading the WHL league in almost every statistic. The summer saw PBR and Pile O' Bones rodeo and the excitement of Cirque de Soliel's Corteo ended the year with acrobatic wonder and a full house.

We welcomed new partners to our district with the opening of Avana Centre and the multi-sport plex that includes skateboarding, pickleball, volleyball, baseball, and court sports.

The Cooperators Centre was busy throughout the year with 50+ tournaments and the popular CCHL presented by Great Western once again welcomed over 100 teams to our arenas.

Father's Day weekend brought the ultimate sizzling showdown at the Smoke n' Bones BBQ Competition presented by Northern Fireplace. This KCBS Master Series-sanctioned event brings together 15 top-notch competitors from western Canada and the northwestern United States.

Canada's Farm Show Regina, SK presented by Viterra returned to pre-pandemic attendance and over 300 exhibitors filled the Viterra International Trade Centre for three days.

We 'Turned Up the Fun' over 5 exciting days and nights for the Queen City Ex presented by SaskTel. Flo Rida filled Confederation Park to capacity, and we broke all single concert attendance records!

Other highlights included Immersive Van Gogh, Regina Home Show and of course our Saskatchewan Roughriders filled Mosaic Stadium with plenty of Rider Pride.

Canada Western Agribition closed out the year with a jam-packed week of Rodeo action and one of the best Parties in the Dirt!

2023 saw attendance starting to return to pre-pandemic levels and confidence in events improving. We are optimistic that the momentum of 2023 will continue into 2024.



FROST





FEBRUARY 3-12, 2023
BY THE NUMBERS

50,333
Total Visitors

102,202
Hands warmed at
Fire Pits

175,651
Ice Slide Rides

142,312
Trips through
Snow Maze

22
Ice Sculptures

2,100
Zamboni Riders

3 Million
Glow Lights

4,375
Chili Tasters

251,655
Instagrammable
Moments

4,000
Glow Bulbs Sold

11.8 Million
Steps by **296 Volunteers**

48,000 lbs.
of Ice in Confederation Park

OUR SUPPORTERS





CANADA'S FARM SHOW REGINA, SK

Presented by VITERRA

SUMMIT

Panel Discussion



1 MILLION
Social Media
Impressions

350
Total
Exhibitors

265,000
Video Views

**18%
NEW**
Exhibitors

CANADA'S FARM SHOW

JUNE 20 – 22, 2023

**BEST IN THE
BUSINESS**

**\$19.2
MILLION**
Economic
Impact

**ATTENDANCE
20% INCREASE**
Over last year

115

INTERNATIONAL
Visitors

**\$81
MILLION**
International
Sales

70 COUNTRIES
Represented

**24 Hour Start-up
Participants**
33



**CANADA'S
FARM SHOW**
REGINA, SK

Presented by **VITERRA**

canadasfarmshowreginask.com

QUEEN CITY EX





SASKATCHEWAN'S FAIR
Presented by SaskTel

BY THE NUMBERS

AUGUST 2 - 6, 2023

**3.1
million**

Digital impressions

**259,530
QCX'ers**

in attendance

**Over 7.1
million**

volunteer steps taken

53,000 Social Moments

attributed to Flo Rida as he lit up Confederation Park

Over \$72,203 raised

for the Regina Food Bank which is

216,609 meals

214,000 mini donuts

including 304 by Joey Chestnut when he crushed last year's record

**21,000
pancakes**

served during
SaskMilk Family Day
Pancake Breakfast

**98,000
bounces**

in the
MEGA Bounce Zone

**3,010
votes**

votes for the
Best Food Vendor





FINANCIAL STATEMENTS

Management's Responsibility

To the To the Directors of The Regina Exhibition Association Limited:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the To the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 26, 2024

 Signed by Roberta Engel
2024-03-26 21:05:35 CST

Chief Executive Officer

The Regina Exhibition Association Limited
Financial Statements
December 31, 2023

Independent Auditor's Report

To the Directors of The Regina Exhibition Association Limited:

Opinion

We have audited the financial statements of The Regina Exhibition Association Limited (the "Association"), which comprise the statement of financial position as at December 31, 2023, and the statement 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 Association as at December 31, 2023, 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Association will have its operating and governance structure reviewed in 2024 based on the direction of City Council of the City of Regina. This review is intended to determine the most appropriate organizational structure and level of operating and capital funding needed to support REAL in the future. REAL incurred a net loss of \$12,895,364 and \$6,835,561 during the years ended December 31, 2023 and 2022 and as of those dates REAL's accumulated deficit was \$25,993,837 and \$15,826,023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

MNP LLP

Suite 900 Royal Bank Building, 2010 - 11th Avenue, Regina SK, S4P 0J3

1.877.500.0780 T: 306.790.7900 F: 306.790.7990

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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Regina, Saskatchewan

March 26, 2024

MNP LLP

Chartered Professional Accountants

The Regina Exhibition Association Limited

Statement of Financial Position

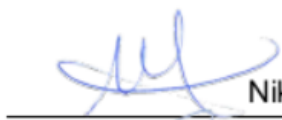
As at December 31, 2023

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	50	3,790
Accounts and grants receivable	2,801,609	4,942,728
Inventories	103,344	179,154
Supplies and prepaid expenses	591,074	462,427
	<u>3,496,077</u>	<u>5,588,099</u>
Long-term leases receivable	1,147,261	583,142
Capital assets (note 7)	<u>76,259,717</u>	<u>80,374,425</u>
	<u>80,903,055</u>	<u>86,545,666</u>
Contractual rights (note 17)		
Liabilities and Net Deficit		
Current liabilities		
Bank indebtedness (note 6)	5,104,033	4,882,545
Accounts payable and accrued liabilities	7,775,041	7,430,259
Government of Canada liability (note 23)	8,034,913	-
Deferred revenue and deposits	4,481,709	4,442,981
Current portion of capital lease obligations (note 8)	208,885	200,449
Callable term loans due on demand (note 9)	11,091,339	9,071,339
	<u>36,695,920</u>	<u>26,027,573</u>
Capital lease obligations (note 8)	<u>326,381</u>	<u>251,457</u>
	<u>37,022,301</u>	<u>26,279,030</u>
Deferred grants and other contributions (note 10)	<u>68,776,125</u>	<u>72,266,643</u>
	<u>105,798,426</u>	<u>98,545,673</u>
Contingencies (note 18)		
Contractual obligations (note 19)		
Commitment (note 20)		
Share capital (note 12)	10	10
Investment in capital assets	1,098,456	3,826,006
Accumulated deficit	<u>(25,993,837)</u>	<u>(15,826,023)</u>
Net deficit	<u>(24,895,371)</u>	<u>(12,000,007)</u>
	<u>80,903,055</u>	<u>86,545,666</u>

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

Approved by the Board:

Director



Niki Anderson, Interim Board Chair

Director



Jennifer Johnson, Board Vice-Chair

The Regina Exhibition Association Limited

Statement of Loss

For the year Ended December 31, 2023

	2023	2022
	\$	\$
Revenue		
External funding (note 15)	4,777,896	3,646,821
Tourism Regina restructuring transaction (note 22)	-	300,000
Event sales and recoveries	13,061,970	14,256,333
Rental and lease revenue	10,938,534	9,530,711
Sponsorship sales	3,150,339	3,566,615
Food and beverage	-	2,396,032
Food and beverage profit share	732,477	457,941
	<u>32,661,216</u>	<u>34,154,453</u>
Expenses		
Contracted labour	1,186,816	1,547,924
Cost of goods sold	377,097	1,265,699
Repairs and maintenance	1,962,828	2,422,018
Administration, supplies, and services	10,851,752	12,074,667
Utilities	4,351,827	3,960,470
Wages and employee benefits	16,930,035	18,009,493
	<u>35,660,355</u>	<u>39,280,271</u>
Loss from operations	(2,999,139)	(5,125,818)
City of Regina term loan funding (note 21)	1,172,331	958,062
Government of Canada repayment (note 23)	(8,034,913)	-
Loss before amortization and interest	(9,861,721)	(4,167,756)
Amortization	6,029,943	6,030,544
Interest on long term debt	935,433	490,027
Loss before contributed capital and interest earned	(16,827,097)	(10,688,327)
Contributed capital and interest earned	3,931,733	3,852,766
Net loss for the year	<u>(12,895,364)</u>	<u>(6,835,561)</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, 2023

	Share capital \$	Investment in capital assets \$	Accumulated (deficit) \$	2023 \$	2022 \$
Balance, beginning of year	10	3,826,006	(15,826,023)	(12,000,007)	(5,164,446)
Net loss for the year	-	-	(12,895,364)	(12,895,364)	(6,835,561)
Amortization	-	(6,029,943)	6,029,943	-	-
Capital contributions deferred	-	(439,139)	439,139	-	-
Capital contributions recognized	-	3,929,657	(3,929,657)	-	-
Investment in capital assets during the year	-	1,915,235	(1,915,235)	-	-
Net change in term loans and capital lease obligations relating to capital assets	-	(2,103,360)	2,103,360	-	-
Balance, end of year	10	1,098,456	(25,993,837)	(24,895,371)	(12,000,007)

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, 2023

	2023	2022
	\$	\$
Operating activities		
Net loss for the year	(12,895,364)	(6,835,561)
Items not affecting cash		
Amortization	6,029,943	6,030,544
Deferred capital contributions recognized (note 10)	(3,929,657)	(3,852,749)
	(10,795,078)	(4,657,766)
Net increase in non-cash working capital balances related to operations (note 11)	9,942,586	1,214,430
Net cash used through operating activities	(852,492)	(3,443,336)
Financing activities		
Advance of term loans due on demand	3,400,000	3,064,856
Repayment of callable term loans due on demand	(1,380,000)	(1,544,855)
Capital lease obligation repayment	(229,096)	(196,196)
Increase in bank indebtedness	221,488	3,157,322
Contributions received (note 10)	439,139	1,437,597
Net cash received through financing activities	2,451,531	5,918,724
Investing activities		
Purchase of capital assets	(1,602,779)	(2,616,659)
Decrease in cash during the year	(3,740)	(141,271)
Cash, beginning of year	3,790	145,061
Cash, end of year	50	3,790

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, 2023

1. Description of operations

The Regina Exhibition Association Limited (REAL) is a not-for-profit organization owned by the City of Regina that operates a 100-acre property in the City of Regina. REAL is the largest interconnected event complex in Canada delivering on business, agriculture, community, entertainment and sport and recreational activities and events. Tourism Regina was transitioned to REAL in 2022 expanding REAL's roles and responsibilities beyond the 100-acre property to be city-wide for 2023. Tourism Regina was subsequently transitioned to the City of Regina with an effective date of January 1, 2024.

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 direct impacts of COVID-19 were minimal in 2023 and REAL started a slow recovery on operations with the uncertainties arising 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 continue to 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 2023 continues to 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.

Late in 2023, City of Regina City Council carried a motion to remove REAL's volunteer Board of Directors and replace them with an interim Board of Directors comprised of City of Regina Administration. City Council also carried a motion to direct City of Regina Administration to complete a review of REAL's operational and governance structure. The review will be completed in quarter two of 2024.

2. Continuing operations

The accompanying financial statements have been prepared on a going concern basis which presumes that REAL will continue its operations for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of its operations.

Based on direction from City Council, the City of Regina Administration, the REAL Board of Directors, and REAL Administration will be embarking on a review of REAL's operating and governance structure. This review is intended to determine the most appropriate organizational structure and level of operating, capital and debt funding needed to support REAL in the future.

The operating, capital, and debt funding approved by City Council for 2024, highlights City Council's acknowledgment of REAL's need for continued financial support from the City of Regina. The total estimated value of this funding for 2024 is \$5,722,000 and is allocated to operating of \$2,074,000, debt repayment of \$2,648,000 and \$1,000,000 for capital investment.

REAL's financial results for 2023 shows a loss from operations of \$2,999,139 as compared to a loss from operations in 2022 of \$5,125,818. REAL's total net loss for 2023 is \$12,895,364, of which, \$8,034,913 is directly related to the reporting of the CEWS liability, compared to the 2022 net loss of \$6,835,561. REAL's accumulated deficit as of December 31, 2022 was \$15,826,023 and with the reporting of the 2023 results, is reporting an ending balance as at December 31, 2023, of \$25,993,837.

Management believes that the going concern assumption is appropriate for these financial statements given the funding received in 2024 and welcomes the review that will be conducted in 2024 to ensure the business model, organizational and corporate structure is optimal for long-term success and sustainability.

3. 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 operations, interest payments on callable term loans due on demand as well as guaranteeing its debt financing.

4. Change in accounting policies

REAL adopted the following accounting standards and amendments, effective January 1, 2023. Adoption of these accounting policies had no effect on REAL's financial statements.

PS 1201 Financial Statement Presentation
PS 2601 Foreign Currency Translation
PS 3041 Portfolio Investments
PS 3450 Financial Instruments (Amendment)

5. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting standards for government not-for-profit organizations.

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimates are reviewed periodically and adjustments as necessary are reported in the period of review. Significant areas requiring the use of management estimates is the useful life of long-lived assets and allowance for doubtful accounts.

a) 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.

5. Significant accounting policies (continued from previous page)

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 10). 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.

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. 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.

h) Standards issued but not yet effective

REAL has not yet applied the new standard (PS 3400 Revenue), interpretations and amendments to standards that have been issued for years beginning on or after April 1, 2023, but are not yet effective.

6. Bank indebtedness

REAL has an authorized line of credit with HSBC Bank Canada for \$6,800,000 (2022 - \$6,800,000) at a rate of prime - 0.30%. At December 31, 2023, there is an amount of \$5,104,033 outstanding on the line of credit (2022 - \$4,882,545).

7. Capital assets

	Cost		Accumulated amortization		Net book value	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Buildings	126,564,655	125,556,060	53,680,774	48,853,283	72,883,881	76,702,777
Equipment	9,788,102	10,565,955	7,093,360	7,476,618	2,694,742	3,089,337
	<u>136,352,757</u>	<u>136,122,015</u>	<u>60,774,134</u>	<u>56,329,901</u>	<u>75,578,623</u>	<u>79,792,114</u>
Under capital lease						
Equipment	987,284	674,828	402,830	205,264	584,454	469,564
Building improvements	161,067	161,067	64,427	48,320	96,640	112,747
	<u>1,148,351</u>	<u>835,895</u>	<u>467,257</u>	<u>253,584</u>	<u>681,094</u>	<u>582,311</u>
	<u>137,501,108</u>	<u>136,957,910</u>	<u>61,241,391</u>	<u>56,583,485</u>	<u>76,259,717</u>	<u>80,374,425</u>

During the year, capital assets were acquired at an aggregate cost of \$1,915,235 (2022 - \$2,681,515), of which \$312,456 (2022 - \$64,856) was acquired by means of capital leases and \$1,605,779 (2022 - \$2,616,659) was acquired in cash.

8. Capital lease obligations

	2023	2022
	\$	\$
RCAP Leasing equipment lease repayable in monthly payments of \$948 including interest at 5.6%. Secured by the equipment. Due in October, 2023.	-	9,243
CWB National Leasing equipment lease payable in monthly payments of \$3,045 including interest at 5.1%. Secured by the equipment. Due in August, 2025.	55,404	88,085
CWB National Leasing vehicle lease payable in monthly payments of \$6,914 including interest at 3.7%. Secured by the equipment. Due in February, 2024.	13,764	94,573
Stevenson Industrial Refrigeration Ltd. equipment lease payable in annual payments of \$67,973 including interest at 0.0%. Secured by the equipment. Due in March, 2025.	135,946	203,918
WS Leasing vehicle lease payable in monthly payments of \$894 including interest at 1.9%. Secured by the equipment. Due in January, 2025.	46,344	56,087
CWB National Leasing vehicle lease payable in monthly payments of \$6,886 including interest at 7.5%. Secured by the equipment. Due in December 2026.	283,808	-
	<u>535,266</u>	<u>451,906</u>
Less: current portion	<u>208,885</u>	<u>200,449</u>
	<u>326,381</u>	<u>251,457</u>

Future minimum lease payments related to obligations under capital leases are as follows:

2024	247,410
2025	227,098
2026	100,396
	<u>574,904</u>
Less: imputed interest	(39,638)
Less: current portion	<u>(208,885)</u>
	<u>326,381</u>

9. Callable term loans due on demand

	2023 \$	2022 \$
Callable term demand loan up to \$7,300,000 (December 31, 2022 - \$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 - 0.30%. Due in December, 2033.	6,600,000	7,300,000
Callable 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.	1,091,339	1,371,339
Callable 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
Callable term demand loan up to \$3,400,000 payable to HSBC Bank Canada with an annual principal payment of \$283,333. Interest is paid monthly at prime - 0.30%. Due in May, 2034.	3,400,000	-
Total callable term loans and term loans due on demand	11,091,339	9,071,339

The City of Regina has guaranteed all credit facilities with HSBC Bank Canada (the bank).

REAL is required to maintain at all times a minimum debt service coverage covenant of 1.1 to 1. REAL was not in compliance with this covenant as at December 31, 2023, (December 31, 2022 - not in compliance). As the term loans are due on demand, the bank reserves the right to call the loans. The bank has issued a covenant notice that states the covenant is offside and they reserve the right to call, therefore, the term loans on demand are presented as current liabilities.

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

2024	1,546,666
2025	1,263,333
2026	1,263,333
2027	1,234,672
2028	983,333

10. Deferred grants and other contributions

	2023 \$	2022 \$
Opening deferred grants and other contributions	72,266,643	74,681,795
Amounts received in year	439,139	1,437,597
Amounts recognized in year	(3,929,657)	(3,852,749)
	68,776,125	72,266,643

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

	2023 \$	2022 \$
Accounts and grants receivable	2,141,119	(2,057,380)
Inventories	75,810	229,936
Supplies and prepaid expenses	(128,647)	190,234
Long-term leases receivable	(564,119)	(413,844)
Accounts payable and accrued liabilities	344,782	1,625,706
Government of Canada liability	8,034,913	-
Deferred revenue and deposits	38,728	1,639,778
	9,942,586	1,214,430

12. Share capital

	2023	2022
	\$	\$
Issued -		
1 share (2022 - 1 share)	10	10

13. 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 6) and on certain callable term loans and term loans due on demand (note 9). REAL is exposed to price risk on certain term loans due on demand (note 9).

14. Financial instruments

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

15. 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.

16. 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:

	2023	2022
	\$	\$
Revenue for the year:		
External funding	3,062,842	2,345,982
Term loan funding	1,242,331	958,062
Event sales and recoveries	4,842,245	5,083,026
Rental and lease revenue	3,751,070	3,532,557
Food and beverage	-	34,721

16. Related parties (continued from previous page)

	2023	2022
	\$	\$
Expenses for the year:		
Administration, supplies, and services	572,156	606,461
Utilities	273,399	247,460
Accounts receivable	1,135,934	1,700,106
Accounts payable	1,895,613	1,895,424

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.

17. 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
2024	7,761,108
2025	7,477,776
2026	7,141,431
2027	2,568,641
2028	1,818,850

REAL has long-term lease arrangements that extend beyond 2028 and will provide funding over a 25 to 40 year timeframe in the amount of \$41,713,083.

18. 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.

19. Contractual obligations

Under the terms of the agreement with the City of Regina as described in Note 17 *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
2024	300,000
2025	300,000
2026	300,000
2027	300,000
2028	300,000

20. Commitment

As at December 31, 2023, REAL has a funding commitment of \$4,008,000 (December 31, 2022 - \$4,008,000) to the City of Regina towards the construction of Food & Beverage assets in Mosaic Stadium.

21. 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.

22. Tourism Regina restructuring transaction

During the year, Regina City Council passed a motion to have Tourism Regina responsibilities transferred from REAL to the City of Regina administration, effective January 1, 2024. Tourism Regina had been transferred to REAL from Economic Development Regina (EDR), effective June 30, 2022, and operated under REAL throughout 2023. The net amount of 2023 budgeted core funding from the City of Regina of \$910,000 was managed by REAL. As part of the original Tourism Regina transfer to REAL, a Tourism Recovery Restricted Surplus Fund of \$300,000 was provided to REAL. The remaining balance of this surplus fund will be transitioned to the City of Regina and is included in accounts payable and accrued liabilities on the Statement of Financial Position.

23. Government of Canada liability

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 received a total of \$6,516,644. The CEWS funding is subject to Government of Canada review and REAL was notified of an audit in late 2023. On January 5, 2024, REAL was formally advised by Canada Revenue Agency (CRA) that REAL was not entitled to the wage subsidy as it was not an eligible entity. Management formally responded to CRA on February 20, 2024, and subsequently on March 12, 2024, CRA provided notification that REAL remains ineligible and CRA will proceed with a notice of assessment. REAL received the notice of assessment on March 15, 2024, detailing interest in arrears of \$1,518,269.

24. Comparative figures

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



The Regina Exhibition Association Limited (REAL)
www.realdistrict.ca

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

