

Calgary Exhibition and Stampede Limited

Consolidated Financial Statements
December 31, 2022
(in thousands of dollars)



Independent auditor's report

To the Shareholders of Calgary Exhibition and Stampede Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calgary Exhibition and Stampede Limited and its subsidiaries (together, 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 accounting standards for not-for-profit organizations.

What we have audited

The Organization's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of operations and community investment for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
February 14, 2023

Calgary Exhibition and Stampede Limited

Consolidated Statement of Financial Position

As at December 31, 2022

(in thousands of dollars)

	2022 \$	2021 \$
Assets		
Current assets		
Cash and cash equivalents	10,236	6,216
Accounts receivable	25,286	15,747
Inventory (note 4)	959	668
Prepaid expenses	2,040	996
	<u>38,521</u>	<u>23,627</u>
Employee future benefits (note 5)	5,119	12,196
Productive biological assets (note 3(g))	759	684
Tangible capital assets (note 6)	509,336	382,285
Collections (note 3(h))	<u>1</u>	<u>1</u>
	<u>553,736</u>	<u>418,793</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 7)	-	3,026
Accounts payable and accrued liabilities	20,356	10,670
Current portion of advances on future events	8,012	9,264
Deferred grant revenue	1,867	1,864
Current portion of long-term debt (note 8)	33,313	2,726
	<u>63,548</u>	<u>27,550</u>
Advances on future events (note 13)	1,719	2,311
Long-term debt (note 8)	33,881	73,653
Deferred capital contributions (note 9)	<u>357,636</u>	<u>225,046</u>
	<u>456,784</u>	<u>328,560</u>
Share Capital		
Authorized 20,000 shares of no par value		
Issued 2,000 (2021 – 1,992) shares	13	13
Community investment	<u>96,939</u>	<u>90,220</u>
	<u>96,952</u>	<u>90,233</u>
	<u>553,736</u>	<u>418,793</u>
Contingency (note 14)		

Approved by the Board of Directors



Steve McDonough, Director



Shane Doig, Director

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

Calgary Exhibition and Stampede Limited
Consolidated Statement of Operations and Community Investment
For the year ended December 31, 2022

(in thousands of dollars)

	<u>Gross revenue</u>		<u>Direct expenses</u>		<u>Total</u>	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Operations						
Stampede	82,593	35,424	50,131	31,921	32,462	3,503
Facility rental and event services	20,219	6,329	15,928	8,560	4,291	(2,231)
Cowboys Casino	11,676	5,590	12,838	7,119	(1,162)	(1,529)
Agriculture	4,293	1,549	7,067	3,496	(2,774)	(1,947)
Other activities	3,168	1,911	4,008	1,230	(840)	681
Sponsorship	14,694	10,109	1,761	395	12,933	9,714
Deferred capital contributions revenue (note 9)	5,578	5,802	-	-	5,578	5,802
	<u>142,221</u>	<u>66,714</u>	<u>91,733</u>	<u>52,721</u>	<u>50,488</u>	<u>13,993</u>
Indirect expenses						
Administration, marketing and park maintenance					39,092	26,401
Interest on bank debt					3,373	2,643
Employee future benefits (note 5)					188	547
Amortization, impairment and gain on disposal of tangible capital assets					13,045	13,517
					<u>55,698</u>	<u>43,108</u>
Deficiency of revenue over expenses before other revenue					(5,210)	(29,115)
COVID-19 related government funding (note 10)					12,969	14,905
Provincial government grants (note 11)					6,055	5,918
Excess (deficiency) of revenue over expenses for the year					13,814	(8,292)
Community investment – Beginning of year					90,220	96,695
Defined benefit plan remeasurements and other items (note 5)					(7,095)	1,817
Community investment – End of year					<u>96,939</u>	<u>90,220</u>

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

Calgary Exhibition and Stampede Limited

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

(in thousands of dollars)

	2022	2021
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	13,814	(8,292)
Employee future benefits contributions and benefit payments (note 5)	(206)	(3,237)
Items not affecting cash		
Amortization and impairment of tangible capital assets	13,054	13,517
Amortization of deferred capital contributions	(5,578)	(5,802)
Gain on disposition of tangible capital assets	(9)	-
Employee future benefits expense (note 5)	188	547
	<u>21,263</u>	<u>(3,267)</u>
Net change in non-cash working capital (note 15)	(213)	(4,128)
	<u>21,050</u>	<u>(7,395)</u>
Investing activities		
Acquisition of tangible capital assets	(48,959)	(19,385)
Acquisition of productive biological assets	(75)	-
Proceeds on disposition of tangible capital assets	27	-
Change in note receivable	-	2,000
Receipt of deferred capital contributions (note 9)	47,004	18,407
Net change in non-cash working capital (note 15)	(2,816)	1,396
	<u>(4,819)</u>	<u>2,418</u>
Financing activities		
Proceeds from bank indebtedness	-	3,026
Repayment of bank indebtedness (note 7)	(19,285)	-
Proceeds from long-term debt	10,000	3,100
Repayment of long-term debt	(2,926)	-
	<u>(12,211)</u>	<u>6,126</u>
Change in cash and cash equivalents	<u>4,020</u>	<u>1,149</u>
Cash and cash equivalents – Beginning of year	<u>6,216</u>	<u>5,067</u>
Cash and cash equivalents – End of year	<u>10,236</u>	<u>6,216</u>
Cash and cash equivalents consist of		
Cash in bank	7,224	3,362
Cash float used in operations	3,012	2,854
	<u>10,236</u>	<u>6,216</u>

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

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

1 Purpose of the organization

The purpose of Calgary Exhibition and Stampede Limited (the Calgary Stampede) is to preserve and celebrate western heritage, cultures and community spirit. The Calgary Stampede is incorporated under the Companies Act of Alberta as a not-for-profit organization and is exempt from income taxes under the Canadian Income Tax Act. The directors of the Calgary Stampede are elected or appointed volunteers who cannot be paid in any form for their services under its bylaws. The shareholders of the Calgary Stampede, who are also volunteers, cannot receive any dividends, nor can the shares appreciate in value. Shares can neither be sold nor held by persons outside of the Province of Alberta or in the estates of deceased shareholders.

2 Coronavirus pandemic (COVID-19)

The COVID-19 pandemic significantly impacted the Calgary Stampede's financial position. From March 2020 to April 2022, public health orders impeded the Calgary Stampede's ability to host events and generate revenue. In response to the rapidly evolving and dynamic circumstances, management immediately took mitigating actions to manage costs and preserve liquidity, including participating in various government COVID-19 programs (note 10). Despite significant government support in these years, net operating deficits were incurred (\$26.5 million in 2020 and \$8.3 million in 2021). In 2022, the Government of Canada announced a one-time contribution (2021 – \$nil) of up to \$10.0 million from the Major Festivals and Events Support Initiative. \$8.9 million of the \$10.0 million has been received in 2022 with the remaining amount expected to be received in 2023. Funds were primarily used to cover operating costs incurred during the period where the Calgary Stampede revenues were reduced and deficits were incurred. The Calgary Stampede will continue to monitor the impacts of the pandemic on the community that it serves and will adjust to the situation as required.

3 Summary of significant accounting policies

The consolidated financial statements of the Calgary Stampede have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the Chartered Professional Accountants of Canada Handbook.

The consolidated financial statements have been prepared within the framework of the accounting policies summarized below.

a) Change in accounting policies

Effective January 1, 2022, the Calgary Stampede adopted the provisions of Section 3041 – Agriculture, in Part II – Accounting Standards for Private Enterprises, of the Chartered Professional Accountants Canada Handbook (Section 3041) as no specific guidance for agricultural producers is available under Part III. ASPE 3041 provides agricultural producers guidance on accounting for biological assets.

The adoption of Section 3041 resulted in a change to the Calgary Stampede's accounting policies for productive biological assets used in agricultural production and agricultural inventories as noted in 3(g).

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

Section 3041 is applied retrospectively and resulted in the reclassification of cattle inventory as productive biological assets. The consolidated financial statements were not materially impacted by this change.

The amendments to Section 3463 – Reporting employee future benefits by not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook effective January 1, 2022 did not impact the consolidated financial statements.

b) Basis of presentation

The consolidated financial statements include the accounts of the Calgary Stampede and its wholly owned subsidiaries, 2104844 Alberta Ltd., Stampede Casino (GP) Ltd. and Calgary Stampede Trust (the Trust), in which the Calgary Stampede controls the Trust. The consolidated financial statements also include its 50% interest in Stampede Entertainment Inc. (SEI) and its 58% interest in the ENMAX Park jointly controlled assets. These subsidiaries comprise taxable and non-taxable organizations as prescribed by the Canadian Income Tax Act.

2104844 Alberta Ltd. provides livestock transportation and handling services throughout Canada and the United States and is responsible for transporting the Calgary Stampede's livestock to agricultural events.

The purpose of Stampede Casino (GP) Ltd. (0.01% general partner) and the Trust (99.99% limited partner) is to own Stampede (Casino) Limited Partnership, which owns and operates Cowboys Casino and its ancillary operations, including food, beverage and entertainment. The Trust was established through a trust agreement in which the Calgary Stampede is a beneficiary of the Trust and the Trust's annual taxable income is distributed to it.

SEI produces live events, provides music services, promotes attendance and utilization of Stampede Park, extends the brand of the Calgary Stampede and seeks involvement in a wide variety of entertainment projects. The Calgary Stampede has joint control of SEI and therefore proportionately consolidates SEI's operations into the results of the Calgary Stampede.

The Calgary Stampede has the ability to appoint the majority of the board of directors of the Calgary Stampede Foundation (the Foundation). The Foundation's financial accounts have not been consolidated with those of the Calgary Stampede. The Calgary Stampede has elected to disclose pertinent financial information of the Foundation in the notes to these consolidated financial statements. By creating programs and places for youth to thrive, the Foundation creates motivated and engaged young Calgarians, empowered to do amazing things. The Foundation is incorporated under the Companies Act of Alberta as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act. Accordingly, the Foundation is not subject to income taxes.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and cash float used in operations.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

d) Inventory

Inventory is recorded at the lower of costs and net realizable value. Cost is determined on a first-in, first-out (FIFO) basis, and net realizable value is determined using estimated selling prices less corresponding selling costs. The estimated selling price takes into account management's best estimate of the most probable set of economic conditions.

e) Tangible capital assets and amortization

Buildings and equipment are stated at cost less accumulated amortization. Major overhauls and improvements are capitalized, while normal repairs and maintenance are expensed as incurred. The cost of tangible capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the lives of the separate components. Park development projects include the design and construction costs incurred on a number of projects related to the Calgary Stampede's expansion plans. Park development projects are not amortized until put in use. Interest incurred on debt specifically obtained to finance capital projects is capitalized during the construction period. Amortization is provided on a straight-line basis at rates designed to amortize the assets over their estimated useful lives.

Title to the land on which certain portions of Stampede Park are located is vested in the City of Calgary and is used by the Calgary Stampede under a nominal long-term lease expiring in the year 2060, with an additional 50-year renewal term. The land on which vested title belongs to the City of Calgary is not recorded in these consolidated financial statements. Lands owned directly by the Calgary Stampede are recorded at cost.

f) Impairment of tangible capital assets

Tangible capital assets are tested for impairment when conditions indicate that a tangible capital asset no longer contributes to the Calgary Stampede's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the lower of the asset's fair value or replacement cost. Write-downs of tangible capital assets are recognized as expenses in the consolidated statement of operations and community investment.

g) Productive biological assets and agricultural inventory

Productive biological assets consist of cattle and are recorded at cost. The herd is managed on a collective basis and as such is considered to have an indefinite life and not subject to amortization.

Productive biological assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. As productive biological assets are managed on a collective basis, they are grouped for the purposes of impairment testing. Impairment losses are measured as the amount by which the carrying amount of productive biological assets exceeds its fair value and are recorded as expenses in the consolidated statement of operations and community investment.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

Agricultural inventory is recorded at the lower of cost and net realizable value. Cost is determined using input costs on a weighted-average basis. When conditions indicate that the costs of agricultural inventories exceed their net realizable value, they are written down to their net realizable value.

h) Collections

The Calgary Stampede collects and preserves materials that help tell the story of the Calgary Stampede from the mid-1880s to the present. Materials include artifacts, photographs, works of art and corporate records.

The Calgary Stampede collections are recorded on the consolidated statement of financial position at a nominal value. The difference between the purchase price for a collection item and the nominal value is recognized in the consolidated statement of operations and community investment. In addition, all other costs attributable to purchase or receipt of contributed collection items are recognized in the consolidated statement of operations and community investment.

If an item from the collections were to be sold at public auction as part of a formal deaccession process, the proceeds of disposition would be used either to acquire new items for the collection or for the direct care of the collection. Gains from disposal are recorded in the consolidated statement of operations and community investment when earned.

i) Advances on future events

Advances on future events represent funds received in advance for events including the annual Calgary Stampede celebration, conventions, trade shows and building rentals. Revenue from such events is recognized in the period in which the events take place.

j) Employee future benefits

The Calgary Stampede has a number of defined benefit (DB) pension plans as well as defined contribution (DC) pension plans that provide benefits to full-time employees and some part-time employees. The DB pension plans are based on years of service and highest average salary over a period of 60 consecutive complete calendar months. Pension benefits are not automatically increased for inflation. The cost of pension benefit recognized for the DC pension plans is the Calgary Stampede's contributions to the plan for the period.

The Calgary Stampede measures its DB pension plans using the most recently completed actuarial valuation prepared for funding purposes in accordance with legislative, regulatory and contractual requirements of the plan. The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Plan obligations are discounted using current market interest rates and plan assets are presented at fair value. Plan obligations are being valued using the funding valuation method.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

k) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Free-standing derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to record at fair value. The Calgary Stampede has not elected to carry any such financial instruments at fair value. Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the consolidated statement of operations and community investment as interest income or expense. With respect to financial assets measured at cost or amortized cost, the Calgary Stampede recognizes an impairment loss, if any, when there is an indication of impairment and when it's determined that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period.

Financial instruments as a result of related party transactions are measured at cost. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows less any impairment losses previously recognized.

l) Interest rate swaps

Interest rate swaps (swaps) are utilized to manage interest rate risk on the Calgary Stampede's long-term debt. The Calgary Stampede does not enter into financial instruments for trading or speculative purposes. The swaps are considered to be effective accounting hedges, both at inception and over the term of the instrument. The swap agreements provide for the periodic exchange of payments (without the exchange of the notional principal amount upon which the payments are based), which are recorded as an adjustment of interest expense on the hedged debt instrument. The related amount payable to or receivable from counterparties is included in accrued interest. In the event that an interest rate swap is no longer considered to be an effective accounting hedge, hedge accounting will be discontinued and the interest rate swap will be measured at its fair value on the consolidated statement of financial position at each reporting date.

m) Revenue recognition

Revenue, with the exception of grants and contributions, is recognized when persuasive evidence of an arrangement exists, when delivery has occurred and/or the service has been provided, the price is fixed or determinable and collection is reasonably assured.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

n) Grants and contributions

The Calgary Stampede follows the deferral method of accounting for grants and contributions. Unrestricted contributions are recognized as revenue when received or receivable. Amounts externally restricted for capital purposes are initially recorded as deferred capital contributions when received or receivable and subsequently included in revenue in the same proportion as the amortization of the related assets for which the capital contributions were expended. Contributions that are received or receivable in advance of the period that is being funded are deferred until the expenses of that future period are incurred.

o) Volunteer services

A substantial number of unpaid volunteers make significant contributions of their time in developing and delivering Calgary Stampede programs. The value of this contributed time is not reflected in the consolidated financial statements since objective measurement or valuation is indeterminable.

p) Supplies and services in kind

The Calgary Stampede receives supplies and services from suppliers in exchange for various sponsorship benefits, such as advertising or promotion. These transactions are recorded when a fair value can be reasonably estimated and the supplies and services are used in the normal course of operations and would otherwise have been purchased. The contributions of supplies and services are reported in gross revenue, while the supplies and services being provided are reported in expenses.

Included in gross revenue and expenses in the consolidated statement of operations and community investment is \$2,704 (2021 – \$1,763) for supplies and services in kind received.

q) Use of estimates

A precise determination of many assets and liabilities is dependent on future events and, consequently, the preparation of the consolidated financial statements necessarily involves the use of estimates and approximations. Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of the COVID-19 pandemic and the recovery therefrom coupled with several factors including higher levels of uncertainty due to the Russian invasion of Ukraine and its impact on energy markets, rising interest and inflation rates, and constrained supply chains have created a higher level of volatility and uncertainty. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made; however, actual results could differ from those estimates and those differences could be material.

Areas subject to estimation include valuation of accounts receivable and inventory, useful lives of tangible capital assets, impairment of long-lived assets, fair value of supplies and services in kind, accounts payable and accrued liabilities, employee future benefits and potential contingencies. Those estimates also affect the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of assets, liabilities, revenues and expenses.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

4 Inventory

	2022	2021
	\$	\$
Food and beverage	940	655
Other	19	13
	<hr/>	<hr/>
	959	668
	<hr/>	<hr/>

For the year ended December 31, 2022, the sale of inventory resulted in the recognition of expenses aggregating \$6,542 (2021 – 1,861).

5 Employee future benefits

The Calgary Stampede has three DB pension plans as well as two DC pension plans. The DB plans are closed to new employees.

During the year, the Calgary Stampede made cash contributions to its DB pension plans for employee future benefits amounting to \$206 (2021 – \$1.9 million) and paid direct benefit payments of \$nil (2021 – \$1.3 million) to members.

a) DC pension plans

The Calgary Stampede's DC pension plans expense for the year was \$1.0 million (2021 – \$860), which is recorded within direct and indirect expenses.

b) DB pension plans

The accrued benefit obligations are based on the actuarial valuations prepared for funding purposes in accordance with legislative, regulatory and contractual requirements of the plan.

The most recent actuarial valuations were as at December 31, 2021, and the next required valuations will be as at December 31, 2024. The December 31, 2021 valuations are rolled forward to December 31, 2022.

Information pertaining to the Calgary Stampede's DB pension plans, in aggregate, is as follows:

	2022	2021
	\$	\$
DB plan assets	41,420	47,703
DB plan obligation	(36,301)	(35,507)
	<hr/>	<hr/>
DB asset (Employee future benefits)	5,119	12,196
	<hr/>	<hr/>

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

The Calgary Stampede's DB costs recognized in the year are as follows:

	2022	2021
	\$	\$
Current service cost	803	963
Finance cost	(615)	(416)
	<hr/>	<hr/>
DB cost	188	547
	<hr/>	<hr/>
Remeasurement losses (gains) and other items	7,095	(1,817)

The significant actuarial assumptions are as follows (weighted average assumptions):

	2022	2021
	%	%
Accrued benefit obligations		
Discount rate	4.84	4.66
Rate of compensation increase	3.00	3.00
DB costs for the year		
Discount rate	4.83	4.60
Rate of compensation increase	3.00	3.00

6 Tangible capital assets

			2022
	Useful lives	Cost	Net
		\$	\$
		Accumulated	amortization
		\$	\$
Land	-	80,838	80,838
Buildings and leasehold improvements	2 – 50	399,348	217,864
Equipment	5 – 20	53,674	43,139
Park development projects	-	236,479	-
		<hr/>	<hr/>
		770,339	261,003
		<hr/>	<hr/>
			509,336

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2022

(in thousands of dollars)

			2021	
	Useful lives	Cost \$	Accumulated amortization \$	Net \$
Land	-	80,838	-	80,838
Buildings and leasehold improvements	2 – 50	396,944	207,279	189,665
Equipment	5 – 20	52,760	40,823	11,937
Park development projects	-	99,845	-	99,845
		<u>630,387</u>	<u>248,102</u>	<u>382,285</u>

Park development project expenditures in 2022 and 2021 were primarily comprised of the expansion of the BMO Centre (the BMO Expansion). During the year, \$91.2 million (2021 – \$35.2 million) of non-cash additions from the Province of Alberta and the City of Calgary were recorded relating to the BMO Expansion project, as these project costs were directly paid by the project's development manager on behalf of the Calgary Stampede.

An impairment loss of \$nil (2021 – \$121) was recognized in the consolidated statement of operations and community investment to write off various equipment and leasehold improvements that are no longer in use or are expected to be demolished as part of park development plans.

7 Bank indebtedness

A committed revolving credit facility bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 1.50% per annum or adjusted prime rate (6.45% as at December 31, 2022) plus 0.25% per annum has been authorized to a maximum of \$20.0 million (2021 – \$20.0 million). At the lender's sole discretion, the three-year commitment facility can be renewed annually with current renewal date in 2023. As at December 31, 2022, there was \$nil outstanding (2021 – \$16.3 million) on this facility. Bank indebtedness arising from funds drawn on this facility was presented as long-term debt in 2021 as it was not expected to be repaid within 12 months of the date of the consolidated statement of financial position (note 8). In 2021, the Calgary Stampede obtained a revolving credit facility bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 1.50% per annum or prime rate (6.45% as at December 31, 2022) plus 0.25% per annum to a maximum of \$10.0 million. During 2022, \$10.0 million was drawn on this facility. Per the terms of this facility, on September 30, 2022 the \$10.0 million outstanding on the second credit facility was converted to a term loan with a 25-year amortization period (note 8).

In 2020, the Calgary Stampede obtained a three-year revolving loan bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 1.00% per annum or adjusted prime rate (6.45% as at December 31, 2022) plus 0.00% per annum in the amount of \$20.0 million to provide financing with respect to the Government of Canada's contribution for the BMO Expansion. The facility can only be used to finance the time between when the Calgary Stampede is required to fund construction of the BMO Expansion and when funds are received from the Government of Canada. The facility matures on March 3, 2023. As at December 31, 2022, there was \$nil (2021 – \$3.0 million) outstanding on this facility.

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As security for bank indebtedness, a Canadian chartered bank holds a fixed debenture in the amount of \$175.0 million (2021 – \$175.0 million) charging certain land with a net book value of \$13.7 million (2021 – \$13.7 million) owned by the Calgary Stampede.

8 Long-term debt

The Calgary Stampede's debt facilities with a Canadian chartered bank are as follows:

	2022	2021
	\$	\$
Committed non-revolving credit facility – bearing interest at the bankers' acceptance rate (4.94% as at December 31, 2022) plus 0.30% per annum, maturing in 2024 and guaranteed by the City of Calgary for an additional cost of 0.02%. The Calgary Stampede has entered into an interest rate swap agreement for fixed interest payments, in place of the bankers' acceptance rate, of 5.77% per annum with a maturity date of 2024.	7,434	8,379
Committed non-revolving credit facility – bearing interest at the bankers' acceptance rate (4.94% as at December 31, 2022) plus 1.25% per annum, maturing in 2032, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2023, and guaranteed by the City of Calgary for an additional cost of 0.02%. The Calgary Stampede has entered into an interest rate swap agreement for fixed interest payments, in place of the bankers' acceptance rate, of 5.30% per annum with a maturity date of 2032.	19,081	19,660
Committed non-revolving credit facility – bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 0.80% per annum, maturing in 2034, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. The Calgary Stampede has entered into an interest rate swap agreement for fixed interest payments of 3.82% per annum with a maturity date of 2034.	11,681	12,001
Committed non-revolving credit facility – bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 0.80% per annum, maturing in 2035, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%.	3,540	3,660
Committed non-revolving credit facility – bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 0.80% per annum, maturing in 2036, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%.	4,254	4,386

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(in thousands of dollars)

	2022 \$	2021 \$
Committed non-revolving credit facility – bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 0.80% per annum, maturing in 2029, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. The Calgary Stampede has entered into an interest rate swap agreement for fixed interest payments of 2.64% per annum with a maturity date of 2029.	7,759	8,139
Committed non-revolving credit facility – bearing interest at the CDOR rate (4.94% as at December 31, 2022) plus 0.80% per annum, maturing in 2027, subject to extensions at the sole discretion of the lender, with the next extension occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%.	3,625	3,875
Committed non-revolving credit facility – bearing interest at the banker's acceptance rate (4.94% as at December 31, 2022) plus 1.50% per annum, maturing in 2047, subject to extensions at the sole discretion of the lender, with the next renewal occurring in 2023.	9,800	-
Committed revolving credit facility – bearing interest at the banker's acceptance rate (4.94% as at December 31, 2022) plus 1.50% per annum or adjusted prime (6.45 % as at December 31, 2022) plus 0.25% per annum, to be renewed in 2023, and extendable annually at the sole discretion of the lender.	-	16,259
	67,174	76,359
Current portion of scheduled payments	(6,016)	(2,726)
Facilities to be renewed in 2023	(27,277)	-
Long-term portion of Canada Emergency Business Account Loan	-	20
	<u>33,881</u>	<u>73,653</u>

The Calgary Stampede's long-term credit facilities are subject to periodic renewal. Facilities with renewal dates within the next year are required to be classified as current liabilities. The Calgary Stampede intends to apply to renew these facilities in 2023.

The City of Calgary, as unconditional guarantor for certain of the non-revolving credit facilities, holds as security a fixed debenture in the amount of \$77.5 million (2021 – \$77.5 million) charging certain land with a net book value of \$12.1 million (2021 – \$13.1 million) owned by the Calgary Stampede. All facilities and the interest rate swap agreements on specified fixed term facilities are secured by a \$175.0 million (2021 – \$175.0 million) fixed debenture held by a Canadian chartered bank, charging certain land with a net book value of \$13.7 million (2021 – \$13.7 million) owned by the Calgary Stampede.

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(in thousands of dollars)

In addition to the foregoing credit facilities, and subject to the above noted security, as at December 31, 2022, the Calgary Stampede has an undrawn \$13.4 million (2021 – \$13.4 million) committed non-revolving credit facility with a Canadian chartered bank and guaranteed by the City of Calgary, available for future Calgary Stampede expansion and development.

The amount of principal repayable in each of the next five years and thereafter is as follows:

	\$
2023	6,036
2024	9,613
2025	4,270
2026	4,391
2027	5,643
Thereafter	<u>37,241</u>
	<u>67,194</u>

The principal repayable in each of the next five years and thereafter is calculated based on the ultimate maturities of the facilities and not on when they next require renewal. The Calgary Stampede intends to apply to renew facilities as required.

Due to the decrease in revenue as a result of COVID-19, SEI received an interest-free partially forgivable loan from the Canada Emergency Business Account (CEBA) in the amount of \$60, of which \$20 is forgiven if repaid by December 31, 2023. The final payment on the loan of \$20 is included in the current portion of long-term debt in the consolidated financial statements.

As a result of the COVID-19 pandemic, the Calgary Stampede negotiated deferrals of debt principal repayments totalling \$13.0 million that were to be paid in 2020 to 2022 until the ultimate maturity of the debt (2024 to 2036).

The Calgary Stampede is in compliance with all covenants pursuant to its credit facilities.

The estimated fair market value of the interest rate swaps as at December 31, 2022 aggregates a liability of \$1.3 million (2021 – \$7.1 million). The fair value was estimated at the end of the period based on published interest rate curves and using an estimated credit adjusted discount rate and approximates the amount the Calgary Stampede would pay if the swaps were all settled on December 31, 2022.

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9 Deferred capital contributions

The Calgary Stampede receives capital contributions from various sources to assist in the financing of capital asset acquisitions and development projects. To date, the Calgary Stampede has claimed \$89.9 million (2021 – \$44.3 million) from the Government of Canada, \$89.9 million (2021 – \$44.3 million) from the Province of Alberta, and \$89.8 million (2021 – \$44.4 million) from the City of Calgary to support the BMO Expansion. \$500.0 million of total funding from the Government of Canada (\$166.6 million), the Province of Alberta (\$166.6 million) and the City of Calgary (\$166.7 million) is expected to be received for the BMO Expansion project. As at December 31, 2022, \$269.6 million (2021 – \$133.0 million) of the funded \$500.0 million has been incurred towards the BMO Expansion project. During the year, \$91.2 million (2021 – \$35.2 million) of non-cash contributions from the Province of Alberta and the City of Calgary were recorded relating to the BMO Expansion project, as these project costs were directly paid by the project's development manager on behalf of the Calgary Stampede. In 2022, \$1.2 million (2021 – \$1.2 million) of the \$5.6 million (2021 – \$5.8 million) amortization of deferred capital contributions related to the completed and operational components of the project.

	2022	2021
	\$	\$
Balance – Beginning of year	225,046	177,246
Additional contributions – BMO Expansion	136,595	52,782
Additional contributions – other	1,573	820
Deferred capital contributions revenue	(5,578)	(5,802)
Balance – End of year	<u>357,636</u>	<u>225,046</u>

10 COVID-19 related government funding

As part of the Government of Canada and Government of Alberta COVID-19 Economic Response plans, the Calgary Stampede received funding through the following programs:

	2022	2021
	\$	\$
Government of Canada Programs		
Major Festivals and Events Support Initiative	8,581	-
Tourism and Hospitality Recovery Program	3,690	2,217
Canada Emergency Wage Subsidy	-	10,290
Canada Recovery Hiring Program	493	780
Canada Emergency Rent Subsidy	-	366
Regional Recovery and Relief Fund	-	150
Other	193	54
Government of Alberta Programs		
Stabilize Program	-	1,000
Other	12	48
	<u>12,969</u>	<u>14,905</u>

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(in thousands of dollars)

There were no COVID-19 government funding amounts receivable as at December 31, 2022 (2021 – \$2.8 million).

The funds received under the Government of Canada programs and the Government of Alberta programs were used to subsidize wages, cover a portion of the property insurance and taxes, and subsidize the costs of certain COVID-19 safety measures.

The funds received through the Major Festivals and Events Support Initiative (\$8.9 million) were spent on operating costs, COVID-19 adaptation measures, and approved capital projects during a period where revenues declined due to the economic impacts of COVID-19. \$8.6 million was recorded as revenue in the consolidated statement of operations and community investment and \$383 was recorded as deferred contributions in the consolidated statement of financial position.

11 Provincial government grants

The Calgary Stampede received funding from the Government of Alberta through the Ministry of Culture:

a) Operating grant

The Calgary Stampede recognized in revenue unencumbered funding of \$5,555 (2021 – \$5,480). An additional \$250 (2021 – \$250) was also received, restricted to specific costs for public benefit.

b) Other Initiatives Program grant

The Calgary Stampede recognized in revenue funding of \$250 (2021 – \$188) in support of the Rodeo held during the 10-day Calgary Stampede celebration.

12 Financial instruments

The Calgary Stampede's financial instruments recognized in the consolidated statement of financial position include accounts receivable, accounts payable and accrued liabilities and long-term debt.

a) Credit risk

Accounts receivable as at December 31, 2022 are due from a diverse group of customers, public and private sector donors.

Management has assessed the collection risk related to these receivables as low.

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(in thousands of dollars)

b) Interest rate risk

The Calgary Stampede has entered into interest rate swap transactions, as disclosed in note 8, to manage exposure to interest rate increases on floating rate debt. Long-term debt effectively bore interest at a weighted-average rate of 4.76% for the year ended December 31, 2022 (2021 – 4.09%) after consideration of the interest rate swaps.

c) Liquidity risk

The Calgary Stampede's objective is to have sufficient liquidity to meet its liabilities when due. The Calgary Stampede monitors its cash balances, cash flows generated from operations and available credit capacity to meet its requirements.

13 Calgary Stampede Foundation

The Foundation's financial accounts have not been consolidated in the Calgary Stampede's consolidated financial statements, which is in accordance with the Calgary Stampede's accounting policy. The Foundation uses restricted fund accounting and its funds include the General, Designated Youth, Designated and Capital funds. The Foundation's investments are managed by a third-party investment firm and are segregated into four accounts: the Capital account and the Designated Youth account, which are exclusively invested in fixed income bonds, and the Endowment account and the Nat Christie account, which are invested in bonds, debentures and both pooled and non-pooled equities. The investments are recorded at fair value, and annual income includes dividends, interest and both realized and unrealized gains and losses.

Financial summaries of the Foundation as at December 31, 2022 and December 31, 2021 are as follows:

Financial position

	2022	2021
	\$	\$
Total assets	75,161	68,283
Total liabilities	2,725	1,782
Total net assets	72,436	66,501
	<u>75,161</u>	<u>68,283</u>

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	2022	2021
	\$	\$
Total net assets:		
Externally restricted	48,445	41,605
Internally restricted	6,657	7,962
Net assets maintained permanently in endowment	2,097	2,007
Internally restricted net assets invested in tangible capital assets	11,319	11,278
Unrestricted	3,918	3,649
	<hr/>	<hr/>
Total net assets	72,436	66,501

Results of operations

	2022	2021
	\$	\$
Total revenue	11,962	4,686
Total expenses	(6,044)	(3,298)
	<hr/>	<hr/>
Excess of revenue over expenditures	5,918	1,388

Statement of cash flows

	2022	2021
	\$	\$
Cash flows provided by (used in) in operating activities	2,905	(103)
Cash flows provided by (used in) investing activities	16,261	(1,129)
Cash flows provided by (used in) financing activities	7,362	(446)

The Calgary Stampede contributed \$2,801 (2021 – \$58) in donations to the Foundation, including \$1,500 for Youth Performance Programs, \$1,135 for the SAM Centre, \$92 for scholarships, \$39 for ENMAX Park, and \$35 for the 4-H programs.

The Calgary Stampede conducted business transactions with the Foundation to assist the Foundation in delivering its programs and to host fundraising events. Revenue earned from these transactions totalled \$530 (2021 – \$205).

Accounts receivable from the Foundation as at December 31, 2022 was \$1.3 million (2021 – \$565). The amount due is non-interest bearing and has no specified terms of repayment.

Construction agency agreements were signed between the Foundation and the Calgary Stampede to support the construction of Oliver House, the SAM Centre and other infrastructure. The Calgary Stampede is to act as the Foundation's development manager and agent in all matters pertaining to the services, materials and equipment required to complete these projects. Under the terms of the agreement, project costs incurred by the Calgary Stampede are reimbursed by the Foundation at cost. Expenditures totalled \$nil (2021 – \$92) for Oliver House and \$3.2 million (2021 – \$1.0 million) for the SAM Centre.

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A standby letter of credit was issued by a Canadian chartered bank on behalf of the Calgary Stampede in favour of the City of Calgary for the amount of \$30 (2021 – \$30), required by the City of Calgary as security during the construction of the Foundation's BMO Amphitheatre. The letter of credit was issued as part of the revolving general purpose credit facility referred to in note 7. As at December 31, 2022, no amount has been drawn on the standby letter of credit.

In 2017, the Foundation signed license and preferred access agreements with the Calgary Stampede to use both the Nutrien Western Event Centre and the OH Ranch Cookhouse for a 10-year term expiring in 2026. The aggregate paid up license fee remaining for the facilities is \$2.0 million (2021 – \$2.3 million), of which \$493 (2021 – \$455) is included in the current portion of advances on future events and \$1.5 million (2021 – \$1.8 million) is included in the long-term portion of advances on future events.

The net costs to maintain and operate ENMAX Park, which is jointly owned by the Calgary Stampede and the Foundation, in 2022 were \$93 (2021 – \$54), of which \$39 (2021 – \$23) were paid by the Foundation, representing its 42% proportionate share in the joint venture.

In 2019, the Calgary Stampede and the Foundation entered into a five-year term sponsorship agreement for a total of \$800 of funding over the term of the agreement. In 2022, \$160 was contributed to the Foundation under the terms of the agreement (2021 – \$155). Due to the cancellation of Calgary Stampede 2020, the agreement was extended to 2024.

14 Contingency

In the normal course of operations, the Calgary Stampede is involved, from time to time, in various legal and other claims. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported contingencies at the date of the consolidated financial statements. Actual results could differ from these estimates. Management believes the exposure to current and potential claims would not have a material impact on the financial position or operating results of the Calgary Stampede.

15 Net change in non-cash working capital

The net change in non-cash working capital for operating activities includes the following:

	2022	2021
	\$	\$
Accounts receivable	(87)	(4,748)
Inventory	(291)	141
Prepaid expenses	(1,044)	315
Accounts payable and accrued liabilities	3,050	1,252
Advances on future events	(1,844)	(1,226)
Deferred grant revenue	3	138
	<u>(213)</u>	<u>(4,128)</u>

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The net change in non-cash working capital for investing activities includes the following:

	2022	2021
	\$	\$
Accounts receivable	(9,452)	696
Accounts payable and accrued liabilities	6,636	700
	<u>(2,816)</u>	<u>1,396</u>

16 Comparative figures

Certain of the prior year figures have been reclassified where necessary to conform to the current year's consolidated financial statement presentation.