

Calgary Exhibition and Stampede Limited

Consolidated Financial Statements
December 31, 2023
(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, 2023 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, 2023;
- 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 13, 2024

Calgary Exhibition and Stampede Limited

Consolidated Statement of Financial Position

As at December 31, 2023

(in thousands of dollars)

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 26,180 | 10,236 |
| Accounts receivable | 19,636 | 25,286 |
| Inventory (note 3) | 1,382 | 959 |
| Prepaid expenses | 1,286 | 2,040 |
| | <u>48,484</u> | <u>38,521</u> |
| Employee future benefits (note 4) | 6,080 | 5,119 |
| Productive biological assets (note 2(f)) | 736 | 759 |
| Tangible capital assets (note 5) | 646,648 | 509,336 |
| Collections (note 2(g)) | 1 | 1 |
| | <u>701,949</u> | <u>553,736</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 20,664 | 20,356 |
| Current portion of advances on future events | 11,249 | 8,012 |
| Deferred grant revenue | 1,864 | 1,867 |
| Current portion of credit facilities (note 6) | 74,558 | 33,313 |
| | <u>108,335</u> | <u>63,548</u> |
| Advances on future events (note 11) | 2,419 | 1,719 |
| Long-term portion of credit facilities (note 6) | - | 33,881 |
| Deferred capital contributions (note 7) | 489,894 | 357,636 |
| | <u>600,648</u> | <u>456,784</u> |
| Share Capital | | |
| Authorized 20,000 shares of no par value | | |
| Issued 1,986 (2022 – 2,000) shares | 13 | 13 |
| Community investment | 101,288 | 96,939 |
| | <u>101,301</u> | <u>96,952</u> |
| | <u>701,949</u> | <u>553,736</u> |

Contingency (note 12)

Approved by the Board of Directors



Will Osler, Director



Shane Doig, Director

Calgary Exhibition and Stampede Limited

Consolidated Statement of Operations and Community Investment

For the year ended December 31, 2023

(in thousands of dollars)

| | Gross revenue | | Direct expenses | | Total | |
|---|----------------|----------------|-----------------|---------------|----------------|---------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Operations | | | | | | |
| Stampede | 97,573 | 82,593 | 64,537 | 50,131 | 33,036 | 32,462 |
| Facility rental and event services | 28,739 | 20,219 | 21,318 | 15,928 | 7,421 | 4,291 |
| Cowboys Casino | 13,606 | 11,676 | 14,089 | 12,838 | (483) | (1,162) |
| Agriculture | 5,219 | 4,293 | 8,382 | 7,067 | (3,163) | (2,774) |
| Other activities | 3,273 | 3,168 | 1,723 | 4,008 | 1,550 | (840) |
| Sponsorship | 15,967 | 14,694 | 2,222 | 1,761 | 13,745 | 12,933 |
| Deferred capital contributions revenue (note 7) | 9,067 | 5,578 | 3,500 | - | 5,567 | 5,578 |
| | <u>173,444</u> | <u>142,221</u> | <u>115,771</u> | <u>91,733</u> | <u>57,673</u> | <u>50,488</u> |
| Indirect expenses | | | | | | |
| Administration, marketing and park maintenance | | | | | 44,544 | 39,092 |
| Interest on bank debt | | | | | 3,600 | 3,373 |
| Employee future benefits (note 4) | | | | | 579 | 188 |
| Amortization and gain on disposal of tangible capital assets | | | | | 13,125 | 13,045 |
| | | | | | <u>61,848</u> | <u>55,698</u> |
| Deficiency of revenue over expenses before other revenue | | | | | (4,175) | (5,210) |
| COVID-19 related government funding (note 8) | | | | | 1,036 | 12,969 |
| Provincial government grants (note 9) | | | | | 6,055 | 6,055 |
| Excess of revenue over expenses for the year | | | | | 2,916 | 13,814 |
| Community investment – Beginning of year | | | | | 96,939 | 90,220 |
| Defined benefit plan remeasurements and other items (note 4) | | | | | 1,433 | (7,095) |
| Community investment – End of year | | | | | <u>101,288</u> | <u>96,939</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, 2023

(in thousands of dollars)

| | 2023 | 2022 |
|--|----------------|-----------------|
| | \$ | \$ |
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over expenses for the year | 2,916 | 13,814 |
| Employee future benefits contributions and benefit payments (note 4) | (107) | (206) |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 13,090 | 13,054 |
| Amortization of deferred capital contributions | (9,067) | (5,578) |
| Loss (gain) on disposition of tangible capital assets | 35 | (9) |
| Employee future benefits expense (note 4) | 579 | 188 |
| | <u>7,446</u> | <u>21,263</u> |
| Net change in non-cash working capital (note 13) | 8,607 | (213) |
| | <u>16,053</u> | <u>21,050</u> |
| Investing activities | | |
| Acquisition of tangible capital assets | (56,682) | (48,959) |
| Disposals (acquisition) of productive biological assets | 23 | (75) |
| Proceeds on disposition of tangible capital assets | 128 | 27 |
| Receipt of deferred capital contributions (note 7) | 47,442 | 47,004 |
| Net change in non-cash working capital (note 13) | 1,616 | (2,816) |
| | <u>(7,473)</u> | <u>(4,819)</u> |
| Financing activities | | |
| Proceeds from of credit facilities | 13,400 | 10,000 |
| Repayment of credit facilities | (6,036) | (22,211) |
| | <u>7,364</u> | <u>(12,211)</u> |
| Change in cash and cash equivalents | 15,944 | 4,020 |
| Cash and cash equivalents – Beginning of year | <u>10,236</u> | <u>6,216</u> |
| Cash and cash equivalents – End of year | <u>26,180</u> | <u>10,236</u> |
| Cash and cash equivalents consist of | | |
| Cash in bank | 22,892 | 7,224 |
| Cash float used in operations | 3,288 | 3,012 |
| | <u>26,180</u> | <u>10,236</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, 2023

(in thousands of dollars unless otherwise specified)

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 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) 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

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

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(in thousands of dollars unless otherwise specified)

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.

b) Cash and cash equivalents

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

c) Inventory

Inventory is recorded at the lower of cost 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.

d) 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.

e) 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.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2023

(in thousands of dollars unless otherwise specified)

f) Productive biological assets and agricultural inventory

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 of Canada Handbook (Section 3041) as no specific guidance for agricultural producers is available under Part III. Section 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. The consolidated financial statements were not materially impacted by the change.

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 their fair value and are recorded as expenses in the consolidated statement of operations and community investment.

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.

g) 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.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2023

(in thousands of dollars unless otherwise specified)

h) 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.

i) 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 pro-rated 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.

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

j) 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.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2023

(in thousands of dollars unless otherwise specified)

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.

k) 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.

l) 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.

m) 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.

n) Government assistance

The Calgary Stampede may receive government subsidies that provide immediate financial assistance as compensation for costs or expenditures to be incurred. The Calgary Stampede recognizes government subsidies as revenue when received or receivable and when there is reasonable assurance that conditions attached to the subsidies are met.

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2023

(in thousands of dollars unless otherwise specified)

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 \$2.9 million (2022 – \$2.7 million) 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. 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, swaps 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.

3 Inventory

| | 2023 | 2022 |
|-------------------|-------------|-------------|
| | \$ | \$ |
| Food and beverage | 1,362 | 940 |
| Other | 20 | 19 |
| | <hr/> | <hr/> |
| | 1,382 | 959 |
| | <hr/> | <hr/> |

For the year ended December 31, 2023, the sale of inventory resulted in the recognition of expenses aggregating \$9.8 million (2022 – \$7.3 million).

Calgary Exhibition and Stampede Limited

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December 31, 2023

(in thousands of dollars unless otherwise specified)

4 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 \$107 (2022 – \$206).

a) DC pension plans

The Calgary Stampede's DC pension plans expense for the year was \$1.3 million (2022 – \$1.0 million), 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, 2023.

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

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| | \$ | \$ |
| DB plan assets | 42,068 | 41,420 |
| DB plan obligation | (35,988) | (36,301) |
| | <hr/> | <hr/> |
| DB asset (Employee future benefits) | 6,080 | 5,119 |
| | <hr/> | <hr/> |

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Current service cost | 839 | 803 |
| Finance cost | (260) | (615) |
| | <hr/> | <hr/> |
| DB costs | 579 | 188 |
| | <hr/> | <hr/> |
| Remeasurement (gains) losses and other items | (1,433) | 7,095 |
| | <hr/> | <hr/> |

Calgary Exhibition and Stampede Limited

Notes to Consolidated Financial Statements

December 31, 2023

(in thousands of dollars unless otherwise specified)

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

| | 2023 | 2022 |
|-------------------------------|-------------|-------------|
| | % | % |
| Accrued benefit obligations | | |
| Discount rate | 4.84 | 4.84 |
| Rate of compensation increase | 3.00 | 3.00 |
| DB costs for the year | | |
| Discount rate | 4.84 | 4.83 |
| Rate of compensation increase | 3.00 | 3.00 |

5 Tangible capital assets

| | | | 2023 |
|--------------------------------------|---------------------|----------------|--------------------|
| | Useful lives | Cost | Accumulated |
| | | \$ | amortization |
| | | | \$ |
| | | | Net |
| | | | \$ |
| Land | - | 83,096 | - |
| Buildings and leasehold improvements | 2 – 50 | 391,463 | 215,381 |
| Equipment | 5 – 20 | 41,644 | 31,479 |
| Park development projects | - | 377,305 | - |
| | | <u>893,508</u> | <u>246,860</u> |
| | | | <u>646,648</u> |
| | | | 2022 |
| | Useful lives | Cost | Accumulated |
| | | \$ | amortization |
| | | | \$ |
| | | | Net |
| | | | \$ |
| Land | - | 80,838 | - |
| Buildings and leasehold improvements | 2 – 50 | 399,348 | 217,864 |
| Equipment | 5 – 20 | 53,674 | 43,139 |
| Park development projects | - | 236,479 | - |
| | | <u>770,339</u> | <u>261,003</u> |
| | | | <u>509,336</u> |

Park development project expenditures in 2023 and 2022 were primarily comprised of the expansion of the BMO Centre (the BMO Expansion). During the year, \$93.4 million (2022 – \$91.2 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.

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(in thousands of dollars unless otherwise specified)

6 Credit facilities

In 2023, the Calgary Stampede amended its credit facilities with its Canadian chartered bank. As part of the amendment, the renewal dates for all facilities were updated to 2024. The credit facilities are expected to be renewed on an annual basis, however, renewal is at the lender's sole discretion. As all facilities have renewal dates within 2024, they are required to be presented as current liabilities.

The table below outlines the current terms of the different facilities:

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| Committed revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.50% per annum or adjusted prime rate (7.2% as at December 31, 2023) plus 0.25% per annum has been authorized to a maximum of \$20.0 million (2022 – \$20.0 million) to support operating/working capital requirements. The facility has a current extension date in 2024 and is extendable annually at the sole discretion of the lender. | - | - |
| Committed non-revolving credit facility – bearing interest at the bankers' acceptance rate (5.45% as at December 31, 2023) plus 0.30% per annum, or adjusted prime rate (7.2% as at December 31, 2023), 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. | 5,460 | 7,434 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.25% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2032, subject to renewal at the sole discretion of the lender, with the next renewal 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, in place of the bankers' acceptance rate, of 5.30% per annum with a maturity date of 2032. | 17,877 | 19,081 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023) maturing in 2034, subject to renewal at the sole discretion of the lender, with the next renewal 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. | 11,021 | 11,681 |

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(in thousands of dollars unless otherwise specified)

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2035, subject to renewal at the sole discretion of the lender, with the next renewal occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. | 3,300 | 3,540 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2036, subject to renewal at the sole discretion of the lender, with the next renewal occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. | 3,990 | 4,254 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2029, subject to renewal at the sole discretion of the lender, with the next renewal 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. | 6,985 | 7,759 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2027, subject to renewal at the sole discretion of the lender, with the next renewal occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. | 3,125 | 3,625 |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.00% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2027, subject to renewal at the sole discretion of the lender, with the next renewal occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.02%. | 13,400 | - |
| Committed non-revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.25% per annum, or adjusted prime rate (7.2% as at December 31, 2023), maturing in 2047, subject to renewal at the sole discretion of the lender, with the next renewal occurring in 2024, and guaranteed by the City of Calgary for an additional cost of 0.10%. | 9,400 | 9,800 |

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| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Committed revolving credit facility – bearing interest at the CDOR rate (5.45% as at December 31, 2023) plus 1.50% per annum or adjusted prime (7.2% as at December 31, 2023) plus 0.25% per annum to a maximum of \$20.0 million (2022 – \$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 has a current maturity date in 2024 and is extendable annually at the sole discretion of the lender. | - | - |
| | 74,558 | 67,174 |
| Current portion of scheduled payments | (10,953) | (6,016) |
| Facilities to be renewed within one year | (63,605) | (27,277) |
| Long-term portion of credit facilities | - | 33,881 |

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 \$80.0 million (2022 – \$77.5 million) charging certain land with a net book value of \$16.0 million (2022 – \$12.1 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 (2022 – \$175.0 million) fixed debenture held by a Canadian chartered bank, charging certain land with a net book value of \$13.7 million (2022 – \$13.7 million) owned by the Calgary Stampede.

On December 29, 2023, the Calgary Stampede drew the remaining \$13.4 million (December 31, 2022 – \$13.4 million undrawn) on its committed non-revolving credit facility.

The amount of principal repayable in each of the next five years is calculated in collaboration with the lender and is based on the expected ultimate maturity dates of the facilities :

| | \$ |
|------------|---------------|
| 2024 | 10,953 |
| 2025 | 5,610 |
| 2026 | 5,732 |
| 2027 | 6,983 |
| 2028 | 5,491 |
| Thereafter | 39,789 |
| | <u>74,558</u> |

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).

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

During the year, SEI repaid the final \$20 of the Canada Emergency Business account (CEBA) loan received as a result of the COVID-19 pandemic. The final payment on the loan of \$20 is included in the 2022 current portion of long-term debt on the consolidated statement of financial position.

The estimated fair market value of the interest rate swaps as at December 31, 2023 aggregates a liability of \$1.7 million (2022 – \$1.3 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, 2023.

7 Deferred capital contributions

The Calgary Stampede receives contributions from various sources to assist in the financing of capital asset acquisitions and development projects. To date, the Calgary Stampede has claimed \$136.9 million (2022 – \$89.9 million) from the Government of Canada, \$136.9 million (2022 – \$89.9 million) from the Province of Alberta, and \$136.8 million (2022 – \$89.8 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, 2023, \$410.6 million (2022 – \$269.6 million) of the funded \$500.0 million has been incurred towards the BMO Expansion project. During the year, \$93.4 million (2022 – \$91.2 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 2023, \$1.2 million (2022 – \$1.2 million) of the \$5.6 million (2022 – \$5.6 million) net amortization of deferred capital contributions related to the completed and operational components of the project.

| | 2023 | 2022 |
|--|----------------|----------------|
| | \$ | \$ |
| Balance – Beginning of year | 357,636 | 225,046 |
| Additional contributions – BMO Expansion | 140,825 | 136,595 |
| Additional contributions – other | 500 | 1,573 |
| Deferred capital contributions revenue | (9,067) | (5,578) |
| Balance – End of year | <u>489,894</u> | <u>357,636</u> |

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8 COVID-19 related government funding

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

| | 2023 \$ | 2022 \$ |
|---|--------------|---------------|
| Government of Canada Programs | | |
| Major Festivals and Events Support Initiative | 1,036 | 8,581 |
| Tourism and Hospitality Recovery Program | - | 3,690 |
| Canada Recovery Hiring Program | - | 493 |
| Other | - | 193 |
| Government of Alberta Programs | | |
| Other | - | 12 |
| | <u>1,036</u> | <u>12,969</u> |

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.

Despite significant government support, 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 of up to \$10.0 million from the Major Festivals and Events Support Initiative. \$9.0 million of the \$10.0 million was received in 2022 with the remaining \$1.0 million received in 2023. The funds received through the Major Festivals and Events Support Initiative 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. \$1.0 million (2022 – \$8.6 million) was recorded as revenue in the consolidated statement of operations and community investment and \$nil (2022 – \$383) was recorded as deferred capital contributions in the consolidated statement of financial position.

9 Provincial government grants

The Calgary Stampede received funding from the Government of Alberta through the Ministry of Arts, Culture, and Status of Women:

a) Operating grant

The Calgary Stampede recognized in revenue unencumbered funding of \$5,555 (2022 – \$5,555). An additional \$250 (2022 – \$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 (2022 – \$250) in support of the Rodeo held during the 10-day Calgary Stampede celebration.

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10 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 credit facilities.

a) Credit risk

Accounts receivable as at December 31, 2023 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.

b) Interest rate risk

The Calgary Stampede has entered into interest rate swap transactions, as disclosed in note 6, to manage exposure to interest rate increases on floating rate debt. Credit facilities effectively bore interest at a weighted-average rate of 4.83% for the year ended December 31, 2023 (2022 – 4.76%) 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.

11 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 three accounts: the Designated Youth account, which is 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.

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Financial summaries of the Foundation as at December 31, 2023 and December 31, 2022 are as follows:

Financial position

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$ | \$ |
| Total assets | 86,941 | 75,161 |
| Total liabilities | 6,595 | 2,725 |
| Total net assets | 80,346 | 72,436 |
| | <u>86,941</u> | <u>75,161</u> |
| | 2023 | 2022 |
| | \$ | \$ |
| Total net assets: | | |
| Externally restricted | 55,787 | 48,445 |
| Internally restricted | 8,331 | 6,657 |
| Net assets maintained permanently in endowment | 2,118 | 2,097 |
| Internally restricted net assets invested in tangible capital assets | 11,315 | 11,319 |
| Unrestricted | 2,795 | 3,918 |
| Total net assets | <u>80,346</u> | <u>72,436</u> |

Results of operations

| | 2023 | 2022 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Total revenue | 13,545 | 11,962 |
| Total expenses | <u>(5,595)</u> | <u>(6,044)</u> |
| Excess of revenue over expenditures | <u>7,950</u> | <u>5,918</u> |

Statement of cash flows

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Cash flows provided by (used in) in operating activities | 414 | 2,905 |
| Cash flows provided by (used in) investing activities | (22,370) | 16,261 |
| Cash flows provided by (used in) financing activities | 9,990 | 7,362 |

The Calgary Stampede contributed \$3.6 million (2022 – \$2.8 million) in donations to the Foundation, including \$3.0 million (2022 – \$1.1 million) for the SAM Centre, \$500 (2022 – \$nil) for Oliver House, \$107 (2022 – \$92) for scholarships, \$35 (2022 – \$39) for ENMAX Park, \$nil (2022 – \$1.5 million) for Youth Performance Programs, and \$nil (2022 – \$35) for the 4-H programs.

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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 \$1.1 million (2022 – \$530).

Accounts receivable from the Foundation as at December 31, 2023 was \$2.9 million (2022 – \$1.3 million). The amount due is unsecured, 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 \$59 (2022 – \$nil) for Oliver House and \$23.7 million (2022 – \$3.2 million) for the SAM Centre.

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 (2022 – \$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 6. As at December 31, 2023, 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 \$1.5 million (2022 – \$2.0 million), of which \$523 (2022 – \$493) is included in the current portion of advances on future events and \$1.1 million (2022 – \$1.5 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 2023 were \$82 (2022 – \$93), of which \$35 (2022 – \$39) was 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 2023, \$165 was contributed to the Foundation under the terms of the agreement (2022 – \$160). Due to the cancellation of Calgary Stampede 2020, the agreement was extended to 2024.

12 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 those 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.

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13 Net change in non-cash working capital

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Accounts receivable | 3,013 | (87) |
| Inventory | (423) | (291) |
| Prepaid expenses | 754 | (1,044) |
| Accounts payable and accrued liabilities | 1,329 | 3,050 |
| Advances on future events | 3,937 | (1,844) |
| Deferred grant revenue | (3) | 3 |
| | <hr/> | <hr/> |
| | 8,607 | (213) |
| | <hr/> | <hr/> |

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Accounts receivable | 2,637 | (9,452) |
| Accounts payable and accrued liabilities | (1,021) | 6,636 |
| | <hr/> | <hr/> |
| | 1,616 | (2,816) |
| | <hr/> | <hr/> |

14 Comparative figures

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