

2021 – 2022

Celebrating 125 years

Annual Report



Canada's
Agriculture
Destination



Contents

Who We Are	2
125 Years In Our Community	3
Executive Message	4
Corporate Governance	6
Year In Review	8
The Agri-food Hub & Trade Centre	10
Financial Report	12



SINCE
1897

125
YEARS



Who We Are



Our Vision | We are welcoming and impactful hosts that deliver vibrant opportunities and best in class results.



Our Mission | We are the premiere destination excelling in the experience of bringing people together from all over the world. We accelerate economic opportunity through the delivery of memorable experiences.

Our Values

Integrity: We are unified in our commitment to the highest ethical standards, community principals and commercial opportunity.

Inclusivity: We are inclusive, always, without exception.

Innovations: We are trendsetters and ambassadors for change fearlessly inquisitive in our search for enhancement and advancement.

Safety: We accept nothing less than everyone going home safe.

Accountability: We deliver on our commitments, we are transparent when we fall short, and we own the outcome as a team.

Growth: We chase bigger, bolder and better each and every day. Tomorrow we reach further.

Team: We are champions of our past and curators of our future. We are ONE team, always, without exception.



125 Years In Our Community

On October 5, 1897, the first agricultural exhibition was hosted on our grounds connecting local ranchers with the larger community, forming Lethbridge & District Exhibition.

Today, Lethbridge & District Exhibition produces Whoop-Up Days, Ag-Expo, and the Lethbridge Farmers' Market, and is home to a wide variety of trade shows, and community events that attract nearly four hundred thousand visitors each year.

Throughout 2022, we celebrated 125 years in our community with re-imagined experiences and we look forward to welcoming the world to Lethbridge over the next 125 years.



Presidents Message



Bev Lanz, President

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present our annual report for the 2021 – 2022 fiscal year.

This past year, the Board rolled up their sleeves and worked diligently within the parameters of Carver Governance to guide Lethbridge & District Exhibition. We carefully monitored policies and identified changes that were necessary for the success of our organization. Our decisions were made purposefully and with attention to detail.

Our significant governance accomplishment was establishing the new Global Ends Policies which will serve as guiding principles for the organization today and into the future. As the organization evolves, the Board will continue to define and measure outcomes using the following Ends policies:

- Connection Among Stakeholders
- Cultural Recognition and Celebration
- Showcases Economic Wellness and Innovation
- World Class Events
- Corporate Social Responsibility

Throughout 2022, the pandemic continued to have an impact on how and when we delivered programming, which of course effected revenue and in the end the 2022 financial statement. Within these constraints, the Board continues to be acutely aware that we need to prepare for the opening and operating of the new Agri-food Hub & Trade Centre, which requires significant investment into our organization.

In fall 2022, the Board approved the formation of the 1897 Foundation, which will serve as an avenue for philanthropic engagement with our organization. The Foundation will align with agriculture, environmental stewardship and sustainability, Indigenous culture and western heritage, and allow our corporate community and individuals to stay personally connected to Lethbridge & District Exhibition. The 1897 Foundation is still in its initial development stages and not ready for roll-out, but we are looking forward to sharing an update with you in the near future.

The Board is pleased to report on and say thank you to our Development Steering Committee. Under the guidance of Chair, Bruce Galts, and the other members of the committee, the Agri-food Hub & Trade Centre is nearing completion this Spring. This committee has gone above and beyond to direct this project within budget and deliverable timeline. It goes with out saying this is one of the more exciting times in the 125-year history of Lethbridge & District Exhibition, as the opportunities that our new venue will offer will support Lethbridge, our region and beyond.

I would like to sincerely thank you for your support over the last year. It is an honour to serve with such a dedicated team of shareholders, committees, construction partners, leadership team, staff and volunteers.

Thank you to the Board of Directors for your strong leadership and unwavering commitment to Lethbridge & District Exhibition. The thousands of volunteer hours do not go unnoticed.



Mike Warkentin (Piita Kia Tsiis),
Chief Executive Officer



Executive Message

Shareholders,

2022 was far from expected.

In planning for the 2021 - 2022 fiscal year, we were under the impression we would be well into our return to normal. Although our dependency on relief funding was significantly less than the two years prior, 2022 continued to be a year that buoyed on government programs.

However, as the pandemic continued and new variants surfaced in early 2022, that was not the reality for our organization. As we reintroduced a number of our internally produced events and programming to our community on the heels of restriction removal, we were directly impacted by consumer confidence in public gatherings. This confidence in our industry drastically impacted our rental businesses as we saw limited private event bookings throughout the first third of the year.

Throughout the summer we began preparing the organization for the opening of the Agri-food Hub & Trade Centre. We focused on strategically growing our team and analyzed our historical business model, which resulted in the calculated decision to prioritize event attraction and destination development. This operational shift created capacity within our Business Development team to focus on selling the new venue and driving the visitor economy to Southern Alberta.

After watching the fair industry bounce back across the province, we were optimistic about the return of Whoop-Up Days. Despite hindered attendance due to record rainfalls, I am proud that we were able to reintroduce pro rodeo to Lethbridge, line the streets during the Whoop-Up Days Parade, collaborate

with the Blackfoot Confederacy to introduce the Lethbridge & District Siksikaitstapi Pow Wow and establish a new Jumbo Ears partnership with Lethbridge Baseball after the LDS Church discontinued their fundraising partnership after nearly 60 years.

Construction of the Agri-food Hub & Trade Centre significantly progressed over the past year. We went from watching the first sticks of steel being erected in early December to being fully enclosed by the end of the fiscal year. Although we did not have full operational capacity, the site was a buzz of activity and continued to emphasize the importance of our local trades.

Lethbridge & District Exhibition is keenly aware of the role we play in Canada's Premier Food Corridor. As we celebrated our 125-year legacy throughout 2022, I focused on the future success of our organization and challenged my team to be bold and think bigger – while finding a new role for agricultural societies in Alberta. Through corporate outreach and extensive provincial and federal advocacy efforts, we continue to position ourselves as Canada's Agriculture Destination and showcase the agricultural advantages of our region.

To our guests, thank you for being patient as we continue to find our new normal. We are proud to welcome you through our doors. To our staff, volunteers, and Board of Directors, thank you for committing to service excellence and sharing your expertise with us.

And to our shareholders, the last three years have been some of the most challenging for our organization and I thank you for your continued commitment, support and patience. We wouldn't be here without you.

Thank you.

Corporate Governance

Founded as the Lethbridge & District Agricultural Society in 1897, Lethbridge & District Exhibition is a pillar of Southern Alberta.

We proudly acknowledge that the land on which we operate is located at the heart of Siksikaitsitapi (Blackfoot) Territory, home of Piikani, Kainai, Siksika and Amskapi Piikani (Montana, USA) First Nations as well as the Métis Nation of Alberta, Region III.

As a not-for-profit organization, Lethbridge & District Exhibition is governed by a volunteer Board of Directors. Elected by individual community shareholders, the Board of Directors is comprised of not less than nine (9) and not more than fourteen (14) individuals. The Board of Directors currently includes a total of ten (10) voting members.

Setting an intentional external direction for Lethbridge & District Exhibition, the Board of Directors has recently outlined the following Global Ends Policy for Lethbridge & District Exhibition:

Lethbridge & District Exhibition exists so that the people of Lethbridge & District have a community gathering place now and in the future at which to participate in events, conduct business, learn and be entertained.

This is further interpreted to include, but is not limited to the following Global Ends Policies:

E-1.1 CONNECTIONS AMONG STAKEHOLDERS

- 1.1 Businesses and producers connect with consumers and other businesses.
 - 1.1.1 The organization provides opportunity for businesses to showcase their product;
 - 1.1.2 The organization provides opportunity for agricultural producers, processors and businesses to connect with consumers;
 - 1.1.3 The organization generates measurable economic impact;
 - 1.1.4 The organization generates measurable out-of-town visitors; and
 - 1.1.5 The organization provides the opportunity for community groups to utilize its facilities.

E-1.2 CULTURAL RECOGNITION AND CELEBRATION

- 1.2 The organization showcases and celebrates the diversity, inclusivity and importance of cultures, heritage and industry.
 - 1.2.1 The organization showcases the richness and the role of Indigenous People;
 - 1.2.2 The organization showcases the value of agriculture; and
 - 1.2.2.1 Urban and rural youth understand the importance and role of agriculture.

E-1.3 SHOWCASES ECONOMIC WELLNESS AND INNOVATION

- 1.3 The organization showcases and influences economic wellness and innovation in our region.
 - 1.3.1 The organization showcases and promotes Southern Alberta's world-class agriculture industry;
 - 1.3.2 The organization identifies and positions itself as the Agri-food Hub of Western Canada; and
 - 1.3.3 The organization showcases new and developing innovations that are applicable to our region.

E-1.4 WORLD CLASS EVENTS

- 1.4.1 The organization is a national leader in event production and hosting;
- 1.4.2 The organization is a national leader in visitor experience;
- 1.4.3 The organization showcases the sciences, arts, technology, business and leadership; and
- 1.4.4 The organization provides a wide variety of events that attract regional audiences.

E-1.5 CORPORATE SOCIAL RESPONSIBILITY

- 1.5.1 The organization showcases regional leadership in environmental stewardship.

Board of Directors



Bev Lanz
PRESIDENT



Ryan Miller
1ST VICE PRESIDENT



Russ Zemp
2ND VICE PRESIDENT



Bruce Galts
PAST PRESIDENT



Mike Davis
DIRECTOR



Rick Neudorf
DIRECTOR



Mark Sayers
DIRECTOR



Don Strankman
DIRECTOR



Heath Wright
DIRECTOR



Tory Campbell
LETHBRIDGE COUNTY REPRESENTATIVE

Through Policy Governance, the Lethbridge & District Exhibition Board of Directors is responsible for ensuring that Lethbridge & District Exhibition achieves what it should and avoids what is unacceptable.

The Board of Directors ensures they are efficient and effective in their work through the following committees:

Audit Committee

Development Steering Committee

Executive Committee

Governance Committee

Nominations Committee

Ownership Engagement Committee

Strategic Development Committee

Year In Review

For 125 years, Lethbridge & District Exhibition existed as a community hub and gathering place to serve the people of Southern Alberta.

Throughout the 2021-2022 fiscal year, our doors remained open for the Alberta Health Services Immunization Clinic and after months of uncertainty, due to the pandemic, Ag-Expo returned to our campus with over 250 exhibitors from around the world. The premier agricultural exhibition continued to be a champion of agricultural advancement for Southern Alberta including the North American Seed Fair, showcasing over 25 classes of Pedigreed Seed, Open Classes, and Junior Classes.

Celebrating our rich history in the community, 2022 saw the launch of the Lethbridge & District Exhibition Lotteries program. During its inaugural year, Lethbridge & District Exhibition Lotteries was proud to partner with Lethbridge Therapeutic Riding Association (LTRA) to support the delivery of vibrant opportunities to community members. As the programs first charitable partner, LTRA was awarded over \$5,300.

In May, we welcomed His Excellency, Patrick Van Gheel, Ambassador of the Kingdom of Belgium to Lethbridge for the official Dedication Ceremony for the Legacy of Alberta statue. The statue 'Drivers and Gunners' captures the military Legacy of Alberta and honors how the barns and stables on the historic grounds of Lethbridge & District Exhibition became barracks that housed the military units as they mobilized for service overseas.

Throughout the spring and summer months, over 60,000 community members supported local producers and entrepreneurs at the Saturday Lethbridge Farmers' Markets.

Lethbridge & District Exhibition was honoured to partner with the Blackfoot Confederacy to offer Indigenous cultural programming at Whoop-Up Days. To honour this collaborative partnership, the 2022 Whoop-Up Days Parade included parade marshals Chief Roy Fox of Kainai Nation, Chief Stanley Grier from Piikani Nation, and Chief Ouray Crowfoot from Siksika Nation.

We proudly expanded Whoop-Up Days to include the introduction of the Lethbridge & District Siksikaitsitapi Pow Wow, Princess Pageant and Indigenous marketplace. Celebrating the Blackfoot land, its culture and the rich and unique heritage of the Blackfoot people, hundreds of dancers participated in the Pow Wow.

Guests who attended Whoop-Up Days also experienced the addition of La Galleria, an art gallery experience that celebrated our community and showcased local artists and Lethbridge College students who captured what it means to work, live and play in Southern Alberta.

Lethbridge & District Exhibition was proud to host a CPRA and PRCA sanctioned rodeo from August 25-27 during Whoop-Up Days. After a multi-year break from the event, the Lethbridge & District Pro Rodeo was a premier showcase of Southern Alberta's western culture.

The reintroduction of rodeo captured the history of our rodeo roots, bringing together dedicated circuit supporters, key stakeholders, families, fans and corporate communities. The event showcased local and regional talent, historical agriculture practices and celebrated our community.

Aligned to our collaborative partnership with the Blackfoot Confederacy, the event also celebrated Indigenous culture through the introduction of Warrior Relay Races. Lethbridge & District Exhibition was honored to have been recognized for these efforts when presented with the Lethbridge Chamber of Commerce Spirit of Reconciliation award.

On October 5 & 6, Lethbridge & District Exhibition celebrated its 125th anniversary. As we celebrated our legacy in the community, over 150 stakeholders experienced the optimistic future of our organization by touring the Agri-food Hub & Trade Centre.

As we prepare to open the Agri-food Hub & Trade Centre, we invested in our commitment to service excellence through the introduction of transformational venue partnerships, including Coca-Cola Canada Bottling Ltd. and Levy Conventions Centre Canada. This integration of external expertise will provide us with the talent and innovation needed to create a sustainable future.

ALMOST
3,000 VOLUNTEER
HOURS

OVER
17,000 HOURS OF
EVENTS HOSTED

156

AS THE FOURTH OLDEST AGRICULTURE SOCIETY IN ALBERTA, LETHBRIDGE & DISTRICT EXHIBITION WAS THE HOST TO 156 AGRICULTURE ALIGNED EVENTS



OVER
23,300 GUESTS EXPERIENCED THE SIGHTS, SOUNDS AND SMELLS OF WHOOP-UP DAYS

89 FLOATS PARTICIPATED IN THE 2022 WHOOP-UP DAYS PARADE

15 TWIGGY THE WATER-SKIING SQUIRREL ENTERTAINED CROWDS 15 TIMES THROUGHOUT WHOOP-UP DAYS



56,996 LOCAL SHOPPERS WERE WELCOMED TO THE SATURDAY LETHBRIDGE FARMERS' MARKET

89% OF SATURDAY FARMERS' MARKET VENDORS PRODUCED THEIR OWN HANDMADE OR LOCALLY GROWN PRODUCT

48% OF SATURDAY FARMERS' MARKET VENDORS WERE PRODUCERS, BAKERS, OR CULINARY ALIGNED

25 GUESTS, VENDORS AND PRODUCERS OF THE SATURDAY LETHBRIDGE FARMERS' MARKET GENEROUSLY SUPPORTED LOCAL FOODBANKS OVER THE 25 MARKETS BETWEEN MAY AND OCTOBER



\$19,585 JUDI SLUSAR FROM SWIFT CURRENT, SASKATCHEWAN WON \$19,585 THROUGH LETHBRIDGE & DISTRICT EXHIBITION LOTTERIES

21,992 INDIVIDUAL 50/50 LOTTERY TICKETS WERE PURCHASED BY ALBERTANS THROUGH LETHBRIDGE & DISTRICT EXHIBITION LOTTERIES



400 LETHBRIDGE & DISTRICT PRO RODEO ALLOWED OVER 400 COMPETITORS TO ACCUMULATE POINTS TO QUALIFY FOR THE CANADIAN FINALS RODEO AND NATIONAL FINALS RODEO

16 16 TEAMS COMPETED IN WARRIOR RELAY RACES AT THE LETHBRIDGE & DISTRICT PRO RODEO

3,326 LETHBRIDGE & DISTRICT PRO RODEO ATTRACTED OVER 3,326 SPECTATORS AND GUESTS TO LETHBRIDGE TO WATCH EIGHT LIVE EVENTS



111 SEED SAMPLES WERE ENTERED INTO THE 125TH ANNUAL NORTH AMERICAN SEED FAIR AT AG-EXPO

225,000 MACHINERY ROW AT AG-EXPO COVERED OVER 225,000 SQ. FT OF PARKING LOT SPACE

Welcoming the World to Lethbridge

Canada's Agriculture Destination

Opening Spring 2023, the 268,000 square foot Agri-food Hub & Trade Centre will serve as a community hub and economic driver of growth for our region. From agricultural trade to corporate meetings and milestone celebrations, the Agri-food Hub & Trade Centre will showcase the people, businesses and partners who call Southern Alberta home.

As of October 31, 2022, construction milestones included:

100% OF TRADES WERE FROM ALBERTA

262,000 SQ. FT., (OR 6 ACRES) OF METAL DECKING WAS INSTALLED

130,490 HOURS OF ONSITE LABOR IMPACTED THE PROJECTS PROGRESSION

104,166 HOURS WERE CONTRIBUTED BY WORKERS FROM LETHBRIDGE AND REGION

2,878 CUBIC METERS (OR 2.33 ACRE-FT.) OF CONCRETE VOLUME POURED

1,579.8 TONS OF STEEL WAS ALL INSTALLED (EQUAL TO 2,430 ROUND BALES OF HAY)

10,500 SQ. FT. OF GLASS INSTALLED (330 PANES)



With each milestone comes greater opportunities to elevate Lethbridge as a marquee event and tourism destination. The new venue offers unmatched event experiences with 104,000 square feet of trade show space across four exhibition halls, bookable hosting space for conventions, sporting and entertainment events, banquets, conferences and more.

LET US HOST YOUR NEXT EVENT

agrifoodhub.ca



2022
**Financial
Report**

LETHBRIDGE & DISTRICT EXHIBITION
TABLE OF CONTENTS
October 31, 2022

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 13

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Lethbridge & District Exhibition

Opinion

We have audited the financial statements of Lethbridge & District Exhibition, which comprise the statement of financial position as at October 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at October 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.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements, continued

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

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

Avail LLP

Lethbridge, Alberta

January 4, 2023

Chartered Professional Accountants

LETHBRIDGE & DISTRICT EXHIBITION
STATEMENT OF OPERATIONS
For the year ended October 31, 2022

	2022 Budget	2022 Actual	2021 Actual
Revenue			
Rental	\$ 1,842,249	\$ 1,551,527	\$ 759,361
Admissions	879,984	795,288	112,827
Grants and contributions	398,852	460,648	480,573
Food services and contract catering	774,951	365,830	89,446
Sponsorship	584,950	288,543	106,653
Gaming	724,400	141,805	4,401
City of Lethbridge	86,900	86,900	86,900
Show revenue	37,786	66,564	56,344
Investment revenue	-	20,203	149,990
Interest	1,200	9,906	904
Amortization of capital contributions	709,538	709,538	709,538
	6,040,810	4,496,752	2,556,937
Expenses			
Salaries and benefits	2,322,886	2,076,760	1,504,047
Event entertainment	593,069	403,707	23,675
Show expenses	649,928	329,762	60,297
Utilities	234,000	315,765	210,616
Repairs and maintenance	178,377	170,295	79,647
Food and catering supplies	294,683	156,099	44,181
Advertising	203,476	127,955	11,247
Office and telephone	124,955	103,096	141,505
Insurance	92,486	89,809	74,011
Promotions	141,993	88,071	18,916
Security contracts	117,329	86,463	38,213
Interest and bank charges	35,700	66,991	40,945
Professional fees	18,100	57,779	22,041
Travel	50,685	51,489	12,204
Professional development	33,700	36,644	-
Board expenses	25,000	22,102	-
Volunteer benefits	22,650	15,418	16,885
Share of profit and loss from events	110,719	10,978	-
Donations	25,000	5,333	-
Bad debts	3,000	-	285
Amortization	997,672	997,672	1,135,476
	6,275,408	5,212,188	3,434,191
Deficiency of revenue over expenses from operations	(234,598)	(715,436)	(877,254)
Other income (expenses)			
Canada Emergency Wage Subsidy	177,750	322,595	625,462
Unrealized (loss) gain on sale of investments	100,000	(265,624)	230,526
Loss on disposal of capital assets	-	-	(863,038)
	277,750	56,971	(7,050)
Excess (deficiency) of revenue over expenses	\$ 43,152	\$ (658,465)	\$ (884,304)

LETHBRIDGE & DISTRICT EXHIBITION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended October 31, 2022

	Unrestricted	Invested in capital assets	Internally restricted	Total 2022	Total 2021
Balance, beginning of year	\$ 1,216,494	\$ 3,308,136	\$ 2,211,000	\$ 6,735,630	\$ 7,618,909
Deficiency of revenue over expenses	(658,465)	-	-	(658,465)	(884,304)
Issue of share capital	350	-	-	350	1,025
Purchase of capital assets	(33,407,099)	33,407,099	-	-	-
Amortization of capital assets	997,672	(997,672)	-	-	-
Capital contributions	33,370,463	(33,370,463)	-	-	-
Amortization of capital contributions	(709,538)	709,538	-	-	-
Capital reserve transfer	(56,500)	-	56,500	-	-
Balance, end of year	<u>\$ 753,377</u>	<u>\$ 3,056,638</u>	<u>\$ 2,267,500</u>	<u>\$ 6,077,515</u>	<u>\$ 6,735,630</u>

LETHBRIDGE & DISTRICT EXHIBITION
STATEMENT OF CASH FLOWS
For the year ended October 31, 2022

	2022	2021
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (658,465)	\$ (884,304)
Adjustments for items which do not affect cash		
Amortization	997,672	1,135,476
Amortization of capital contributions	(709,538)	(709,538)
Loss on disposal of capital assets	-	863,038
Unrealized loss (gain) on sale of investments	265,624	(230,526)
	(104,707)	174,146
Change in non-cash working capital items		
Accounts receivable	(19,227)	(37,983)
GST	(452,410)	(223,063)
Inventory	(38,418)	9,914
Prepaid expenses	(21,274)	(12,482)
Accounts payable and accrued liabilities	5,123,808	1,642,769
Customer deposits	(105,267)	14,540
	4,382,505	1,567,841
Cash flows from investing activities		
Purchase of long-term investments	(76,703)	(149,990)
Proceeds on sale of long-term investments	45,035	28,678
Proceeds on disposal of capital assets	-	3,816,283
Purchase of capital assets	(33,407,099)	(8,362,218)
	(33,438,767)	(4,667,247)
Cash flows from financing activities		
Proceeds of long-term debt	17,824,000	-
Repayment of long-term debt	-	(3,816,283)
Capital contributions received	16,844,965	36,425,487
Deferred revenue	1,318	100,498
Issuance of share capital	350	1,025
	34,670,633	32,710,727
Net increase in cash	5,614,371	29,611,321
Cash, beginning of year	30,361,877	750,556
Cash, end of year	\$ 35,976,248	\$ 30,361,877

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

1. Nature of operations

Lethbridge & District Exhibition ("the organization") is incorporated under Part IX of the Companies Act (Alberta) and as such, is exempt from income tax. The organization is a year round community organization supported by volunteers that promotes agriculture, trade, tourism, education, and recreation events that benefit the economy and quality of life of Southern Albertans.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash, cash held in high interest savings accounts and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized monthly over the term of the lease agreement.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions, and interest earned thereon, for the purchase of capital assets that will be amortized are recorded as unamortized capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

The organization has participated in the Canada Emergency Wage Subsidy program under the government's COVID-19 economic response plan. The program payment revenue is recorded in the same period as the related wages were earned when the amounts can be reasonably determined.

All other revenue is recognized when the service is performed or the event takes place. Deferred revenue arises when deposits for events in a future period are received.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

LETHBRIDGE & DISTRICT EXHIBITION
STATEMENT OF CASH FLOWS
For the year ended October 31, 2022

	2022	2021
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (658,465)	\$ (884,304)
Adjustments for items which do not affect cash		
Amortization	997,672	1,135,476
Amortization of capital contributions	(709,538)	(709,538)
Loss on disposal of capital assets	-	863,038
Unrealized loss (gain) on sale of investments	265,624	(230,526)
	(104,707)	174,146
Change in non-cash working capital items		
Accounts receivable	(19,227)	(37,983)
GST	(452,410)	(223,063)
Inventory	(38,418)	9,914
Prepaid expenses	(21,274)	(12,482)
Accounts payable and accrued liabilities	5,123,808	1,642,769
Customer deposits	(105,267)	14,540
	4,382,505	1,567,841
Cash flows from investing activities		
Purchase of long-term investments	(76,703)	(149,990)
Proceeds on sale of long-term investments	45,035	28,678
Proceeds on disposal of capital assets	-	3,816,283
Purchase of capital assets	(33,407,099)	(8,362,218)
	(33,438,767)	(4,667,247)
Cash flows from financing activities		
Proceeds of long-term debt	17,824,000	-
Repayment of long-term debt	-	(3,816,283)
Capital contributions received	16,844,965	36,425,487
Deferred revenue	1,318	100,498
Issuance of share capital	350	1,025
	34,670,633	32,710,727
Net increase in cash	5,614,371	29,611,321
Cash, beginning of year	30,361,877	750,556
Cash, end of year	\$ 35,976,248	\$ 30,361,877

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

1. Nature of operations

Lethbridge & District Exhibition ("the organization") is incorporated under Part IX of the Companies Act (Alberta) and as such, is exempt from income tax. The organization is a year round community organization supported by volunteers that promotes agriculture, trade, tourism, education, and recreation events that benefit the economy and quality of life of Southern Albertans.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash, cash held in high interest savings accounts and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized monthly over the term of the lease agreement.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions, and interest earned thereon, for the purchase of capital assets that will be amortized are recorded as unamortized capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

The organization has participated in the Canada Emergency Wage Subsidy program under the government's COVID-19 economic response plan. The program payment revenue is recorded in the same period as the related wages were earned when the amounts can be reasonably determined.

All other revenue is recognized when the service is performed or the event takes place. Deferred revenue arises when deposits for events in a future period are received.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

2. **Significant accounting policies, continued**

(d) Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	10-35 years
Equipment	5 years
Automotive	5 years
Paving	5 years
Infrastructure	10-35 years

(e) Net assets invested in capital assets

The organization has chosen to treat net assets invested in capital assets as a separate component of net assets.

(f) Contributed services

Volunteers contribute a significant number of hours assisting the organization in carrying out its service delivery activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(g) Financial instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of the transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and liabilities at amortized cost, with the exception of investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

(h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Significant areas subject to measurement uncertainty include the allowance for bad debts as well as amortization of capital assets and capital contributions.

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

3. **Cash**

	2022	2021
High interest savings, 0.5%	\$ 35,464,519	\$ 29,905,439
Cash	422,100	429,140
Cash floats	89,629	27,298
	\$ 35,976,248	\$ 30,361,877

Included in cash is \$4,150 (2021 - \$4,769) in casino funds and \$14,812 (2021 - nil) in lottery funds restricted for specified purposes in accordance with the Alberta Gaming and Liquor Commission.

4. **Accounts receivable**

	2022	2021
Casino	\$ 101,817	\$ 100,498
Trade receivables	136,754	55,836
Grants receivable	-	63,010
	\$ 238,571	\$ 219,344

5. **Long-term investments**

Long-term investments are held in a balanced portfolio of fixed income and equities traded on an active market and are recorded at fair value. The cost of the mutual funds is \$2,702,117 (2021 - \$2,510,117). The funds of these investments are restricted by the Board to be used to fund the restricted net assets as disclosed in note 11.

6. **Capital assets**

	2022		2021	
	Cost	Accumulated amortization	Net	Net
Buildings	\$ 59,143,809	\$ 14,281,175	\$ 44,862,634	\$ 12,105,605
Equipment	1,705,832	1,610,700	95,132	155,229
Automotive	698,970	643,195	55,775	95,632
Paving	1,715,293	1,440,553	274,740	297,893
Infrastructure	3,986,686	1,741,739	2,244,947	2,469,442
	\$ 67,250,590	\$ 19,717,362	\$ 47,533,228	\$ 15,123,801

Buildings include \$41,794,658 of assets related to the Agri-Food Hub and Trade Centre project that is not ready for use and therefore is not being amortized.

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

7. **Accounts payable and accrued liabilities**

	2022	2021
Trade payables	\$ 3,854,562	\$ 1,216,397
Holdbacks	2,710,921	566,155
Accrued interest	346,855	-
Accrued vacation payable	93,694	120,070
Accrued wages	25,516	-
Payroll remittances payable	9,932	15,050
	\$ 7,041,480	\$ 1,917,672

8. **Deferred revenue**

Deferred revenue represents resources received in the current period that are related to a subsequent period. Changes in the deferred revenue balance are as follows:

	Balance, beginning of year	Received	Spent	Balance, end of year
Agri-Food Hub and Trade Centre	\$ 28,063,537	\$ 16,844,965	\$ (33,370,463)	\$ 11,538,039
Casino	100,498	101,817	(100,499)	101,816
	\$ 28,164,035	\$ 16,946,782	\$ (33,470,962)	\$ 11,639,855

Amounts received for the Agri-Food Hub and Trade Centre project include \$15,000,000 (2021 - \$10,000,000) from the City of Lethbridge, \$1,346,000 (2021 - \$26,454,000) from the Province of Alberta, and \$498,965 (2021 - \$33,731) of interest.

9. **Long-term debt**

	2022	2021
City of Lethbridge		
This loan is repayable at \$583,914 in June and December each year including interest at 5.11%. The loan is due in 2052.	\$ 17,824,000	\$ -
Less current portion	260,304	-
	\$ 17,563,696	\$ -

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

9. **Long-term debt, continued**

Estimated principal repayments are as follows:

2023	\$	260,304
2024		273,776
2025		287,944
2026		302,847
2027		318,519
Subsequent years		16,380,610
		\$ 17,824,000

10. **Unamortized capital contributions**

Unamortized capital contributions represent restricted contributions for the purchase of capital assets. The change in unamortized capital contributions balance for the period is as follows:

	2022	2021
Balance, beginning of year	\$ 11,815,665	\$ 4,163,253
Contributions received	33,370,463	8,361,950
Amortization of capital contributions	(709,538)	(709,538)
Balance, end of year	\$ 44,476,590	\$ 11,815,665

11. **Internally restricted net assets**

The Board of Directors has internally restricted funds to be used for designated purposes. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

	2022	2021
Capital asset reserve	\$ 1,267,500	\$ 1,211,000
Operating contingency	1,000,000	1,000,000
	\$ 2,267,500	\$ 2,211,000

During the year, the Board approved a \$56,500 transfer from unrestricted net assets to the capital asset reserve.

LETHBRIDGE & DISTRICT EXHIBITION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended October 31, 2022

12. Budget

The approved budget has been modified for non-cash items not previously budgeted for to conform to the presentation of these audited financial statements.

	2022
Approved budget	\$ 331,286
Less actual amortization of capital assets	(997,672)
Add actual amortization of deferred capital contributions	709,538
Budget per financial statements	\$ 43,152

13. Share capital

The organization has 732 (2021 - 718) shares issued and outstanding at October 31, 2022. During the year 14 (2021 - 41) new shares were issued for \$25 per share. Shares are non-transferable and any changes in share capital during the year are recorded as a direct change to unrestricted net assets.

14. Related party transactions

The City of Lethbridge is a related party due to the City's ability to exercise significant influence over the operations of the organization. During the year, the organization received a total of \$86,900 (2021 - \$86,900) in grant funding for operations, as well as \$15,000,000 (2021 - \$10,000,000) for the new capital project. In addition, long-term debt proceeds of \$17,824,000 were received during the year.

The organization rents land from the City of Lethbridge for a nominal amount per year. A lease agreement was signed for a term of 50 years, commencing on January 1, 2021 and expiring on December 31, 2070. There is an option to renew the lease for an additional 50 years until December 31, 2120.

15. Commitments

The organization subleases certain facilities on the land to Rocky Mountain Turf Club. A sublease agreement was signed for a term of 4 years, commencing on January 1, 2021 and expiring on December 31, 2024. There is an option to renew the lease for an additional 5 years until December 31, 2029. The annual rent charge, excluding GST, is as follows:

2023	\$	275,000
2024		275,000
2025		275,000
2026		281,250
2027		287,500
Subsequent years		593,750
	\$	1,987,500

The organization has committed to the completion of a capital project known as the Agri-Food Hub and Trade Centre. The total cost incurred to date is \$41,794,658. The anticipated remaining cost of the project is approximately \$31,275,000.

16. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The organization does have credit risk in accounts receivable of \$238,571 (2021 - \$219,344). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its long-term investments in quoted shares.

17. COVID-19

Events have occurred as a result of the COVID-19 pandemic that have caused economic uncertainty. The organization's revenues declined as a result of the restrictions on events able to be held, although most restrictions were lifted during the year.

The organization has utilized the Canada Emergency Wage Subsidy program to maintain its employees, is following government guidelines and has developed policies to ensure the safety of employees is maintained. Management is not aware of any material impairments that will further impact the financial assets or liabilities of the organization due to the pandemic.





Canada's **Agriculture** Destination

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