

# **Calgary Exhibition and Stampede Limited**

Consolidated Financial Statements  
**December 31, 2015**  
(in thousands of dollars)



February 16, 2016

## **Independent Auditor's Report**

### **To the Shareholders of Calgary Exhibition and Stampede Limited**

We have audited the accompanying consolidated financial statements of Calgary Exhibition and Stampede Limited, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations and community investment, and cash flows for the year then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calgary Exhibition and Stampede Limited as at December 31, 2015 and the results of its operations and its cash flows for the year ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

**Other matters**

Without modifying our opinion, we draw attention to Notes 9 and 17 to the consolidated financial statements, which explains that certain comparative information for the year ended December 31, 2014 has been reclassified. The consolidated financial statements of Calgary Exhibition and Stampede Limited for the year ended December 31, 2014 (prior to the reclassification of the comparative information) were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 10, 2015.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

# Calgary Exhibition and Stampede Limited

## Consolidated Statement of Financial Position

As at December 31, 2015

(in thousands of dollars)

	2015 \$	2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term deposits	10,613	14,221
Funds held in trust (note 18)	894	-
Restricted cash	-	960
Accounts receivable (note 3)	7,784	19,959
Inventory (note 4)	1,286	1,270
Prepaid expenses	2,169	1,506
	<hr/> 22,746	<hr/> 37,916
<b>Note receivable</b> (note 14)	824	-
<b>Employee future benefits</b> (note 5)	-	1,622
<b>Tangible capital assets</b> (note 6)	297,501	293,387
	<hr/> 321,071	<hr/> 332,925
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 7)	-	6,000
Funds held in trust (note 18)	894	-
Accounts payable and accrued liabilities (note 16)	9,998	9,698
Advances on future events	12,998	13,425
Deferred grant revenue	350	1,410
Current portion of long-term debt (note 8)	4,179	3,985
	<hr/> 28,419	<hr/> 34,518
<b>Employee future benefits</b> (note 5)	638	-
<b>Long-term debt</b> (note 8)	71,093	75,284
<b>Deferred contributions</b> (note 9)	115,059	115,916
	<hr/> 215,209	<hr/> 225,718
<b>Share Capital</b>		
Authorized 20,000 shares of no par value		
Issued 2,259 (2014 – 1,980) shares	11	10
Community investment	105,851	107,197
	<hr/> 105,862	<hr/> 107,207
	<hr/> 321,071	<hr/> 332,925
<b>Capital commitments</b> (notes 6 and 12)		
<b>Contingency</b> (note 15)		

### Approved by the Board of Directors



Bill Gray, Director



Shane Doig, Director

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

**Calgary Exhibition and Stampede Limited**  
Consolidated Statement of Operations and Community Investment  
For the year ended December 31, 2015

(in thousands of dollars)

	<u>Gross revenue</u>		<u>Direct expenses</u>		<b>Total 2015</b>	<b>Total 2014</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>		
	\$	\$	\$	\$	\$	\$
<b>Operations</b>						
Stampede	81,330	81,960	58,590	59,569	22,740	22,391
Facility rental and event services	37,314	35,755	23,476	24,425	13,838	11,330
Cowboys Casino	15,258	15,983	13,754	14,167	1,504	1,816
Agriculture	1,851	1,634	3,788	3,753	(1,937)	(2,119)
Other activities	2,240	2,670	5,739	6,193	(3,499)	(3,523)
Sponsorship	6,259	5,477	1,284	1,424	4,975	4,053
Amortization of deferred contributions (note 9)	4,085	3,503	-	-	4,085	3,503
	<u>148,337</u>	<u>146,982</u>	<u>106,631</u>	<u>109,531</u>	<u>41,706</u>	<u>37,451</u>
<b>Indirect expenses</b>						
Administration, marketing and park services					29,983	27,587
Interest on bank debt					3,486	3,552
Employee future benefits (note 5)					2,082	2,240
Amortization of tangible capital assets					11,949	11,491
					<u>47,500</u>	<u>44,870</u>
<b>Deficiency of revenue over expenses before other revenue</b>					(5,794)	(7,419)
<b>Provincial government grants</b> (note 10)					<u>8,174</u>	<u>9,674</u>
<b>Excess of revenue over expenses</b>					2,380	2,255
<b>Community investment – Beginning of year</b>					107,197	105,776
Defined benefit plan remeasurements and other items (note 5)					<u>(3,726)</u>	<u>(834)</u>
<b>Community investment – End of year</b>					<u>105,851</u>	<u>107,197</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, 2015

(in thousands of dollars)

	2015 \$	2014 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	2,380	2,255
Employee future benefits contributions (note 5)	(3,548)	(2,314)
Items not affecting cash		
Amortization of tangible capital assets and deferred contributions	7,864	7,988
Loss on disposition of tangible capital assets	31	92
Employee future benefits expense	2,082	2,240
	8,809	10,261
Insurance proceeds associated with operating expenditures (note 3)	9,756	21,581
Net change in non-cash working capital*	554	(25,941)
	19,119	5,901
<b>Investing activities</b>		
Acquisition of tangible capital assets	(16,097)	(31,142)
Proceeds on disposition of tangible capital assets	3	30
Change in restricted cash	960	1,742
Change in note receivable	(824)	-
Receipt of deferred contributions	3,228	15,388
Net change in non-cash working capital	(1)	(40)
	(12,731)	(14,022)
<b>Financing activities</b>		
Change in bank indebtedness	(6,000)	4,081
Proceeds from long-term debt	-	18,000
Repayment of long-term debt	(3,997)	(3,339)
Issuance of share capital	1	1
	(9,996)	18,743
<b>Net (decrease) increase in cash and short-term deposits</b>	(3,608)	10,622
<b>Cash and short-term deposits – Beginning of year</b>	14,221	3,599
<b>Cash and short-term deposits – End of year</b>	10,613	14,221
<b>Cash and short-term deposits consists of:</b>		
Cash in bank	7,395	10,510
Cash float used in operations	3,173	3,666
Short-term deposits	45	45
	10,613	14,221

\*Net change in non-cash working capital consists of: funds held in trust, accounts receivable, inventory, prepaid expenses, accounts payable, deferred grant revenue and advances on future events.

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

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### 1 Purpose of the organization

The purpose of Calgary Exhibition and Stampede Limited (“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 by-laws. 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 nor in the estates of deceased shareholders.

### 2 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 (ASNPO) 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, Calgary Stampede (GP) Inc., and Calgary Stampede Trust (“Trust”), in which the Calgary Stampede controls the Trust as its sole beneficiary. The consolidated financial statements also include its 50% interest in Stampede Entertainment Inc. (“SEI”). These subsidiaries comprise not-for-profit and for-profit organizations that are subject to or exempt from income taxes as prescribed by the Canadian Income Tax Act.

The purpose of Calgary Stampede (GP) Inc. (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 the sole beneficiary of the Trust and the Trust’s annual taxable income is distributed to it.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

SEI was created as a vehicle to expand into incremental entertainment opportunities, while congruently enhancing the brand of the Calgary Stampede. SEI produces live events and provides music services, promotes attendance and utilization of Stampede Park, extends the brand of the Calgary Stampede; and seeks involvement in a wide variety of entertainment projects. The Calgary Stampede has joint control of SEI, and therefore proportionately consolidates SEI's operations into the results of the Calgary Stampede.

The Calgary Stampede has the ability to appoint the majority of the board of directors of the Calgary Stampede Foundation (the "Foundation"). The Foundation's financial accounts have not been consolidated with those of the Calgary Stampede. The Calgary Stampede has elected to disclose pertinent financial information of the Foundation in the notes to these consolidated financial statements. The Foundation has the primary objective of promoting education, western values and culture, and other activities in Southern Alberta. The Foundation is incorporated under the Companies Act of Alberta as a not-for-profit organization and is a registered charity under the Income Tax Act and accordingly, is not subject to income taxes.

### **b) Cash and short-term deposits**

Cash and short-term deposits comprise cash in bank, short term deposits, and cash float used in operations having a maturity of three months or less from the date of purchase, and are recorded at fair market value. Investment revenue is recognized when it is receivable.

### **c) Restricted cash**

Restricted cash is designated as a current asset when restricted funds received are for operating purposes. When restricted funds received are for capital purposes, the restricted cash is designated as a non-current asset.

### **d) Inventory**

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

### **e) Tangible capital assets and amortization**

Buildings and equipment are stated at cost less accumulated amortization. Major overhauls and improvements are capitalized, while normal repairs and maintenance are expensed as incurred. 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. No interest was capitalized during the period. Amortization is provided on a straight-line basis at rates designed to amortize the assets over their estimated useful lives. Leasehold improvements are amortized over the term of the lease.



# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

Title to the land on which certain portions of Stampede Park is 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 title is vested in the City of Calgary is not recorded in these financial statements. Lands owned directly by the Calgary Stampede are recorded at cost.

### **f) Impairment of long-lived assets**

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. If there is an indication of impairment, the first step in the impairment test is to compare the carrying value of an asset group with the total undiscounted cash flows expected from their use and eventual disposition. If the carrying value of the asset group exceeds the undiscounted cash flow, an impairment loss is required to be determined. An impairment loss is recognized to the extent that the carrying value of an asset group exceeds the total discounted cash flows expected from their use and eventual disposition.

### **g) Advances on future events**

Advances on future events represent funds received in advance for events including the Stampede festival, conventions and trade shows and facilities, building and ice rentals. Revenue from such events is recognized as income in the period in which the events take place.

### **h) Employee future benefits**

The Calgary Stampede has a number of defined contribution (DC) pension plans as well as a defined benefit (DB) pension plan that provides 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 Calgary Stampede accounts for its defined benefit pension plans using the immediate recognition approach. The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Plan obligations are discounted using current market interest rates and plan assets are presented at fair value. Plan obligations are being valued using the funding valuation method.

### **i) 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.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

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 excess of revenue over expenses 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.

### **j) Interest rate swap**

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.

### **k) Revenue recognition**

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

### **l) Grants and contributions**

The Calgary Stampede follows the deferral method of accounting for grants and contributions. Unrestricted contributions are recognized as income when received or receivable. Amounts externally restricted for capital purposes are initially recorded as deferred contributions when received or receivable and subsequently included in income in the same proportion as the amortization of the related assets for which the capital contributions were expended. Amounts that relate to operating expenditures of a future period are deferred until the related expenditures are incurred.

### **m) 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.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### **n) 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 direct expenses.

Included in gross revenue and direct expenses in the consolidated statement of operations and community investment is \$2,134 (2014 – \$1,996) for supplies and services in kind received.

### **o) Use of estimates**

A precise determination of many assets and liabilities is dependent on future events and, consequently, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable and inventory, useful lives of tangible capital assets, impairment of long-lived assets, fair value of supplies and services in kind, the financial impact of the 2013 flooding event (Note 3), accrued liabilities, employee future benefits and potential contingencies. Those estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

## **3 Significant event - flooding of Stampede Park**

### **a) Overview**

On June 20, 2013, the Calgary Stampede experienced unprecedented flooding. Over the ensuing 2 fiscal years the majority of recovery and restoration efforts were substantially completed.

Total amounts expended to December 31, 2015 to remediate the damage associated with the flood are \$48.4 million. Of that total, \$0.9 million in work is yet to be completed. All but \$0.8 million in flood-related costs were covered by various insurance policies.

### **b) Impact on the financial results**

Costs incurred on cleanup and remediation efforts are capitalized or expensed in accordance with the accounting policies disclosed in Note 2 (i.e., capitalized to tangible capital assets if the expenditures qualify as a betterment or enhancement to the asset).

The total uninsured loss associated with the flood was approximately \$0.8 million, of which \$0.7 million was recognized in 2013 with the remaining \$0.1 million recognized in 2014. As at December 31, 2015, all insurance claims relating to the flood have been settled and received.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### c) Mitigation efforts and government grants

The Calgary Stampede has undertaken certain projects to further protect Stampede Park from flood damage.

As at December 31, 2015, the Calgary Stampede has incurred \$9,080 (2014 – \$7,656) in relation to these projects and has additional outstanding commitments amounting to \$nil (2014 – \$304).

\$2,806 of grants were received in 2015 under the Government of Alberta Disaster Recovery Program (“DRP”) with an additional \$519 to be received in 2016. This has been accrued in the financial statements. The Calgary Stampede received a net total of \$3,898 in grants under the Flood Recovery Program (“FREC”).

## 4 Inventory

	2015	2014
	\$	\$
Merchandise	-	106
Food and beverage	723	603
Cattle	540	429
Other	23	132
	<hr/>	<hr/>
	1,286	1,270
	<hr/>	<hr/>

For the year ended December 31, 2015, the sale of inventory resulted in the recognition of expenses aggregating \$8,179 (2014 – \$8,704).

In 2014, management assessed the merchandising operations and made the decision to reposition its product offerings, necessitating an inventory adjustment. In 2015, management made the decision to work with a partner to support their product offerings and distribution channels as they align with the Calgary Stampede. The carrying value of merchandise inventory was reduced to its net realizable value which resulted in a \$0.1 million (2014 – \$0.6 million) charge to the statement of operations and community investment.

## 5 Employee future benefits

The Calgary Stampede has a number of DB and DC pension plans. The DB plans are closed to new employees.

During the year, the Calgary Stampede made cash payments to its pension plans for employee future benefits amounting to \$3,548 (2014 – \$2,314).

### a) Defined contribution pension plan

The Calgary Stampede’s DC pension plan expense for the year was \$898 (2014 – \$543).

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### b) Defined benefit pension plan

The accrued benefit obligations are based on the actuarial valuations prepared for funding purposes. The most recent actuarial valuations were as of September 30, 2015, and the next required valuations will be as of September 30, 2018. The September 30, 2015 valuations are rolled forward to December 31, 2015

Beginning in 2014, a valuation allowance is required for the registered pension plans equal to 5% of the going-concern total actuarial liability. During 2014, Alberta pension legislation changed so that the use of going-concern surplus toward a contribution holiday is restricted to the assets in excess of 105% of the going-concern liability.

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

	2015 \$	2014 \$
Plan assets	45,840	50,798
Defined benefit obligation	(45,429)	(47,092)
	<hr/>	<hr/>
Plan surplus	411	3,706
Valuation allowance on defined benefit asset	(1,049)	(2,084)
	<hr/>	<hr/>
Defined benefit (liability) asset	( 638)	1,622

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

	2015 \$	2014 \$
Current service cost	2,226	2,412
Finance cost	(144)	(172)
	<hr/>	<hr/>
Defined benefit cost	2,082	2,240
	<hr/>	<hr/>
Remeasurements and other items	3,726	834

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

	2015 %	2014 %
Accrued benefit obligations		
Discount rate	4.18	4.72
Defined benefit costs for the year		
Discount rate	4.72	4.72
Rate of compensation increase	4.00	4.00

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

(in thousands of dollars except as noted)

### 6 Tangible capital assets and capital commitments

				2015
	Useful Lives	Cost \$	Accumulated amortization \$	Net \$
Land	-	75,511	-	75,511
Buildings and leasehold improvements	2 – 40	349,347	153,603	195,744
Equipment	5 – 20	37,197	27,900	9,297
Park development projects	-	16,949	-	16,949
		479,004	181,503	297,501

  

				2014
	Useful Lives	Cost \$	Accumulated amortization \$	Net \$
Land	-	75,305	-	75,305
Buildings and leasehold improvements	2 – 40	346,284	143,516	202,768
Equipment	5 – 20	34,736	26,069	8,667
Park development projects	-	6,647	-	6,647
		462,972	169,585	293,387

As at December 31, 2015, the Calgary Stampede, through The City of Calgary, continues its efforts to settle the compensation of the remaining four properties in Victoria Park which were previously expropriated for the planned Calgary Stampede expansion. The final purchase price of these properties will be determined at the conclusion of the expropriation compensation hearings.

Park Development projects spend in 2015 is primarily comprised of Youth Campus infrastructure projects and the Enmax Park project.

In 2015, an option held by a third party to acquire one half of the Ramsay lands owned by the Calgary Stampede was terminated.

### 7 Bank indebtedness

A revolving demand operating loan facility has been authorized to a maximum of \$20,000 and bears interest at the bank's prime interest rate. At December 31, 2015, there is no amount outstanding (2014 – \$6,000) on the demand operating loan. As security for bank indebtedness and specified long-term debt facilities and interest rate agreements, a Canadian chartered bank holds a fixed debenture in the amount of \$100 million (2014 – \$100 million) charging certain lands, equipment and leased fee interests owned by the Calgary Stampede. The facility matures on July 31, 2016 and is extendable annually in the maximum principal of \$20 million.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

(in thousands of dollars except as noted)

### 8 Long-term debt

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

	2015 \$	2014 \$
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (0.871% at December 31, 2015) plus 0.30% per annum, maturing in 2024 and guaranteed by The City of Calgary for an additional cost of 0.02%. The Calgary Stampede has entered into an interest rate swap agreement on this facility for fixed interest payments at 6.23% per annum with a maturity date of 2024.	15,411	16,831
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (0.871% at December 31, 2015) plus 0.30% per annum, maturing in 2032 and guaranteed by The City of Calgary for an additional cost of 0.02%. At the request of the Calgary Stampede, and the bank's discretion, the Calgary Stampede has the ability to revise the credit limit of this facility until 2032. The Calgary Stampede has entered into an interest rate swap agreement on this facility for fixed interest payments at 5.74% per annum with a maturity date of 2032.	24,011	24,901
Committed non-revolving credit facility - bearing interest at the banker's acceptance rate (0.871% at December 31, 2015) plus 0.80% per annum, maturing in 2034 and guaranteed by The City of Calgary for an additional cost of 0.02%. At the request of the Calgary Stampede and at the bank's discretion, the Calgary Stampede has the ability to revise the credit limit of this facility until 2034. The Calgary Stampede has entered into an interest rate swap agreement on this facility for fixed interest payments at 4.72% per annum with a maturity date of 2034.	14,491	15,021
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (0.871% at December 31, 2015) plus 0.80% per annum, maturing in 2035 and guaranteed by The City of Calgary for an additional cost of 0.02%. At the request of the Calgary Stampede, and at the bank's discretion, the Calgary Stampede has the ability to revise the credit limit of this facility until 2034.	4,680	4,920
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (0.871% at December 31, 2015) plus 0.30% per annum, maturing in 2036 and guaranteed by The City of Calgary for an additional cost of 0.02%. At the request of the Calgary Stampede, and at the bank's discretion, the Calgary Stampede has the ability to revise the credit limit of this facility until 2034.	5,508	5,760
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (0.871% at December 31, 2015) plus 0.30% per annum, maturing in 2029 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 on this facility for fixed interest payments at 2.99% per annum with a maturity date of 2029.	11,171	11,836
	<u>75,272</u>	<u>79,269</u>
Less: Current portion	4,179	3,985
	<u>71,093</u>	<u>75,284</u>

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

In addition to the above-noted facilities, as at December 31, 2015, the Calgary Stampede held a \$20,000 (2014 – \$20,000) committed revolving general purpose credit facility with a Canadian chartered bank. The facility has a remaining term of 6 years expiring in 2021. Draws on the facility bear interest at the banker's prime rate plus 0.25% or at the banker's acceptance rate plus 1.25% and carries a standby fee of 0.31% on the undrawn facility.

As security for the above non-revolving credit facilities, The City of Calgary, as unconditional guarantor, holds a fixed debenture in the amount of \$100.2 million charging certain lands owned by the Calgary Stampede. The revolving general purpose credit facility and the interest rate swap agreements on specified fixed term facilities are secured by a \$100 million fixed debenture held by a Canadian chartered bank charging certain lands, equipment and leased fee interests owned by the Calgary Stampede.

In addition to the foregoing credit facilities, and subject to the above noted security, the Calgary Stampede has an undrawn \$18.4 million (2014 – \$18.4 million) committed non-revolving credit facility with a Canadian chartered bank and guaranteed by The City of Calgary, available for future Calgary Stampede expansion and development.

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

	\$
2016	4,179
2017	4,358
2018	4,546
2019	4,745
2020	4,953
Thereafter	<u>52,491</u>
	<u>75,272</u>

Pursuant to its credit facilities, the Calgary Stampede has certain externally imposed capital requirements. The Calgary Stampede is in compliance with these requirements

The estimated fair market value of the interest rate swaps at December 31, 2015 aggregates a liability of \$13,003 (2014 – \$11,952). 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, 2015.



# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### 9 Deferred contributions

The Calgary Stampede receives capital contributions from various sources to assist in the financing of capital asset acquisitions and development projects. Details of deferred contributions are as follows:

	2015 \$	2014 \$
<b>Balance – Beginning of year</b>	115,916	104,030
Additional contributions and interest earned	3,228	15,389
Amortization of deferred contributions	(4,085)	(3,503)
	<hr/>	<hr/>
<b>Balance – End of year</b>	115,059	115,916
	<hr/>	<hr/>
<b>Consisting of</b>		
Unamortized contributions	115,059	115,916
Unspent contributions	-	-
	<hr/>	<hr/>
	115,059	115,916
	<hr/>	<hr/>

During the year, \$4,085 (2014 – \$3,503) was amortized and recognized as revenue in the consolidated statement of operations and community investment. As the Calgary Stampede presented the amortization of deferred contributions as a reduction to expenses in prior years, the comparative information for the fiscal year ended December 31, 2014 has been reclassified to conform to current year's presentation. The reclassification resulted in an increase in the 2014 comparative total revenue, which is offset by the same amount of increase in total expenses within the same period.

### 10 Provincial government grants

The Calgary Stampede receives funding from the Government of Alberta through Alberta Agriculture and Rural Development as follows:

#### a) Operating grant

The Calgary Stampede receives annual unencumbered funding of \$7,824 (2014 – \$9,324).

#### b) Stampede grant

The Calgary Stampede received annual funding of \$250 (2014 – \$250) in support of the Stampede festival.

#### c) Agriculture grant

As a "Class A" fair, the Calgary Stampede receives an annual operating grant of \$100 (2014 – \$100) to support agriculture programs.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### 11 Financial instruments

The Calgary Stampede's financial instruments recognized in the consolidated statement of financial position include cash and short-term deposits, accounts receivable, notes receivable, restricted cash, funds held in trust, bank indebtedness, accounts payable and accrued liabilities, funds held in trust liability, and long-term debt.

#### a) Credit risk

At December 31, 2015, \$0.5 million (2014 – \$2,478) is due from the Government of Alberta related to flood-related remediation activities. At December 31, 2014, accounts receivable included \$9,756 related to amounts receivable from insurers. The outstanding amount was received in 2015.

The balance of accounts receivable at December 31, 2015 and December 31, 2014 is 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 swap transactions, as disclosed in Note 8, to manage exposure to interest rate increases on floating rate debt. The outstanding bank indebtedness and long-term debt effectively bore interest at a weighted-average rate of 4.67% on December 31, 2015 (2014 – 4.71%) after consideration of the interest rate swaps.

### 12 “We’re Greatest Together” Campaign

The Calgary Stampede Foundation and Calgary Stampede conducted a “We’re Greatest Together” campaign that formally concluded in 2015. As at December 31, 2015, a total of \$135.4 million (2014 – \$130.2 million) has been raised through this campaign, with \$82.0 million (2014 – \$71.7 million) received and \$53.4 million (2014 – \$58.5 million) pledged and to be received in future periods. The campaign funds will be allocated to the development of three major Stampede Park community initiatives, and further transform Stampede Park into a world-class year-round gathering place for the community. The new projects include: Youth Campus, ENMAX Park and the Agriculture Discovery Zone, including the completed Agrium Western Event Centre.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

“We’re Greatest Together” campaign contributions and expenditures:

	\$
Funds received	
Calgary Stampede	60,956
Calgary Stampede Foundation	<u>21,090</u>
Funds received to December 31, 2015	<u>82,046</u>
Funds pledged and to be received	
2016	19,953
2017	8,160
2018	8,023
2019	3,104
Future years	<u>14,121</u>
Total pledged and to be received	<u>53,361</u>
Total funds received and pledged	<u>135,407</u>

Of the \$135.4 million pledged, \$72.9 million has been spent as at December 31, 2015. The campaign expects to collect the pledged amounts, but no assurances can be given as to the ultimate collectability. The current economic environment in Alberta increases the risk of default on pledged amounts. The pledged amounts are recorded in the consolidated financial statements when received.

### 13 Stampede Entertainment Inc.

SEI’s financial accounts have been proportionately consolidated in the Calgary Stampede’s consolidated financial statements. Financial summaries of SEI as at December 31, 2015 and December 31, 2014 are as follows:

*Financial position*

	2015	2014
	\$	\$
Total assets	<u>2,703</u>	<u>3,967</u>
Total liabilities	2,837	4,214
Total deficiency	<u>(134)</u>	<u>(247)</u>
	<u>2,703</u>	<u>3,967</u>

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### *Results of operations*

	2015 \$	2014 \$
Total revenue	6,207	6,573
Total expenses	(6,093)	(6,313)
Excess of revenue over expenditures	<u>114</u>	<u>260</u>

### *Statement of cash flows*

	2015 \$	2014 \$
Cash flow (used in) provided by operating activities	(1,375)	2,840
Cash flow provided by investing activities	47	27
Cash flow provided by (used in) financing activities	8	(7)

The 50% proportionate share of SEI revenue and expenses reflected in the line item "Stampede" in the consolidated statement of operations and community investment is adjusted for the elimination of intercompany transactions pertaining to a \$40 (2014 – \$40) management fee and any expense recoveries paid to the Calgary Stampede.

## **14 Calgary Stampede Foundation**

The Calgary Stampede 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 capital account and the Nat Christie account, which are exclusively invested in fixed income bonds, and the endowment account, which is 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.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

Financial summaries of the Foundation as at December 31, 2015 and December 31, 2014 are as follows:

### *Financial position*

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total assets	42,173	32,628
Total liabilities	1,388	323
Total net assets	40,785	32,305
	42,173	32,628

### *Total net assets*

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Externally restricted	16,347	10,942
Internally restricted	5,000	5,000
Internally restricted net assets invested in tangible capital assets	11,278	11,278
Unrestricted	8,160	5,085
Total net assets	40,785	32,305

### *Results of operations*

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total revenue	10,800	7,554
Total expenses	(2,320)	(2,614)
Excess of revenue over expenditures	8,480	4,940

### *Statement of cash flows*

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash flow provided by operating activities	3,311	179
Cash flow used in investing activities	(8,725)	(3,130)
Cash flows provided by financing activities	6,214	4,580

The Calgary Stampede contributed \$3,610 (2014 – \$800) in donations to the Foundation.

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

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(in thousands of dollars except as noted)

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 \$629 (2014 – \$920). These transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The net payable to the Foundation at December 31, 2015 was \$490 (2014 – \$725). The amount due is non-interest bearing and has no specified terms of repayment.

In 2015, the Foundation began the significant renovation of the TransAlta Centre (formerly Victoria Park Community Hall). To fund the renovation, the Calgary Stampede granted the Foundation a \$5 million credit facility at zero interest for a 10 year term. The credit facility is expected to be fully advanced by 2017. As at December 31, 2015, \$824 was drawn against this facility.

In 2014, the Calgary Stampede and the Foundation entered into a new five year term sponsorship agreement, for a total of \$675 of funding over the term of the agreement. In 2015, under the terms of the agreement, \$130 was contributed to the Foundation (2014 – \$125).

### 15 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 financial statements requires management to make estimates and assumptions that affect the reported contingencies at the date of the financial statements. Actual results could differ from these estimates. Management believes the exposure to current and potential claims would not have a material impact on the financial position or operating results of the Calgary Stampede.

### 16 Government remittances

At December 31, 2015, the Calgary Stampede had government remittances payable of \$305 (2014 – \$235).

### 17 Comparative figures

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

# Calgary Exhibition and Stampede Limited

## Notes to Consolidated Financial Statements

December 31, 2015

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(in thousands of dollars except as noted)

### **18 Funds held in trust**

The Calgary Stampede is custodian over funds from Calgary Arts Academy for the purpose of a new building being constructed on the Calgary Stampede's land. The Calgary Stampede is not entitled to any of the funding, and there is no benefit to the Calgary Stampede for this cash. As the funds are collected, they are shown as funds held in trust with corresponding funds held in trust liability until disbursed.

### **19 Termination benefits**

During the year, the Calgary Stampede paid \$2,727 of termination benefits. Termination benefits are provided in exchange for the termination of an employee's employment as a result of either, the Calgary Stampede's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment.