

2014
CONSOLIDATED
FINANCIAL
STATEMENTS

OF

CALGARY EXHIBITION AND STAMPEDE LTD.



DECEMBER 31, 2014

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Management's Responsibility for Financial Reporting

The preparation and presentation of the consolidated financial statements and the overall quality of financial reporting are the responsibility of Management of Calgary Exhibition and Stampede Limited. The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include estimates that are based on Management's best judgments. Information contained elsewhere in the Report to the Community is consistent, where applicable, with that contained in the consolidated financial statements.

Management is responsible for installing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that reliable financial information is produced for preparation of consolidated financial statements. Management believes that the system of internal controls operated effectively in 2014.

A handwritten signature in cursive script, appearing to read 'Vern Kimball', positioned above a horizontal line.

Vern Kimball
Chief Executive Officer
February 10, 2015

A handwritten signature in cursive script, appearing to read 'Shelly Flint', positioned above a horizontal line.

Shelly Flint
Director, Business Services
February 10, 2015



Audit and Finance Committee of the Board of Directors

The Board of Directors is responsible for overseeing Management's performance of its responsibilities for financial reporting and internal control. The Board exercises this responsibility with the assistance of the Audit and Finance Committee.

The Committee is composed of not fewer than seven (currently eight) members, the majority (currently five) of whom are Directors of Calgary Exhibition and Stampede Limited. The Committee reviews the annual consolidated financial statements, considers the appropriateness of accounting policies and assesses the overall quality of the financial reporting. The Committee also reviews and makes recommendations to the Board regarding financial matters and oversees the process that Management has in place to identify financial reporting risks.

The Committee recommends to the Board the auditors to be appointed by the Shareholders and approves in advance fees for the auditor's services. Deloitte was appointed by the Shareholders as the independent auditor in 2014 to conduct an examination and express their opinion on the consolidated financial statements. The Auditor's Report outlines the auditor's opinion and the scope of their examination. The services provided by the independent auditor are restricted to the audit of the consolidated financial statements, and audit-related and financial risk services.

The Committee reviews and approves the terms of engagement of the independent auditor, the scope and plan for the external audit and reviews with the auditor the results of the audit and the Auditor's Report. The auditor reports to the Committee. The Committee also discusses with the auditor their independence from Management and Calgary Exhibition and Stampede Limited and receives written confirmation of their independence.

Management and the auditor attend Committee meetings and each is provided with the opportunity to meet privately with the Committee. The Committee met eight times in 2014.

A handwritten signature in black ink, appearing to read 'A. R. Hagerman', positioned above a horizontal line.

Allen Hagerman
Audit and Finance Committee Chair
February 10, 2015

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, 2014, the consolidated statements of operations and community investment and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated 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.

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, 2014 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.

Deloitte LLP

Chartered Accountants
February 10, 2015

Calgary Exhibition and Stampede Limited

Consolidated statement of operations and community investment year ended December 31, 2014

(In thousands of dollars)

	Gross revenue		Direct expenses			
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Operations						
Stampede	81,960	75,468	59,569	55,173	22,391	20,295
Facility rental and event services	35,755	35,328	24,425	22,640	11,330	12,688
Cowboys Casino	15,983	15,513	14,167	14,449	1,816	1,064
Agriculture	1,634	1,745	3,753	3,897	(2,119)	(2,152)
Other activities	1,725	4,969	5,616	7,159	(3,891)	(2,190)
	137,057	133,023	107,530	103,318	29,527	29,705
Indirect expenses						
Administration, marketing and park services					23,166	20,880
Interest on bank debt					3,552	3,474
Employee future benefits (Note 5)					2,240	3,700
Amortization of tangible capital assets					11,491	11,474
Amortization of deferred contributions (Note 9)					(3,503)	(3,168)
					36,946	36,360
Deficiency of revenue over expenses before other item					(7,419)	(6,655)
Provincial government grants (Note 10)					9,674	9,674
Excess of revenue over expenses					2,255	3,019
Community investment, beginning of year					105,776	95,568
Defined benefit plan remeasurements and other items (Note 5)					(834)	7,189
Community investment, end of year					107,197	105,776

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Calgary Exhibition and Stampede Limited

Consolidated statement of financial position

as at December 31, 2014

(In thousands of dollars)

	2014	2013
	\$	\$
Assets		
Current assets		
Cash and short-term deposits	14,221	3,599
Restricted cash	960	-
Accounts receivable (Note 3)	19,959	22,295
Inventory (Note 4)	1,270	2,008
Prepaid expenses	1,506	1,418
	37,916	29,320
Restricted cash (Note 9)	-	2,702
Employee future benefits (Note 5)	1,622	2,382
Tangible capital assets (Notes 6 and 12)	293,387	273,858
	332,925	308,262
Liabilities		
Current liabilities		
Bank indebtedness (Note 7)	6,000	1,919
Accounts payable and accrued liabilities (Note 3)	9,698	18,373
Advances on future events	13,425	13,177
Deferred grant revenue	1,410	370
Current portion of long-term debt (Note 8)	3,985	2,935
	34,518	36,774
Long-term debt (Note 8)	75,284	61,673
Deferred contributions (Note 9)	115,916	104,030
	225,718	202,477
Flood-related commitments (Note 3)		
Capital commitments (Notes 6 and 12)		
Contingency (Note 15)		
Share capital		
Authorized		
20,000 shares of no par value		
Issued and outstanding		
1,980 (2013 - 1,831) shares	10	9
Community investment	107,197	105,776
	332,925	308,262

Approved on behalf of the Board of Directors



Bob Thompson, Director



Allen Hagerman, Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Calgary Exhibition and Stampede Limited

Consolidated statement of cash flows

year ended December 31, 2014

(In thousands of dollars)

	2014	2013
	\$	\$
Operating activities		
Excess of revenue over expenses	2,255	3,019
Employee future benefits contributions	(2,314)	(4,680)
Items not affecting cash		
Amortization of tangible capital assets and deferred contributions	7,988	8,306
Loss (gain) on disposition of tangible capital assets	92	(79)
Employee future benefits expense	2,240	3,700
	10,261	10,266
Insurance proceeds associated with operating expenditures (Note 3)	21,581	15,150
Net change in non-cash working capital	(25,941)	(22,888)
	5,901	2,528
Investing activities		
Acquisition of tangible capital assets	(31,142)	(37,393)
Proceeds on disposition of tangible capital assets	30	274
Change in restricted cash	1,742	11,741
Receipt of deferred contributions	15,388	14,827
Net change in non-cash working capital	(40)	(1,082)
	(14,022)	(11,633)
Financing activities		
Proceeds from bank indebtedness	4,081	1,919
Proceeds from long-term debt	18,000	-
Repayment of long-term debt	(3,339)	(2,798)
Issuance of share capital	1	-
	18,743	(879)
Net increase (decrease) in cash and short-term deposits	10,622	(9,984)
Cash and short-term deposits, beginning of year	3,599	13,583
Cash and short-term deposits, end of year	14,221	3,599
Represented by		
Cash in bank	10,510	-
Cash float used in operations	3,666	3,112
Short-term deposits	45	487
	14,221	3,599

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(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 as set out in Part III of the Chartered Professional Accountants of Canada Handbook. 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.

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, its wholly owned subsidiaries Weadick Properties Limited ("Weadick"), Calgary Stampede (GP) Inc., Calgary Stampede Trust ("Trust"), in which the Calgary Stampede controls the Trust as its sole beneficiary, and 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. Weadick was dissolved on December 31, 2014, and its net assets were transferred to the Calgary Stampede at their carrying value.

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.

The purpose of SEI is to present various western and Calgary Stampede related entertainment during the annual Stampede festival and throughout the year via television, movies and live performance. 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 is associated with the Calgary Stampede Foundation ("Foundation") due to its ability to appoint the majority of the board of directors of the Foundation. The Foundation's financial accounts have not been consolidated with those of the Calgary Stampede. The Calgary Stampede has elected to disclose all pertinent financial information of the Foundation in the notes to these consolidated financial statements. The Foundation has the primary objective of establishing programs for the benefit of young residents of Southern Alberta to advance their knowledge and understanding of the history, heritage, traditions and culture of Alberta.

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

2. Significant accounting policies (continued)

(b) Cash and short-term deposits

Cash and short-term deposits comprise cash on hand, demand deposits and deposits held in trust, 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. Interest incurred on debt specifically obtained to finance capital projects is capitalized during the construction period. Amortization is provided on a straight-line basis at rates designed to amortize the assets over their estimated useful lives.

Title to the land on which certain portions of Stampede Park 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. Lands owned directly by the Calgary Stampede are recorded at cost and are held for Calgary Stampede expansion and development purposes.

(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 benefit (DB) pension plans as well as a defined contribution (DC) pension plan that provide pension benefits to most of its employees. The DB pension plans are based on years of service and highest average salary. Pension benefits are not automatically increased for inflation.

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

2. Significant accounting policies (continued)

(h) *Employee future benefits (continued)*

The Calgary Stampede accounts for its defined 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.

(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 recorded at cost or amortized cost, unless management has elected to record at fair value. The Calgary Stampede has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the 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 it determines 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 the reversal occurs.

(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) *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.

(l) *Revenue recognition*

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

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

2. Significant accounting policies (continued)

(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.

(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 \$1,996 for supplies and services in kind received (2013 - \$1,774).

(o) Government remittances

At December 31, 2014, the Calgary Stampede had government remittances payable of \$235 (2013 - \$538).

3. Significant event - flooding of Stampede Park

(a) Overview

On June 20, 2013, The City of Calgary experienced unprecedented flooding, and as a result the Calgary Stampede was severely impacted through significant property damage and the loss of certain operating revenues. The Calgary Stampede initially completed the work necessary to ensure that the 2013 Stampede festival would not be cancelled. Since then, the Calgary Stampede commenced a process to remediate damage to its facilities. As at December 31, 2014, recovery and restoration efforts have been substantially completed.

The Calgary Stampede maintains various insurance policies with multiple insurance providers that have been utilized to fund a considerable portion of the initial cleanup costs and the remediation of the facilities damaged by the flood.

Amounts expended to December 31, 2014 to remediate the damage associated with the flood are \$48.4 million, with \$47.7 million being funded or expected to be funded by insurance providers. The Calgary Stampede incurred \$0.8 million in flood-related costs that were not covered by its 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). Proceeds received or receivable from insurers are recorded as gross revenue for recoveries of business interruption losses, or against the respective costs incurred. As such, the expenses recorded in the consolidated statement of operations and community investment are net of the related proceeds received or receivable.

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

3. Significant event - flooding of Stampede Park (continued)

(b) Impact on the financial results (continued)

Buildings and facilities that were significantly impacted by the flooding included the Big Four building, original Agriculture building, Grandstand (including the race track and infield infrastructure), Trailblazer Centre and Stampede Headquarters. An impairment loss was not recorded on these assets as the carrying value of the related tangible capital assets was immaterial, with the exception of the race track.

As the new track construction had been completed just prior to the flood, any costs incurred to remediate it were covered by insurance proceeds and therefore charged to the consolidated statement of operations and community investment. Accordingly, there was no net impact to the consolidated financial statements for this remediation.

The total uninsured loss associated with the flood is approximately \$0.8 million, of which \$0.5 million was recognized in 2013 with the remaining \$0.3 million recognized in 2014.

The amounts receivable related to the insurance claims made to December 31, 2014 are summarized below:

	2014	2013		
	Insurable expenditures vs. funding committed \$	Net receivable (payable) position \$	Insurable expenditures vs. funding committed \$	Net receivable (payable) position \$
Cumulative cash proceeds received to year-end	36,731	36,731	15,200	15,200
Proceeds committed by the insurance adjusters	10,923		10,400	
Total cumulative funding committed by insurers as at year-end	47,654		25,600	
Cumulative insurance expenditures incurred	45,297		25,000	
Losses recoverable for business interruption and inventory	1,190		1,100	
	46,487	46,487	26,100	26,100
Excess (deficit) of total funding commitments by insurers	1,167		(500)	
Expenditures to be incurred	(1,167)		-	
Deficit funding commitments by insurers	-		(500)	
Net amount expected to be received from insurers (included in accounts receivable in the consolidated statement of financial position)		9,756		10,900

Subsequent to year-end, the Calgary Stampede received \$3,774 of the insurance proceeds receivable (2013 - \$5,300).

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

3. Significant event - flooding of Stampede Park (continued)

(b) *Impact on the financial results (continued)*

Included in accounts payable and accrued liabilities in the consolidated statement of financial position, is \$44 (2013 - \$5,900) of flood-related cleanup and remediation costs.

(c) *Commitments*

At December 31, 2014, the Calgary Stampede had no outstanding commitments for equipment and flood-related recovery projects (2013 - \$4,700).

(d) *Measurement uncertainty*

Quantifying the impact of the flood involves a considerable number of estimates particularly as it relates to total flood related expenditures and amounts covered by insurers. The majority of flood recovery activities have been completed and costs are known; however, there are a few activities still in process. The estimates made to date include \$1,167 relating to future expenditures that may not ultimately materialize, and the final results and adjustments to the estimates will be reflected in future periods.

(e) *Mitigation efforts and government grants*

The Calgary Stampede has undertaken certain projects to further protect Stampede Park from flood damage, which are not covered by insurance and has applied for various government grants totalling \$10 million to provide funding for these projects. In addition to the projects that have secured grant funding or where government funding is being sought, the Calgary Stampede has identified several additional flood recovery and mitigation projects that management believes are critical to further protect the Stampede from potential future flooding.

Management will continue to pursue funding for flood recovery and mitigation projects. In the interim, the projects will be funded by available credit facilities. As at December 31, 2014, the Calgary Stampede has incurred \$7,656 (2013 - \$400) in relation to these projects and has additional outstanding commitments amounting to \$304 (2013 - \$100).

The Calgary Stampede has received \$4,627 in funding under the Flood Recovery Erosion Control Program (FREC) grants and expects to receive additional funding under the Alberta Government Disaster Recovery Program (DRP) in 2015.

4. Inventory

	2014	2013
	\$	\$
Merchandise	106	881
Food and beverage	603	565
Cattle	429	456
Other	132	106
	1,270	2,008

For the year ended December 31, 2014, the sale of inventory resulted in the recognition of expenses aggregating \$8,704 (2013 - \$8,586).

During the year, the Calgary Stampede assessed the merchandise operations and made the decision to offer product selections which more closely align with historical operations. This change required an inventory adjustment of \$555 to reduce the carrying value to the estimated net realizable amount.

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

5. Employee future benefits

The Calgary Stampede has a number of DB and DC pension plans. Effective April 6, 2014, DB pension plan members were given the choice of remaining in the DB component of the pension plan or converting to DC plan. Forty-five percent of active members (113 active members) elected to convert to DC, which resulted in a 12% (\$6.0 million) reduction in DB plan assets, a 14% (\$5.5 million) reduction in DB obligation, and a \$0.5 reduction in plan surplus. In addition, future DB cost is reduced due to fewer participating DB plan members. The DB component is now closed to new entrants.

During the year, the Calgary Stampede made cash payments to its pension plans for employee future benefits amounting to \$2,314 (2013 - \$4,809).

(a) *Defined contribution pension plan*

The Calgary Stampede's DC pension plan expense for the year was \$543 (2013 - \$77).

(b) *Defined benefit pension plan*

The Calgary Stampede measures its accrued benefit obligations and the fair value of plans assets for accounting purposes as at September 30 of each year. The most recent actuarial valuations were as of March 31, 2014, and the next required valuations will be as of September 30, 2016. The March 31, 2014 valuation is rolled forward to December 31, 2014. As the measurement date changed from March 31 to December 31, the accrued benefit obligations are based on the actuarial valuations prepared for funding purposes.

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:

	2014	2013
	\$	\$
Plan assets	50,798	52,981
Defined benefit obligation	(47,092)	(50,599)
Plan surplus	3,706	2,382
Valuation allowance on defined benefit asset	(2,084)	-
Defined benefit asset	1,622	2,382

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

5. Employee future benefits (continued)

(b) Defined benefit pension plan (continued)

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

	2014	2013
	\$	\$
Current service cost	2,412	3,260
Finance cost	(172)	440
Defined benefit cost	2,240	3,700
Remeasurements and other items	834	(7,189)

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

	2014	2013
	%	%
Accrued benefit obligations		
Discount rate	4.72	4.79
Defined benefit costs for the year		
Discount rate	4.72	4.11
Rate of compensation increase	4.00	4.00

6. Tangible capital assets and capital commitments

			2014	
	Amortization rate	Cost	Accumulated amortization	Net book value
	%	\$	\$	\$
Land		75,305	-	75,305
Buildings and leasehold improvements	2.5 to 20.0	346,284	143,516	202,768
Equipment	10.0 to 33.3	34,736	26,069	8,667
Park development projects	-	6,647	-	6,647
		462,972	169,585	293,387
			2013	
	Amortization rate	Cost	Accumulated amortization	Net book value
	%	\$	\$	\$
Land		74,983	-	74,983
Buildings and leasehold improvements	2.5 to 20.0	294,095	136,020	158,075
Equipment	10.0 to 33.3	35,189	28,386	6,803
Park development projects	-	33,997	-	33,997
		438,264	164,406	273,858

Calgary Exhibition and Stampede Limited

Notes to the consolidated financial statements

December 31, 2014

(In thousands of dollars except as noted)

6. Tangible capital assets and capital commitments (continued)

As at December 31, 2014, 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.

Included in cash and short-term deposits in the consolidated statement of financial position are deposits held in trust of \$45 (2013 - \$487) required by The City of Calgary for the value of construction work being completed on City property. These deposits will be returned upon City verification that the work has been completed to their satisfaction.

Subsequent to year-end, a third party developer agreed to terminate an option right to acquire half of the Ramsay Exchange lands.

The Agrium Western Event Centre was completed in May 2014. The \$61,037 Agrium Western Event Centre Building and Supporting Infrastructure project was partially funded by the Alberta Government for \$25,000 and the Federal Government Canada Buildings Program for \$25,000 of which \$2,500 is included in accounts receivable in the consolidated statement of financial position and was received subsequent to year-end.

7. Bank indebtedness

A revolving demand operating loan facility has been authorized to a maximum of \$12,500 and bears interest at the bank's prime interest rate. At December 31, 2014, \$6,000 is outstanding (2013 - \$1,919) 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 charging certain lands, equipment and leased fee interests owned by the Calgary Stampede.

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8. Long-term debt

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

	2014	2013
	\$	\$
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (1.30% at December 31, 2014) 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	16,831	18,172
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (1.30% at December 31, 2014) plus 0.30% per annum, maturing in 2032 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 5.74% per annum with a maturity date of 2032	24,901	25,745
Committed non-revolving credit facility - bearing interest at the banker's acceptance rate (1.30% at December 31, 2014) 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, this facility can be extended 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	15,021	15,531
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (1.30% at December 31, 2014) plus 0.80% per annum, maturing in 2035 and guaranteed by The City of Calgary for an additional cost of 0.02%	4,920	5,160
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (1.30% at December 31, 2014) plus 0.30% per annum, maturing in 2039 and guaranteed by The City of Calgary for an additional cost of 0.02%	5,760	-
Committed non-revolving credit facility - bearing interest at the bankers' acceptance rate (1.30% at December 31, 2014) 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	11,836	-
	79,269	64,608
Less: current portion	3,985	2,935
	75,284	61,673

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8. Long-term debt (continued)

In addition to the above-noted facilities, as at December 31, 2014, the Calgary Stampede held a \$20,000 (2013 - \$Nil) committed revolving general purpose credit facility with a Canadian chartered bank. The facility has a term of eight years and expires 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 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:

	\$
2015	3,985
2016	4,155
2017	4,334
2018	4,522
2019	4,720
Thereafter	57,553
	<hr/> 79,269

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, 2014 aggregates a liability of \$11,952 (2013 - \$8,105). 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, 2014.

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9. Deferred contributions

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

	2014	2013
	\$	\$
Balance, beginning of year	104,030	92,371
Additional contributions and interest earned	15,389	14,827
Amortization	(3,503)	(3,168)
Balance, end of year	115,916	104,030
Consisting of		
Unamortized contributions	115,916	101,328
Unspent contributions	-	2,702
	115,916	104,030

The Governments of Canada and Alberta each provided a \$25,000 grant for the construction of the Agrium Western Event Centre and Supporting Infrastructure that opened in June 2014.

As at December 31, 2014, the Calgary Stampede did not have unspent contributions that were restricted for specific purposes (2013 - \$2,702), which were presented as long-term restricted cash on the consolidated statement of financial position.

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 \$9,324 (2013 - \$9,324).

(b) *Stampede grant*

The Calgary Stampede received annual funding of \$250 (2013 - \$250) in support of the Stampede festival. The grant, which expired in 2014, has been extended to 2015 and is to be maintained in a segregated bank account together with all interest earned.

(c) *Agriculture grant*

As a Class A fair, the Calgary Stampede receives an annual operating grant of \$100 (2013 - \$100) to support agriculture programs.

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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, restricted cash, bank indebtedness, accounts payable and accrued liabilities, advances on future events, deferred grant revenue and long-term debt.

(a) Credit risk

At December 31, 2014, approximately \$9,756 (2013 - \$10,400) of accounts receivable relate to proceeds recoverable from insurers as a result of the 2013 flood. In addition, \$2,478 is due from the Government of Alberta related to uninsured losses and flood-related remediation activities and \$2,500 is due from the Government of Canada related to the Agrium Western Event Centre Grant.

The balance of accounts receivable at December 31, 2014 and December 31, 2013 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 4.71% on December 31, 2014 (2013 - 5.35%) after consideration of the interest rate swaps.

12. Capital campaign

The Calgary Stampede Foundation and Calgary Stampede conducted a "We're Greatest Together" capital campaign. As at December 31, 2014, a total of \$130.2 million has been raised, with \$71.7 million received and \$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.

"We're Greatest Together" capital campaign contributions and expenditures

	\$
Funds received	
Calgary Stampede	55,804
Calgary Stampede Foundation	15,926
<u>Funds received to December 31, 2014</u>	<u>71,730</u>
Funds pledged and to be received	
2015	17,905
2016	8,670
2017	7,850
2018	7,763
Future years	16,317
<u>Total pledged and to be received</u>	<u>58,505</u>
<u>Total funds received and pledged</u>	<u>130,235</u>

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Notes to the consolidated financial statements

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12. Capital campaign (continued)

Capital project costs included in the capital campaign

	\$ (million)
Costs incurred to December 31, 2014	62
Estimated total cost	129

The campaign expects to collect all pledged amounts, but no assurances can be given as to the ultimate collectability. 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, 2014 and December 31, 2013 and for the years then ended, are as follows:

Financial position

	2014	2013
	\$	\$
Total assets	3,967	1,208
Total liabilities	4,214	1,715
Total deficiency	(247)	(507)
	3,967	1,208

Results of operations

	2014	2013
	\$	\$
Total revenue	6,573	3,698
Total expenses	(6,313)	(3,675)
Excess of revenue over expenses	260	23

Statement of cash flows

	2014	2013
	\$	\$
Cash flow provided from operating activities	2,840	98
Cash flow from (used in) investing activities	27	(98)
Cash flow used in financing activities	(7)	(4)

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 (2013 - \$40) management fee and \$Nil (2013 - \$5) in expense recoveries paid to the Calgary Stampede.

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14. Calgary Stampede Foundation

The Calgary Stampede Foundation's financial accounts have not been consolidated in the Calgary Stampede's consolidated financial statements. The Foundation uses restricted fund accounting and its funds include the General, Designated Youth, Designated, Undesignated 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.

Financial summaries of the Foundation as at December 31, 2014 and December 31, 2013 and for the years then ended are as follows:

Financial position

	2014	2013
	\$	\$
Total assets	32,628	27,873
Total liabilities	323	508
Total net assets	32,305	27,365
	32,628	27,873

In accordance with donor imposed restrictions on the Foundation's net assets: \$168 (2013 - \$165) must be held for a period of not less than 10 years, the income from which is to be used for the benefit of specified activities: \$1 (2013 - \$4) must be held for a period of not less than 10 years with no direction on the specific use of income earned or from the ultimate disposition of the invested capital; \$26 (2013 - \$23) must be used for the purpose of specified capital projects, and there were no remaining donor restrictions to designated youth programs at the end of the year (2013 - \$70).

Results of operations

	2014	2013
	\$	\$
Total revenue	7,554	4,995
Total expenses	(2,614)	(1,903)
Excess of revenue over expenses	4,940	3,092

Statement of cash flows

	2014	2013
	\$	\$
Cash flow provided from operating activities	4,688	1,751
Cash flow used in investing activities	(3,059)	(1,568)

The Calgary Stampede contributed \$925 (2013 - \$837) in donations to the Foundation.

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 \$920 (2013 - \$217). 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.

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14. Calgary Stampede Foundation (continued)

The net payable to the Foundation at December 31, 2014 was \$725 (2013 - \$689). The amount due is non-interest bearing and has no specified terms of repayment.

The Calgary Stampede provides funding to the Foundation for the purpose of supporting the Showband. In 2014, the Calgary Stampede and the Foundation entered into a new sponsorship agreement which has a five-year term and provides for funding of \$675 over the term of the agreement. In 2014, \$125 was contributed to the Foundation (2013 - \$120 under the prior agreement).

15. Contingency

In the normal course of operations, the Calgary Stampede is involved, from time to time, in various legal and other claims. 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.