



# **PACIFIC NATIONAL EXHIBITION** ANNUAL REPORT

April 1, 2017 – March 31, 2018







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## MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Pacific National Exhibition (PNE) takes great pride in its century-long tradition of providing guests from Vancouver and across BC with unique entertainment offerings and unparalleled fun as well as access to cultural, sporting and family events. And we are proud to be stepping into an evolving, dynamic and bright future. This past year was a perfect example of the great possibilities that still exist for this organization as we showcased an incredibly strong body of events in one of our strongest financial years in over a decade.

With business streams that cross a range of industries and with revenue streams that can be highly weather susceptible, the PNE has evolved to expertly balance industry and market shifts, indoor and outdoor facilities, weather and risk. The organization's event diversity provides the PNE with the elasticity to have unique challenges in one area offset by successes across other areas. In 2017, however, all activity streams aligned in a way that showcased positive results across the organization and provided extraordinary experiences for millions of guests.

Fair revenues and attendance were up from 2016. Playland attendance and revenues were also significantly up with the introduction of Playland Nights, a 19+ event held Friday nights in July that was a resounding success. Year-round event days were up, the diversity of year-round events increased, total year-round revenues were up and new events – including Vancouver's first major Chinese Lantern Festival and first large-scale eSports event, and the addition of Monster Jam to the family show portfolio in the Pacific Coliseum – were introduced with great success. During the year, the PNE generated \$55.55 million in total revenues, produced another positive net contribution of \$2.42 million, and grew its accumulated surplus to \$4.37 million, all of which is invested back into the site, facilities and programs.

This year, the PNE also continued to work closely with the City of Vancouver to move several elements of the Hastings Park/PNE Master Plan forward and we look forward to the momentum that this will bring. As an organization, we remain committed to positively impacting our local neighbourhood and to providing diverse, memorable experiences for the region, the province and beyond. We are dedicated to the vision of the Hastings Park/PNE Master Plan, to moving sustainability plans forward, to increasing work and jobs on-site, and to investing in park spaces and facilities for our guests, the community and the region to enjoy.

As we continue to plan our future, we would like to acknowledge the efforts of the PNE's staff and management team. Their endless energy, commitment, ideas, dedication and flexibility allow us to continue to move forward. We would also like to take this opportunity to personally thank the Board of Directors for their ongoing guidance and invaluable support to the organization. We look forward to making continual improvements to Hastings Park and to remaining strong, active members of the Hastings Sunrise community.



Raymond Louie  
Chair, Board of Directors



Michael McDaniel  
President and  
Chief Executive Officer

# HIGHLIGHTS FROM FISCAL 2017

(APRIL 1, 2017 – MARCH 31, 2018)

**PNE HAS BEST FINANCIAL YEAR IN MORE THAN A DECADE**

**Arcade Fire**

**MONSTER JAM JOINS  
THE PNE'S FAMILY SHOW MIX**

**VANCOUVER'S FIRST-EVER  
LARGE-SCALE ESPORTS EVENT  
– LEAGUE OF LEGENDS,  
NORTH AMERICAN LEAGUE  
CHAMPIONSHIP SERIES,  
SPRING SPLIT – HELD AT  
PACIFIC COLISEUM**

**LightWaterDrums**

**PNE LAUNCHES NEW COMMUNITY GRANT FUND**

**Monster Jam**



PNE CONTINUES TO SEE GROWTH IN CONCERTS AND NEW EVENTS



THREE NEW  
FAMILY RIDES  
SHOWCASE  
FRESH DIRECTION  
IN PLAYLAND

Dizzy Drop

RECORD LOTTERY  
SALES WITH 2017  
PNE PRIZE HOME

2017 Prize Home

The Binnars'  
Project at The Fair

SUSTAINABILITY EFFORTS  
GENERATING INDUSTRY BUZZ AND AWARDS

## INTRODUCTION

The Pacific National Exhibition (PNE) is a multi-faceted and unique organization responsible for generating 107 years of great experiences and memories for British Columbians and beyond. The event and entertainment landscape has changed dramatically over the past century, and so has the PNE. But continued transformation and diversity are what make this intricate organization flourish.

The successful and financially sustainable operation of the PNE's many weather-susceptible business activities requires a delicate balance of indoor and outdoor events, community use and commercial use of facilities, and continued investment balanced with fiscal responsibility. The PNE team pride themselves on their ability to continually grow a business while being ready to mitigate losses at any moment. And 2017 was a shining example of how strong PNE business can be when weather follows a typical, non-extreme pattern and when economic factors align. In 2017, the PNE generated its highest level of total revenues in almost 20 years. This included the highest revenues in more than five years for Fair, Playland season, Fright Nights and year-round events. As the PNE regularly delivers a positive net income, the PNE's accumulated operating surplus at the end of 2017 was \$4.37 million. As a non-profit organization, all surpluses are invested directly back into the organization, park spaces, events, programs and facilities.

With the financial performance of the organization becoming more stable each year, this allows the PNE to continue investing in the future. This includes investment into the team, technology, equipment, new business ideas, facilities and Playland attractions. Continued investments into Fair, Playland and Fright Nights attractions are keeping guests engaged. Continued diversification in the year-round event portfolio and the execution of new business development ideas will provide a strong basis for ongoing success. All of this is vital to the organization and to the continued implementation of the approved Master Plan for Hastings Park. Sustainability remains at the forefront of our planning and, in all that we do, the PNE remains committed to helping align with City of Vancouver goals, including the Greenest City Action Plan and the Healthy City initiative.

## BACKGROUND ON THE PNE AND HASTINGS PARK

Hastings Park is one of Vancouver's largest urban parks, drawing visitors from across the region. The 165-acre parcel of land was granted to the City of Vancouver by the Province of British Columbia in 1889. Hastings Park is a community, city-wide and regional asset, and a year-round destination. For over a century, it has been a celebration site and a social gathering spot that brings people together for organized events as well as for casual activities.

Since the PNE was founded in 1910, its home has been Hastings Park. On this site, the organization hosts an annual Fair and operates Playland amusement park from April to October each year. From the 1940s to the 1970s, the mandate of the PNE expanded to include a more comprehensive array of activities and year-round use of the many on-site venues. Together, these activities contribute to the PNE's \$145 million economic benefit to the region (in 2002 numbers), and contribute to BC's creative economy and social fabric by providing a year-round outlet for family shows, concerts, exhibitions, community events and cultural activities. For over 107 years, the PNE has proudly been the steward of the Hastings Park site, caring for its facilities and open spaces.

Hastings Park is a diverse space that spans from Renfrew Street on the west side to Bridgeway on the east, and from McGill on the north side to Pender on the south. Within that space, the PNE manages 105 acres of Hastings Park on behalf of the City. Hastings Racecourse is operated by the Great Canadian Gaming Corporation through a lease with the City, Empire Fields and the Hastings community centre space are operated by the Vancouver Park Board on behalf of the City, and the E-Comm 9-1-1 call and dispatch centre is operated by Emergency Communications for British Columbia.



# THE STRUCTURE OF THE PNE ORGANIZATION

The PNE is a non-profit organization wholly owned by the City of Vancouver. The organization is financially self-sufficient through its operation of four diverse activity streams.

The most significant and well-known of the four activity streams is the Fair at the PNE, an annual summer tradition that draws an average of 800,000 guests each year from across British Columbia to be entertained and to experience a range of foods, live shows, rides and exhibits. This event accounts for approximately 50% of the PNE's annual revenues. The PNE's second activity stream is Playland Amusement Park, which is open from April through October each year and entertains more than 375,000 guests (outside of Fair-time) with games, food, and 35+ rides and attractions. This activity stream accounts for approximately 25% of the PNE's annual revenues. The third activity stream is the year-round events portfolio. This includes the use of all of the on-site facilities to host concerts, sporting events, festivals, and cultural and community events. While some facilities on-site are dedicated primarily to community programs that are subsidized by the PNE, year-round events in the remaining venues

bring more than 1.5 million guests to Hastings Park each year and account for the remaining 25% of the PNE's annual revenues. The fourth activity stream is facility maintenance and park care. The PNE is responsible for the care and upkeep of indoor facilities such as the Pacific Coliseum, Forum, Agrodome, Rollerland, Livestock building and Garden Auditorium. The PNE also ensures that outdoor spaces – including the Sanctuary, Italian Gardens, Momiji Garden and centre grounds – are cared for and thrive for guests and the local community to enjoy. The organization has specially trained horticultural teams on staff to ensure that the public park spaces remain in their naturally intended states. To ensure best practices for park spaces, the PNE collaborates with Vancouver Park Board staff throughout the year, and their valuable input is reflected throughout the site. Although management of the facilities and park space does not generate revenue, the care of the facilities and grounds is a regularly budgeted PNE expense. In 2017, the PNE invested over \$6.25 million into facility and park care to ensure that these public spaces remain well taken care of and ready to be enjoyed year-round.



# THE GOVERNANCE OF THE PNE AND HASTINGS PARK


As part of the City Council-approved 2010 Hastings Park Master Plan, a Governance Review of Hastings Park was requested. For over 100 years, the site had been governed by the PNE; in 2013, after extensive review by third-party consultants in conjunction with City of Vancouver staff, a new Governance structure was approved by City Council for Hastings Park/PNE. This structure reaffirmed PNE activities on-site with a new Board of Directors appointed to oversee both the PNE and Hastings Park. Under this structure, the PNE and the Park are governed by a City Council-appointed Hastings Park/PNE Board of Directors that includes business and community leaders as well as elected officials and senior staff from the City of Vancouver and the Vancouver Park Board. To ensure Park Board collaboration, the Vice Chair of the Hastings Park/PNE Board is the General Manager of the Park Board. A Community Advisory Committee was also implemented as part of the new governance approach.

Because Hastings Park is such a vibrant and active site, some people think we are a commercial company, but the PNE is – and has always been – a not-for-profit organization that invests 100% of proceeds back into the site, facilities and programs, and into the upkeep of green spaces.

The PNE has proudly managed and governed Hastings Park since it was granted in trust to the City more than a century ago. During that time, the PNE has gained 107 years of experience with, and knowledge of, this unique site. That experience allows the PNE to maintain a balance of community and commercial uses on-site. This is essential to providing the PNE with the financial flexibility to invest millions annually to support community use of the site and to enhance park spaces.







The organization is owned by the City of Vancouver and is governed by a Board of Directors that includes business and community leaders, as well as a senior staff and elected officials from the City of Vancouver. The General Manager of the Vancouver Park Board is the Vice Chair of the Board, which provides maximum opportunity for collaboration.

The PNE is a non-profit organization and, as a financially viable non-profit entity, all profits are invested back into the site, green spaces, facilities and programs.

Twice a year, the PNE has public Board meetings, where community members can come and speak on relevant issues that affect them.

## DID YOU KNOW?

The variety of events on-site provides opportunities for families and people from all walks of life to engage in social activities and to become immersed in the collective fabric of Vancouver's diverse communities.

The PNE spends over \$6 million every year to care for and enhance the park space and maintain the site facilities.

As the largest employer of youth in British Columbia, the PNE proudly provides a wide range of much-needed first jobs that build essential skills for the next generation of workers and leaders. The PNE also has a wide range of roles for unskilled workers who have high barriers to entering the workforce; these roles provide essential experience and allow employees to build up their work experience.



## THE PNE'S ROLE IN THE HASTINGS SUNRISE COMMUNITY

For 107 years, the PNE has remained proudly rooted in the heart of Hastings Park and the Hastings Sunrise community. The organization remains dedicated to positively impacting the neighbourhood, to working with local resources, and to mitigating any impacts from events held on-site. And while the PNE receives unparalleled support from most neighbours and from the vast majority of Vancouver and BC residents, the PNE management team remains committed to consulting with the community and to enhancing our positive influences now and into the future. Two avenues through which they do this are the PNE Neighbourhood Focus Group and the PNE Community Advisory Group. The Focus Group meets twice a year, and the Advisory Group meets with PNE executives six times a year.

Every year, the PNE supports a variety of local community activities through the direct financial subsidy of several on-site programs. This includes providing over 2,000 hours of community ice programs in the Agrodome (at rates equivalent to those offered by Park Board community rinks) for 16 hockey and skating groups throughout the year. The largest users of this space continue to be the Vancouver Minor Hockey Association and the figure skaters in the Vancouver Skating Club. For 14 years, the PNE has also provided the CircusWest training school with a below-cost home in the Garden Auditorium for their exclusive use 11 months of the year. The PNE partners with a number of other local schools, sport groups and non-profit organizations to support initiatives from fundraising to student leadership. As part of those partnerships, the PNE again provided complimentary space and management support to a variety of events coordinated by neighbourhood groups in 2017, including the Community Policing Centre Volunteer Appreciation Dinner, nature walks hosted by the Hastings Park Conservancy, the LightWaterDrums Festival, the Templeton School Hub Grade 7 Conference, and Japanese-Canadian walking tours of Hastings Park.

The PNE has also proudly launched a new community initiative this year: **The PNE Community Grant Fund**. The idea of the Community Grant Fund came about to help support local community events that bring people together with the purpose of growing community pride. Each year, the PNE hosts Community Day at Playland and on that day, \$10 from each regular admission ticket sold will be donated to support the grant fund. This fund is meant to allow Hastings Sunrise Community non-profit organizations to apply to the fund to help them host an event in the Hastings Sunrise community. The hope is to increase opportunities for the Hastings Sunrise community to come together, learn, engage and enjoy! This year, Community Day at Playland was held May 27, 2017, and over \$10,000 was raised to support this fund.

The PNE is also one of the largest local supporters of the Hastings Community Little League (HCLL). For over 50 years, the HCLL has provided thousands of children with the opportunity to have fun while being active and learning valuable skills such as teamwork. The PNE provides a complimentary Playland PlayPass to 425 league players each year, plus free indoor practice space as required. The PNE has raised more than \$100,000 to support HCLL since 2010.

The PNE proudly hosted the Terry Fox National School Run Day on-site for the 12th year. Six schools from the Hastings Sunrise area participated in raising awareness and funds for The Terry Fox Foundation. The PNE provides complimentary logistical support as well as snacks and water. This year, approximately 800 children ran a course in the park to promote physical activity, to help increase cancer awareness and to honour Terry Fox.

The third annual PNE Neighbourhood Party was held in Playland on June 28 for 4,500 local residents. The PNE was proud to host this free event to thank our great neighbours, who enjoyed a fun night filled with rides, games and mini-donuts.



LightWaterDrums

This was the fourth year that the PNE has partnered with the Vancouver Farmers Markets society to host the winter and spring farmers' markets at Hastings Park from November 5 through April 29. Each Sunday (excluding Christmas and New Year's Day), a unique and evolving group of almost 50 local artisans and farmers came out to sell local produce, baked goods, meats, fish, jams, spirits and crafts. The PNE is proud to subsidize this program with support that includes covering operational costs such as the set-up of garbage/recycling/compost bins; waste pickup; the set-up of bike racks, heaters, power and tents; pre- and post-event site cleaning; and providing washrooms, picnic tables, signage, and promotional and operational management support as needed.

In 2017, the PNE again partnered with the Vancouver Park Board and the Freshwater Fisheries Society of BC (FFSBC) to host a Learn to Fish program in the Sanctuary, which it has hosted annually since May 2013. As is done in over 80 freshwater ponds in Greater Vancouver, this program calls for the Sanctuary to be stocked by the FFS with rainbow trout during the spring and fall. The Learn to Fish program provides the opportunity for local adults and youth to learn about fishing. The program is designed for anglers to fish from the dock on the north end of the Sanctuary; all users 16 years and older require a fishing licence. Research showed that over 2,000 hours of fishing were again logged in the Sanctuary by hundreds of users. And during the 2017 Fair, the Learn to Fish program saw over 1,000 participants. The habitat continues to be closely monitored to ensure the program does not negatively impact the more than 125 species currently sharing the Sanctuary space.

The PNE recognizes that large celebrations and events bring positive impacts – and sometimes negative ones – to the surrounding community. To help identify issues and opportunities, the Community Advisory Group (CAG), which is a group of eight local and city-wide representatives selected through a City of Vancouver application process, met six times during 2017. The group provides constructive input to PNE staff regarding items such as on-site programming, implementation of aspects of the Hastings Park/PNE Master Plan,



Sunrise Summer Kick Off

and operational issues that affect the local community and region. The CAG complements the Neighbourhood Focus Group, which consists of approximately 20 local neighbours who meet twice per year with the PNE senior management team to provide open feedback, discuss issues and provide input on ways to mitigate negative impacts, as well as to discuss how best to build on the positive aspects of the PNE's role in the community. The PNE is proud of the programs it has developed to support the local community and to help minimize impacts.

As a result of the PNE's engagement with these groups, a number of programs have been developed to minimize negative impacts on the neighbourhood during large events and to help keep the residential areas clean and safe. Ongoing annual programs include the PNE's Neighbourhood Clean-Up Crew and Neighbourhood Bike Patrol. The Clean-Up Crew goes out during the Fair, during the Playland season and during Fright Nights. The Bike Patrol is out in the community

during the Fair, at Fright Nights and at many Coliseum events. As well, the rental of parking lots from local schools during the Fair helps reduce neighbourhood parking impacts while providing the schools with funding to support the programs of their choice. The PNE engages local businesses and residents with complimentary tickets to attend PNE events; it also provides complimentary window painting to businesses in the Hastings North Business Improvement Association (BIA), offering those businesses an opportunity to get involved with the Fair. To further help local avid park users, the PNE ensures that residents in the Hastings Sunrise area have access to special passes that allow them to continue to enjoy paths for jogging and other regular park activities during the 17 days of the Fair. To help communicate with neighbours, electronic and hard copy newsletters were sent out 11 times in 2017 (nine e-newsletters, two hard copies) to keep the community abreast of events and upcoming initiatives.

## GIVING BACK

**Although the PNE is itself a non-profit organization, we take great pride in generously giving back to other local organizations that are doing work to support our shared communities.**

- In 2017, more than 17,000 tickets were provided to local residents so they could come and enjoy PNE events.
- 412 non-profit organizations and kids' programs received over 1,100 tickets through various ticket donation programs in 2017. Although the groups who receive ticket donations change from year to year, some of the recipient groups for 2017 included Big Brothers of Greater Vancouver, the Children's Wish Foundation and the Eagle Ridge Hospital Foundation.
- Over 2,100 tickets were donated to 15 schools and eight local organizations through our community ticket donation program. Recipients included local elementary and high schools, as well as local community groups like the Franklin Community Association, Hastings North BIA, Hastings Sunrise Community Policing Centre, Kiwassa Neighbourhood House and Hastings Community Centre.
- Now in its eighth year, the PNE Youth Council brings together 11 community-minded youth aged 16–18 from across the Lower Mainland to serve a one-year term to learn about the PNE and to advise the PNE on a range of topics. The Youth Council provides its members with leadership opportunities and the chance to build presentation skills and to learn more about business topics at the PNE from the senior management team. This year, Council members represented Burnaby, Surrey, Vancouver, West Vancouver and Coquitlam.



# THE PNE’S ROLE BEYOND HASTINGS PARK

## IMPACT ON THE ECONOMY

The PNE is proud to be a strong contributor to the local economy, and that contribution grew in 2017, with average total revenues of \$48.25 million each year across its four activity streams (\$44.1 million–\$55.6 million, with a seven-year average of \$48.25 million). The PNE also provides over 3,500 jobs annually, 89% of which are within the Vancouver census metropolitan area (CMA).

Contributions specific to each activity stream are as follows.

Playland welcomes over 375,000 guests annually (over 300,000 to Playland during its regular season, plus an additional 75,000 each year to Fright Nights), and generates several hundred local jobs and approximately \$12.96 million in gross revenues annually (\$10.6 million–\$16.1 million, with a seven-year average of \$12.96 million). Attendance and revenues in Playland continued to grow in 2017, supporting the case for investing into the redevelopment of the park.

In 2017, the 17-day Fair at the PNE generated the strongest total revenues in over 15 years, reaching \$26.3 million. The Fair averages 700,000 to 800,000 guests each year (678,193–803,598, with a seven-

year average of 737,372 guests). The Fair also generates an average of \$23.7 million in revenues each year (\$22 million–\$26.3 million, with a seven-year average of \$23.7 million). Total economic impact of the Fair on British Columbia specifically related to gross domestic product (GDP) is over \$58 million, with \$30 million in salaries and wages, and \$25 million in total taxes. (Source: Demand-Side Economic Impact Reporting for Industry Canada conducted by EventCorp in 2010.)

Year-round events at the PNE such as concerts, sporting events and film, cultural and community events generated almost \$13 million in revenues in 2017. This is the highest revenue in more than seven years, showcasing strong year-over-year growth in this activity stream as well. Annually total revenues average \$11 million annually (\$8.8 million–\$13 million, with a seven-year average of \$11 million). The PNE organization also invests approximately \$6 million annually in facility maintenance and park development.

A third-party economic impact study conducted by Pannell Kerr Forster in 2002 estimated that PNE activity streams contributed an estimated \$139.1 million share of the value-added GDP for BC (in 2002 dollars), with \$115.2 million of this generated in the Vancouver CMA. PNE activities provide \$94.7 million each year in staff wages in BC, \$80.8 million of which was retained in the Vancouver CMA.



## SUPPORTING STRONG TOURISM

The PNE is also proud to contribute to municipal, provincial and national tourism efforts, and supports a strong local tourism market in a number of ways. For example, the Fair draws 85% of its guests from the Lower Mainland, 11% from elsewhere in BC and 4% from beyond the province. Approximately 11% of guests travel more than 80 kilometres to visit the Fair. An independent research study commissioned by the federal government in 2010 showed that 86% of those guests who travelled more than 80 kilometres said that the Fair either influenced their trip or was the main purpose of their trip. A large proportion (65%) of those guests stay over each year in the

Vancouver area, for an average of 3.5 nights each. Approximately 40% of overnights use commercial accommodations, resulting in more than \$1.7 million annually in spending on lodgings. And more than 20% of Fair guests extend their travel to other regions of Canada, resulting in additional spending of over \$5.5 million each year. *(Source: Demand-Side Economic Impact Reporting for Industry Canada conducted by EventCorp in 2010).* Through the Hastings Park Master Plan and Playland Redevelopment Plan, the PNE looks forward to expanding Vancouver's tourism content by providing an accessible, world-class attraction with enhanced public amenities for regional residents and tourists to enjoy.



Crowd at PNE Amphitheatre

## COMMITMENT TO SUSTAINABILITY

2017 was an award-winning year for the PNE. The Recycling Council of British Columbia awarded the PNE the top honours for Environmental Stewardship in the Not-for-Profit sector, highlighting our journey to Zero Waste and the innovation and strategy that led to cumulative success over the years. The PNE's success was the result of our 2016 Sustainability Strategic Plan, which was based on the findings and subsequent actions from the 2013 Sustainability Audit.

It is important to the PNE to continually review and improve our efforts in this area and to remain aligned with the City of Vancouver in its goals. With this in mind, in 2013, through a grant from our partner Vancity, the PNE worked with a group of external sustainability consultants who identified a number of areas for the PNE to focus on in the coming years. One key area was waste management, and through strategic investment and dedicated effort, the PNE achieved significant improvement in waste diversion in 2014, 2015 and 2016. In 2017, we continued to evolve our sustainability program by aligning our efforts under three strategic pillars: Zero Waste, Green Buildings and Green Lifestyle, with our annual action plans focused on our infrastructure, processes, education, engagement and communication of the strategy.

This strategy aligns with the City of Vancouver's Greenest City Action Plan and we are proud to work with our sustainability partners Vancity, Waste Control Services, Encorp Pacific, the Binners' Project, BC Hydro, Brian Jessel BMW, and Safeway to bring our efforts to life.

In 2017 we wanted to build off the momentum of our Zero Waste success. We refined our actions and achieved an increase in our diversion rates from 55% to 64% for the Fair. We increased our diversion by an outstanding 9% by focusing on the key areas of improvement, modelling what worked and leveraging the expertise of the team and our partners. While our organics diversion stayed the same in 2017, we saw considerable lift in our mixed fibre and mixed containers. The mixed containers increase in diversion is due largely to the consultation and guidance from Encorp Pacific. Our overall mixed containers saw a 38% increase in diversion.

In 2017, in collaboration with Vancity, we expanded the role of the Binners' Project and increased the number of shifts, increased our infrastructure and signage investments, and expanded the guest reward and recognition program on-site during the Fair.

The Binners' Project partnership, which has been a rewarding partnership for the PNE from an expertise and resource perspective, is also the opportunity to support the organization through their start-up and development phase, allowing the PNE to extend the impact of their collaboration into the community. In 2015 the Binners' Project had two event days of income opportunities. In 2016 the PNE began our collaboration, building to 26 event days of opportunities; in 2017 this increased to 57 event days of opportunities. The growth and hard work of the Binners' Project has been outstanding, and the PNE is very fortunate to be a part of it.

The number one success with our Zero Waste pillar in 2017 was that, by working with our waste hauling partner Waste Control Services, we were able to set the benchmarks for a full year of measurement in 2018. From this, we have been able to identify key actions to work into our 2018 business planning for our fiscal year start of April 1, 2018. The good news is that our year-round diversion measurement rate of 66% is tracking to be slightly higher than the previous year, demonstrating that our primary objective, which was to translate our lessons from the Fair to year-round operations, is working.

Our Green Buildings pillar is aimed at continuing to reduce energy use, water consumption and greenhouse gas emissions across the site. With improved maintenance strategies and upgrades to infrastructure, the most notable changes were: new programmable high-efficiency (HE) LED lighting was installed throughout the Forum; nine new HE LED lamp standards were installed on the park grounds; renovations were completed of three public washrooms in the Garden Auditorium, including new HE plumbing and HE lights; 36 new HE heat pumps were installed in the west offices and suites; motion sensor lights were installed in Playland; and we transitioned the Pacific Coliseum food and beverage concourse signage to all-digital monitors.



As part of our initiative to tell the story of our sustainability journey, in 2017 the PNE worked with BC Hydro in identifying the most impactful “Smart Energy Choices” throughout the site and developing an engaging storyboard signage campaign showcasing the upgraded energy efficiency for that building and the results of making that change. The storyboards are a prime example of the PNE modelling our best practices in a way that our community members can learn and take ideas for easy and efficient sustainable choices in their homes.

The Green Lifestyle pillar aligns those programs and services that embody strong environmental values with how we buy, eat and travel, and how we care for the park spaces and nature. Notable changes in 2017 were the addition of four new electric golf carts for our maintenance teams and the transition to an electric vehicle for our security team. Our gardening team continued to provide more green space in Playland with the addition of flower beds and trees around the new ride, Bug Whirled.

A key priority for the lifestyle program is healthy options for our guests as well as local sourcing. In 2017, two healthy options vendors were added to the Fair food truck program, along with an expanded Market Fresh Stand operated by the PNE. Market Fresh includes healthy salads, and fresh fruit and veggies, many of which are grown here on-site in our Chef’s Garden.

This year, the PNE’s Chef’s Garden was expanded to include nine beehives in partnership with Six Legs Good Apiaries, an East Vancouver

beekeeper, producing 18 kilograms of honey to be used in PNE catering menus. In the third year of the project, the PNE’s Chef’s Garden produced over 550 pounds of produce that were used for our catering menus and the Market Fresh stand. Recipes and lessons learned were shared on the PNE blog and through PNE social media channels, and showcased in our agricultural programming during the Fair.

Each year, the PNE strives to improve its performance and to achieve sustainability in all areas of its business. From Playland and the Fair to year-round indoor and outdoor events, the PNE remains committed to improving its environmental footprint and to making sustainability investments a top priority. We look forward to sharing more progress in next year’s annual report.

The PNE remains committed to the following initiatives that are currently in place.

#### CORPORATE INITIATIVES

- Marketing collateral continues to be printed on recycled paper certified by the Forest Stewardship Council, and marketing efforts continue to leverage web, mobile and email marketing initiatives to reduce paper use where possible.
- Human Resources utilizes direct deposit and epost for payroll, and most recruiting is done online, rather than on paper.
- Old uniforms are donated to charitable organizations or are reused internally.



Bug Whirled

PNE Chef's Garden

- Suppliers are encouraged to provide environmentally preferred green, recycled and energy-efficient products wherever possible.
- Throughout the organization, staff continue to recycle paper, bottles, cans, plastics, compost and discarded computer parts.
- Staff are encouraged to use reusable office supplies, hold paper-free meetings, print only two-sided pages, turn off computers at night and use low-energy Energy Star lighting in offices.
- The organization continues to maximize the use of natural elements in landscaping and theming throughout the site.

#### **EVENT MANAGEMENT INITIATIVES**

- Beer cup recycling programs remain in place for all events.
- Agriculture in the City displays promoted local and sustainable agricultural practices to guests.
- Retail ticketing programs use a recyclable styrene paper product for gift cards, rather than PVC plastic.
- A recycling program for concessionaires and exhibitors is in place during the Fair to encourage waste diversion as well as recycling of bottles, cans, plastics and cardboard. The PNE provides the bags and collection service for all exhibitors.
- The food and beverage department uses environmentally friendly cleaning products and continues to upgrade to low-energy fixtures and energy-efficient appliances.
- In event marketing materials, the PNE regularly promotes the use of public transportation to get to and from the PNE site, and works with TransLink to increase levels of public transportation to the site during high-volume events such as the annual summer Fair. The Fair also provides guests with a complimentary bike valet service.
- During events, agricultural event dirt is reused, shavings are purchased in bulk and manure is composted.
- Internally, the PNE uses compostable serving containers and cutlery in all food and beverage outlets year-round. During the Fair, the PNE requires all external concessionaires to do the same.
- The use of all Styrofoam products was banned in 2012.

#### **FACILITIES INITIATIVES**

The technical services department remains focused on ensuring that facilities throughout the grounds continue to receive sustainable and energy-efficient upgrades.

- Waste audits are conducted annually and the PNE team works with our waste haulers to maximize measurability.
- In 2012, a light bulb recycler was purchased. In the first four years, the PNE diverted over 25,000 fluorescent tubes and incandescent light bulbs from the landfill, turning them into recyclable glass and capturing bulb gases. We continue to recycle all bulbs on-site.
- Low-flush toilets and urinals as well as low-water-use faucets and high-efficiency lighting have been installed in all major buildings on-site.
- The Agrodome now has high-efficiency lighting in the main arena and plaza.
- Ice in the Agrodome is made using the REALice cold-water ice-making system.
- Our technical services department remains committed to the proper disposal and recycling of batteries, motor oil and containers, hydraulic oils, antifreeze, oil filters, containers and absorbents, aerosol cans, paint, wood, glass, vehicle tires, drywall, concrete and blacktop, steel, aluminum and copper.
- Lights throughout the site have been replaced with high-efficiency fixtures.
- Leaves, grass clippings and tree trimmings are recycled for composting.
- The technical services team uses electric, propane or natural gas vehicles where possible (zoom booms, scissor lifts, scrubbers, Zambonis, forklifts, electric ice edgers, electric golf carts, etc.), and remains committed to exploring the conversion of other fleet vehicles.

The PNE continues to actively work on improving its environmental footprint. In addition to working with Vancity and a team of external contractors on the next steps, the PNE remains proud of its progress and encourages suppliers, partners, sponsors and staff to continue to bring ideas forward. We understand that there is much work yet to be done and we remain committed to making progress on all sustainability fronts.

# BRIGHT FUTURE AT HASTINGS PARK

## **MASTER PLAN PROGRESS**

The PNE is excited to be working to bring a bold new vision to life at Hastings Park. That vision was defined in December 2010, after five years of public consultation, when City Council officially adopted the Hastings Park/PNE Master Plan to guide the long-range redevelopment of Hastings Park. This plan is a road map for the renewal of Hastings Park and will guide the capital investments needed to align with the overall vision of the site as a multi-purpose destination for economic development, culture and entertainment, and as a park and gathering space for the local community as well as for residents across the city and the region. The Hastings Park Master Plan is a 25-year \$250 million plan (in 2010 dollars) that will breathe new life into the future of this space.

The vision of the Master Plan is to transform Hastings Park into a greener year-round destination with space for festivals, culture, sport, recreation, leisure and fun. The Plan provides for new and renewed facilities on-site, with the amount of park space almost tripling, from 27 acres to 76 acres. This revitalized Hastings Park will provide expanded green spaces that link to the city's green corridors, quiet blooming gardens, and pathways to and from every corner of the site. Facilities and infrastructure will be redeveloped to allow for a wider range of cost-effective celebrations, festivals, sports, music and family entertainment to blossom on-site, as well as to facilitate the growth and evolution of that beloved end-of-summer tradition, the Fair at the PNE, the largest ticketed event in BC. Playland will remain at the heart of Hastings Park, with softer landscapes and re-themed spaces to allow Playland to expand and thrive as it continues to thrill families and kids of every age.

When the Master Plan was adopted, City Council also requested a Governance Review of Hastings Park/PNE. After a further three years of study and public consultation, in August 2013, the Council approved a new Governance structure under the authority of a new Hastings Park/PNE Board and outlined the Board's mandate to provide policy direction for the multi-faceted activities at Hastings Park as

well as oversight for the implementation of the Council-approved Hastings Park/PNE Master Plan. This decision allows the PNE and the PNE Board of Directors to plan holistically for the future while keeping in mind the long-term interests of the PNE, open spaces and increased community involvement. An eight-member Community Advisory Group (CAG) was instituted along with semi-annual open public Board meetings to ensure more open communication between the PNE and members of local and city-wide communities.

The Master Plan is also an opportunity to significantly improve the sustainability and ecological performance of Hastings Park and the PNE, consistent with Vancouver City Council's Greenest City Action Plan priorities, the Healthy City Strategy and the Urban Forest Strategy. Plans include improved energy efficiency and waste management, locally sourced healthy food options at events, increased pervious ground cover and increased canopy cover throughout the park. The PNE will continue to work with all parties to help make Hastings Park part of the Greenest City in the world. The Master Plan achieves the challenging balance of providing a significantly greener and more publicly accessible Hastings Park while renewing Vancouver's historic annual Fair and amusement park and ensuring the PNE's economic vitality and long-term sustainability.

## **MASTER PLAN PROJECTS COMPLETED TO DATE**

To ensure improved community access to Hastings Park, it was important that a number of greening and park access projects were completed early in the implementation of the Master Plan. Since 2010, completed projects have included:

- The redevelopment of Creekway Park as a connection from Hastings Park to New Brighton Park.
- The addition of temporary greenways throughout Hastings Park to facilitate pedestrian and bike traffic and to ensure east/west connectivity throughout the park.
- The implementation of a new signage and identity plan to improve park identity and wayfinding for guests within the park.



- Several facility improvements were also made to ensure structural integrity and seismic readiness, and to remove asbestos from within key historic buildings.
- The redesign of Empire Fields to include new sports fields, new track and courts, with kids spaces as well as Plateau Park for community use.

These projects have improved the park landscape and guest access. In the next phases of implementation, investments will be made in projects that contribute to the financial sustainability of the site while continuing to focus on the greening of the site.

Two key projects that were initiated in 2017 included the Amphitheatre renewal project and the Playland redevelopment plan. In 2017, a project manager was secured to oversee the Amphitheatre renewal and steps have been taken to move the project forward, including a business case update, a feasibility study, geotechnical surveys and parking studies. A total of \$3 million has been committed to moving these steps forward through 2018/2019.

Progress also started on the Playland redevelopment plan in 2017. In June 2016, City Council approved the redevelopment plan in principle and approved \$1.5 million to undertake the first steps of work to update the market analysis and business case, and to begin work on the funding strategy. It is important to note that it is planned that the PNE fully pays for the redevelopment of Playland, but the funding strategy will outline what role the City plays in helping the PNE access the required capital. Playland is a valued asset to the City and supports the City's mission "to create a great city of communities that cares about its people, its environment, and the opportunities to live, work, and prosper". As originally contemplated in the 2010 Master Plan, Playland is envisioned to expand from 15 to 22 acres, to significantly increase greening and sustainability, and to transform from an amusement park to a theme park. This expansion is designed to increase revenues as an essential part of the ongoing financial sustainability of the site

Ongoing information on the Hastings Park/PNE Master Plan can be found at [www.vancouver.ca/pnepark](http://www.vancouver.ca/pnepark).







Westcoast Wheel

# ANNUAL BUSINESS RESULTS – 2017

The 2017 fiscal year is a showcase of what is still possible at the PNE. Fair revenues and attendance were up from the prior year. Playland attendance was up over 2016 and revenues were the highest ever achieved in the park. This was due in large part to a new event – Playland Nights – a 19+ special event over four nights in Playland that proved to be a spectacular success. In terms of year-round events, event days were up, diversity of events increased, total revenues were up and new events were introduced with great success, including the Chinese Lantern Festival, Monster Jam and a higher number of concerts. The significant increase in revenue allowed the PNE to invest more in equipment, programs, park spaces and facilities on-site. It provided additional work to employees and resulted in \$2.42 million in overall net income contributed to the PNE's accumulated surplus. All activity streams grew and provided a solid base heading into 2018.

## PLAYLAND

Playland is BC's beloved regional amusement park, with 37 rides and attractions as well as 20 games and 16 food and beverage outlets. It is well-known, with 93% of British Columbians being aware of the Playland brand and 82% having visited the park at least once. (Source: *Insights West, Brand Reputation Insights Study, August 2017.*) Playland attracts two key audiences. First are youth aged 12–24 looking mainly for the thrill ride experience; this makes up the majority of attendance. Second are families with young children. In order to expand the offering for young families, three new family rides were introduced this year:

### BUG WHIRLED



The ride features a figure-eight track design and free-spinning vehicles with a capacity of 16 riders. A ladybug-themed package was chosen, and the surrounding décor focuses on a nature theme. Sign elements and the planet feature were created by Imagination Corporation. Families are able to ride this ride together, with the minimum height requirement of 36 inches.

### THE FLUTTERBYE



This interactive family ride features six colourful hang-glider-themed vehicles. Each car places riders on an elevated seat with bicycle pedals. As riders pedal, they can control the up-and-down motion of the ride. Once the ride cycle begins, riders are in full control as they swoop and fly their way through the sky. A butterfly theme was chosen for this ride, with signage and the operator's booth created by Imagination Corporation. Families can ride this ride together, with the minimum height requirement of 36 inches.

### DIZZY DROP



This ride has a circular gondola with 12 seats and a rotating tower. Guests shoot up to the sky, then take a plunge back down while the seats rotate around the tower. The minimum height requirement is 38 inches.



In 2017, Playland was open for 89 operating days, from May 6 through September 17, welcoming 311,709 guests. This rivals the highest attendance experienced when The Beast ride was introduced in 2015. (see Figure 1 for a seven-year attendance history). Overall, Playland experienced a strong season, positive non-extreme weather, and well-attended special events.

Playland generated the most revenue in its history, with total revenues of \$16.07 million, and a net contribution of \$8.72 million (see Figures 2 and 3 for a seven-year history). The addition of fun new rides contributed to this, showcasing how an investment in fresh, exciting attractions can deliver strong business results. Another significant contributor to the strong financial season was the introduction of Playland Nights (see following section).

Group sales continue to play a significant role in growing Playland attendance, and the PNE is proud to have built successful programs for so many guests to enjoy. The annual Science of Fun and Amusement Park Physics and Science programs brought in 25,722 student guests in 2017, and 17,577 students enjoyed year-end school parties in the park. In addition, 4,191 kids came as part of registered birthday parties, and 30,783 guests visited Playland through 84 different corporate VIP events held on-site throughout the season. Across all business streams, over 204,362 guests attended group events on-site. These programs contributed over \$4.5 million to general revenues, which is a \$1 million increase over 2016.

In summary, Playland had its best season in history, and the PNE looks forward to many more as we progress with the Playland Redevelopment Plan. This plan will help the PNE meet many objectives and will see Playland morph from a 15-acre amusement park to a 22-acre theme park with a stronger family feel, additional features to enjoy, and significantly more greening and park space. Economic feasibility studies on attractions and demographic trends support a strong opportunity for a larger theme park in the region and support a business case for Playland's expansion. Revitalizing and greening Playland will also support the Greenest City Action Plan through energy efficiency and better waste management, the Healthy City Strategy through locally

figure 1  
PLAYLAND ATTENDANCE

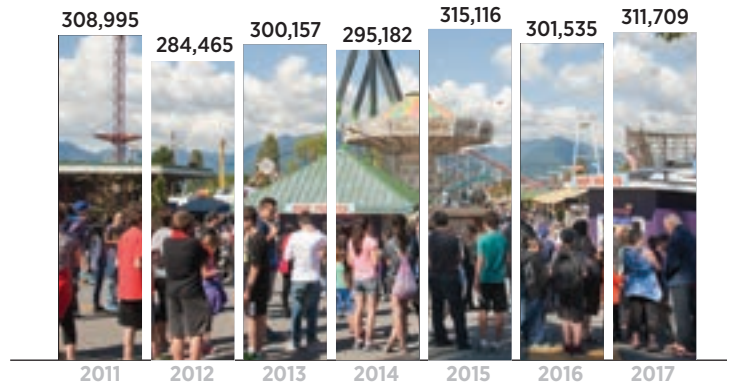


figure 2  
PLAYLAND TOTAL REVENUES (in Millions)

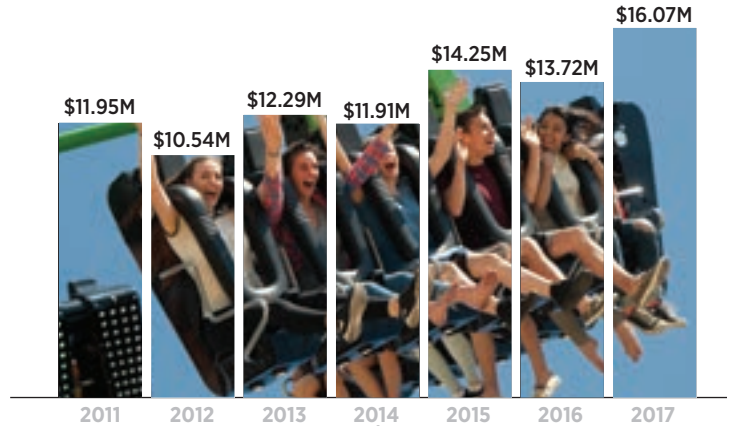
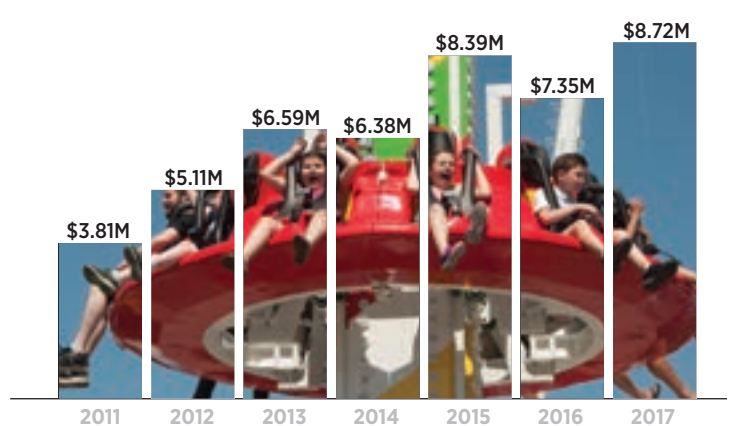


figure 3  
PLAYLAND NET CONTRIBUTION (in Millions)



sourced healthy food options and a focus on being active outdoors, and the Urban Forest Strategy through increased canopy cover and increased pervious ground cover, to name just a few benefits.

For more information on the Hastings Park Master Plan and Playland Redevelopment Plan, please visit [www.vancouver.ca/pnepark](http://www.vancouver.ca/pnepark).

## PLAYLAND NIGHTS

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This year, a brand-new initiative was introduced at Playland: Playland Nights. The only thing more fun than an amusement park full of rides and mini-donuts is a licensed adults-only amusement park full of rides and mini-donuts. Playland Nights were held every Friday night in July. The entire amusement park had a special event liquor licence, and the event was open to adults aged 19 and over.

Guests could relive their childhood with midway games and exhilarating rides – all while enjoying craft beer, wine and a vast array of food throughout the park. Playland Nights was a special chance to experience the magic of Playland with no kids allowed, and people came out in full force to experience this unique offering. Specialty cocktails like Candy Floss Martinis, Candy Appletinis and Snow Cone Vodka were served, and added entertainment included guest DJs and axe throwing. Attendance far surpassed budgeted expectations of 12,000 guests. Over 4,000 guests attended the first night, and each of the remaining three nights sold out, for a total of 23,706 guests across all four nights. While the park saw guests of every age over 19, 47% of guests were aged 19–24. Admission ranged from \$22 to \$29 and included unlimited access to over 25 rides and attractions.



## FRIGHT NIGHTS

Every fall, Playland is transformed into the eerily haunted world of Fright Nights for three spooktacular weeks in October. This unique Halloween-themed event has the largest concentration of haunted houses in the Lower Mainland, with live actors and all the fun of amusement park rides...in the dark. Now in its 15th year, it truly is Western Canada's scariest haunt. But it's not for scaredy cats – or for kids under 13.

Frights Nights successfully terrorized 83,470 guests in 2017, only 455 guests less than the highest attendance ever achieved at the event (2015), even with four days of rain from October 18 to 21 (*see Figure 4 for a seven-year history*). Over 19 operating days, between October 6 and 31, thousands of brave souls enjoyed eight haunted houses, two shows, over 20 rides (five more rides than last year) and the murderous ghouls, scary clowns and other mysterious creatures who roamed the park. A brand-new house, called The Bloodshed, was added. The dilapidated Bloodshed cabin is home to a family of ruthless mutant murderers. This family feeds on your fear, and your insides. Their not-so-wholesome foundation is built on the blood and bones of their victims. And guests loved it!

The Guinness World Records holders Monsters of Schlock entertained guests with three shows nightly, and the Radiant Heat Troupe captured guests with their mesmerizing fire shows. Pricing the most popular weekend days at a premium (\$45) and providing cost-conscious guests with lower prices (\$25) on less heavily attended days helped to spread out attendance across the 19 days and helped improve the guest experience on the busiest evenings. The newly added house and five additional rides also assisted in providing a better guest experience, with more attractions to enjoy. Offering front-of-the-line Rapid Passes allows less cost-conscious guests the opportunity to make the most of their experience by minimizing the time spent in lines. Rapid Passes sold out on most weekend nights.

In 2017, Fright Nights achieved revenues of \$3.70 million (*see Figure 5 for a seven-year history*) and contributed \$2.52 million in net income towards the Playland activity stream (*see Figure 6 for a seven-year history*). This was a successful year for Fright Nights, generating the highest revenues since the inception of the event, and securing its place as BC's largest and most popular venue for celebrating Halloween.

*Note: Fright Nights revenues are included in the Playland total; they are broken out separately in this section for comparative purposes only.*

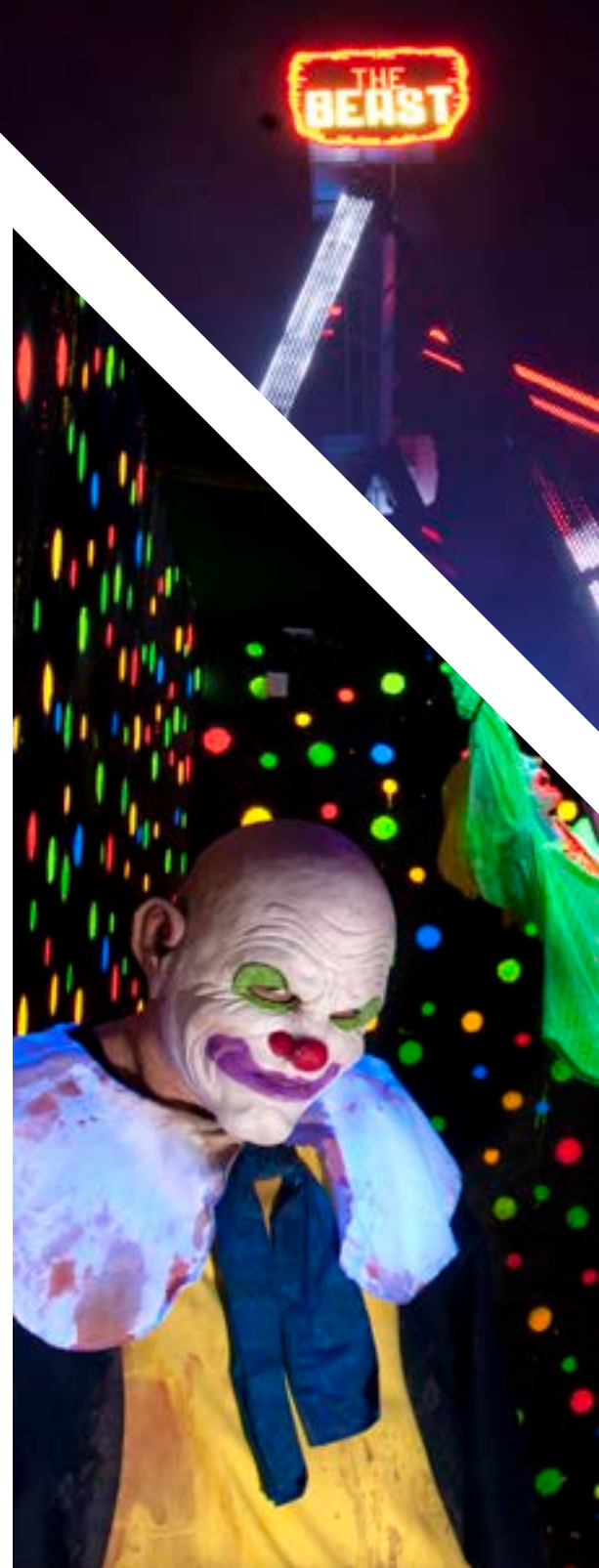






figure 4

#### FRIGHT NIGHTS ATTENDANCE

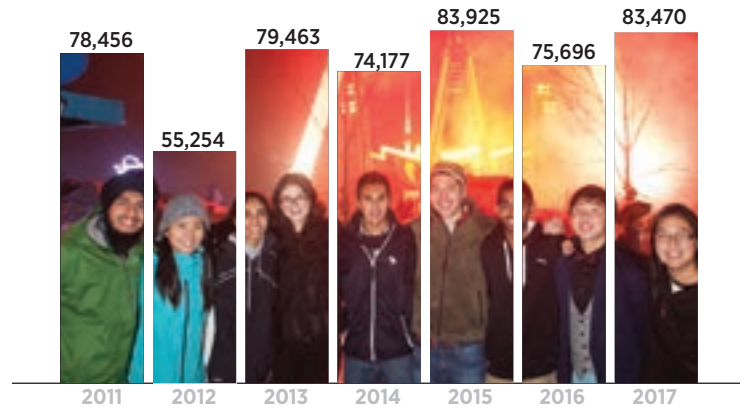


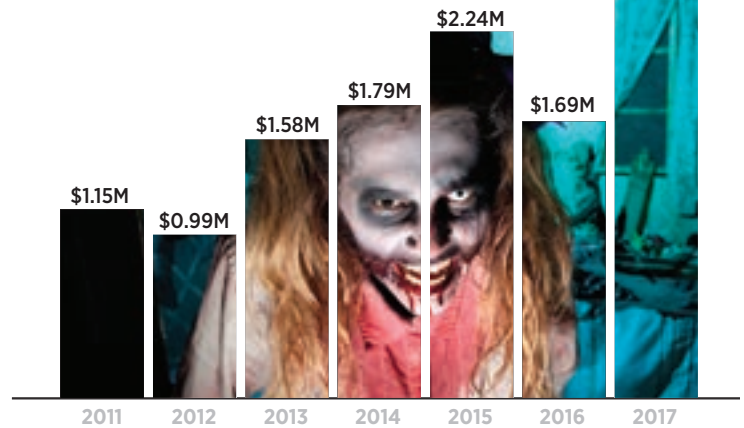
figure 5

#### FRIGHT NIGHTS TOTAL REVENUES (in Millions)



figure 6

#### FRIGHT NIGHTS NET CONTRIBUTION (in Millions)



## THE FAIR AT THE PNE

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The Fair at the PNE proudly remains a memory-filled end-of-summer tradition for British Columbians of all ages – where else can you get SuperDogs, free concerts, baby goats and mini-donuts, all in one day! As the PNE's signature annual event, it is BC's largest ticketed event and an iconic summertime ritual with 107 years of history. The Fair, which is the single-largest initiative the organization works on, is responsible for approximately 50% of PNE annual revenues. It is also the event that is the most susceptible to weather impacts because of its outdoor nature and short duration. In comparison, Playland, while also outdoors, has a full season of over 90 days to recover from a few bad weather days. The Fair does not have this luxury and because of the event's scope and magnitude, a single bad weather day can affect Fair revenues dramatically. In 2017, the Fair saw rain over the key final week of the Fair, but overall the event was still a great success and it met many of its targeted objectives.

The Fair provides a unique combination of entertainment for kids and families, with a wide range of options for all guests to enjoy. Guests love their traditional favourites, but also want new things to entertain them. While that provides a unique challenge, the PNE understands that there are many options available for summer fun in the Lower Mainland and strives to provide the best family entertainment value around! We are happy to be able to provide traditional favourites and new experiences each year, inspiring 700,000–800,000 guests to come celebrate with us every summer.

### DAYS AND WAYS TO SAVE

To help celebrate Canada's 150th Anniversary in 2017, The Fair offered a special opening weekend promotion for guests to come enjoy the Fair for just \$1.50 if they came before 1 pm and were wearing Canada's signature red colour or the maple leaf. Over 12,000 guests came out to celebrate with this special offer. Other promotional days included Heroes Weekend on the first two days of the Fair, which granted free admission to all first responders and a guest. Wild Ride Wednesday promotions were held August 23 and 30, which allowed guests to purchase two-for-one all-day ride passes on-site before 1 pm on each day. Thursday, August 24 was Seniors Day, with guests 65 years of age

and older receiving free gate admission all day. New this year, metro library card holders received \$5 admission on Public Library Day, Wednesday, August 23, through a partnership with Public Library InterLINK. Vancity members received \$5 admission on any day of the Fair before 1 pm. BCAA members also received special savings with their membership when buying tickets online. Free Admission Days were on Tuesdays, August 22 and 29, where everyone received free gate admission before 1 pm. As always, kids 13 and under received free admission every day. The Twilight Ride pass and After Dark promotions also provided value for guests who were coming to the Fair late or purchasing an all-day ride pass later in the day.

With a focus on continuing to provide value-driven ways to experience the Fair, 2017 was the fifth year of the PNE coupon book, which contained hundreds of dollars in savings at a wide variety of concessionaires and exhibitors on-site. All gate pricing remained the same as in 2016, except for a \$3 increase in the Junior Ride Pass due to the expanded ride offering for those guests under 48 inches tall.

The PNE continued its advance sale ticket program, allowing guests to buy discounted passes at Safeway, Save-On-Foods, PriceSmart Foods and 7-Eleven. As well, the group sales program provides discounted gate admission and ride passes to larger groups, and guests can always get the best price on advance tickets by purchasing online at [pne.ca](http://pne.ca).

### THE ENTERTAINMENT MIX

Festival Park is an entertainment zone of the Fair that was re-envisioned to celebrate Canada 150. It featured the Canada Showcase of local and cultural performers, dynamic dancers and musical guests. Each day, Festival Park came alive with the Kaleidoscope on Parade atmospheric show, nightly musical acts like Dr. Strangelove and Bobby Bruce's Nearly Neil and the Solitary Band, and a brand-new drone show to light up the sky as the nighttime finale. The Community Spotlight was a new addition to Festival Park, where every few days the content was changed to showcase different displays, cultural activations such as the Caribbean Carnival and Spirit of India Summer Festival, local artisans from Fall for Local, and the Hot Vancouver





Xtreme Bugs





Nights Classic Car Showcase with over \$5 million in cars to explore. An opening day special event was the Invictus Games countdown event held August 19 to welcome the Invictus Games flag to Vancouver on its journey to Toronto.

In keeping with the strategy of changing out exhibits and shows each year to keep Fair entertainment fresh, two new exhibits offered free with admission experiences for the whole family. In the Toytopia interactive exhibit, over 106,000 guests explored and played with some of the world's biggest and most beloved toys and played retro video arcade games. In celebration of the 100th anniversary of the NHL, the Legends of Hockey exhibit entertained 52,000 visitors and hockey fans with over 250 artifacts. It was the largest Hockey Hall of Fame exhibition outside the Hockey Hall of Fame itself. The Fair saw Miller Drive invaded by Xtreme Bugs, where guests could walk among 19 giant animatronic bugs and over 110 static creepy creatures.

By popular demand, Unbelievable: A Magical Experience was brought back to the Pacific Coliseum for a second year. It featured internationally renowned illusionists and magicians including Chipper Lowell, Murray Hatfield and Teresa, Danny Cole and Shawn Farquhar. Premium stage-front reserved seats were available for \$12 each or \$40 for a group of four, and over 10,000 seats at every show were made available to guests at no cost.

The Summer Night Concerts continues to be a huge marquee draw to the Fair. This year, several concerts, including ZZ Top, Chicago, Huey Lewis and The News, The Doobie Brothers and the Gipsy Kings, tested the capacity of the PNE Amphitheatre. These events sold out available reserved seats and packed in the remaining free seats. The PNE also partnered with Bell Media to host the iHeartRadio Beach Ball, a two-day music festival on the final two days of the Fair that featured headliners Lorde and Train. With such great bands every night, demand for reserved seating continues to increase, with several shows selling out of available reserved seats. However, the PNE continues to keep at least 3,000 seats available to guests for free at each concert.

ToonCity, sponsored by our partner BCAA, invites children to play, dance and paint in this family-friendly interactive play area for families. It featured two live shows – Princess Jubilation: A Musical Coronation and Action Austin's Safari Adventure – with three performances daily. Children could also meet characters after the shows, join the BCAA reading corner, paint a giant mural and burn off excess energy by playing in several playhouses.

Craft Beer Fest was expanded to include wineries and food as well as diverse craft drafts from BC breweries. A new Long Table Beer-unch took place on Sundays, offering a four-course brunch with a beer pairing at every course.

The third annual Donut Dash was held on-site on Sunday, August 20. Approximately 1,000 runners were entertained along the 5-kilometre route by dancers and show characters while being treated to mini-donuts and cotton candy.

Guest favourites such as SuperDogs (with CanaDogs, a special Canada 150 themed show), the baby animals of Farm Country, Duelling Pianos, Rib Fest and the Marketplace all returned as part of the “must see and do” traditions that have become a part of many Fairgoers' experience each summer.

#### AGRICULTURE AT THE FAIR

Agriculture programming at the Fair is part of the essence and culture of the PNE's history and a favourite with kids and families. The Livestock building showcased a wide range of agriculture programs including the 4-H Festival from August 19 to 22: Farm Country, which showcased live animals, rabbit agility shows, milking demonstrations, honey extraction and blacksmith demonstrations, pony rides, pig races, seminars, a market of local products, the PNE's Chef's Garden and the Kidz Discovery Farm. The Agrodome was home to the Pacific Spirit Horse Show, which showcased horse jumping competitions, Carlaw Clydesdale demonstrations, miniature chuckwagon races and draft horse shows. As part of the Canada 150 celebrations, we were pleased to have the RCMP Musical Ride



Antique Tractor Parade



return on their majestic black horses for six shows in the Agrodome from August 19 to 23.

In 2017, the 4-H Festival welcomed over 300 kids from 34 clubs and 12 districts across the province as part of the annual celebration of 4-H in BC. Over 1,250 entries were judged, and \$14,000 in prizes and money was awarded. The livestock auction at the end of the 4-H Festival raised \$256,800 for participants. The Pacific Spirit Horse Show awarded close to \$15,000 in prize money, with 220 entries being judged. During the 15-day Fair, over 750 animals were showcased in the barns, and 24,000 kids went through the Kidz Discovery Farm exhibit to learn farm-to-fork basics. The 2017 Fair also saw the PNE partner with the BC Dairy and BC Egg associations to present engaging industry-represented activations around egg and dairy production. Lastly, each year the PNE hosts a charity auction in support of the BC Youth in Agriculture Foundation. In 2017, over \$33,500 was raised to support bursaries and scholarships for youth pursuing sustainable farming practices.

## THE FAIR BY THE NUMBERS

Sunny skies and strong programming brought out Fairgoers from across the province to enjoy the strong entertainment mix of the 2017 Fair. Attendance was 722,466, which is the highest in five years (see Figure 7 for a seven-year Fair attendance history).

Total Fair revenues for 2017 were \$26.32 million, which are the highest total revenues in the history of the PNE. The net contribution was \$7.23 million, up by \$1.23 million over 2016 (see Figures 8 and 9 for a seven-year Fair financial summary).

figure 7  
FAIR ATTENDANCE



figure 8  
FAIR TOTAL REVENUES (in Millions)

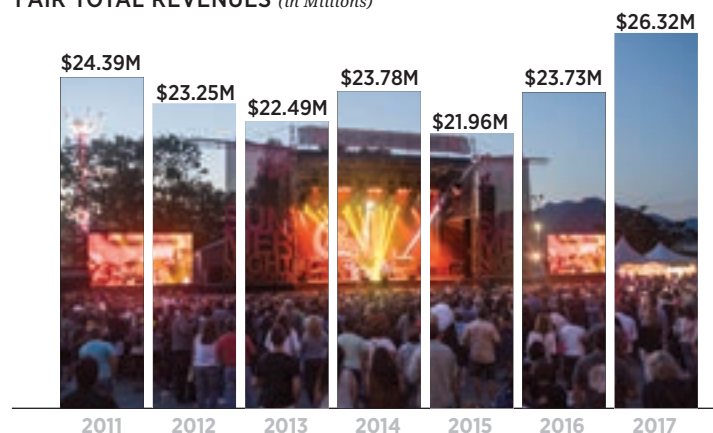
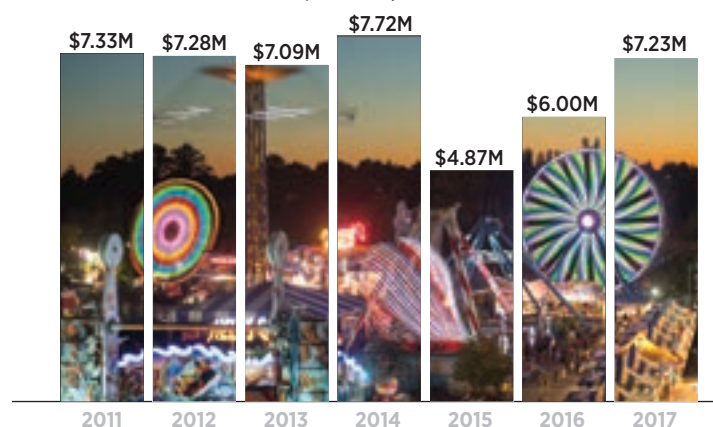


figure 9  
FAIR NET CONTRIBUTION (in Millions)





## FUN FAIR NUMBER FACTS

**54**

number of Fairs the PNE's longest serving Fair staffer, Vern Frick, has worked

**8-9**

number of hours spent by the average family at the Fair

**5,100**

approximate number of items returned to the Lost and Found each Fair

**120**

number of chicks born at the Fair

**30**

30-yard dumpster loads of dung taken away from the livestock barns

**260**

number of bales of hay eaten by the animals during the Fair

**300 k**

number of people who watched the SuperDogs show

**5,000**

number of hours of rehearsal for PNE shows by cast members

**7**

number of guest marching bands that performed at the Fair

**150 k**

crickets served in burgers and fries at the Gourmet Burgers stand

**25 k**

pounds of dough used to produce mini-donuts at Those Little Donuts stand

**90 k**

number of corn dogs sold

**500 k**

number of stuffed animal prizes won at all games annually during the Fair

**19 k**

number of annual plays on the Playland Midway Dart Game

**3,270**

number of bottles broken at the Bottle Break Game on the Playland midway

**121 k**

number of people who went through the PNE Prize Home

**2,000**

average number of times a day a PNE Prize Home ticket seller says "Win a house, Win a car!"

**83**

number of years the PNE has been giving away a PNE Prize Home

**8,160**

number of times the Wooden Roller Coaster went around the track during the Fair

**90**

number of seconds per ride on the Wooden Roller Coaster

**218 ft**

height of the AtmosFEAR ride

## THE PNE PRIZE HOME

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In its 83rd year, the PNE Prize Home Lottery achieved its highest annual revenue since the inception of the program. New ticket packages were introduced: two tickets for \$25, six tickets for \$50 and 15 for \$100. These replaced the prior ticket packages of five tickets for \$25 and 15 tickets for \$50. Keeping the core value of affordability, a \$25 package was kept, but a \$100 package was introduced; this new ticket type was the fastest selling. Five new cash prizes were also introduced: one \$25,000 prize and four \$10,000 prizes.

The lottery ran from May 1 to September 4, 2017. Freeport Industries designed and built this year's 3,100-square-foot West Coast modern home. Its final location will be on a beautiful lakeview lot in the Okanagan's Naramata Benchlands, right in the heart of BC's wine country. Total 2017 lottery prizing was valued at \$2.06 million, included the Grand Prize package with home, the lakeview lot, luxury furnishings from Lane Home Furnishings, appliances from Coast Wholesale Appliances, an outdoor living package from Coast Spas Lifestyles, two electric scooters from Motorino Electric and a premium wine experience from Okanagan Crush Pad.

Additional prizing included a custom Harley-Davidson motorcycle package from Trev Deeley (including a 100th Anniversary Harley Davidson FXDB with matching guitar, plus a \$1,000 shopping spree at Trev Deeley Motorcycles), five luxury cars (including a 2017 Jaguar XE, 2017 Land Rover Discovery Sport, 2018 Audi Q5 Komfort, 2017 Audi A3 Cabriolet Technik, and 2017 Volkswagen Beetle Cabriolet Dune Edition), five sun escapes and three early-bird European trips from Transat. During the 2017 Fair, over 100,000 guests toured the prize home, all dreaming of making it their own. The lucky winners of the 2017 Grand Prize Home Package were Andy Bachler and Ming Lee of Surrey, and the 50/50 draw winner was awarded a cash prize of more than \$429,000.

In total, 640,608 prize home tickets were sold and entered into the 2017 draw, and the lottery program generated \$5.88 million in revenue (*see Figure 10 for a seven-year history*). Each year, revenues from the lottery program support a variety of PNE community programs, along with the Fair's rich history of agricultural programming and many other non-revenue-producing multicultural and family programs throughout the year.







figure 10  
PRIZE HOME LOTTERY TOTAL REVENUES (in Millions)





# YEAR-ROUND EVENTS

The PNE is much more than Playland and the Fair at the PNE, even though that is what we are most well-known for. Throughout the year, we host a wide variety of concerts, sporting events, cultural and family shows, film shoots, trade and consumer shows, and community events at venues across the site. This diverse array of events is responsible for approximately 25% of the PNE's annual revenues. The facility sales team utilizes the full range of indoor and outdoor spaces and venues on-site to bring these activities, events and celebrations to fruition at Hastings Park.

This year was a very strong year for year-round events. Total year-round event revenue for 2017 was \$12.95 million (excluding Playland, Fright Nights and the Fair), with a net contribution of \$3.48 million (*see Figures 11 and 12 for a seven-year history*). Certain types of year-round business have higher margins; therefore, depending on the mix of year-round events in any given year, the proportion of net income can shift significantly. However, whatever that mix, the PNE team remains very proud to bring a wide array of on-site celebrations that are as diverse as the communities that surround us.

## THE MUSIC INDUSTRY AND CONCERTS

What the musical history of the PNE does best is to tell a fantastic story: a story of iconic artists, amazing shows and shifting genres over decades. The history of the PNE is rich with amazing moments and

many of BC's greatest musical memories, both recent and historical, have taken place in PNE venues. From Stevie Wonder performing as a teenager in the Garden Auditorium, to Elvis and the Beatles taking the stage at Empire Stadium, to major rock concerts in the 80s, music and concerts have always been at the heart of the PNE's year-round event mix. Some of Vancouver's biggest and most diverse shows have come through the PNE's venues, and music still plays a central role in the PNE's business. But it's not just about what happened in days past. The PNE continues to play a pivotal role in the local music scene, with its venues at the forefront of this decade's evolution of electronic dance music (EDM) and the resurgence of hip hop, providing venues of all sizes for artists to grow their careers. From a 4,000-person show in the Forum to a 7,000-person show at the outdoor Amphitheatre to a 15,000-person show in the Pacific Coliseum, the PNE provides flexible venues for artist growth as well as for the celebration of diverse genres.

The PNE hosted 39 concerts in 2017, significantly up from 2016: 13 in the Pacific Coliseum, eight in the Forum, two in the Agrodome and 16 at the PNE Amphitheatre. Almost 200,000 guests attended these concerts during the year, with total concert attendance up from 2016. PNE continues to remain at the heart of the EDM genre and hosts the city's most popular electronic events. In 2017, this included Blueprint's 20-Year Anniversary event #BP20YR, Dooks Night, Deadmau5, GRiZ, Odesza (two nights), Seasons Festival,



and Solid NYE2018. Crowds ranged from 2,300 to 6,200 people. A notable concert in the Pacific Coliseum this year was Arcade Fire, with over 13,000 in attendance. Other prominent shows included Nas & Lauren Hill, A Perfect Circle, Queens of the Stone Age, and Avenged Sevenfold. With the continued growth of rap and hip hop, we saw artists such as Tyler the Creator, Khalid, A\$AP Rocky, and Kid Cudi come through the Pacific Coliseum and the Forum. The PNE maintains close links to the music industry, working closely to meet the needs of current partners and remains focused on building new promoter relationships, and showcasing newer genres and artists.

In addition to the indoor concerts, the PNE Amphitheatre hosted 16 great concerts, including Echo & the Bunnymen with Violent Femmes, Mother Mother, Billy Currington, The Pointer Sisters, High Valley, ZZ Top, Chicago, Colin James, Huey Lewis and The News, Tom Cochrane with Red Rider, The B-52s, The Doobie Brothers, Rick Springfield, and the Gipsy Kings. The iHeartRadio Beach Ball two-day music festival showcased Lorde, Alessia Cara, and Liam Payne on day one, and adult contemporary artists Train, Blondie, and Serena Ryder on day two.

An important ongoing impact on concert activity is currency valuations. Fluctuations in the US dollar significantly impact the Canadian music scene, as promoters pay the vast majority of artist fees in US dollars.



figure 11  
FACILITY SALES TOTAL REVENUES (in Millions)

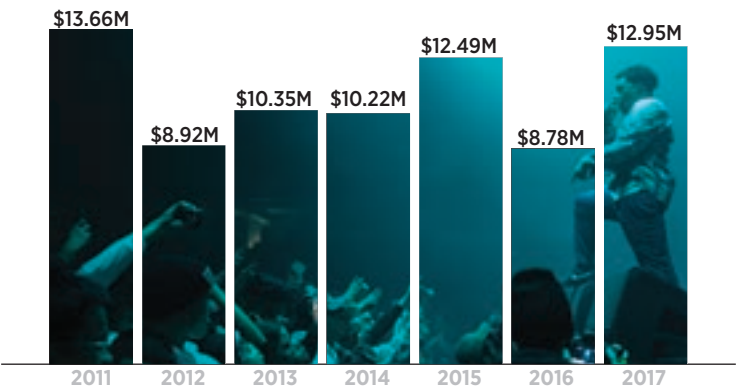
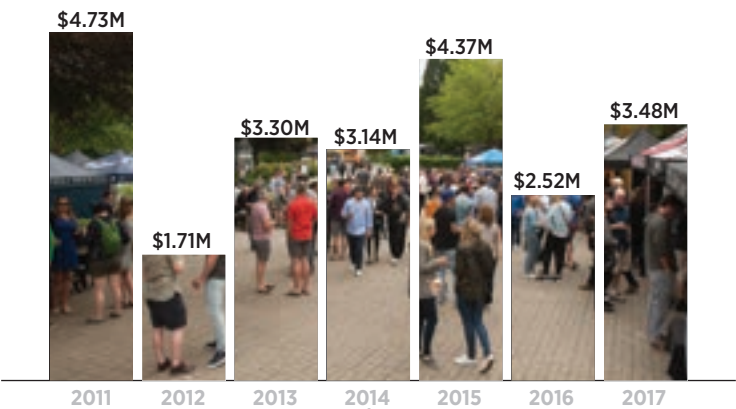


figure 12  
FACILITY SALES NET CONTRIBUTION (in Millions)





Arcade Fire



## FAMILY EVENTS

The PNE has solidly entrenched its place as the hub for family shows in the Lower Mainland. Many of the largest and most successful family shows in BC are now hosted here at the PNE.

The loudest new event to be held at the Pacific Coliseum was Monster Jam. This live motorsport event was held at BC Place in prior years. Monster Jam landed at the Pacific Coliseum twice this year: first from April 7 to 9 with 22,821 guests over four shows, and again from March 2 to 4 with 25,033 guests over four shows.

In November, Disney on Ice's Follow Your Heart welcomed over 40,000 guests at nine shows over five days in the Pacific Coliseum. Families were wowed by the characters from *Finding Dory*, *Inside Out*, *Frozen*, and *Toy Story* as well as by Mickey, Minnie, Cinderella, Rapunzel and Ariel as they skated, danced and wowed the crowd.

On December 30, the Harlem Globetrotters entertained over 3,500 guests with their Amazing Feats of Basketball Tour, showcasing the high-flying, fun and memory-making moments the Globetrotters are known for.

The Royal Canadian Circus arrived with their big tent from May 12 to 14 for seven shows. Over 12,500 guests watched elite circus artists from around the world at this affordable show designed to be enjoyed by multi-generations together. CircusWest held their public show "Neverland" at the Garden Auditorium and performed eight shows over four days, from May 11 to 14.

A number of family-oriented consumer shows continued to call the PNE Forum home in 2017. In November, the Train Expo delighted guests. And almost 18,000 guests got a head start on Christmas shopping at the Christmas Make It craft fair. This show has become so popular that the organizers have introduced a spring craft fair as well.



Monster Jam



Chinese Lantern Fest

## SPORT ACTIVITY

The eSports craze arrived at the Pacific Coliseum in 2017. Over 12,700 ticketholders watched professional video gamers as they battled for the top spot at the League of Legends Spring Split championship series in April over two days. This was the first large-scale eSports event to be held in Vancouver, and the PNE was proud to host it.

Another unique twist on sports, the Night Nation Run, had 5,000 runners dressed in neon outfits run a 5-kilometre route through the park at night with DJs, bubble zones and light shows along the course, culminating in an after party at the PNE Amphitheatre. And on August 20th, the first Sunday of the Fair, over 1,000 runners took part in the third annual Donut Dash, a 5-kilometre fun run where participants received Fair treats during the run and then all participants got into the Fair for free for the rest of the day.

The Vans Park Series fascinated on July 7 and 8, hosting 2,000 skateboard enthusiasts at the iconic Hastings Skate Park. This event is one of several stops in the global series leading up to the world championships in Shanghai, China. It is the largest skateboard event in Vancouver, featuring world-class park terrain skateboarding action. Brazilian star Pedro Barros claimed victory in his first-ever performance at Hastings Skate Park. The skate park remains one of the most demanding skateboarding courses in the world. It is cherished by the tour pros for its remarkable potential to produce fast, aggressive and colossal runs.

The BC Cheerleading Association held their Pacific All-Star Championships on January 13 and their Feel the Power Cheerleading Championships on March 10 at the PNE Forum.

At the community sport level, the PNE hosted 16 different community groups who used over 1,800 hours of community ice in the Agrodome. These groups included Vancouver Minor Hockey, figure skating clubs, and a number of adult hockey and skating groups. The community ice season runs September through March.

## CULTURAL EVENTS

The PNE is also home to a wide variety of cultural celebrations. Highlights from 2017 include:

- The Pacific Coliseum was home to almost 10,000 guests as part of the Canada 150 celebration of Voices Together on July 1 at the Pacific Coliseum. This event was presented by a team of leaders from local churches and local interdenominational ministries and provided free of charge by those groups and from donations.
- Hobiye, The Nisga'a New Year, is hosted by The Nisga'a of Ts'amiks at the PNE Forum. This event invites dance groups from other Nations to celebrate; this is the seventh year for this great community and cultural event. It was held over two days in February and was enjoyed by over 6,000 guests.
- Kumar Sanu and Alka Yagnik performed at the Agrodome on April 30, and Shreya Goshal performed at the Pacific Coliseum on September 17.
- Walking tours hosted by Nikkei National Museum & Cultural Centre to learn about significant Japanese heritage sites at Hastings Park. New this year, the *Japanese Problem* production was held in the Livestock Barns. This award-winning play addressed the incarceration of Japanese Canadians during the Second World War at Hastings Park.

A significant new cultural event at the PNE this year was the **Vancouver Chinese Lantern Festival**. The PNE partnered with Tianyu Culture Communication Co. Ltd from China to bring this festival of lights and storytelling to Vancouver. The event ran from December 15, 2017 to January 21, 2018. It was the first festival of its kind in Canada and featured 35 illuminated displays, transforming over 14 acres of Hastings Park into an explosion of light and colours. In addition to the lantern displays, the festival included nightly cultural performances such as Face Changing, Acrobatics, Plate Spinners, Folk Dance, Jar Balancing and Erhu. The lantern festival also had diverse food and beverage options on-site and additional children's activities. The event was exceptionally well-received by guests and we look forward to this becoming an annual event.





Donut Dash



Vans Park Series



League of Legends



Hobiye



Chinese Lantern Festival



**TRADE AND CONSUMER SHOWS**

The PNE continues to see a diverse range of trade and consumer shows through available venues. The number of shows grew in 2017 to 24 shows: 20 consumer-based shows, and four trade-only shows.

Consumer shows included the Mini Maker Faire, Vancouver 55+ Lifestyle Show, Knit City, Winter Extreme Ski & Board Swap, Vancouver Train Expo, Make It! The Handmade Revolution craft show (two events), Vancouver Golf & Travel Show, Vancouver Gem & Mineral Show, 39th Annual Vancouver Motorcycle Christmas Toy Run, Hopscotch (a celebration of scotch and spirits), and Vancouver Craft Beer Week (showcasing over 60 local craft breweries). The Vancouver International Home Show and the Driven Car Show were new shows that came to the Pacific Coliseum this year. These types of events help to keep the site lively and active throughout the year and expose new visitors to Hastings Park.

Trade-only shows included the Lordco Tradeshow, two Vancouver Gift Expos for industry professionals and the Gordon Food Services Food Show.

**COMMUNITY EVENTS**

The PNE’s annual Community Day at Playland was held on May 27; on that day, \$10 from each regular admission ticket sold went to support a new PNE community initiative: The PNE Community Grant Fund. This grant fund is meant to allow Hastings Sunrise Community non-profit organizations to apply to the fund to help them host an event in the Hastings Sunrise community in support of building community pride. The hope is to increase opportunities for the Hastings Sunrise community to come together, learn and engage. We are proud to announce that over \$10,000 was raised to support this fund and pleased to announce that in the first year of the Community



Mini Maker Faire



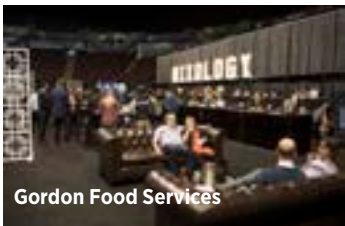
Hopscotch



Knit City



Driven



Gordon Food Services

Grant Program, the fund supported seven organizations and events: Dr. AR Lord Elementary School Parent Advisory Council, Hastings Community Centre, Nikkei National Museum, Hastings North BIA, Kiwassa Neighbourhood House, Hastings Park Conservatory and CircusWest.

The PNE also continues to proudly host the fourth year of the Hastings Park Farmers' Market in association with the Vancouver Farmers Markets society. From November 5 to April 29, shoppers flocked to the park to enjoy the offerings of 40–60 local food producers. The market provides an opportunity for the local community to gather, socialize and shop while supporting local businesses, farmers and artisans. The PNE subsidized all operational costs in order to bring these markets to Hastings Park.

There is also great diversity in the types of community events that are proudly held on-site and supported by the PNE. These include the annual LightWaterDrums Festival. This annual winter lantern festival, hosted by the Hastings North Community Partners Group, celebrates the dark and wet Vancouver winters as well as the joy of Hastings Park's restored natural beauty. The PNE is also proud to host the WorkSafeBC Day of Mourning in April each year to support our community as they remember men and women from across the province who have been injured or killed while performing their jobs.

The community Learn to Fish program in the Sanctuary continued in its fifth year in 2017. The program calls for the Sanctuary to be stocked with rainbow trout during the spring and fall seasons by the Freshwater Fisheries Society of BC. The Learn to Fish program provides an opportunity for local adults and youth to learn about fishing.

#### FILM ACTIVITY

The creative economy in BC continues to thrive, with 2017 generating the highest revenue on record for film in BC. The industry is seeing an increase in filming for streaming channels (e.g., Netflix), so programming no longer falls within typical cable TV seasons, thereby increasing year-round demand for film space. As a result,



Vancouver Farmers Market



Kiwassa Neighbourhood House 25th Anniversary





Vancouver Gem & Mineral Show



space throughout the Lower Mainland is in short supply, which in 2017 contributed to record film revenues generated on-site and in PNE facilities. A total of 65 different film projects came through the site, generating a total of more than \$1 million in revenue.



Some of the notable productions that were filmed at the PNE in 2017 include: *Deadpool 2*, a Nike hockey commercial, *Game Over*, *Man* (Netflix), *A Million Little Things* TV show (Pacific Coliseum replicated TD Garden, where the NHL's Boston Bruins play), *Zoo* (Netflix series), the Disney Christmas movie *Noelle*, and the feature remake of *Overboard*.

The PNE continues to be seen as a flexible site to choose when projects are being shot in the Lower Mainland, and the PNE sales team maintains strong relationships in the film industry to ensure that the organization is well positioned to capitalize on increased market activity.

TICKETLEADER

TicketLeader is the PNE’s exclusive in-house ticketing system, used to ticket events on-site and in all venues, including the Pacific Coliseum, PNE Forum and PNE Amphitheatre. TicketLeader can ticket reserved seating shows and general admission shows, and guests can be serviced by a local call centre team. This system is now also the ticketing system of choice for several high-profile off-site events, including the Honda Celebration of Light fireworks competition, the Royal Canadian Circus, the Stanley Park Halloween Ghost Train and the Bright Nights Christmas Train. By internalizing ticketing, the PNE can work with event promoters to right-size ticketing fees while increasing the PNE’s event-based direct marketing impact. This also has a positive impact on overall revenues for the PNE. It is anticipated that TicketLeader will continue to be a revenue growth opportunity for the PNE in the years to come, especially as year-round events on-site continue to grow and the successes off-site generate new leads.







Hastings Park Aerial



## PARK AND FACILITY MAINTENANCE

We have discussed the first three of the PNE's four activity streams: Playland, the Fair and year-round events. The PNE's fourth activity stream is park and facility maintenance. Since the organization's inception in 1910, the PNE has been the steward of more than 100 acres of Hastings Park. (Empire Fields is maintained by the Vancouver Park Board and the racetrack is maintained by Great Canadian Gaming Corporation who holds a separate operating agreement with the City of Vancouver.)

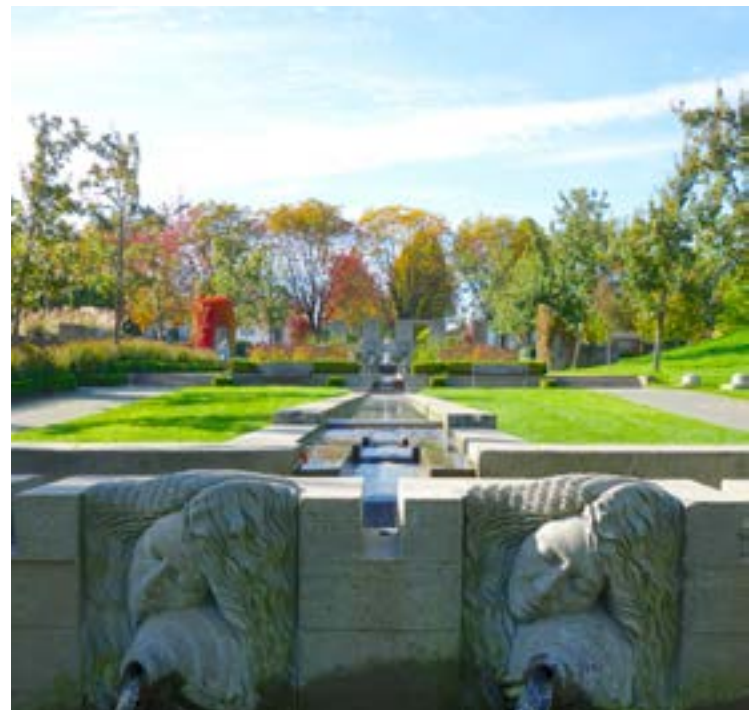
The PNE and its staff are responsible for the care and upkeep of the majority of the landscaped grounds, trees, benches, playground equipment and specialized gardens (the Momiji Garden, the Italian Gardens and the Sanctuary), as well as all of the buildings. A team of full-time gardeners is employed year-round to care for and maintain all outdoor and park spaces. Careful pruning in the Sanctuary is done throughout the year while keeping it in its naturally intended state. The Italian and Momiji gardens are cared for by specially trained horticultural teams in consultation with the City of Vancouver, the Vancouver Park Board and the Vancouver Japanese Gardeners Association.



Although this activity stream does not generate revenue, \$6.26 million was spent on the care and maintenance of facilities and park space in 2017. Annual expenditures are regularly budgeted operational expenses that covered by the revenue generated by the PNE's three other activity streams.

Park care efforts in 2017 included ongoing annual care of the Sanctuary, Momiji Garden, Italian Gardens and centre grounds. The Chef's Garden was expanded to include beehives and seasonal plantings throughout the grounds, enhancing the outdoor spaces for all guests to enjoy. Greenery donated by local nurseries to decorate the site during the Fair was replanted and used wherever possible to enhance green spaces across the site.

**EACH YEAR, \$6 MILLION OF THE PNE'S ANNUAL OPERATING BUDGET IS BUDGETED FOR FACILITY AND PARK CARE. THE PNE'S TRAINED TEAM OF STAFF ARE PROUD TO BE THE STEWARDS OF THE HASTINGS PARK SITE.**







## CELEBRATING TEAM AND SUCCESS

The PNE is a unique organization with a team of committed, dedicated managers and staff. Our people make this organization great, make all the amazing and diverse events happen, and care for and maintain this park and its facilities. Thousands of people continue to work tirelessly each year behind the scenes to build this iconic organization, and the PNE remains proud that their stories are as rich as the history of this great institution. Thank you to everyone who contributes each year to make events and celebrations successful and who keeps this site a dynamic social gathering place for our diverse community.



### THE PNE TEAM

One of the things the PNE has always been very proud of is the dedication and longevity of its team. Currently, 148 employees have more than 25 years of service and 22 employees have more than 40 years of service. This is quite an accomplishment, and it speaks volumes about the passion and commitment of these hard-working team members.

Activities and events on-site in 2017 contributed 493 full-time equivalent jobs to the local economy. The PNE employs 3,840 people each year in a variety of roles. The PNE team is made up of 1,404 Fair-time employees, 2,272 part-time employees and seasonal staff (including Playland), 164 full-time employees, and a team of approximately 70 full-time management employees. The PNE is proud to be BC's largest employer of youth, providing first jobs and the skills required by the next generation of community and business leaders.



### STAFF PROGRAMS

The PNE recognizes that its people make all the difference. Recognizing and retaining staff are key imperatives; 2017 staff programs included the Spotlight program, designed to recognize employees who contribute to the company's overall success and who promote productivity and creativity. This program allows managers to provide personal, informal and year-round on-the-spot recognition to deserving

ing individuals or teams – both in union bargaining units and on the management teams.

We also continued a program for seasonal and Fair-time team members called Impress Our Guests. This program, which is based on the PNE's mission and values, allows managers to recognize employees both on the front line and behind the scenes who enhance the guest experience. Winners are drawn bi-weekly during the Playland season and daily during the Fair. Recognized staff are awarded with a \$50 Visa gift card.

Staff who are recognized through the Spotlight or Impress our Guest program are automatically entered into our \$250 grand prize draw. During the annual Fair, four lucky staff members are drawn as our \$250 grand prize winners.

The PNE has also remained committed to providing health and wellness opportunities for staff. Initiatives include a staff-run social club as well as a company-funded health and wellness committee. Program types vary from year to year depending on staff feedback, but include year-round access to an on-site fitness centre and personal training classes, organized hikes, runs, lunch and learns, and snowshoeing trips. Many programs are made available at no cost or at a reduced rate for employees

## THE PNE'S FUTURE IS BRIGHT

It has been an exciting few years watching the initial Master Plan projects come to fruition. Work continues on the Playland Redevelopment Plan, on infrastructure research and planning, and on the Heart of the Park amphitheatre renewal project. The PNE remains committed to the redevelopment of Hastings Park as defined in the 2010 Master Plan, to working with the community and region, and to continue providing meaningful opportunities to gather, be entertained and celebrate throughout the year. The PNE revitalizes Hastings Park as an event hub and a social gathering place. We are proud to remain at the heart of Hastings Park, honouring its history and helping to build its future. As an industry-leading celebration site and socio-economic driver, we invite you to visit and enjoy this unique urban park and be part of its transformation in the years to come.





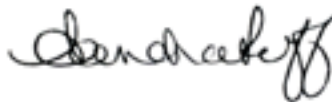
## REPORT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Pacific National Exhibition Incorporation Act of 1973, later amended by the 2003 PNE Enabling and Validating Act, requires the PNE to table an annual report containing information about the organization's performance. PNE management prepares the following financial statements and related information and is responsible for their integrity. As in all cases, the statements include amounts based on management's estimates and judgments. We believe that these statements fairly represent the PNE's current financial position. Management is also responsible for the accuracy and completeness of the information presented in the PNE's annual report. To fulfill this responsibility, management maintains financial and management control systems and practices that provide reasonable assurance the information is accurate and complete.

PNE officials who have provided the information contained in the 2017 annual report have verified its completeness and accuracy. Our independent auditors, KPMG LLP, have audited the financial statements using Canadian Public Sector Accounting Board (PSAB) Standards to the extent necessary to form an independent opinion on the financial statements prepared by management.



Michael McDaniel  
President and Chief Executive Officer



Sandra Ruff  
Vice President, Finance and Corporate Services

2017 BOARD OF DIRECTORS

- Chair: Mr. Raymond Louie — Councillor, City of Vancouver
- Vice Chair: Mr. Malcolm Bromley — General Manager, Vancouver Park Board
- Treasurer: Ms. Patrice Impey — General Manager, Financial Services, City of Vancouver
- Directors: Mr. Jerry Dobrovolsky — Chief Engineer and General Manager of Engineering Services, City of Vancouver
- Ms. Kaye Krishna — General Manager of Development, Buildings, and Licensing, City of Vancouver
- Ms. Jackie Hogue — J Hogue Consulting Inc.
- Mr. Richard Saunders — Workers' Advocate, Labourers' Membership Services, Construction and Specialized Workers' Union Local 1611
- Mr. Ty Speer — President and CEO, Vancouver Tourism
- Mr. Paul Sihota — City of Vancouver Fire and Rescue (to May 31 2017)
- Ms. Anita Zaenker — Director of Organizing, BC Federation of Labour (Jun 2017–present)

EXECUTIVE MANAGEMENT COMMITTEE

- President and Chief Executive Officer: Mr. Michael McDaniel
- Vice President, Operations: Mr. Jeff Strickland
- Vice President, Marketing: Ms. Shelley Frost (VP, Sales & Marketing as of Jan 1, 2018)
- Vice President, Finance and Corporate Services: Ms. Sandra Ruff
- Vice President, Sales: Mr. Peter Male (until Dec 31, 2017)
- Vice President, Human Resources: Ms. Stacy Shields
- Executive Assistant and Corporate Secretary: Ms. Salome Valente

CORPORATE GOVERNANCE PRACTICES

The Pacific National Exhibition is a non-profit organization owned by the City of Vancouver. The company's business affairs are the responsibility of the Board of Directors, a City Council-appointed body. The PNE's Board of Directors is committed to ensuring that corporate governance practices are open and effective, and that the Board is fully accountable and assumes responsibility for the stewardship of the organization. The Board discharges responsibility of day-to-day operations to the President and Chief Executive Officer, who in turn selects and oversees the rest of the management team. The Board encourages management, under the direction of the President and Chief Executive Officer, to make clear and appropriate executive decisions.

2017 AUDITOR

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## FINANCIAL REPORTS







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Burnaby BC V5H 4M2  
Canada  
Telephone (604) 527-3600  
Fax (604) 527-3636

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Pacific National Exhibition

We have audited the accompanying financial statements of Pacific National Exhibition, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net debt and cash flows for the year then ended, and notes, comprising 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 financial statements in accordance with Canadian public sector accounting standards, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the 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 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 financial statements present fairly, in all material respects, the financial position of Pacific National Exhibition as at March 31, 2018, its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Burnaby, Canada  
July 5, 2018

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent Member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.




# STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018, WITH COMPARATIVE  
INFORMATION FOR 2017

	2018	2017
<b>FINANCIAL ASSETS</b>		
Accounts receivable (note 2)	\$ 808,452	\$ 659,117
	\$ 808,452	\$ 659,117
<b>LIABILITIES</b>		
Bank indebtedness	\$ 753,389	\$ 848,312
Bank loan (note 3)	10,781,283	14,964,669
Accounts payable and accrued liabilities (note 2 and 4)	5,978,779	4,056,795
Deferred revenue	984,488	1,241,700
	18,497,939	21,111,476
Net debt	(17,689,487)	(20,452,359)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	19,478,465	19,139,358
Inventories held for use	814,974	1,032,017
Prepaid expenses	1,765,135	2,226,605
	22,058,574	22,397,980
Commitments and contingent liabilities (note 8)		
Accumulated surplus	\$ 4,369,087	\$ 1,945,621

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
Patrice Impey, Director

  
Raymond Louie, Director

# STATEMENT OF OPERATIONS

MARCH 31, 2018, WITH COMPARATIVE  
INFORMATION FOR 2017

	Budget (Note 1(i))	2018	2017
<b>REVENUE:</b>			
Events	\$ 50,914,725	\$ 55,546,193	\$ 46,364,081
<b>EXPENSES (NOTE 9):</b>			
Advertising	2,491,200	2,420,501	2,230,792
Agriculture	714,185	687,079	684,536
Entertainment	4,242,985	4,213,325	3,448,927
Exhibit space	1,307,275	1,410,888	1,889,077
Food and beverage	5,460,730	6,927,229	5,097,211
Finance and corporate services	4,870,572	5,034,910	4,636,057
Games	1,666,211	1,696,171	1,669,191
Guest services	429,433	432,059	405,708
Human resources	1,502,546	1,775,716	1,302,720
Information services	1,175,144	1,207,639	1,097,416
Lotteries	3,639,063	3,531,782	3,263,615
Marketing and sponsorship	1,158,708	1,263,706	955,277
Office of the President	2,211,533	1,144,613	908,760
Operations	952,753	956,057	918,715
Playland tech services	3,947,396	4,119,830	3,841,583
Public safety and parking	2,739,185	3,194,118	2,489,200
Rides and themed attractions	3,884,701	3,667,275	3,270,257
Sales and group sales	841,533	1,234,582	876,556
Tech services	5,258,703	5,877,683	5,002,268
Ticketleader	1,513,729	2,327,564	1,762,645
	50,007,585	53,122,727	45,750,511
Annual surplus	907,140	2,423,466	613,570
Accumulated surplus, beginning of year	1,945,621	1,945,621	1,332,051
Accumulated surplus, end of year	\$ 2,852,761	\$ 4,369,087	\$ 1,945,621

See accompanying notes to financial statements.



## STATEMENTS OF CHANGES IN NET DEBT

MARCH 31, 2018, WITH COMPARATIVE  
INFORMATION FOR 2017

	Budget (Note 1(i))	2018	2017
Annual surplus	\$ 907,140	\$ 2,423,466	\$ 613,570
Acquisition of tangible capital assets	-	(2,411,502)	(3,205,089)
Amortization of tangible capital assets	-	1,822,161	1,757,831
Loss on disposal of tangible capital assets	-	250,234	-
	-	2,084,359	(833,688)
Acquisition of inventories held for use	-	(3,394,160)	(3,715,993)
Increase in prepaid expense	-	(4,263,627)	(3,776,314)
Consumption of inventories held for use	-	3,611,203	3,520,568
Use of prepaid expense	-	4,725,097	5,291,993
	-	678,513	1,320,254
Decrease (increase) in net debt	907,140	2,762,872	486,566
Net debt, beginning of year	(20,452,359)	(20,452,359)	(20,938,925)
Net debt, end of year	\$ (19,545,219)	\$ (17,689,487)	\$ (20,452,359)

See accompanying notes to financial statements.

# STATEMENT OF CASH FLOWS

MARCH 31, 2018, WITH COMPARATIVE  
INFORMATION FOR 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 2,423,466	\$ 613,570
Items not involving cash:		
Amortization of tangible capital assets	1,822,161	1,757,831
Loss on disposal of tangible capital assets	250,234	-
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(149,335)	177,508
Decrease in prepaid expenses	461,470	1,515,679
Decrease (increase) in inventories held for use	217,043	(195,425)
Increase (decrease) in accounts payable and accrued liabilities	1,921,984	(729,197)
Increase (decrease) in deferred revenue	(257,212)	532,736
Net change in cash from operating activities	6,689,811	3,672,702
Capital activities:		
Cash used to acquire tangible capital assets	(2,411,502)	(3,205,089)
Financing activities:		
Increase (decrease) in bank indebtedness	(94,923)	848,312
Increase (decrease) in bank loan	(4,183,386)	(2,416,225)
Net change in cash from financing activities	(4,278,309)	(1,567,913)
Net change in cash	-	(1,100,300)
Cash, beginning of year	-	1,100,300
Cash, end of year	\$	\$

See accompanying notes to financial statements.



## **AUTHORITY, PURPOSE, AND NATURE OF OPERATIONS:**

Pacific National Exhibition (“PNE”) is a premier entertainment destination in the Province of British Columbia. It has four main activity streams: an annual 15 day fair, Playland amusement park, year round facilities which are utilized to celebrate a variety of community, social, cultural, ethnic and commercial events, and the care and development of the park.

PNE was established in 1910 and incorporated in 1973 under the Pacific National Exhibition Incorporation Act of the Province of British Columbia.

The mission of PNE is to enrich the quality of life at Hastings Park, Vancouver, by providing family entertainment that invites its guests to celebrate Vancouver’s heritage, culture and diverse communities in a vibrant urban park.

Effective January 1, 2004, PNE became a wholly-owned subsidiary of the City of Vancouver and is an independently operated entity. As a result of its ownership, PNE is not subject to income taxes.

These financial statements have been prepared on the basis that the PNE is a going concern, which assumes that the PNE will continue to realize its assets and discharge its liabilities in the normal course of operations. The PNE’s ability to continue as a going concern is dependent upon, among other things, achieving profitable operations and the continued support of its lenders and its parent, the City of Vancouver.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

### **(a) Basis of presentation:**

The financial statements of PNE have been prepared by management in accordance with Canadian Public Sector Accounting Board (“PSAB”) standards of Chartered Professional Accountants Canada.

### **(b) Revenue recognition:**

Revenues from the annual fair (the “Fair”) are recorded as received (admissions) and as earned (exhibitors and advertisers). The Fair runs from late August to early September. Any exhibitor or advertising fees received for next year’s Fair are deferred and will not be recognized until earned during the next year’s Fair.

Revenues from Playland amusement park are recognized as received (admissions) and as earned (advertisers).

Revenues from short-term event rental of facilities are recorded upon completion of the event. Sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued):

Contributions from the City of Vancouver, from senior government, or from other donors are recorded as receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions with a designated purpose are deferred until used for the intended purpose. Government transfers are recognized as revenue in the period that the transfer is authorized by the transferring government, and eligibility criteria, if any, have been met by PNE, except when and to the extent that the transfer gives rise to a liability and is recognized as revenue when and in proportion to how the liability is settled.

(c) Deferred revenue:

Amounts received in the fiscal year in advance of providing the related services are deferred and are recorded as revenue as the services are provided.

Advertising revenue for long-term contracts is recognized on a straight-line basis over the term of the related contract. Deferred revenue also comprises of ticket sales, fees, deposits and other revenues for events that are not recognized as revenue until the related event is held.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest is not capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives shown below.

Asset	Basis	Rate
Machinery, furniture and equipment	Declining balance	10% - 30%
Playland rides and equipment	Straight-line	15 years - 40 years
Playland rides under capital lease	Straight-line	15 years - 40 years
Leasehold improvement	Declining balance	10% - 15%

Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to PNE's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

### (d) Non-financial assets:

#### (ii) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

#### (iii) Inventories held for use:

Inventories held for use are recorded at the lower of cost and replacement cost.

Inventories consist of stores, plush toys, merchandise, and food and beverages. Cost is determined using the weighted average method. Cost of inventories includes acquisition and all costs incurred to deliver inventory to PNE's head office, including freight, non-refundable taxes, duties, and other landing costs.

Replacement cost is the estimated current price to replace the items.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

PNE uses the following method and assumptions to estimate the fair value of each class of financial instruments:

(i) Accounts receivable, bank indebtedness, accounts payable and accrued liabilities - the carrying amounts approximate fair value due to the short-term nature of these instruments.

(ii) Foreign currency hedge instrument - measured at current market price.

Unrealized changes in fair value would be recognized on the statement of remeasurement gains/loss. They are recorded in the statement of operations when they are realized.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):****(f) Employee future benefits:**

The PNE and its employees make contributions to Municipal Pension Plan (the “Plan”) which is a multi-employer joint trustee plan. The Plan is a defined benefit plan, providing a pension on retirement based on the member’s age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plan are not segregated by entity, the Plan is accounted for as a defined contribution plan and any contributions of PNE to the Plan are expensed as incurred.

**(g) Liability for contaminated sites:**

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- PNE is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is recognized as management’s estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

**(h) Use of estimates:**

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to useful life of tangible capital assets, valuation of accounts receivable, valuation of inventory and provision for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

**(i) Foreign currency:**

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of operations.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(j) Budget information:

Budget information has been provided for comparative purposes and have been derived from the Corporate Plan for 2017/2018 approved by the Board of Directors of PNE on April 6, 2017. The budget is reflected in the statement of operations and the statement of changes in net debt.

# 2. DUE FROM / (TO) GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS:

Included in accounts receivable and accounts payable and accrued liabilities are the following amounts due from / to government:

	2018	2017
Accounts receivable:		
City of Vancouver	\$ 243,363	\$ 184,439
Accounts payable and accrued liabilities:		
City of Vancouver	(55,941)	(117,164)
Payroll tax remittances	(136,230)	(109,423)
	(192,171)	(226,587)
	\$ 51,192	\$ (42,148)

# 3. BANK LOAN:

	2018	2017
Demand operating loan	\$ 5,000,000	\$ 9,460,000
Demand instalment loan for capital	5,781,283	5,504,669
	\$ 10,781,283	\$ 14,964,669

PNE has a revolving facility with a Canadian chartered bank providing for maximum borrowing of \$15,000,000 (2017 - \$14,560,000) in operating credit and \$9,900,000 (2017 - \$6,840,000) for instalment loan for capital purchases. The facilities bear interest at the bank prime rate minus 0.25%. The loans are due on demand and have no specific terms of repayment. A general security agreement covering all assets and undertakings of PNE has been provided as collateral for the operating line as well as a guarantee and postponement of claim by the City of Vancouver. In addition, the guarantee by the City of Vancouver includes letters of guarantee outstanding totaling \$160,000 (2017 - \$160,000).

The bank loan is measured at fair value.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:**

	2018	2017
Accounts payables and accrued liabilities	\$ 4,759,550	\$ 2,984,089
Salaries and benefits payable	843,922	735,754
Accrued vacation pay	375,307	326,952
Other	-	10,000
	<b>\$ 5,978,779</b>	<b>\$ 4,056,795</b>

**5. PENSION BENEFITS:**

PNE and its employees contribute to the Municipal Pension Plan (the “Plan”), a jointly trustee pension plan. The Plan’s Board of Trustees for these plans, representing plan members and employers, is responsible for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a defined benefit multi-employer contributory pension plan. The Plan has approximately 193,000 active members, of whom 179 are employees of PNE, and 89,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2015, indicated a funding surplus of approximately \$2,224 million for basic pension benefits on a going concern basis. The next required valuation will be as at December 31, 2018, with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

PNE’s employer contributions to the Plan amounted to \$948,982 in 2018 (2017 - \$909,453).

**6. TANGIBLE CAPITAL ASSETS:**

Cost	Balance March 31, 2017	Additions	Disposals	Transfers	Balance March 31, 2018
Machinery, furniture and equipment	\$ 18,721,797	\$ -	\$ (746,282)	\$ 789,520	\$ 18,765,035
Playland rides and equipment	23,336,191	-	-	3,040,800	26,376,991
Assets under construction	2,267,011	2,411,502	-	(3,830,320)	848,193
<b>Totals</b>	<b>\$ 44,324,999</b>	<b>\$ 2,411,502</b>	<b>\$ (746,282)</b>	<b>\$ -</b>	<b>\$ 45,990,219</b>



## 6. TANGIBLE CAPITAL ASSETS (CONTINUED):

Accumulated amortization	Balance March 31, 2017	Disposals	Amortization Expenses	Balance March 31, 2018
Machinery, furniture and equipment	\$ 12,415,181	\$ (496,048)	\$ 975,208	\$ 12,894,341
Playland rides and equipment	12,770,460	-	846,953	13,617,413
<b>Totals</b>	<b>\$ 25,185,641</b>	<b>\$ (496,048)</b>	<b>\$ 1,822,161</b>	<b>\$ 26,511,754</b>
	Net book value March 31, 2017			Net book value March 31, 2018
Machinery, furniture and equipment	\$ 6,306,616			\$ 5,870,694
Playland rides and equipment	10,565,731			12,759,578
Assets under construction	2,267,011			848,193
<b>Totals</b>	<b>\$ 19,139,358</b>			<b>\$ 19,478,465</b>

(a) Assets under construction:

Assets under construction having a value of \$848,193 (2017 - \$2,267,011) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-down of tangible capital assets:

There are no write-downs of tangible capital assets in the current year (2017 - nil).

## 7. FINANCIAL RISK MANAGEMENT:

PNE has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and foreign exchange risk.

The Board of Directors ensures that PNE has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to PNE if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by PNE consisting of amounts receivable.

It is management's opinion that PNE is not exposed to significant credit risk arising from its amounts receivable.

**7. FINANCIAL RISK MANAGEMENT (CONTINUED):****(b) Market risk:**

Market risk is the risk that changes in market prices, such as interest rates, will affect PNE's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. PNE has interest rate risk on its bank indebtedness and bank loans.

It is management's opinion that PNE is not exposed to significant market or interest rate risk arising from its financial instruments.

**(c) Liquidity risk:**

Liquidity risk is the risk that PNE will not be able to meet its financial obligations as they become due.

PNE manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to PNE's reputation.

**(d) Foreign exchange risk:**

Foreign exchange risk is the risk to PNE's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of those rates. PNE may use foreign currency swaps to mitigate this risk. There are no derivative instruments outstanding at year-end.

**8. COMMITMENTS AND CONTINGENT LIABILITIES:**

PNE may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business, in the event that any such claims or litigation are resolved against PNE, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of PNE. At March 31, 2018, there are no significant outstanding claims.

## 9. EXPENSES BY OBJECT:

The following is a summary of expenses by object:

	2018	2017
Cost of goods sold	\$ 3,380,984	\$ 2,422,651
General and administrative	24,857,754	20,929,729
Payroll	22,575,134	20,380,932
Amortization	1,822,161	1,757,831
Loss on disposal of tangible capital assets	250,234	-
Interest – bank loans	109,237	151,677
Interest – term finance	127,223	107,691
	<b>\$ 53,122,727</b>	<b>\$ 45,750,511</b>

## 10. COMPARATIVE INFORMATION:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year.







**Pacific National Exhibition**

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