

Financial Statements of

PACIFIC NATIONAL EXHIBITION

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Pacific National Exhibition

Opinion

We have audited the financial statements of Pacific National Exhibition ("PNE"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PNE as at March 31, 2019 and 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of PNE in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PNE's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PNE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause PNE to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
July 17, 2019

PACIFIC NATIONAL EXHIBITION


Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial Assets		
Cash	\$ 571,762	\$ -
Accounts receivable (note 2)	596,121	808,452
	<u>1,167,883</u>	<u>808,452</u>
Liabilities		
Bank indebtedness	-	753,389
Bank loan (note 3)	8,720,680	10,781,283
Accounts payable and accrued liabilities (notes 2 and 4)	7,806,310	5,978,779
Deferred revenue	952,566	984,488
	<u>17,479,556</u>	<u>18,497,939</u>
Net debt	(16,311,673)	(17,689,487)
Non-Financial Assets		
Tangible capital assets (note 6)	19,951,714	19,478,465
Inventories held for use	863,558	814,974
Prepaid expenses	1,778,025	1,765,135
	<u>22,593,297</u>	<u>22,058,574</u>
Commitments and contingent liabilities (note 8)		
Accumulated surplus	<u>\$ 6,281,624</u>	<u>\$ 4,369,087</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Lisa Dominato, Director



Patrice Impey, Director

PACIFIC NATIONAL EXHIBITION

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Budget (Note 1(j))	2019	2018
Revenue:			
Events	\$ 53,922,885	\$ 55,499,380	\$ 55,546,193
Expenses: (note 9)			
Advertising	2,485,136	2,164,255	2,420,501
Agriculture	719,003	749,223	687,079
Entertainment	4,266,630	4,170,934	4,213,325
Exhibit space	1,249,899	1,261,471	1,410,888
Finance and corporate services	5,151,834	5,391,678	5,034,910
Food and beverage	6,589,502	6,682,299	6,927,229
Games	2,277,152	2,071,163	2,165,136
Guest services	327,155	313,573	432,059
Human resources	1,700,410	1,850,077	1,775,716
Information services	1,322,742	1,306,737	1,207,639
Lotteries	4,019,562	3,888,852	3,531,782
Marketing and sponsorship	1,285,825	1,151,260	1,263,706
Office of the President	2,308,204	1,170,400	1,144,613
Operations	963,439	993,497	956,057
Playland tech services	7,554,365	8,241,303	7,318,140
Public safety and parking	2,869,556	3,038,432	3,194,118
Sales and group sales	799,789	1,290,369	1,234,582
Tech services	5,536,441	5,613,703	5,877,683
Ticketleader	1,533,946	2,237,617	2,327,564
	52,960,590	53,586,843	53,122,727
Annual surplus	962,295	1,912,537	2,423,466
Accumulated surplus, beginning of year	4,369,087	4,369,087	1,945,621
Accumulated surplus, end of year	\$ 5,331,382	\$ 6,281,624	\$ 4,369,087

See accompanying notes to financial statements.

PACIFIC NATIONAL EXHIBITION

Statement of Changes in Net Debt

Year ended March 31, 2019, with comparative information for 2018

	Budget (Note 1(j))	2019	2018
Annual surplus	\$ 962,295	\$ 1,912,537	\$ 2,423,466
Acquisition of tangible capital assets	(1,388,468)	(2,563,978)	(2,411,502)
Amortization of tangible capital assets	1,946,000	1,877,257	1,822,161
Proceeds on disposal of tangible capital assets	-	39,009	-
Loss on disposal of tangible capital assets	-	174,463	250,234
	1,519,827	1,439,288	2,084,359
Acquisition of inventories held for use	-	(4,452,610)	(3,394,160)
Increase in prepaid expense	-	(4,040,644)	(4,263,627)
Consumption of inventories held for use	-	4,404,026	3,611,203
Use of prepaid expense	-	4,027,754	4,725,097
	-	(61,474)	678,513
Decrease in net debt	1,519,827	1,377,814	2,762,872
Net debt, beginning of year	(17,689,487)	(17,689,487)	(20,452,359)
Net debt, end of year	\$ (16,169,660)	\$ (16,311,673)	\$ (17,689,487)

See accompanying notes to financial statements.

PACIFIC NATIONAL EXHIBITION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,912,537	\$ 2,423,466
Items not involving cash:		
Amortization of tangible capital assets	1,877,257	1,822,161
Loss on disposal of tangible capital assets	174,463	250,234
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	212,331	(149,335)
Decrease (increase) in prepaid expenses	(12,890)	461,470
Decrease (increase) in inventories held for use	(48,584)	217,043
Increase in accounts payable and accrued liabilities	1,827,531	1,921,984
Decrease in deferred revenue	(31,922)	(257,212)
Net change in cash from operating activities	5,910,723	6,689,811
Capital activities:		
Cash used to acquire tangible capital assets	(2,563,978)	(2,411,502)
Proceeds on disposal of tangible capital assets	39,009	-
Net change in cash from capital activities	(2,524,969)	(2,411,502)
Financing activities:		
Decrease in bank indebtedness	(753,389)	(94,923)
Decrease in bank loan	(2,060,603)	(4,183,386)
Net change in cash from financing activities	(2,813,992)	(4,278,309)
Net change in cash	571,762	-
Cash, beginning of year	-	-
Cash, end of year	\$ 571,762	\$ -

See accompanying notes to financial statements.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

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 standards of the 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.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

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 as shown below.

Asset	Basis	Rate
Machinery, furniture and equipment	Declining balance	10% - 30%
Playland rides and equipment	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.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

1. Summary of significant accounting policies (continued):

(d) Non-financial assets (continued):

(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/losses. They are recorded in the statement of operations when they are realized. There are no unrealized changes in fair value as at March 31, 2019. As a result, PNE does not have a statement of remeasurement gains/losses.

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.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

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 jointly 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 by 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 remeasurement gains and losses. There are no unrealized gains and losses as at March 31, 2019. As a result, PNE does not have a statement of remeasurement gains and losses.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

1. Summary of significant accounting policies (continued):

(j) Budget information:

Budget information has been provided for comparative purposes and has been derived from the Corporate Plan for 2018/2019 approved by the Board of Directors of the PNE on April 19, 2018. This budget is reflected in the statement of operations and statement of changes in net debt. Some expenditures, such as for tangible capital assets, may be adjusted and approved subsequent to the original approved budget. These adjusted budget amounts are not presented in these financial statements. Certain expenditures may occur during the year or subsequent to the year it is budgeted for.

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:

	2019	2018
Accounts receivable:		
City of Vancouver	\$ 124,565	\$ 243,363
Accounts payable and accrued liabilities:		
City of Vancouver	(35,751)	(55,941)
Payroll tax remittances	(132,455)	(136,230)
Indirect and other taxes	(20,028)	(43,726)
	(188,234)	(235,897)
	\$ (63,669)	\$ 7,466

3. Bank loan:

	2019	2018
Demand operating loan	\$ 3,800,000	\$ 5,000,000
Instalment loan for capital	4,920,680	5,781,283
	\$ 8,720,680	\$ 10,781,283

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

3. Bank loan (continued):

PNE has a revolving facility with a Canadian chartered bank providing for maximum borrowing of \$15,000,000 (2018 - \$15,000,000) in operating credit and \$9,900,000 (2018 - \$9,900,000) for instalment loan for capital purchases. The facilities bear interest at the bank prime rate minus 0.25%. The operating loan is due on demand and has no specific terms of repayment. The instalment loan for capital is repayable on demand, and prior to repayment being demanded, over ten years. Early repayment of the instalment loan for capital is permitted. Outstanding repayments for the instalment loan for capital are as follows:

2020	\$ 1,311,384
2021	1,245,743
2022	1,112,524
2023	767,355
2024	341,121
2025	126,760
2026	15,793
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	\$ 4,920,680

PNE's U.S. dollar bank account balance and a limited guarantee from the City of Vancouver of \$24,900,000 has been provided as security for the operating loan and instalment loan for capital. In addition, the guarantee by the City of Vancouver includes letters of guarantee outstanding totaling \$80,000 (2018 - \$160,000).

4. Accounts payable and accrued liabilities:

	2019	2018
Accounts payables and accrued liabilities	\$ 6,795,054	\$ 4,759,550
Salaries and benefits payable	632,988	843,922
Accrued vacation pay	378,268	375,307
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	\$ 7,806,310	\$ 5,978,779

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, 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 197,000 active members, of whom 168 are employees of PNE, and 95,000 retired members.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

5. Pension benefits (continued):

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 fall 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 \$953,081 in 2019 (2018 - \$948,982).

6. Tangible capital assets:

Cost	Balance, March 31, 2018	Additions	Disposals	Transfers	Balance, March 31, 2019
Machinery, furniture and equipment	\$ 18,765,035	\$ -	\$ (128,396)	\$ 745,473	\$ 19,382,112
Playland rides and equipment	26,376,991	-	(229,216)	1,858,899	28,006,674
Assets under construction	848,193	2,563,978	-	(2,604,372)	807,799
Total	\$ 45,990,219	\$ 2,563,978	\$ (357,612)	\$ -	\$ 48,196,585

Accumulated amortization	Balance, March 31, 2018	Disposals	Amortization expenses	Balance, March 31, 2019
Machinery, furniture and equipment	\$ 12,894,341	\$ (98,932)	\$ 927,027	\$ 13,722,436
Playland rides and equipment	13,617,413	(45,208)	950,230	14,522,435
Total	\$ 26,511,754	\$ (144,140)	\$ 1,877,257	\$ 28,244,871

	Net book value March 31, 2018	Net book value March 31, 2019
Machinery, furniture and equipment	\$ 5,870,694	\$ 5,659,676
Playland rides and equipment	12,759,578	13,484,239
Assets under construction	848,193	807,799
Total	\$ 19,478,465	\$ 19,951,714

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

6. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$807,799 (2018 - \$848,193) 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 (2018 - 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.

(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.

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

7. Financial risk management (continued):

(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:

(a) 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, 2019, there are no significant outstanding claims.

(b) PNE has a capital commitment on a new ride that totals \$758,926 as at March 31, 2019.

9. Expenses by object:

The following is a summary of expenses by object:

	2019	2018
Cost of goods sold	\$ 3,120,761	\$ 3,380,984
General and administrative	24,986,894	24,857,754
Payroll	23,163,048	22,575,134
Amortization	1,877,257	1,822,161
Loss on disposal of tangible capital assets	174,463	250,234
Interest - bank loans	117,176	109,237
Interest - term finance	147,244	127,223
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	\$ 53,586,843	\$ 53,122,727

10. Contractual rights:

PNE's contractual rights arise from rights to receive payments under rental, ticketing and sponsorship agreements. PNE has contractual rights to receive the following amounts in the next five fiscal years and thereafter:

2020	\$ 1,613,989
2021	524,974
2022	389,427
2023	254,590
2024	124,107
Thereafter	91,477
	<hr/>
	\$ 2,998,564

PACIFIC NATIONAL EXHIBITION

Notes to Financial Statements

Year ended March 31, 2019

10. Contractual rights (continued):

PNE is entitled to receive revenue from other franchise, ticketing and rental contracts. The revenue from these agreements cannot be quantified and have not been included in the amounts noted above.

11. Comparative information:

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