



Pacific National Exhibition

DELIVERING MEMORABLE EXPERIENCES

ANNUAL REPORT 2020-21

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Territorial Acknowledgement

The PNE acknowledges that it is fortunate to work, play and provide memorable experiences for British Columbians from the unceded territories of the x̱w̱məθkʷəy̱əm (Musqueam), Sḵw̱x̱w̱7mesh (Squamish) and səlilwətał (Tsleil-Waututh) Nations. We thank them for having cared for these lands and waters, and look forward to working with them in partnership as we continue to build this great city together.

Letter from the PNE President and Chief Executive Officer and the Chair of the PNE Board

So much changed in 2020. The PNE had finished our 2019 fiscal year (ending March 2020) on a high note. In 2019, we launched several new festivals, achieved over \$60 million in revenues, put in motion a new five-year strategic plan and, for the first time in 17 years, the organization had been so busy all year with events that we had no seasonal layoffs across any of our union teams. That all changed in early 2020 when the executive team needed to activate a PNE COVID-19 Response Plan.

March 2020 will be forever etched in history as the beginning of a pandemic that would dramatically alter people's lives, families and businesses across the globe. On March 15, British Columbia announced restrictions meant to contain the spread of COVID-19 and on that date, all forms of events, gatherings and social activities came to a sudden halt. Although the PNE was ready to start the 2020 fiscal year with enthusiasm and exciting plans for continued growth, these were immediately replaced with crisis control, ensuring team safety, implementing a work-from-home infrastructure and making plans to mitigate what was expected to be a devastating impact on the PNE organization.

Despite the uncertainty of managing through a constantly evolving landscape with changing restrictions, you will read stories of innovation, resilience and creativity in this annual report. The PNE team showed a nimble ability to scale activities up and down as restrictions changed. Management worked to keep the PNE Board and stakeholders informed, and they actively participated in conversations with government on relief programs that would be needed across tourism and event industries. Unfortunately, the PNE was not eligible for any of the federal programs announced in 2020, and no provincial funding programs were announced in 2020 that were open to the PNE. This made for a very challenging financial year and an equally challenging outlook.

By the end of fiscal 2020 (March 31, 2021), the PNE had developed new and innovative ways to generate revenues, and we managed to generate \$14.6 million (down 75% from 2019) via a modified Playland season and through introducing new event

models, which were emulated by others across the province. We implemented new technologies and platforms to facilitate successful working from home, we restructured the team to reflect skills needed for recovery and rebuilding, and we worked hard to bring back furloughed team members and to manage finances in a way that would ensure the longevity of this organization for another 100 years. By the close of the fiscal year, the PNE had found ways to reduce the anticipated \$10 million loss by more than \$2 million, resulting in a net loss for 2020 of \$7.9 million. Had the PNE been eligible for the federal wage subsidy, that \$7.9 million loss would have been reduced by approximately \$4.4 million. The PNE, with support of Board Chair Lisa Dominato and many other elected officials in BC, continues to call for the PNE to be approved to participate in the Canada Emergency Wage Subsidy (CEWS) program.

Other positive takeaways from 2020 were a recognition that the PNE core values of Enthusiasm, Excellence and Evolution remain a driving force for our team, and that our mission of Delivering Memorable Experiences is more important than ever to provide guests with an outlet for coming together and building social connections. As we continue to manage through more waves of this pandemic, we will remain centred on the pillars of our five-year strategic plan. These pillars focus on elevating our people, technologies, business results and community impact, and on moving the Hastings Park-PNE Master Plan forward. There is no doubt that another pandemic year will challenge our team, but these pillars will help us to all paddle in the same direction as we reshape our future. The approval of new vaccines in the final months of our 2020 fiscal year provides some hope for a brighter future.

Our deepest thanks go to our management team, our union teams and our Board of Directors for their ongoing commitment, dedication and leadership of the PNE. Stay healthy!



Shelley Frost
President and
Chief Executive Officer



Lisa Dominato
Chair, Hastings Park
Board of Directors



KETTLE CREEK MINE COASTER



PNE FAIR DRIVE-THRU



RENDERING FOR PROPOSED NEW PNE AMPHITHEATRE



PERFORMER AT WINTERLIGHTS



MINI DONUTS AT PLAYLAND



PLAYLAND COVID-19 SAFETY



CANADA DAY DRIVE-THRU



PLAYLAND



SLAYLAND



2020 FAIR DRIVE-THRU



PLAYLAND DURING WINTERLIGHTS

Who We Are

The PNE has been the heartbeat of Hastings Park for 112 years. Founded in 1910, we started as an annual exhibition of industry and agriculture, and have since developed into an innovative non-profit organization dedicated to building social connections and delivering memorable experiences 365 days a year to a multi-faceted demographic. The PNE is a proud steward of Hastings Park, a year-round destination that showcases the diversity of Vancouver and the surrounding Metro Vancouver communities to local, regional, national and international guests. The PNE works to provide year-round access to public spaces, and brings people together through inclusive, accessible events that respond to diverse and dynamic community interests. In a typical year we bring together over 2.5 million guests to Hastings Park to enjoy our green spaces, amusement park, family shows, sporting events, concerts, cultural activities, exhibits, consumer shows and the iconic annual summer PNE Fair.

Snapshot of 2020

Fiscal 2020 was the most challenging year in historical memory for the PNE. The onset of the COVID-19 pandemic hit the hospitality and tourism sector¹ hard globally, and the impact on the event and entertainment industries was dramatic. For the PNE, revenues came to a complete stop, halting the momentum achieved during the previous three years of business and event growth. After finishing 2019, where the organization had generated over \$60 million for the first time, the next few months saw no events and zero revenues. As a result, management took swift action to reduce costs and minimize financial risk to protect the organization's future.

More than 70% of the full-time union and management staff were immediately furloughed and all remaining team members, other than a small number of essential personnel (site security, engineers, etc.) were placed on a reduced-hour workweek and

"Management also worked to restructure the team, knowing that, once restrictions were lifted, recovery and rebuilding would be our core functions."

80% salary. Management also worked to restructure the team, knowing that, once restrictions were lifted, recovery and rebuilding would be our core functions. In addition, PNE management worked with lenders to defer capital payments and restructure available credit, and they received City Council approval to increase the PNE credit line by \$10 million to ensure the organization would have access to adequate cash flows. The remaining team members focused on site and asset security, essential services, creating new revenue opportunities and managing through the constantly changing landscape.

In terms of the impact on business, all concerts, catered events, tradeshow, sporting events and family shows that the PNE would normally host throughout the year were cancelled. As a result, all venues that would have normally been used for events were rented out long-term to film productions – one of the first industries to return to work. The team also began work on developing innovative revenue opportunities to help fill the gap caused by the cancellation of all special events. The Party-in-a-Box, which was designed to give small groups wanting to celebrate graduations, school year-end celebrations and birthday parties an outlet, provided a box delivered to them at home that gave people a taste of a Playland party, even when they couldn't be at Playland in person. These were scooped up the thousands, giving our teams a way to keep delivering memorable experiences.

Our very determined and creative team also began brainstorming ways we could put on events and provide people with an opportunity to get out of the house, but in a COVID-safe way. And we worked closely with the Office of the Provincial Health Officer (PHO) to build an event model that health professionals were comfortable with. Using the physical space available at Hastings Park, the drive-through event model was born. Starting with the sold-out mini-donut drive-through in May, a whole series of drive-through events was launched, including a drive-through PNE Fair that welcomed more than 73,000 cars over 10 days, giving guests a touch of SuperDogs, agriculture, live entertainers, giant dinosaurs and favourite Fair foods. These events focused on bringing joy and building community connections, and they gave our team a way to

1 "The COVID-19 pandemic abruptly disrupted many businesses that create and distribute arts and culture or offer recreational activities...

However, like in the rest of the economy, some industries were able to adapt their business models to continue providing services during this period."

From *Financial impacts of the pandemic on the culture, arts, entertainment and recreation industries in 2020* by Marie-Christine Bernard and Megan McMaster. Statistics Canada. August 2021. <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00033-eng.htm>.

stay connected to our community and our guests. This was also a way to keep our teams working, to bring back some of our part-time and full-time furloughed staff, and to provide much-needed support to vendors, suppliers and concessionaires whose businesses had also been devastated. In total, our drive-throughs welcomed more than 135,000 guests over 44 event days during the summer and fall. We ended the year with WinterLights, a new holiday light drive-through experience that was launched just as COVID-19 cases were again climbing and restrictions were being tightened, forcing many other traditional holiday events to shut down.

The team also developed very effective COVID-19 protocol plans, which gave health officials the confidence to allow us to open Playland in July 2020. We opened a small portion of the park, starting with limited guest capacity and strong safety protocols, but by August, we were able to increase capacity and open more rides. In the fall, we operated Slayland – a new Halloween experience.

By the end of the 2020 fiscal year, these innovative event ideas had helped the PNE generate \$14.63 million in revenue. Although this was down 75% from 2019, the PNE showed creativity and innovation in developing safe new ways to put on events. We shared our models with other events across BC and Canada with the hope of helping more organizations make it successfully through the pandemic.

Due to the high costs associated with maintaining 110 acres of space, eight venues and the business infrastructure to support operations (insurance, network costs, utilities, etc.), it was initially estimated that the PNE would lose \$10 million dollars in 2020 – but, through the team’s creative event efforts, this was reduced

to a final loss of \$7.9 million. Losses were minimized even though the PNE received zero dollars of COVID-19 relief funding from any level of government in 2020.

Throughout the year’s challenges, the PNE recognized that it may not make strong headway in achieving the ambitious targets as set out in 2019’s five-year strategic plan. But even under constraints, the team remained focused on the importance of the five pillars of the plan and kept those pillars as a guiding path for the decisions being made. As we recover from COVID-19, targets will be reset, but the five pillars of our strategic plan will remain as relevant as ever.

COVID-19 Relief Funding Programs

Provincial and federal governments worked to find ways to support hard-hit businesses during 2020, and the PNE participated actively in industry forums informing provincial program development. Although there were no provincial program supports available to the PNE in 2020, we remain in ongoing discussions with elected officials to rectify this. On the federal side, a significant number of programs were announced and implemented. These programs were meant to provide support with staff retention, to cover operating, program and infrastructure costs, to keep people working and to keep organizations from becoming insolvent. Through a series of technicalities related to our unique statutory status and ownership structure, the PNE did



THE FLUTTERBYE AT PLAYLAND

not qualify for any of the federal government financial assistance programs in 2020, including the Canada Emergency Wage Subsidy program, which was meant to support most Canadian businesses. This was incredibly challenging to navigate, especially as all our industry colleagues in the event business, attractions world and fair industry did receive these funds. The PNE remains highly committed to challenging this program ineligibility using all available tools and resources.

PNE Activity Streams

The PNE is a statutory, non-profit organization wholly owned by the City of Vancouver and governed by our Board of Directors (see *Governance* on page 10). Our purpose is to bring joy and build social connections by delivering memorable face-to-face experiences for all ages, interests, ethnicities and income levels. The PNE remains operationally financially self-sufficient (though operating at a loss in 2020) and utilizes revenue generated throughout our fiscal year to operate. The PNE and the City of Vancouver continue to support annual capital investments into site facilities and infrastructure. PNE operations include five activity streams broken into two categories: revenue-generating, which includes the PNE Fair, Playland Amusement Park and year-round events; and non-revenue, which encompasses facility maintenance, park care, and corporate and community support.

The most well-known of our five activity streams is the 110-year-old PNE Fair. Although it operated in a reduced capacity as a drive-through experience in 2020, in a normal operating year, the PNE welcomes an average of 720,000² guests from across the province to experience world-class concerts, interesting food, live shows, and rides and exhibits. Approximately 50% of the PNE's annual revenues are derived from this event. This year, we welcomed 7,362 vehicles, primarily from the Lower Mainland, with total Fair gross revenues of \$6.49 million and a net contribution of \$1.21 million. This activity stream includes the PNE Prize Home Lottery, which performed very well during the pandemic.

The PNE's second activity stream is Playland Amusement Park. Though delayed until July 2020, Playland opened the gates for its 91st year with reduced capacity, time-blocked entry, and safety protocols (including mandatory masks for all guests and enhanced cleaning protocols). Playland completed the season at the end of October with an outdoor-only Halloween program called Slayland that provided a taste of our traditional Fright Nights experience, but without our renowned haunted houses, as indoor experiences were restricted by PHO Orders. Playland traditionally entertains more than 380,000² guests annually outside of Fair-time, with

games, food and rides accounting for almost 25% of the PNE's annual revenues. In 2020, Playland's reduced calendar allowed for 36 operating days² and over 40,000 guests,³ with revenues of \$2.82 million and a net contribution of \$.66 million.

Our third revenue-generating activity stream is the year-round events portfolio, which typically includes the use of all on-site facilities to host concerts, family shows, trade and consumer shows, sporting events, festivals, and cultural and community events. All originally planned year-round events in 2020 were ultimately cancelled or indefinitely postponed. However, the PNE team showed true determination and innovation in developing six exciting new drive-through events in a series called Taste of the PNE. These events could be experienced safely by guests from the comfort of their vehicles while enjoying some entertainment and all of their favourite PNE foods. These included the mini-donut drive-through, Canada Day drive-through, Father's Day drive-through, BC Day drive-through, Halloween Tricks & Treats, and WinterLights drive-through. These events provided the PNE with an opportunity to stay connected to our guests, and to provide some much-needed community spirit and unique activities for families to safely participate in during the height of the pandemic. Revenues from year-round events make up the remaining 25% of annual PNE revenues; in 2020, the PNE generated \$4.23 million and provided a net contribution of \$2.07 million through these activities.

Through our year-round events portfolio, the PNE also remains committed to supporting local programs, and we subsidize community programming within several venues. This year we maintained our support of the community ice program in the Agrodome from September to April. The CircusWest program in the Garden Auditorium grew to include an additional tented space behind the venue, allowing their non-profit youth programming to remain open throughout the year. The remaining venues and outdoor spaces were primarily utilized for film rentals but were also rented to a variety of local community groups and businesses for use throughout the year. All the revenues generated in 2020 through the Fair, Playland and year-round activity streams were used to help cover the costs of the organization's fourth and fifth activity streams and to support the organization's overhead (insurance, utilities, technology infrastructure, etc.) through the pandemic.

Our fourth and fifth activity streams represent the PNE's stewardship of Hastings Park, and its community focuses.

2 Seven-year average attendance, ending 2019.

3 Combined regular Playland season and Slayland Halloween event.



ITALIAN GARDENS

The PNE is responsible for the facility maintenance and care of the Pacific Coliseum, Forum, Agrodome, Rollerland, Livestock Building and Garden Auditorium. We employ specially trained horticultural teams to ensure that public park spaces remain in their naturally intended states. We lovingly and meticulously care for the outdoor spaces so our guests and the local community can enjoy the Sanctuary, Italian Gardens, Momiji Garden and Centre Grounds. We collaborate with the City of Vancouver Park Board staff throughout the year, and their valuable input is reflected throughout the grounds. Management of these areas is an annual budgeted PNE expense.

In 2020, the PNE maintained the level of care of Hastings Park (with a reduced financial investment, due to the pandemic) to ensure these public spaces remain available for all to enjoy. The PNE is committed to open dialogue with our community partners – including the Hastings BIA, Community Advisory Group, PNE Youth Council, Hastings Community Policing Association, Kiwassa House and other neighbourhood groups – and in 2020 we did so by holding several virtual Community Advisory Group meetings. Due to the pandemic, we postponed many of our other regular annual community programs and initiatives.

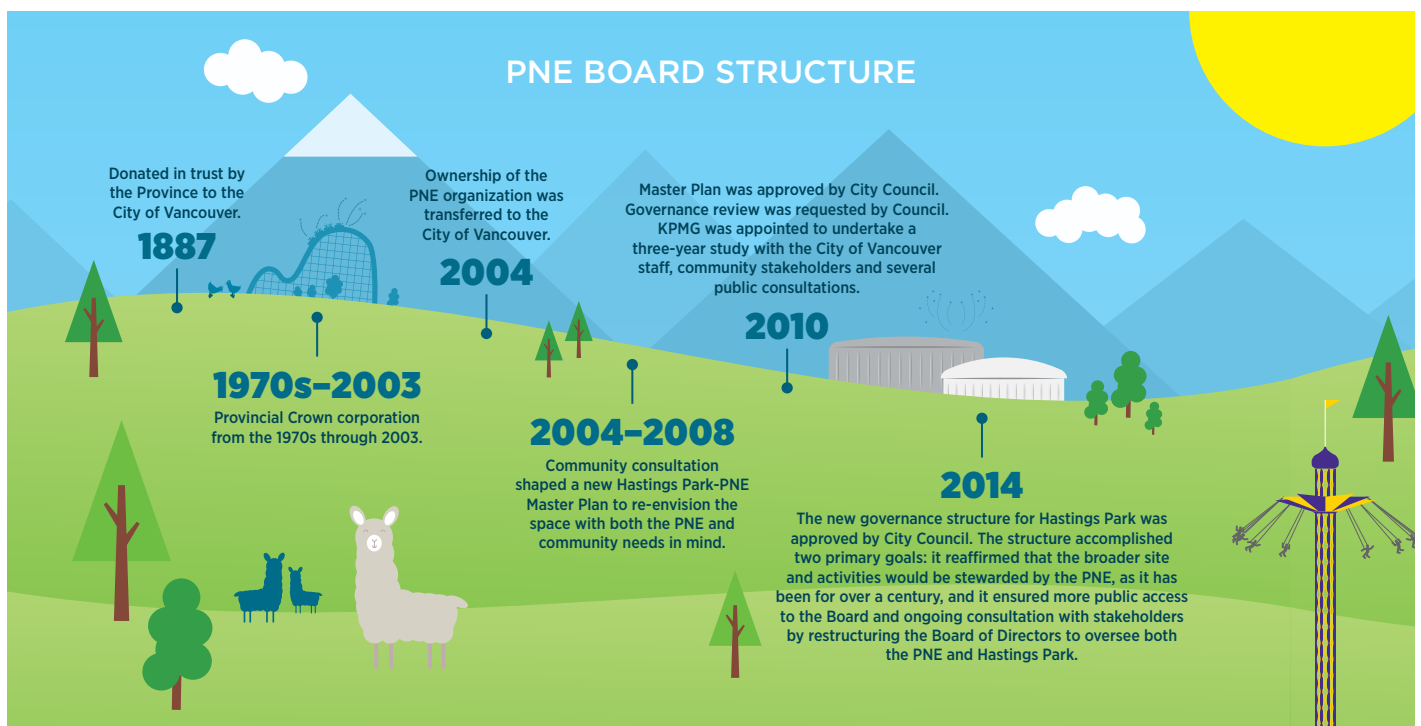
Governance

For the past 110 years, Hastings Park has remained a multi-purpose entertainment site used for the enjoyment and recreation of the public. Its purpose is to inspire joy and build social connections. Our guests enjoy the public spaces, attend events in our venues, attend our amusement park and participate in many of the festivals produced throughout the year. Millions of visitors from across the province congregate at the PNE annually to experience their favourite musician, hobby or team, to connect with their families or to take a peaceful walk through the Sanctuary. Hastings Park has been home to many “first” moments. The PNE management team and Board of Directors are committed to pandemic recovery and to keeping the organization strong, healthy and vibrant while focused on the future to ensure many more “firsts” on this active, vibrant and evolving site.

The PNE has a collaborative approach regarding community and commercial use of the space. Each year we strive to reinvest our revenue to maintain and beautify Hastings Park so the community can enjoy day-to-day use, and to maintain our spaces for the community groups who use the site. As a not-for-profit organization, the PNE returns 100% of proceeds into the site, facilities, programs, subsidies, grants and upkeep of green spaces.



THE SANCTUARY



In the revised Board structure, the PNE and Hastings Park are governed by a City Council-appointed Hastings Park-PNE Board of Directors that includes skill-specific business leaders as well as elected officials and senior staff from the City of Vancouver and the Vancouver Park Board. To ensure a Park Board voice, the Vice Chair of the Hastings Park-PNE Board is the General Manager of the Park Board. A Community Advisory Group was also implemented as part of the new Governance approach; this group meets six times a year with a team of PNE Executive and Community Relations staff.

THE FIVE PILLARS OF THE PNE STRATEGIC PLAN



Delivering Memorable Experiences

Despite the pandemic of 2020, the PNE remains committed to achieving the pillars of our five-year strategic plan (implemented in 2019). Although 2020 affected every aspect of our organization, it was also an opportunity to stay aligned with our objectives, and to stay focused on how to make the organization stronger and better for the future.

PILLAR 1: Inspire & Empower our People

In the spring of 2020, the PNE's team was devastatingly impacted by the effects of the COVID-19 pandemic on the events and entertainment industry. The PNE had to make some very quick and difficult decisions with respect to reducing the corporate overhead costs to remain fiscally responsible. It was with a heavy heart that the PNE made the decision to lay off 71% of our full-time employees (both union and management) who support event operations such as the Fair, the year-round client events, Playland, and facility maintenance. These layoffs were especially difficult during this time of uncertainty, including continued widespread anxiety over the health of family, friends and colleagues, the need for childcare for kids out of school, and the uncertain timeline as to when the situation would resolve.

In addition to the full complement of industry professionals

who make up our executive, management and union year-round staff of approximately 150, the PNE remains the largest employer of youth in British Columbia, employing over 4,200 seasonal and part-time staff, with over 50% under the age of 21. The PNE proudly provides a wide range of much-needed first jobs, training and support that builds essential skills for the next generation of workers and leaders. The impact of the pandemic on the PNE's ability to provide employment for youth was reduced significantly through 2020 due to the scaled operations.

All seasonal/part-time workers were furloughed for an indefinite period, and the PNE's full-time union and management team was reduced by just over 70% at its peak. Some individuals were temporarily laid off, while a few faced permanent layoffs as the organization restructured, preparing for a long recovery.

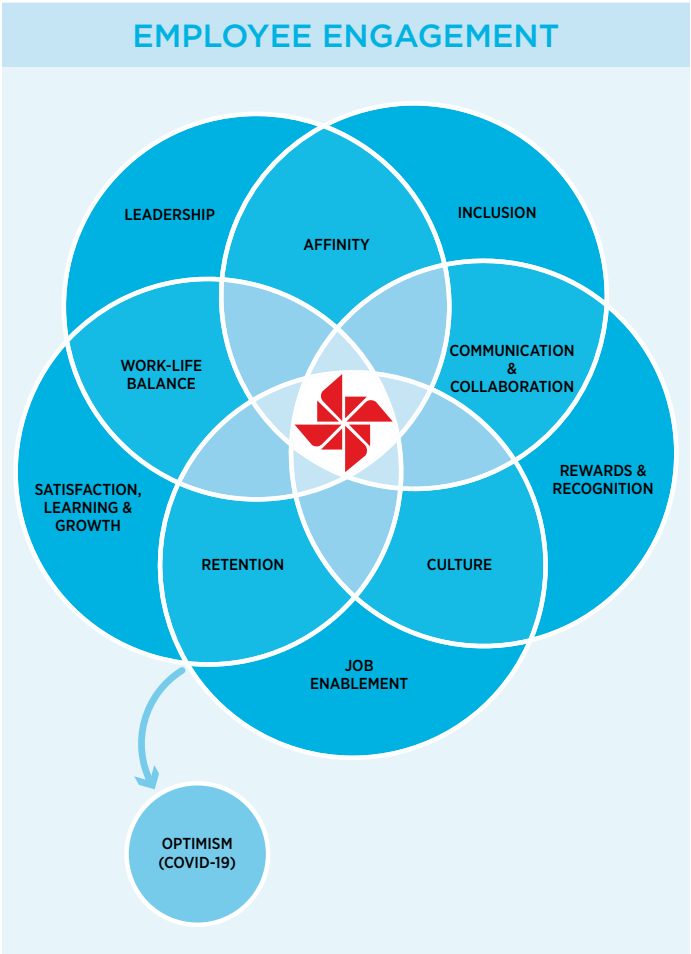
This resulted in a group of less than 45 team members leading the organization during this most challenging period. Furthermore, these team members were on reduced work hour arrangements, working 80% of their regular hours at reduced income levels. While all of this was extremely challenging to navigate, the PNE team showed the utmost resilience in future planning and navigating through the challenges the pandemic presented. This team was innovative and persistent about continuing the PNE's business operation, which eventually allowed for a staged approach for recalls. A key opportunity allowing for these recalls was the reopening of Playland (albeit a later opening with a smaller footprint and reduced capacities), along with the development of new and innovative experiences for our guests. The PNE was able to recall several furloughed full-time employees sooner than expected, and their income was supplemented through a federal work-sharing program that the PNE was approved to participate in.

While reopening to the public posed its challenges, the PNE ensured that the safety of guests and staff was the top priority. We implemented a small Occupational Health & Safety working group that met weekly; this group implemented an entirely new COVID-19 Safety Program. This program allowed for the PNE

to operate safely throughout 2020 with no reported COVID-19 exposure events on the PNE site. The success of the COVID-19 Safety Program also helped propel new business ideas during the pandemic, providing external authorities with the confidence necessary to approve permits for new events and experiences on the PNE site during the pandemic.

The PNE shifted day-to-day business operations from in-person to virtual in a matter of days. New digital platforms were implemented, laptops were widely deployed and team members who were able to work from home were now empowered to do so. All recruitment and training efforts were quickly digitized. Moving

"The success of the COVID-19 Safety Program also helped propel new business ideas during the pandemic, providing external authorities with the confidence necessary to approve permits for new events and experiences on the PNE site during the pandemic."



away from traditional in-person employee onboarding, the PNE team focused on online modules for teaching and developing newly hired team members. In addition, during a time when in-person connections were difficult to come by, the PNE's leadership team made communication with staff members a key priority. A communication strategy was implemented where regular communications were filtered through the executive team, and more regular virtual meetings were held with staff, along with townhalls to provide larger-scale updates about the organization.

During this period of turmoil and change, the People & Culture team focused on the development of a corporate engagement strategy that defined 10 core engagement categories as key factors in keeping team members engaged and retained. Accordingly, the PNE developed varied initiatives to target engagement categories, and surveyed team members for their input and feedback on the development of corporate initiatives and programs. This feedback continues to remain key to driving forward policy/program change, and the initiatives from the PNE's engagement strategy continue to be built into the corporate priorities for the organization into the future. (See Employee Engagement figure to the left.)

While the PNE's team faced their most challenging year, they also had many successes to celebrate. The lean team that continues to drive forward the business is inspired by delivering memorable experiences to our guests and communities alike.

PILLAR 2: Optimize Technology & Process

Information Technology continues to focus on the support of our business maintenance and growth, and on providing our team with the tools needed to make strategic, data-driven decisions. A number of these tools were accelerated in 2020 to facilitate the move to a work-from-home structure for staff. This allowed for enhanced collaboration in a digital workspace and motivated the staff as they shifted to home office environments.

Technology Improvements

Technology improvements continue to create efficiencies and cost savings throughout Hastings Park. A five-year technology plan was developed, Microsoft 365 was rolled out across the organization in our fourth quarter and all staff were moved to a cloud-based system, allowing for more efficient and up-to-date

services. Virtual platforms were streamlined and rolled out consistently for all, with multi-factor authentication (MFA) to better service remote users. The team also moved forward with several network improvements.



PLAYLAND

PILLAR 3: Execute Master Plan

The future of Hastings Park-PNE is at the forefront of this pillar. The PNE will lead the transition of Hastings Park over the next many years into a world-class destination. We remain committed to this vision, which leads all decisions about our future development as we navigate the phases we have mapped towards this growth.

Although the impacts of the COVID-19 pandemic bring challenges to day-to-day operations, the PNE and City of Vancouver staff remain focused on making progress on the Hastings Park-PNE Master Plan. Work in 2020 centred around several key initiatives to transform Hastings Park towards the vision outlined in the Master Plan, including the Amphitheatre Renewal project, identifying utility infrastructure upgrades to support long-term redevelopment, and completing a renewable energy strategy to ensure that sustainability is at the forefront of development at Hastings Park.

Site-Wide Infrastructure Implementation

Building on the 2015 Hastings Park Infrastructure Plan completed by Urban Systems, an update was completed to identify utility infrastructure upgrades required to maintain service levels and to enable future growth via the redevelopment of the Amphitheatre. A total of \$4.6 million of funding was secured to design and construct short-term infrastructure needs that will

be a critical component of future site development. These utility upgrades represent the first step in broader site development; design is expected to begin in 2021. Construction of an upgraded electrical substation, transformers, communication cables, water mains and storm/sanitary sewer pipes will take place over the next two to three years, which will lay the foundation for additional site development that is more visible to our guests.

Renewable Energy Strategy

As part of the PNE’s focus on sustainability, a renewable energy strategy was completed for the Amphitheatre redevelopment – this will reduce overall greenhouse gas (GHG) emissions within Hastings Park while providing capacity for growth at the PNE. With a baseline measurement of energy use and greenhouse gas emissions at Hastings Park in hand, the Renewable Energy Strategy assessed options to achieve the following objectives:

- Demonstrate innovation and climate leadership
- Reduce greenhouse gas emissions
- Develop a cost-effective strategy that considers life cycle costs
- Show alignment with PNE and City of Vancouver plans and policies

After reviewing various renewable energy options, the recommendation was made to proceed with a hybrid

MASTER PLAN GOALS

<div>ENVIRONMENT AND PARK SPACE</div> <div>INCREASE GREEN SPACE FROM 27 TO 76 ACRES</div> <div>RE-ESTABLISH HASTINGS CREEK TO BURRARD INLET</div> <div></div>	<div>PHYSICAL AND SOCIAL CONNECTIONS</div> <div>INCREASE SOCIAL CONNECTIONS AND COMMUNITY BUILDING</div> <div>EAST-WEST CITY CONNECTION</div> <div></div>	<div>FACILITIES AND INFRASTRUCTURE</div> <div>UPGRADE BUILDINGS, SPACES AND INFRASTRUCTURE</div> <div>EAST SIDE INVESTMENT</div> <div></div>	<div>ECONOMIC VITALITY</div> <div>REDEVELOP REVENUE-GENERATING ASSETS</div> <div>INCREASED EMPLOYMENT, FINANCIAL SUSTAINABILITY</div> <div></div>
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approach to greenhouse gas reduction at Hastings Park, including electrification at the redeveloped Amphitheatre venue, implementing renewable natural gas in other parts of Hastings Park where facility development is not imminent, and installing solar panels on the roof of the Livestock Building to produce a portion of the energy that will be used on-site at the Amphitheatre. Pursuing this renewable energy strategy is expected to provide the following benefits:

- **Reduce GHG emissions:** The renewable energy strategy is anticipated to reduce GHG emissions by 521 tonnes of CO₂e per year
- **Climate leadership and innovation:** The hybrid approach to reduce GHG will also facilitate broader PNE and City of Vancouver climate emergency targets (e.g., uptake of EV charging stations, carbon sequestration via green roofs)
- **Improved infrastructure resiliency:** Electrification and solar power at the Amphitheatre will enable site infrastructure systems to absorb disturbance while retaining basic function and structural capacity; the current gas-fired equipment requires both gas and electrical service to be maintained, making it more prone to system outages
- **Public education opportunities:** Implementing and showcasing solar panels on-site will enable renewable energy education opportunities for guests at Hastings Park

Amphitheatre Renewal

The renewal and upgrade of the Amphitheatre will create a world-class outdoor space enabling the growth of community and commercial events, will establish a vibrant, year-round cultural space, and will increase revenues that will help make the site more financially sustainable. The Amphitheatre Renewal project will serve as a catalyst for growth, provide increased access to the space for arts, culture and musical groups, build community, foster reconciliation and provide an opportunity for the events industry to recover from the pandemic-related downturn.

Updated Business Case

The results of the Renewable Energy Strategy were incorporated into an updated business case for the Amphitheatre Renewal project. Despite some cost increases, the business case for the Amphitheatre remained strong, and included the following design priorities:

- **Improved sound management:** Incorporate innovative sound management design and technology to minimize the impact on the surrounding community
- **Weather protection and roof:** Provide a covered stage and covered seating to enable an extended year-round operating season for outdoor events



- **Increased capacity:** Increase seated and standing capacity to over 9,000
- **Flexible venue format:** Enable a scalable venue design that will accommodate smaller formats with a capacity of 2,000 to 4,000 while also serving events with a capacity of 8,000 to 9,000
- **Permanent back-of house (BOH) infrastructure:** Build permanent BOH facilities to lower event set-up costs, and provide modern facilities and amenities for artists and staff
- **Improved front-of house (FOH) infrastructure:** Build improved FOH guest amenities (washrooms, box offices, food and beverage concession areas, prep kitchens, bar service) to enhance the guest experience
- **Improved utility infrastructure:** Provide sufficient electricity, potable water, grey water disposal, and internet access for the new venue

Partnership Strategy

Potential partnership models were assessed based on industry benchmarks, market sounding to the private sector, and responses from a formal Request for Expression of Interest (RFEOI) for an Amphitheatre partnership. The assessment took into consideration the options that would add the most value to the venue while

maintaining public benefits at Hastings Park. Considerations included the potential investment from a private sector partner, the impact on site operations and maintaining the integrity of existing site collective agreements.

Following this assessment, the Hastings Park-PNE Board approved the following recommended partnership model that includes pursuing partnership in two key areas:

- **Naming Rights and Sponsorship:** Investment provided for the ability to secure the naming rights (entire venue or component piece) for a specified term to offset capital costs
- **Venue Priority Access Partnership:** Investment provided in exchange for a set of defined venue privileges, including priority access to venue dates during the operating season; these privileges, which will not allow exclusive access to the site, will maintain a minimum number of dates for community/non-profit group access

Next Steps

The Amphitheatre Renewal project will be presented to Vancouver City Council to obtain approval of the project. Once approved, venue design will be initiated with a goal to complete the project by 2026, or sooner if possible.



PNE AMPHITHEATRE RENDERING



PLAYLAND

PILLAR 4: Elevate Business Results

2019 had been our best year on recent record, generating over \$60 million in revenues. Initial business planning for 2020 (which began in late fall of 2019) built on that momentum and encompassed the objectives of our fourth pillar: to elevate our business results in each of our revenue-generating activity streams (the Fair, Playland and year-round events). Ultimately, this planning pivoted at the beginning of our first quarter of 2020 to developing scenario planning, protecting the revenue streams and mitigating loss because of the pandemic. The PNE executive management worked in cooperation with the Board of Directors to plan for various outcomes and to minimize risk, and to adjust budgets accordingly.

The team remained dedicated to making guest experience a driving factor in this tough new environment, and all decision-making regarding developing new events and products focused on maintaining a positive guest experience, keeping people employed and minimizing negative financial impacts on the organization.

Playland Season

Playland Amusement Park – which was among the first in Canada to reopen during the pandemic – celebrated 91 years of operation when it reopened in July 2020. Playland is known for a great selection of rides and attractions, games, food and beverages, and provides affordable family entertainment in a fun, safe and unique setting. The July reopening was a phased approach: phase 1 saw Playland open a subset of our smaller family-friendly rides, and phase 2 was introduced in August with a larger footprint and the opening of several of our thrill rides. This was accomplished by working collaboratively with Vancouver Coastal Health and WorkSafeBC to create an Exposure Control Plan with key safety protocols to prevent transmission of COVID-19.

Playland focused on exceptional guest safety. This started with date-specific ticketing and the piloting of multiple time slots to ensure capacity control. Online-only advance purchases were required, which ensured that contact tracing protocols were in place, and “know before you go” emails were implemented to provide all information in advance to ensure guests’ arrival and on-site experience were seamless. Protocols, restrictions, parking details, food specials and ride operations were just some of the subjects covered in the welcoming email to allow for a consistent experience for guests.



July 2020 – Canadian Press photojournalist Darryl Dyck experienced Playland on its reopening and ran two images showcasing our newly designed emoji masks (provided to all guests during Playland regular season as part of our enhanced safety measures due to COVID-19 protocols). The images were picked up by over 90 papers across Canada, and by the Associated Press with pickup by over 900 U.S. newspapers.

Figure 1 | PLAYLAND ATTENDANCE



Figure 2 | PLAYLAND TOTAL REVENUES (in Millions)



Figure 3 | PLAYLAND NET CONTRIBUTION (in Millions)



In spring 2020, Playland was not contemplated to open at all, so we were proud to open for 36 regular season operating days from July 10 through November 1. Also, as the PNE Fair was converted to a drive-through that did not utilize the amusement park space (see *PNE Fair and Special Events on page 21*), the operating days at Playland were unaffected throughout August. We welcomed over 25,000 guests for the season (not including Slayland in October). In phase 1 of the reopening, we saw approximately 10% of our traditional attendance, and when we opened phase 2, attendance rose to approximately 20–25% of our traditional expected guests. Playland generated total revenues of \$2.82 million in 2020 and provided a net contribution of \$.66 million. (See *Figures 2 and 3 for a seven-year history*.)

Fright Nights is paused and becomes Slayland for 2020 halloween season

Slayland numbers are included in Playland above and are broken out here for illustrative purposes only

Fright Nights, which remains one of the PNE's most popular attractions, has built exceptional brand equity with an offering of terrifying haunted houses and atmospheric entertainment that remains some of the best in the Halloween realm. Due to restrictions from the PHO that wouldn't allow haunted houses, we knew we would not be able to successfully open Fright Nights in its entirety. So, a decision was made to modify the event. Therefore, Slayland, Night of a Thousand Screams was created.

Slayland reduced the scare factor slightly by creating an outdoor-only walk-through experience, complete with all the rides from Playland, but without the indoor haunted houses and with a reduced amount of atmospheric entertainment, which aligned with reduced production budgets and reduced capacities on-site. We included thematic food and beverages, like pumpkin spice cotton candy, and for the first time, we offered guests the opportunity to dress up in their favourite costumes. We created theme weekends, such as superheroes, to help build a fun atmosphere for the guests – all of this in a year where most Halloween operations were cancelled.

This seasonal event remained heavily attended, selling out seven of the 11 operating days. The PNE focused on maintaining positive guest experiences and safety, maintaining all health protocols and even introduced a Beast mask to complement the already popular emoji mask from the Playland regular season. Slayland achieved revenues of \$0.81 million in 2020 (see *Figure 5 for a seven-year history*) and \$0.48 million in net income towards the Playland activity stream.

Figure 4 | FRIGHT NIGHTS / SLAYLAND ATTENDANCE



Figure 5 | FRIGHT NIGHTS / SLAYLAND TOTAL REVENUES (in Millions)



Figure 6 | FRIGHT NIGHTS / SLAYLAND NET CONTRIBUTION (in Millions)



PNE Fair and Special Events

As the PNE entered Q4 of 2019, all indications were that the PNE Fair in 2020, building on the successes of the previous few years, was going to be a fantastic event. The 2020 Summer Night Concert Series was booked, partnership contracts were in place, exhibits were planned, and everyone was excited to see it all come together. Then, on March 12, 2020, the World Health Organization (WHO) announced a worldwide pandemic.

An April announcement (*see below*) from the PHO directing the cancellation of the 2020 PNE Fair changed the course of 2020 events across the province. In the weeks that followed, the PNE pivoted to revise planning and to develop ways to create revenue without our anchor event. PNE management worked together to mitigate risk through budget revisions. Through the disappointment of not having a Fair came brainstorming about what else we might be able to do, focusing on what “was” possible rather than what “was not” possible. This was when the beginning of the ideas started to form for A Taste of the PNE – Drive-Thru Edition.

At the core of the development of these new events were objectives meant to generate awareness that kept the PNE relevant and connected to the community: to keep staff motivated and engaged, and to bring back furloughed staff as soon as possible; to put the PNE in the media spotlight often to provide an opportunity to discuss inconsistencies in the Canada Emergency Wage Subsidy

that created challenges for the PNE; and, ultimately, to generate revenue from events throughout the fiscal year and from our Prize Home Lottery, which continued during the pandemic.

Pivoting to a Drive-Through Model

The team utilized a strategic product development planning model to create what ultimately became the only event allowed under the 2020 PHO restrictions. The strategy of the drive-through was developed with three criteria in mind: engagement, employment and revenue generation. The PNE strived to show leadership, not just internally but also across our industry, and to be innovative and creative, always led by the guiding principles in our corporate strategy.

When anyone thinks of the PNE, it is often about the food found at our PNE Fair. This rang true for our fans, who spoke loud and clear about what they would miss most with the announcement of the cancellation. Our team also understood the impact of this cancellation on our beloved food vendors, many of whom are small family-based businesses with a bleak 2020 ahead of them, due to their dependency on events across the country.

So, it was only natural that our first drive-through would be A Taste of the PNE: Mini-Donut Edition. In May, the PNE invited Canadian-owned and -operated Tin Lizzy, Cin City Donuts, Those Little Donuts and our own FunDunkers to participate in a weekend

April 18, 2020: During the daily PHO briefing, Dr. Bonnie Henry was asked whether the public could realistically expect to see the return of larger events, for example, the PNE or Pride, in the summer. Dr. Henry responded, “That is a much riskier prospect than ever before. We do not have enough herd immunity or community immunity to protect everybody and allow that type of event to happen.” And, in response to a reporter’s question, Dr. Henry stated, “Let’s be realistic – events like the PNE are not going to happen this summer.” And with that simple statement, the 2020 PNE Fair was cancelled.



FARM ANIMALS AT THE PNE FAIR DRIVE-THRU



SUPERDOGS AT THE PNE FAIR DRIVE-THRU



DINO DISPLAY AT THE PNE FAIR DRIVE-THRU



AERIAL OF PNE GROUNDS AT THE PNE FAIR DRIVE-THRU

event. The demand was so strong that the event was extended to four days, and it was still a sold-out event. We welcomed over 4,200 vehicles, served over 162,000 mini donuts, and provided much-needed income to our vendors and smiles to our guests. The support from guests was overwhelming during the event. We had nurses working night shifts driving from Mission in the morning to get mini donuts. Guests came in from Hope, Squamish, Kamloops and other places within a few hours' drive of Vancouver. As our staff directed vehicles through the site, people yelled out their support for the PNE and told us to keep fighting. They told us how much they would miss the Fair this year, and how great it was that we were able to provide a moment of fun and a unique outing for families who desperately needed something to bring a bit of joy to their day. Our team was thrilled to provide this – that weekend, it was about so much more than mini donuts.

With the sellout of this first event, the PNE announced additional drive-through experiences. A Taste of the PNE: Car-B-Q was open over two weekends including Father's Day. Welcoming over 3,000 vehicles, the PNE provided an even more robust experience by creating an indoor drive-through classic car show along with the return of a PNE favourite: our BBQ rib vendors and poutine for a Father's Day feast.

A Taste of the PNE: Canada Day event was a sold-out one-day 1,000-vehicle event, complete with a “reverse parade” through the Pacific Coliseum where the entertainment stayed in one place – it was the guests who drove by, waving from the comfort of their own vehicles. Again, we had a selection of favourite Fair foods at the end. Since restrictions had been loosened a bit by August, our BC Day event allowed for a small walk-in event in addition to the drive-through, giving guests a much-anticipated opportunity for a timed-entry, socially distanced food and beverage experience, complete with Dueling Pianos. What goes better on the BC Day

Figure 7 | FAIR ATTENDANCE



Figure 8 | FAIR TOTAL REVENUES (in Millions)



Figure 9 | FAIR NET CONTRIBUTION (in Millions)



long weekend than live music, cold beer, BBQ chicken and corn on the cob?

All of these experiences paved the way for A Taste of the PNE: A Fair Experience. Held over 10 days in August with several sold-out days, this event gave our guests the ultimate “taste” of the PNE through a 45-minute experience. It included a shortened



CONCESSIONS AT THE PNE FAIR DRIVE-THRU



SUPERDOGS AT THE PNE FAIR DRIVE-THRU

outdoor SuperDogs show, an agriculture experience with live animals and 4-H participation, dancers, giant dinosaurs, a drive past the PNE Prize Home, the sights and sounds of the Fair and, of course, the flavours of our most-loved food vendors. We welcomed over 7,300 vehicles during the drive-through Fair.

It was important for the team to round out the drive-through idea with a sold-out Tricks & Treats drive-through. This three-day Halloween-themed experience welcomed over 3,700 vehicles who wove their way through a path of family-oriented Halloween decor, collecting goodies along the way, including candy apples, popcorn and candy.

Then, in December, we closed out 2020 with PNE WinterLights. Designed as a 40-minute drive-through experience, WinterLights was successful for many reasons. First and foremost, it provided our guests with a safe, family-oriented holiday lights experience that allowed families to get out of the house. This was during the second wave of the pandemic, when restrictions were again increasing, and other events – including the VanDusen Garden Festival of Lights and Stanley Park Bright Lights – were not allowed to move forward. Our guests enjoyed hot chocolate and hot apple cider as they circled our lit path, enjoying lights, music and live performers. Guests drove through seven magical lands, including winter creatures, Santa Street, polar north, the light tunnel and candy cane lane, culminating with our very own dancing Santa and a food truck festival. With 20 sold-out operating days, we welcomed over 22,000 vehicles and garnered over \$68,000 in donations for the Greater Vancouver Food Bank. This event also allowed us to offer over 10,000 labour hours to our staff.



SANTA AT WINTERLIGHTS

Overall, our drive-through experiences provided 44 event days, with experiences for approximately 135,000 guests and nearly 45,000 vehicles. Combined, the events created a top-line revenue of over \$2 million, contributing to our third pillar: elevating business results. We also gained the trust of both Vancouver Coastal Health and the City of Vancouver for operating safe events during the pandemic.

PNE Lotteries: PNE Prize Home and Winter Lotteries

For 86 years, Vancouver has recognized the PNE Prize Home as BC's longest-running and most affordable lottery and an integral part of our annual PNE Fair. The famous words "Win a house! Win a car!" rang out again in 2020, despite the cancellation of the Fair. Our investment in the design and build of the house on-site was complete, partnerships were in place, the furniture, accessories and vehicles had been delivered, and launch was imminent when the pandemic started, so the PNE executive management team made the decision to move forward with the lottery despite not being able to have a traditional Fair.

The 2020 grand prize package, valued at over \$2 million, included a stunning 3,188-square-foot mountainside home located in Pemberton, which is a 30-minute drive from Whistler. The Prize Home can be found in the Sunstone Pemberton development.

This contemporary project featured three bedrooms and two-and-a-half bathrooms. It's also defined as a net-zero-ready home, meaning that it can produce as much energy as it consumes. The 2020 home, which was designed and built by Freeport Industries, has a stunning open-concept kitchen featuring JennAir and Whirlpool



WINNERS OF THE 2020 PNE PRIZE HOME

appliances provided by Coast Appliances. Yaletown Interiors provided stylish and comfortable indoor furniture, and the outdoor living spaces were completed with an extravagant spa package from Coast Spas Lifestyles. A Husqvarna robotic lawn mower and battery-operated lawn maintenance equipment completed the grand prize. The bottom floor also included a sports room for storing outdoor equipment, a two-person sauna, and a powder room.

In addition to the home, lottery prizes included five BMW luxury vehicles, five Air Transat Caribbean vacations, one Harley-Davidson motorcycle, one cash prize of \$25,000 and four cash prizes of \$10,000. The lottery ran from May 1 to September 7, 2020. Ticket packages were available for \$25, \$50 and \$100, ensuring that the lottery remained affordable for all.

The outcome was fantastic, with over 623,000 prize home tickets sold and entered in the draw, and \$6.04 million in total revenue generated. (See Figure 10 for a seven-year history.)

Overall, the PNE Prize Home Lottery gave away over \$2.7 million in cash and prizes, and we are proud to report record-breaking ticket sales. With a strong push, the team generated over \$1.0 million in sales on the final day – our largest grossing sales day to date. In addition, the 50/50 jackpot totalled \$1,345,820, and the winner was awarded a cash prize of \$672,910.

2020 saw the introduction of a second lottery opportunity for the PNE – the PNE 50/50 Winter Lottery. Launched in mid-December, the lottery generated \$462,380, with the winner taking home \$231,190.

Revenues from the lotteries, which continue to be a key revenue stream for the PNE, support a variety of PNE community initiatives and many other non-revenue-producing multicultural and family programs that take place throughout the year.

Figure 10 | PRIZE HOME LOTTERY TOTAL REVENUES (in Millions)

2014		\$5.15
2015		\$5.45
2016		\$4.10
2017		\$5.88
2018		\$5.71
2019		\$6.19
2020		\$6.04

Year-Round Events

Filming at the PNE

There is no question that Metro Vancouver continues to be the third-largest hub for film and television production in North America, behind Los Angeles and New York City. During the pandemic, filming in BC generated \$2.80 billion, which was 30% of the national share. The local film and television production industry, which was one of the few sectors of the economy that reopened after approximately three months of shutdowns, weathered the effects of the pandemic better than many other global film hubs. This is a result of the industry’s swift creation of industry-wide safety plans, including on-set zone systems, mandatory personal protective equipment (PPE), and regular cast and crew testing – all, of course, approved by the PHO.

When the live events industry came to a complete halt, the PNE management team quickly reprioritized the availability of our attractions and venues to provide long-term rentals for film



2020 PNE PRIZE HOME DRAW



PNE WINTER LOTTERY

Figure 11 | FACILITY SALES TOTAL REVENUES (in Millions)



Figure 12 | FACILITY SALES NET CONTRIBUTION (in Millions)



production studio space. This transition led to 1,649 days of film days on-site, compared to 268 days in 2019.

Working with 25 different film productions, the PNE generated over \$2 million from film rentals. This included six features, 10 series and two commercials.

Hastings Park offers productions the ability to film a variety of locations without having to move crew, sets and trucks. There are often various locations used during a tenancy. *The Adam Project*, a Netflix production, is a great example of this diversity. Over the course of the year, their rental included the Pacific Coliseum for 220 days and the Forum for 153 days, along with Rollerland, the Livestock Barns and several parking lots. And, yes, Ryan Reynolds was on our site! This single production generated approximately \$1.2 million dollars in revenue for the PNE.

Streaming productions from companies such as Netflix, Disney+, Warner Brothers and Apple continue to have a presence on-site. In 2020, we saw the following productions: *Batwoman Season 2*, *Turner & Hooch*, *Little Ollie*, *Mighty Ducks*, *Lost in Space*, *The Flash* and more.

In addition to the above, 27 film productions rented space for circus and crew parking.

The industry continues their big push toward environmental responsibilities, and the PNE works closely with all productions on-site to address food waste, green technology and clean power, and works to constantly find ways to be more responsible and mindful.



BC DAY DRIVE-THRU

From Uncertainty to Innovation and Creativity

The year-round event team continued to focus their attention on ways to maximize space rentals throughout Hastings Park. As the pandemic allowed for use of spaces that weren't normally available throughout the summer, the team kept the park active with community and corporate events, including:

- A new collaboration with Pedalheads that provides spring and summer bike camps for the community using the Sport Courts
- The Mercedes-Benz Driving Academy held 17 training sessions in the Hastings Room
- West Coast Christian School celebrated the end of their school year with a graduation ceremony in the Pacific Room, providing a safe, socially distanced celebration
- The City of Vancouver created a Modular Housing Staging Location for three months in one of our parking lots
- Urban Roots Garden Centre began operations in March 2021, providing the Hastings-Sunrise Community with a local Garden Centre for spring gardening

The success of our PNE drive-through events also provided a series of best practices for our external event producers, including:

- **Lower Mainland Christmas Bureau:** Due to the pandemic, the Christmas Bureau was unable to use their traditional venue, so they created a toy drive-through drop-off at the PNE where they collected over 4,000 toys and gift certificates, raising over \$5,000
- **Best Buy Tech Winter Wonderland:** This drive-through experience was an incredibly beautiful production. However, due to increased COVID-19 cases at the end of November, opening day was marred by a cancellation by the PHO. The PNE worked closely with the producer and partners to repurpose part of their exhibit at our WinterLights drive-through.

Throughout the beginning of the pandemic, the year-round team facilitated many cancellations and postponements of family and sporting events, concerts and third-party ticketed events for TicketLeader clients. TicketLeader was contracted to provide ticketing services for clients including VanDusen Garden and Bright Nights in Stanley Park, who were also affected adversely by the November announcement by the PHO.



TicketLeader

TicketLeader – owned and operated by the PNE – remained active throughout the pandemic. In addition to ticketing our internal events, we had growth in the department. TicketLeader successfully implemented contact tracing and timed-entry tickets for all PNE events, which garnered the interest of third-party organizations tasked with providing the same level of tracing at each of their venues, leading to new business for TicketLeader. New off-site events in 2020 included:

- VanDusen Garden Festival of Lights and Bright Lights in Stanley Park, which had successful ticket sales, only to be cancelled by PHO Orders in November 2020
- Abbotsford Agrifair – Donut Drive-Through

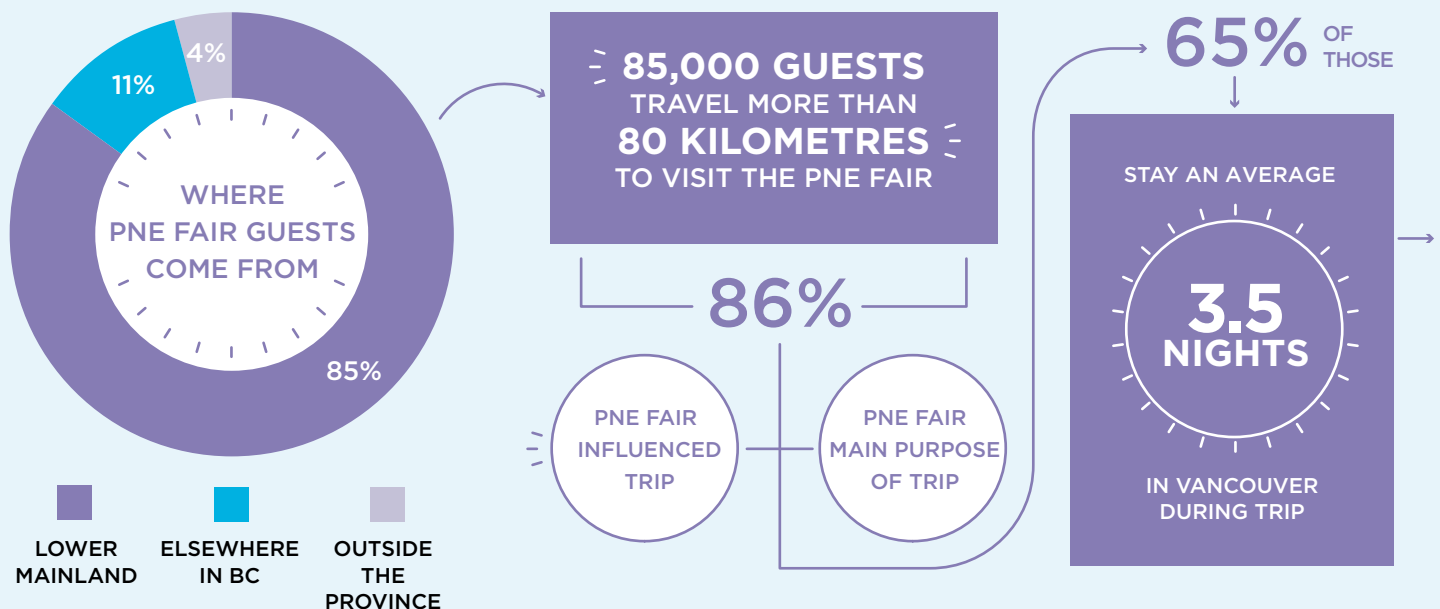
Additionally, TicketLeader was awarded the Tradex Abbotsford contract as the exclusive ticketing provider. However, prior to the start of any new ticketing, the City of Abbotsford announced an RFQ for management of the facility, which unfortunately now prohibits TicketLeader from entering an agreement.

Group Sales

The PNE Group Sales department remains a leading group sales operation for events throughout the Lower Mainland. Although the program was initially built around business streams in Playland, Fright Nights and the annual PNE Fair, the program has expanded to include third-party events to support the promotion of ticket sales at the PNE.

2020 saw reduced opportunities for these group sales packages due to decreased birthday parties and group events, but this department did remain active with group ticketing for our WinterLights drive-through. They also shifted their focus from on-site birthdays and school groups to our new Party-in-a-Box offering. This box, which contained all the Playland favourites, was delivered to individual homes and offices in the spring and early summer, allowing for virtual birthday parties, graduation parties, school group parties and office parties to have a small taste of Playland in their own space.

TYPICAL ANNUAL ECONOMIC IMPACT OF THE PACIFIC NATIONAL EXHIBITION



PILLAR 5: Build Community & Social Good

In a year where the engagement and support of our community is critical to the health of our employees and guests, we recognize the importance of a vibrant, safe and accessible space that continues to support an enriched community.

The Impact of the PNE

In a typical year, the PNE contributes a significant economic impact to Metro Vancouver through tourism, employment and support for local businesses, vendors and suppliers. The PNE directly employs over 4,200 people and creates approximately 9,500 indirect jobs for vendors, concessionaires, suppliers and entertainers. This creates an impact of over \$200 million in economic activity. Many of our employees are young seasonal workers who are dependent on income for education, or new Canadians gaining valuable work experience. PNE jobs are

responsible for over \$21 million in wages every year, and the PNE Fair contributes \$76.7 million in wages (direct and indirect) across BC.

The Hastings-Sunrise community is a vibrant local business community that leverages PNE events on-site at Hastings Park to bring traffic to their local restaurants, shops and services.

In 2020, 95% of seasonal workers and 55% of year-round staff were furloughed or permanently laid off when events were cancelled or postponed, which negatively impacted both the PNE and the Hastings-Sunrise business community.

Giving Back

The PNE is a non-profit organization dedicated to maintaining Hastings Park and typically utilizes profits to generously give back to local organizations and community groups. With the pause



on all events, the PNE suspended all ticket donation programs and community grants. These opportunities will be reinstated at a future date.

Along with these initiatives being suspended, key community programs are also on hold until the pandemic subsides. These include our the PNE Neighbourhood Focus Group and the PNE Youth Council. We are dedicated to creating a positive impact in our local community, and when our site is active once again, we will continue to work closely with the local community to mitigate impacts from events, to help build community and to support local community initiatives.

We were able to maintain our partnership with the Vancouver Farmers Market Society throughout the fall and winter of 2020/2021. This initiative brings fresh local products to the community every Sunday from November to April. This year's market included heightened safety protocols and a reduced number of vendors, but maintained a focus on farmers selling local produce, baked goods, meats, fish, jams, spirits and crafts. The PNE continues to subsidize this program through operational costs, including garbage/recycling/compost bins, waste pickup, power and heat, pre- and post-event site cleaning, and promotion of the farmers' market.

Throughout the year, CircusWest expanded their operation to include additional space by utilizing a large tent east of the Garden Auditorium in the adjacent parking lot, enabling them to comply with social distancing requirements and maintain training and education operations for their participants.

PNE operated our Community Ice program in the Agrodome. Although no recreational groups were permitted, due to PHO restrictions, we were able to provide ice time to four league-style groups (approximately 15 teams), and one figure skating group with 20 skaters. The PNE implemented safety protocols to ensure the safety of all ice users, including 15-minute breaks between user groups to clean the facility, an outdoor dressing area to put on skates, closing all change rooms, banning all spectators, providing distinct entry and exit paths through different doors to maintain physical distancing, and instituting rules for players to come dressed. All water refill stations were shut off.

Each year, the Sanctuary on the southwest side of Hastings Park is stocked by the Freshwater Fisheries Society of BC (FFSBC) with rainbow trout during the spring and fall. In 2020, the area remained open for the local community to fish and, although no formal programs for learning to fish were provided, the fishing dock was busier than ever with families looking for activities to do outside the house. This habitat continues to be closely monitored to ensure public use does not negatively impact the more than 135 species currently sharing the Sanctuary space.

Hastings Park remains an anchor destination in Vancouver, and we strive to continue to bring joy and build social connections with the community we live and work within. The PNE looks forward to welcoming back these and other opportunities for the public use of Hastings Park as we anticipate the return to live events.

Accessibility

Playland offers the Ride Accessibility Program through our participation in the Easter Seals Canada Access2 program. Guests who may find access difficult, or who cannot stand for long periods of time in ride lines because of a physical disability or a learning/emotional impairment, can utilize this program throughout the season by presenting an Access2 card at Guest Services. Additionally, the site offers baby and adult change areas, first aid, access for guide and service dogs, accessible parking, and accessible and gender-neutral washroom facilities to enhance the guest experience on-site.

The PNE continues to participate in the Vancouver Police Department (VPD) Safe Place program. The program is led by the VPD and is designed to assist members of the LGBTQ2 community in situations when targeted by bullying or harassment and, in some cases, when they are victims of crime. The PNE offers a safe place for LGBTQ2 members to call the police and safely wait.

Sustainability

In 2020, as our operations shifted, our sustainability focus was on developing a renewable energy strategy for the redevelopment of Hastings Park. In addition, we conducted a full site lighting audit to develop a strategy to transition our lighting to be fully LED.

Capital Expenditures and Maintenance Improvements

Several capital projects moved forward and were completed in 2020. The PNE and the City of Vancouver continue to reinvest in upgrades and maintenance of the facilities in Hastings Park. The number of capital projects were smaller than previous years, and we focused on completing projects that had already been invested in or that were of a timely nature.

Within the Livestock Buildings, 20 new heritage-style windows were installed. These upgrades assist with energy efficiency while

maintaining the heritage look of the space. We also replaced faulty concrete lintels over some of the doorways and windows with new concrete.

In the Forum, a ceiling heater was moved to better accommodate equipment rigging, and filtration systems were upgraded to allow for better air quality. The Agrodome upgrades focused on new domestic hot- and cold-water lines, new washroom equipment in the men's facilities, a new incoming water main, a new fire sprinkler station and a new steel roll-up door.

In addition to these capital expenditures, the PNE traditionally includes \$6.25 million in our operating budget for annual maintenance of facilities and green spaces. These budgets were significantly reduced in 2020 due to the pandemic, with \$2.66 million invested to maintain the Hastings Park facilities and green spaces.

In Summary

2020 has been a year with enormous challenges to navigate. Through resiliency, dedication and innovation, the team was able to minimize losses and develop achievable goals. We continued to design unique experiences to stay connected to our community, with a focus on our mission, vision and values. The PNE continues to deliver memorable experiences 365 days a year with Excellence, Enthusiasm and Evolution.

We know that the pandemic will continue to evolve, change and provide new obstacles and new opportunities. The team is ready for that challenge – we are more confident than ever that the PNE will find ways to overcome, and we are focused on a bright future. The executive team remains committed to ensuring that the PNE can access all government funding opportunities that are available to similar organizations and to educating government officials on our eligibility issues and our importance.



CAR-B-Q DRIVE-THRU



LUMBERJACK SHOW AT THE CANADA DAY DRIVE-THRU



BC DAY DRIVE-THRU



FARM ANIMALS AT THE FAIR DRIVE-THRU



PNE PRIZE HOME TICKET SALES AT THE FAIR DRIVE-THRU



FAIR DRIVE-THRU



BEAST MASKS AT PLAYLAND



WOODEN COASTER



FAIR DRIVE-THRU



FAIR DRIVE-THRU



DINOS AT FAIR DRIVE-THRU



PLAYLAND



SUPERHERO WEEKEND AT SLAYLAND



TRICKS & TREATS DRIVE-THRU



FOOD CONCESSIONS AT WINTERLIGHTS

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 2020 annual report have verified its completeness and accuracy. Our independent auditors, KPMG LLP, have audited the financial statements in accordance with Canadian Public Sector Accounting Standards and formed an independent opinion on the financial statements prepared by management.



Shelley Frost
President and Chief Executive Officer



David Crawford
Vice President, Finance and Corporate Services

2020 Board of Directors

The Hastings Park–PNE Board of Directors, as appointed by Vancouver City Council, were as follows for 2020:

Chair	Rachel Roy, Lawyer with Allevato, Quail and Roy	Vice President, Sales, Marketing & Business Development: Karen Massicotte
Lisa Dominato, Councillor, City of Vancouver	Jackie Hogue, J Hogue Consulting Inc.	Vice President, Finance and Corporate Services: Sandra Ruff (April to September 2020)
Vice Chair	Ty Speer	Acting Vice President, Finance and Corporate Services: Enrique Vazquez (October to December 2020)
Malcolm Bromley, General Manager, Vancouver Park Board (April 2020–May 2020)	Richard Saunders, Workers' Advocate, Labourers' Membership Services, Construction and Specialized Workers' Union Local 1611 (until December 2020)	Vice President, Finance and Corporate Services: David Crawford (as of January 2021)
Shauna Wilton, Acting General Manager, Vancouver Park Board (June 2020–August 2020)		Executive Assistant and Corporate Secretary: Salome Valente
Donnie Rosa, General Manager, Park Board, City of Vancouver (October 2020–present)	EXECUTIVE MANAGEMENT COMMITTEE	
Treasurer	President and Chief Executive Officer: Shelley Frost (on medical leave as of February 2, 2021)	
Patrice Impey, General Manager, Financial Services, City of Vancouver	Vice President, People & Culture: Stacy Shields (Acting President and Chief Executive Officer as of February 2, 2021)	
Directors	Acting Vice President, People & Culture: Salina Janmohamed (as of February 2, 2021)	
Paul Mochrie, Deputy City Manager, City of Vancouver	Vice President, Operations: Jeff Strickland	
Nick Kassam, General Manager of Real Estate and Facilities Management, City of Vancouver		

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.

2020 AUDITOR

KPMG LLP
777 Dunsmuir Street
P.O. Box 10426
Vancouver, BC V7Y 1K3
T: 604-691-3000 F: 604-691-3031
www.kpmg.ca



PNE FAIR DRIVE-THRU

FINANCIAL STATEMENTS

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, 2021
- 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, 2021 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.

Independent Auditors' Report

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:

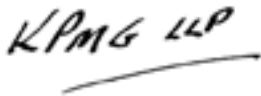
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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.

Independent Auditors' Report

- 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is stylized and appears to be written with a pen. Below the signature is a horizontal line.

Chartered Professional Accountants

Vancouver, Canada
July 28, 2021

Statement of Financial Position

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ -	\$ 374,896
Accounts receivable (notes 3 and 4)	1,050,074	939,561
	<u>\$ 1,050,074</u>	<u>1,314,457</u>

Liabilities

Bank indebtedness (note 5)	850,425	-
Bank loans (note 5)	12,694,559	9,851,542
Accounts payable and accrued liabilities (notes 4 and 6)	9,896,005	8,867,331
Deferred revenue	432,672	614,088
	<u>23,873,661</u>	<u>19,332,961</u>
Net debt	(22,823,587)	(18,018,504)

Non-Financial assets

Tangible capital assets (note 8)	19,922,915	21,635,960
Inventories held for use	765,420	969,140
Prepaid expenses	1,778,026	3,026,436
	<u>22,466,361</u>	<u>25,631,536</u>
Contingent liabilities (note 10)		
Accumulated surplus (deficit)	<u>\$ (357,226)</u>	<u>\$ 7,613,032</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Lisa Dominato, Director



Patrice Impey, Director

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	Budget (Note 2(j))	2021	2020
REVENUE:			
Events	\$ 8,876,714	\$ 14,625,994	\$ 60,976,282
EXPENSES (NOTE 11):			
Advertising	751,680	931,295	2,602,243
Agriculture	13,453	42,333	1,033,052
Entertainment	202,000	528,115	6,227,952
Exhibit space	105,566	297,368	1,042,412
Finance and corporate services	4,446,700	3,975,024	5,576,690
Food and beverage	621,269	1,170,400	7,777,304
Games	-	42,977	2,178,679
Guest services	-	63,540	395,841
Human resources	872,355	1,585,102	1,703,834
Information services	1,027,097	856,464	1,202,700
Lotteries	3,906,831	4,379,421	3,953,411
Marketing and sponsorship	555,260	605,728	1,387,674
Office of the President	509,931	648,955	1,076,749
Operations	287,275	344,343	976,611
Playland tech services	2,376,136	2,766,691	7,386,715
Public safety and parking	610,801	760,504	3,493,673
Sales and group sales	423,478	1,114,225	2,441,522
Tech services	2,248,208	1,865,344	6,661,898
Ticketleader	293,759	618,423	2,525,914
	19,251,799	22,596,252	59,644,874
Annual surplus (deficit)	(10,375,085)	(7,970,258)	1,331,408
Accumulated surplus, beginning of year	7,613,032	7,613,032	6,281,624
Accumulated surplus (deficit), end of year	\$ (2,762,053)	\$ (357,226)	\$ 7,613,032

See accompanying notes to financial statements.

Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information for 2020

	Budget (Note 2(j))	2021	2020
Annual surplus (deficit)	\$ (10,375,085)	\$ (7,970,258)	\$ 1,331,408
Acquisition of tangible capital assets	(266,700)	(295,924)	(3,620,878)
Amortization of tangible capital assets	2,058,001	2,008,969	1,936,632
	(8,583,784)	(6,257,213)	(352,838)
Acquisition of inventories held for use	-	(312,400)	(5,347,248)
Increase in prepaid expenses	-	(3,188,586)	(8,882,440)
Consumption of inventories held for use	-	516,120	5,241,666
Use of prepaid expenses	-	4,436,996	7,634,029
	-	1,452,130	(1,353,993)
Increase in net debt	(8,583,784)	(4,805,083)	(1,706,831)
Net debt, beginning of year	(18,018,504)	(18,018,504)	(16,311,673)
Net debt, end of year	\$ (26,602,288)	\$ (22,823,587)	\$ (18,018,504)

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (7,970,258)	\$ 1,331,408
Items not involving cash:		
Amortization of tangible capital assets	2,008,969	1,936,632
Changes in non-cash operating working capital:		
Increase in accounts receivable	(110,513)	(343,440)
Decrease (increase) in inventories held for use	203,720	(105,582)
Decrease (increase) in prepaid expenses	1,248,410	(1,248,411)
Increase in accounts payable and accrued liabilities	1,028,674	1,061,021
Decrease in deferred revenue	(181,416)	(338,478)
Net change in cash from operating activities	(3,772,414)	2,293,150
Capital activities:		
Cash used to acquire tangible capital assets	(295,924)	(3,620,878)
Net change in cash from capital activities	(295,924)	(3,620,878)
Financing activities:		
Increase in bank indebtedness	850,425	-
Increase in bank loans	2,843,017	1,130,862
Net change in cash from financing activities	3,693,442	1,130,862
Net change in cash	(374,896)	(196,866)
Cash, beginning of year	374,896	571,762
Cash, end of year	\$ -	\$ 374,896

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2021

1. 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. PNE’s operations are conducted on land and buildings owned by the City of Vancouver.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The subsequent shutdowns globally, nationally and locally have had a significant impact on the jurisdictions and market sectors in which PNE operates. As a result of the COVID-19 pandemic, the annual 15-day fair was cancelled, the Playland season was shortened with a significantly reduced capacity, and rentals of buildings for large, third party events have been cancelled. This has resulted in losses of revenues. In response, PNE reduced employees’ work weeks and staffing levels, reduced discretionary spending, and implemented work from home policies where possible.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy is not known. The impact of the pandemic continues to create uncertainty over future cash flows, may cause significant changes to the assets or liabilities, and may have other impacts on the future operations. PNE continues to closely monitor its cash flows and will be adjusting its operations as required. To mitigate the impact, PNE is in the process of producing new, smaller events, including a reimagined format for the annual Fair. PNE has transferred the unused portion of its capital credit line to the operating credit line and obtained an increase in the maximum borrowing limit of the operating credit line which is guaranteed by the City of Vancouver.

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. PNE’s ability to continue as a going concern is dependent upon, among other things, the timing of the resumption of normal operations, and continued support of its lenders and the City of Vancouver.

Notes to Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies:

(a) Basis of presentation:

These financial statements of PNE have been prepared by management in accordance with Canadian public sector accounting standards of the Chartered Professional Accountants of Canada.

(b) Revenue recognition:

Admissions, exhibitor and advertising revenues from events are recorded as revenue when earned during the event. Any exhibitor or advertising fees received for next year's events are deferred and are recognized when earned during the next year's events.

Admission and advertising revenues from Playland amusement park are recognized as earned.

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.

Revenues from the sale of food and beverages are recorded upon completion of the sale.

Contributions from 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, including contributions from the City of Vancouver and senior government, 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.

Notes to Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are initially recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Interest is not capitalized when external debt is obtained to finance the construction of the 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.

(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.

Notes to Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies (continued):

(e) Financial instruments (continued):

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

- (i) Accounts receivable and accounts payable and accrued liabilities – the carrying amounts approximate fair value due to the short-term nature of these instruments.
- (ii) Bank loans - there are no significant difference between the carrying amount and the fair value because the interest rate is a floating rate based on the prime rate.
- (iii) 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, 2021 and 2020. 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.

(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 5 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.

Notes to Financial Statements

Year ended March 31, 2021

2. Summary of significant accounting policies (continued):

(g) Liability for contaminated sites (continued):

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 lives of tangible capital assets. 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, 2021 and 2020. As a result, PNE does not have a statement of remeasurement gains and losses.

(j) Budget information:

Budget information has been provided for comparative purposes and has been derived from the Corporate Plan for 2020/2021 approved by the Board of Directors of the PNE on May 7, 2020. This budget is reflected in the statement of operations and statement of changes in net debt. Some expenditures, such as for tangible capital assets and certain events, may be adjusted and approved subsequent to the original approved budget. These adjusted budget amounts are not presented in these financial statements. Expenditures may occur during the year or subsequent to the year it is budgeted for.

3. Accounts receivable:

	2021	2020
Accounts receivable	\$ 1,160,965	\$ 1,119,460
Allowance for doubtful accounts	(110,891)	(179,899)
	<u>\$ 1,050,074</u>	<u>\$ 939,561</u>

Notes to Financial Statements

Year ended March 31, 2021

4. 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. Other than the Canada Emergency Wage Subsidy, the amounts below arise from the normal course of operations:

	2021	2020
Accounts receivable:		
City of Vancouver	\$ 70,647	\$ 199,887
Accounts payable and accrued liabilities:		
City of Vancouver	(88)	(12,024)
Payroll tax remittances	(41,561)	(315,185)
Indirect and other taxes	(75,417)	(16,152)
Canada Emergency Wage Subsidy (a)	(3,929,958)	-
	<u>(4,047,024)</u>	<u>(343,361)</u>
	\$ (3,976,377)	\$ (143,474)

(a) Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist organizations who meet certain eligibility requirements. In 2021, PNE applied for CEWS and received \$3,929,958 from the Canadian government. As PNE is in the process of assessing and finalizing their eligibility to retain these cash payments, this amount has been recorded in accounts payable and accrued liabilities as at March 31, 2021.

5. Bank indebtedness and bank loans:

	2021	2020
Bank indebtedness	\$ 850,425	\$ -
Bank loans:		
Demand operating loan	5,700,000	2,850,000
Instalment loan for capital	6,994,559	7,001,542
	<u>12,694,559</u>	<u>9,851,542</u>
	\$ 13,544,984	\$ 9,851,542

PNE has a revolving facility with a Canadian chartered bank providing for maximum borrowing of \$27,905,441 (2020 - \$15,000,000) in operating credit and \$6,994,559 (2020 - \$9,900,000) for instalment loan for capital purchases. The facilities bear interest at the bank prime rate minus 0.25%. The operating loan, which includes bank indebtedness, 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 10 years. Early repayment of the instalment loan for capital is permitted.

Notes to Financial Statements

Year ended March 31, 2021

5. Bank indebtedness and bank loans (continued):

Outstanding repayments for the instalment loan for capital if the bank does not demand repayment are as follows:

2022	\$	1,673,783
2023		1,578,801
2024		1,199,401
2025		769,164
2026		539,810
Thereafter		1,233,600
	\$	6,994,559

PNE's U.S. dollar bank account balance and a limited guarantee from the City of Vancouver of \$34,900,000 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 (2020 - \$80,000).

6. Accounts payable and accrued liabilities:

	2021	2020
Accounts payables and accrued liabilities	\$ 8,872,671	\$ 7,740,313
Salaries and benefits payable	575,028	796,554
Accrued vacation pay	448,306	330,464
	\$ 9,896,005	\$ 8,867,331

7. Pension benefits:

PNE and its employees contribute to 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 213,000 active members, of whom 165 are employees of PNE, and 106,000 retired members.

Every 3 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, 2018, indicated a funding surplus of approximately \$2,866 million for basic pension benefits on a going concern basis. The next required valuation will be as at December 31, 2021, with results available in 2022. 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 \$554,422 in 2021 (2020 - \$967,186).

Notes to Financial Statements

Year ended March 31, 2021

8. Tangible capital assets:

Cost	Balance, March 31, 2020	Additions	Transfers	Balance, March 31, 2021
Machinery, furniture and equipment	\$ 21,535,520	\$ -	\$ 207,219	\$ 21,742,739
Playland rides and equipment	30,276,770	-	76,003	30,352,773
Assets under construction	5,173	295,924	(283,222)	17,875
Total	\$ 51,817,463	\$ 295,924	\$ -	\$ 52,113,387

Accumulated amortization	Balance, March 31, 2020	Amortization expense	Balance, March 31, 2021
Machinery, furniture and equipment	\$ 14,663,917	\$ 1,021,643	\$ 15,685,560
Playland rides and equipment	15,517,586	987,326	16,504,912
Total	\$ 30,181,503	\$ 2,008,969	\$ 31,190,472

Net book value	Balance, March 31, 2020	Balance, March 31, 2021
Machinery, furniture and equipment	\$ 6,871,603	\$ 6,057,179
Playland rides and equipment	14,759,184	13,847,861
Assets under construction	5,173	17,875
Total	\$ 21,635,960	\$ 19,922,915

(a) Assets under construction:

Assets under construction having a value of \$17,875 (2020 - \$5,173) 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 (2020 - nil).

Notes to Financial Statements

Year ended March 31, 2021

9. 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 loans and bank indebtedness.

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.

There has been no change to the risk exposures related to financial instruments from the prior period.

Notes to Financial Statements

Year ended March 31, 2021

10. 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, 2021, there are no significant outstanding claims.

11. Expenses by object:

The following is a summary of expenses by object:

	2021	2020
Cost of goods sold	\$ 215,626	\$ 3,869,372
General and administrative	10,978,215	28,838,767
Payroll	9,229,355	24,772,233
Amortization	2,008,969	1,936,632
Interest - bank loans	77,669	74,101
Interest - term finance	86,418	153,769
	\$ 22,596,252	\$ 59,644,874

12. 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:

2022	\$ 725,699
2023	381,462
2024	339,002
2025	270,131
2026	66,789
Thereafter	131,493
	\$ 1,914,576

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

**2901 East Hastings Street
Vancouver, BC V5K 5J1
pne.ca**

