
2020-21 Annual Report

Accountability
& Performance
Analysis for Halifax
Convention Centre
& Ticket Atlantic



Events East Group is a special purpose government agency that manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. We are known for attracting and hosting the best events in the region through our commitment to event excellence. Our facilities allow us to attract new visitors and opportunities to Nova Scotia, connecting us to the world.

We were created in 2014 through the Halifax Convention Centre Act as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM), and we work in collaboration with them to manage our businesses in a responsible and transparent manner.

This analysis is presented for the management and operations of the Halifax Convention Centre, providing management's perspective on performance in key financial and operational outcome areas as outlined in the annual business plan. It is intended to provide a greater understanding of the organization's business strategy and serves as the annual public accountability statement. As a part of Events East Group, Ticket Atlantic's financial performance is also included in this report.

PLANNING & OPERATING CONTEXT

Events East's primary focus is on attracting and hosting national and international events that drive economic and community benefits for Nova Scotia. In a typical year, the Halifax Convention Centre hosts approximately 150 events, with 80,000-90,000 attendees, generating \$50-55M in new money to Nova Scotia, with targets outlined in our annual business plan. Restrictions around public gathering limits associated with the pandemic fluctuated throughout the year resulting in significant impacts to the operations of Halifax Convention Centre and the meetings and conventions sector.

While the long-term focus of the organization remains on securing and hosting national and international events that drive economic impact for Nova Scotia, the short-term focus in 2020-21 was on safely driving activity and vibrancy in our spaces through local events and community initiatives. This included re-opening the venue under new hosting protocols in the fall of 2020.

IMPACT OF COVID-19

In response to the growing concern associated with COVID-19, Events East implemented our Pandemic Preparedness Framework in early March 2020, which included the constitution of our internal Emergency Operations Group, the creation of a special ad-hoc committee of the Board to support management, and implementation of initial health and safety protocols.

By mid-March 2020, the Province of Nova Scotia announced a recommendation to restrict public gatherings over 150 people to mitigate public health risk associated with the pandemic. The number of people allowed to gather was subsequently reduced through federal and provincial recommendations throughout the year.

As a result, the Halifax Convention Centre temporarily closed and all event activity that was planned from March to September 2020 was cancelled or postponed. The Ticket Atlantic Box Office also closed and migrated to providing its services remotely. As such, the 2020-21 Events East Business Plan deviated from a typical year and was focused on activities to reconstitute our business. Normal strategic measures, including event, attendance, and direct expenditure targets, were not set for the year.

As cases began to decline, provincial gathering limits were increased within the guidelines as set out in the Health Protection Act Order by the Medical Officer of Health. The convention centre re-opened in September 2020 to host local/regional events, however, was temporarily closed again mid-November 2020 to mid-January 2021 due to evolving restrictions. As a result, event hosting was limited to smaller local events for approximately five months throughout 2020-21.

Uncertainty around the ability to host in-person meetings impacted event planners' confidence to plan and host their events, and in many cases, resulted in cancellation or deferrals to a future date. As such, the mix and volume of events was not reflective of a typical year and was exclusive to small local/regional event activity. At the same time, we continued to rebook impacted events and rebuild client confidence to secure national and international event activity for future years.

Following our initial reopening in September 2020, the convention centre successfully hosted 50 events with approximately 8,700 attendees throughout the year. Additionally, our venue was used for a series of alternative uses, supporting our community and public health efforts, including COVID-19 pop-up clinics and jury selection.



PERFORMANCE ANALYSIS

FINANCIAL PERFORMANCE

Historically, operations before building costs and property taxes have been funded through event activity. Our operations reflect the Halifax Convention Centre and Ticket Atlantic. The capital lease for the Halifax Convention Centre is the responsibility of our shareholders, the Province of Nova Scotia and HRM, and is not reflected in Events East's financials.

Due to the temporary facility closure and resulting event postponements and cancellations, operations were negatively impacted. Our 2020-21 audited deficit from operations was \$6.3M, compared to a revised budgeted deficit of \$6.5M and 2019-20 income of \$466K. Total annual deficit prior to shareholder funding and after depreciation was \$11.3M compared to a revised budget of \$11.1M. The variance between final results and revised budget is primarily driven by lease operating costs associated with the lease agreement.

Total revenue for the year was \$236K, compared to a revised budget of \$860K and 2019-20 actuals of \$12.5M. Throughout the year, Ticket Atlantic issued more refunds than new ticket sales, due to impacted event activity. Refunds result in the reversal of previously recognized service charges and contributed to negative revenue of \$23K, compared to a revised budgeted revenue of \$70K and 2019-20 actuals of \$1.6M.

Total operational expenses were \$6.6M, compared to a revised budget of \$7.4M and 2019-20 actuals of \$12.0M. The financial model of the organization includes both fixed and variable costs; certain fixed costs are necessary irrespective of event activity. Event expenses represent the direct expenses required to deliver events including salaries, wages, food and beverage costs, event cleaning and security, and related technology.

General operational and administrative expenses of \$4.2M were lower than the revised budget of \$4.4M and 2019-20 actuals of \$5.0M and include fixed costs such as salaries, sales and marketing, administration, insurance, and office rent. During the year, several financial mitigation strategies were implemented to reduce operational and administrative costs compared to both revised budget and 2019-20 results.

Building operating costs of \$2.6M as compared to a revised budget of \$2.2M reflect the expenses related to building operations for the Halifax Convention Centre, including lease operating costs, shared Nova Centre operating costs, equipment maintenance and repairs, cleaning, security, utilities, property insurance, and related property services salaries. Given the size, complexity and integration of the facility with the overall Nova Centre complex, building operating costs remain a continued area of focus. These costs decreased when compared to 2019-20 by \$1.0M.

Property taxes of \$2.0M were consistent with the revised budget and 2019-20 and are in accordance with the Memorandum of Understanding between HRM and the Province.

The shareholder investment is shared equally between the Province and HRM. The total joint funding requirement from our shareholders for 2020-21 was \$11.3M, compared to a revised budget of \$11.1M and 2019-20 of \$5.5M.



RETURNING TO SAFE OPERATIONS

SAFE RE-OPENING PLAN

Our core focus for the year was on re-opening and successfully hosting events in alignment with new health and safety parameters. This included ongoing collaboration with the Province of Nova Scotia and Public Health to develop a robust re-opening framework that detailed a new, enhanced approach to safely hosting events.

Our team developed event hosting standards that outlined our commitment to the health and safety of our staff, clients and guests and also provided guidance and support for clients in developing safe event plans and hosting their events under new guidelines in our facility.

Throughout the year, we hosted a mix of in-person, virtual, and hybrid events, working with event organizers to create an engaging event experience while adapting to new policies for mask wearing, physical distancing and enhanced cleaning.

In addition to monitoring and adapting our approach in accordance with provincial guidelines, we engaged with our industry colleagues across the country to identify emerging trends and new operational practices through organizations such as Convention Centres of Canada, International Association of Venue Managers, and the International Association of Convention Centres. As one of the few convention centres in Canada to re-open and host in-person events throughout the year, we shared our key learnings and helped shape new industry standards for event hosting both locally and nationally.

HYBRID MEETINGS

Recognizing the important role technology currently plays in delegate participation and event experience, we quickly adapted our service model to align with our clients' needs. In collaboration with our audio-visual partner, Encore Canada, we developed a series of offerings that allow clients to continue hosting their events and engaging with their delegates both in-person and virtually. Throughout the year, we piloted the use of an on-site presentation studio, allowing clients to participate in virtual conferences throughout North America and broadcast their own events to delegates around the country.

Streamlining the role of technology in events continues to be a core focus for our team as we work to support our clients in adapting their events to align with the current environment.



BUSINESS RETENTION

REBOOKING & RETAINING IMPACTED EVENTS

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SALES & MARKETING

A short-term sales and marketing strategy was developed to drive local/regional event activity while at the same time, fostering relationships with national and international clients to secure events for future years.

For local and regional clients, a key focus was to reinforce the value of in-person events and demonstrate our ability to safely host them. This included enhanced support for clients in navigating Public Health protocols. We hosted 50 local events including: Sonic Concert series, HRM Council Swearing-in Ceremony, Nova Scotia Seafood Alliance Conference, Nova Scotia Association of Optometrists, Liberal Leadership Convention, Premier's Swearing-in Ceremony, Nova Scotia Highway Workers Union, Wonder Women, and the Halifax Chamber of Commerce Business Awards.

Consistent with our long-term focus to attract and host national and international events, we engaged our clients through a series of marketing and communications tactics aimed at positioning our Centre and our province as a safe and desirable event hosting destination in the future. This included reinforcing the talent and creativity of our culinary team through the Feast of the East campaign, a series showcasing our recipes and culinary creations based on client

and community input, which was met with positive feedback and high engagement rates. Additionally, we continued to demonstrate our team's ability to adapt to new health and safety protocols, showcasing the local events we successfully hosted throughout the year.

In developing our long-term sales and marketing strategy, we conducted in-depth client research to understand the impact of the pandemic on their decision-making process including key barriers, willingness to host in-person events, confidence in travel and delegate attendance in 2021 and beyond, the role of technology, key features of an event destination and more. Additional research is planned later in 2021-22 to assess longer term impacts and changes in the industry.



INDUSTRY & COMMUNITY ALIGNMENT

EVENTS INDUSTRY RECOVERY PLAN

Recognizing the impact the pandemic has had on the events sector, a key priority this year was to align with key stakeholders and industry partners on recovery efforts for the meetings and conventions sector. In collaboration with our partner, Discover Halifax, we engaged the MacEachen Institute for Public Policy and Governance to facilitate a scenario planning exercise with a broad group of industry partners to identify opportunities and solutions that help ensure the long-term, continued success of events in Nova Scotia.

A series of recommendations were identified through this work and an Events Industry Recovery Taskforce was formed to develop a recovery framework focused on near-term strategies to mitigate long-term impacts.

The work of the Taskforce, chaired by Events East and Discover Halifax, is ongoing with participation from the Nova Scotia Department of Communities, Culture and Heritage, HRM, Tourism Industry Association of Nova Scotia, Halifax International Airport Authority, the Hotel Association of Nova Scotia, Develop Nova Scotia, Canadian Sport Tourism, SIEJA, Downtown Halifax Business Commission, and Music Nova Scotia. Ongoing coordination and communication with this group helped re-engage our broader industry partners and reinforce the value and importance of events for Nova Scotia's recovery.

Core to the recovery framework is a focus on re-instilling confidence among event organizers and attendees that in-person events can continue within the new health and safety landscape. Through a series of marketing, communications and engagement tactics, work against this goal was ongoing at year end.

COMMUNITY PROGRAMMING & FACILITY USE

As our community continued to navigate the impacts and restrictions associated with the pandemic, we recognized the important role we had to play in supporting recovery efforts.

As such, we developed an alternative use strategy for the Halifax Convention Centre to provide space for non-traditional and community-focused activities. In collaboration with our shareholders, we identified areas of focus for this activity including public interest, health and safety, non-profit and arts and culture.

A key component was the COVID-19 pop-up testing clinics that took place throughout the year and were ongoing at year end.

We also worked with the Department of Justice to host jury selection for a large trial that would have been challenged to proceed without a large space, given the requirements for physical distancing.

Planning was initiated this year for community programming and initiatives expected to take place in 2021-22, including:

- **Africville Heritage Museum** to provide space and support for their exhibit and strategic community activities.
- **United Way of Halifax** to support their Tampon Tuesday initiative, serving as a drop-off location for donations and providing our own staff-led corporate donation of 12,000 products for those in need. We also extended an offer to provide meeting space to facilitate in-person events to their network of non-profit organizations.
- **Get Up There (GUT)** to host in-person registration for their annual event. Proceeds raised by GUT participants go towards advancing colorectal screening capacity and the opening of the third endoscopy suite at the Dartmouth General Hospital.



SAFE RETURN TO WORK

RESOURCING STRATEGY

Based on the impacts of COVID-19 throughout the year, we implemented a multi-phased temporary resourcing strategy to align with event mix and business needs. By year end, approximately 80% of our total workforce was impacted.

Aligned with Public Health guidelines, salaried resources operated on a temporary work from home approach for a portion of the year. Some salaried operational positions were redeployed from their traditional roles to support 24/7 facility monitoring and other internal operational needs. Other resources remained focused on immediate client and business impacts. Variable, event-based staff were given notice of a temporary layoff due to the ongoing impact on event activity.

We also implemented a vacancy management strategy across the organization through retirements and attrition, as well as a temporary hiring freeze.

Later in the year, select event-based salaried staff were temporarily redeployed to support the Nova Scotia Health Authority in their COVID-19 relief efforts. Key members of our team also continue to support partner organizations on strategic initiatives aligned with the Province of Nova Scotia's pandemic response and recovery plan and are redeployed on an as-needed basis.

Recall of impacted staff will align with easing of restrictions and a sustained volume of event activity later in fiscal 2021-22.

TRAINING

In conjunction with our phased return to on-site work that began in June 2020, a series of training and workshops were completed with a focus on our new, enhanced health and safety procedures. Staff were educated on best practices related to COVID-19 self-assessments, facility etiquette, mask wearing, hand hygiene, cleaning and safety check-ins. Operational standards were developed and implemented across our administrative offices and facilities to ensure the health and safety of our staff, suppliers, and guests.

In addition to health and safety training, we implemented the first in a series of Diversity & Inclusion education sessions for our management team. An organizational diversity and inclusion framework has been identified as a key priority for fiscal 2021-22.

INTERNAL ENGAGEMENT

Recognizing the impact of the pandemic on our workforce and our ability to meet face-to-face throughout the year, we revised our approach to internal engagement to align with the current environment. This included enhanced communication and touchpoints between managers and employees throughout the year, the transition of our internal engagement committee to a smaller group that met virtually, and the re-introduction of a monthly internal newsletter to provide key updates about the organization to support staff engagement and retention.



RESPONSIBLE OPERATIONS

PANDEMIC PREPAREDNESS & RESPONSE

Events East has a robust Pandemic Preparedness Framework in place which was implemented and updated throughout the year based on key learnings.

We also continued to work in close collaboration with our shareholders on our organizational approach to pandemic preparedness and response. This included ongoing monitoring of Public Health directives to ensure alignment and coordination in the reconstitution of our business and re-opening of our facilities.

MITIGATION STRATEGIES

Several financial mitigation strategies were implemented throughout the year and will continue into next fiscal based on impacts to the events and convention industry and the ongoing operations of the Halifax Convention Centre and Ticket Atlantic.

This included temporary resourcing and vacancy management strategies as outlined, limiting repairs and maintenance to preventative only, continued reduced departmental discretionary and routine spending, reduced professional fees (such as audit and legal), and reduced business development activities.

TICKET ATLANTIC

Throughout the year, Ticket Atlantic was focused on supporting ticket holders for events that were postponed or cancelled due to public gathering restrictions. This included ongoing customer service and issuing refunds as required, primarily focused on impacted Scotiabank Centre events.

A transition from paper-based to digital ticketing was implemented throughout the year and supported by an enhanced fan communications strategy.

Additionally, a request for proposal for a hosted ticketing software was issued to assess the suppliers and partnership opportunities available in the industry.

Recognizing the impact of the pandemic on the sports, entertainment and cultural event sector, a decision on a long-term partner was deferred to next fiscal to align with the industry's recovery and gradual return to normal. We continue to work with our current provider, Paciolan, to understand changes to fan and event organizer expectations and adapt our service model accordingly. The next step in our request for proposal process is planned of later in 2021-22.

ASSOCIATION OF INTERNATIONAL CONVENTION CENTRES (AIPC) CERTIFICATION

In October 2020, the Halifax Convention Centre successfully achieved AIPC gold certification, following an external audit report conducted by AIPC.

The AIPC certification program is widely recognized by convention centres across Canada and globally and serves as a key indicator for operational excellence. It is also a recognized symbol of excellence among customers and was a long-term organizational goal that had been deferred from 2019-20.

The certification process required a review of policies and approach to financial accountability, facility performance and integrity, customer service, emergency preparedness, environmental sustainability and employee, supplier, industry and community relations.



OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2020-21 Reconstitution Plan include:

STRATEGIC GOAL	MEASURE	2020/21 TARGET	2020/21 ACTUAL
Business Retention	National and international event retention	Rebook 75% of impacted national and international events for a future year.	Rebooked 24 of 33 (73%) impacted national and international events for future years. Note: Some event bookings are pending easing of pandemic-related restrictions.
Returning to Safe Operations	Safe hosting protocols	Implement protocols and operational standards to re-open and successfully host local/regional events in 2020-21.	Successfully re-opened Halifax Convention Centre within framework approved by Public Health; implemented enhanced venue health and safety protocols. Hosted 50 events and multiple alternative use events.
Safe Return to Work	Return to work program	Implement a phased return to work program based on event volumes.	Salaried staff returned to work in phases throughout the year to align with business needs.
Responsible Management	Financial mitigation and overall performance	Work within \$11.1M joint shareholder investment.	Shareholder investment for 2020-21 was \$11.3M, variance primarily driven by actual versus budgeted lease operating costs associated with the lease agreement.
Responsible Management	Global industry recognition for Halifax Convention Centre	Achieve AIPC Gold certification	Certification was achieved in October 2020, following a comprehensive internal and external auditing process.

2020-21

Annual Report

Financial Statements
for Events East Group
March 31, 2021



MANAGEMENT'S REPORT

The financial statements of Events East Group have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for all of the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors [the "Board"] is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements frequently and external audited financial statements annually.

The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to management of Events East Group and meet when required.

On behalf of **Events East Group**:



Andrea Wilkie, CPA, CA
Vice President, Finance & Corporate Services



Carrie Cussons, CPA, CA
President & CEO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Events East Group

OPINION

We have audited the financial statements of Events East Group [the "Company"], which comprise the statement of financial position as at March 31, 2021, and the statement of operations and accumulated surplus, statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BASIS OF OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S 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 auditor's 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 these 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 the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

We 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.

Ernst & Young LLP

Chartered Professional Accountants
Halifax, Canada
June 28, 2021

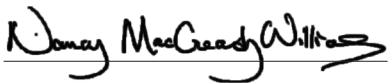


STATEMENT OF FINANCIAL POSITION

As at March 31	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	1,975,528	2,735,987
Restricted cash	2,440,680	4,325,295
Accounts receivable	317,853	968,363
Due from Scotiabank Centre <i>[note 8]</i>	2,966,734	3,242,883
Due from Halifax Regional Municipality <i>[note 7]</i>	1,100,611	4,469,298
Inventory held for resale	101,275	105,400
	8,902,681	15,847,226
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,357,930	1,262,617
Advance ticket sales	2,559,268	4,245,887
Due to Province of Nova Scotia, net <i>[notes 7 and 8]</i>	3,220,333	8,542,195
Event deposits	623,244	1,003,719
Deferred revenue	61,576	88,033
Retirement health benefits obligation <i>[note 6]</i>	1,549,989	1,393,400
	9,372,340	16,535,851
Net debt	(469,659)	(688,625)
NON-FINANCIAL ASSETS		
Tangible capital assets, net <i>[note 3]</i>	516,632	754,284
Prepaid expenses	226,762	325,146
	743,394	1,079,430
Accumulated surplus	273,735	390,805

See accompanying notes

On behalf of the Board:

 Director

 President



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31	2021 \$	2021 \$	2020 \$
	<i>[revised budget]</i>		
REVENUE			
Convention Centre	750,000	249,596	10,806,943
Ticket Atlantic	70,000	(23,432)	1,570,549
Investment and other income	40,000	10,291	105,270
	860,000	236,455	12,482,762
EXPENSES			
Event expenses <i>[note 8]</i>	2,983,000	2,358,454	6,974,809
Salaries and benefits <i>[note 6 and 8]</i>	3,520,000	3,528,649	3,659,602
Rent and insurance	155,000	159,503	215,023
Administration	450,000	421,513	596,597
Advertising and marketing	260,000	101,656	570,317
	7,368,000	6,569,775	12,016,348
(Deficit) Surplus before building costs and property taxes	(6,508,000)	(6,333,320)	466,414
Building costs	2,178,000	2,602,146	3,561,706
Property taxes	2,040,000	2,030,516	2,015,060
Total building costs and property taxes	4,218,000	4,632,662	5,576,766
Deficit before depreciation	(10,726,000)	(10,965,982)	(5,110,352)
Depreciation of tangible capital assets <i>[note 3]</i>	370,000	329,923	362,616
Annual deficit	(11,096,000)	(11,295,905)	(5,472,968)
Accumulated surplus, beginning of period	390,805	390,805	534,595
Shareholder funding <i>[note 7]</i>	10,973,500	11,178,835	5,329,178
Accumulated surplus, end of period	268,305	273,735	390,805

See accompanying notes



STATEMENT OF CHANGES IN NET DEBT

Year ended March 31	2021 \$	2020 \$
Annual deficit	(11,295,905)	(5,472,968)
Acquisition of tangible capital assets <i>[note 3]</i>	(95,781)	(75,036)
Disposals of tangible capital assets <i>[note 3]</i>	3,510	—
Depreciation of tangible capital assets <i>[note 3]</i>	329,923	362,616
Decrease (increase) in prepaid expenses	98,384	(238,344)
Shareholder funding <i>[note 7]</i>	11,178,835	5,329,178
Decrease (Increase) in net debt	218,966	(94,554)
Net debt, beginning of period	(688,625)	(594,071)
Net debt, end of period	(469,659)	(688,625)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31	2021 \$	2020 \$
OPERATING ACTIVITIES		
Annual deficit	(11,295,905)	(5,472,968)
Add item not affecting cash		
Depreciation of tangible capital assets	329,923	362,616
Loss in disposal of tangible capital assets	3,510	—
Net changes in working capital		
Accounts receivable	650,510	(263,660)
Inventory held for resale	4,125	37,680
Due from Scotiabank Centre	276,149	(2,383,221)
Due from Halifax Regional Municipality	8,869,298	—
Accounts payable and accrued liabilities	95,313	(417,812)
Event deposits	(380,475)	223,310
Deferred revenue	(26,457)	33,497
Due to Province of Nova Scotia	356,362	5,702,057
Advance ticket sales	(1,686,619)	293,175
Prepaid expenses	98,384	(238,344)
Retirement health benefit obligation	156,589	1,292,992
Cash used in operating activities	(2,549,293)	(830,678)
CAPITAL ACTIVITIES		
Cash paid on acquisition of tangible capital assets	(95,781)	(75,036)
Cash used in capital activities	(95,781)	(75,036)
Net decrease in cash during the period	(2,645,074)	(905,714)
Cash, beginning of period	7,061,282	7,966,996
Cash, end of period	4,416,208	7,061,282
Cash is comprised of:		
Cash	1,975,528	2,735,987
Restricted cash	2,440,680	4,325,295
	4,416,208	7,061,282

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Halifax Convention Centre Corporation, doing business as Events East Group [the “Company” or “Events East”] is incorporated under the laws of the Province of Nova Scotia [the “Province” or “PNS”]. The Company operates the Halifax Convention Centre pursuant to the *Halifax Convention Centre Act* [the “Act”] dated May 2014, proclaimed by the Province on April 4, 2016, and amended October 11, 2018. The Act establishes Events East Group, enacts the corporation’s by-laws and defines the objective of the entity. The Company is an equal partnership of the Province of Nova Scotia and the Halifax Regional Municipality [“HRM”].

The Company’s mandate, pursuant to the Act, is to operate, maintain and manage the activities of the Halifax Convention Centre in a manner that will promote and develop economic development, tourism and industry in the province of Nova Scotia and in particular the Halifax Regional Municipality. In April 2017, the mandate was expanded to include the continued management and operations of Ticket Atlantic, a division of the Company and Scotiabank Centre, on behalf of HRM. The Company’s principal business operations comprise of a convention centre, and the provision of marketing, event and promotion services.

As an agency of the Province and HRM, the Company is not subject to income taxes pursuant to the *Income Tax Act 149(1)(d)*. However, since the Company is a corporation, it is still required to file a corporate T2 income tax return annually.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by the Company’s management in accordance with the Chartered Professional Accountants of Canada [“CPA Canada”] Public Sector Accounting Standards [“PSAS”] for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

BASIS OF PRESENTATION

The Company’s financial statements as at and for the year ended March 31, 2021 reflect the operations of the Halifax Convention Centre and Ticket Atlantic. The Company also manages the operations of Scotiabank Centre on behalf of HRM; Scotiabank Centre’s financials are separately reported and are not consolidated into the Company’s results.

CASH

Cash is comprised of cash on hand and balances held at financial institutions.

RESTRICTED CASH

Restricted cash represents cash received for advance ticket sales.

INVENTORY HELD FOR RESALE

Inventory held for resale consists of food and beverage supplies and is recorded at the lower of cost or net realizable value.

ADVANCE TICKET SALES

Advance ticket sales are recorded as a liability on the statement of financial position until the event is held and amounts are settled with third parties. Amounts received are segregated as restricted cash and are not available to fund the Company’s operations.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives using the following terms:

Computer hardware	3-5 years
Furniture and equipment	3-5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Company’s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus. Transfers of tangible capital assets from related parties are recorded at carrying value.

PREPAID EXPENSES

Prepaid expenses include costs incurred prior to the period expected to benefit from them, including software maintenance agreements and insurance.

EVENT DEPOSITS

Event deposits are recorded as a liability until the event occurs and the revenue recognition criteria are met.

RETIREMENT HEALTH BENEFITS

Retirement health benefits are post-employment benefits for purposes of Section PS 3250 of the *CPA Canada Public Sector Accounting Handbook*. They represent the Company's participation in the Public Service Retiree Health Benefits Plan, an obligation made to employees under the *Halifax Convention Centre Act*, section 36 (10).

REVENUE

Revenue is recognized when the item has an appropriate basis of measurement, a reasonable estimate can be made of the amount involved, and for an item that involves obtaining or giving up future economic benefits, it is expected that such benefits will be obtained or given up.

EXPENSES

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the period are expensed.

SHAREHOLDER FUNDING

Shareholder funding is recognized in the period the funding is approved and authorized.

USE OF ESTIMATES

The preparation of the Company's financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include the useful life of tangible capital assets, allowance for ticket refunds and allowance for doubtful accounts.

Estimates are based on the best information available at the time of the preparation of the financial statements and are reviewed periodically to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Computers \$	2021 Furniture and equipment \$	Total \$
Cost, beginning of year	824,579	681,482	1,506,061
Additions	65,150	30,631	95,781
Disposals	(14,338)	—	(14,338)
Cost, end of year	875,391	712,113	1,587,504
Accumulated depreciation, beginning of year	466,057	285,720	751,777
Depreciation expense	172,441	157,482	329,923
Disposals	(10,828)	—	(10,828)
Accumulated depreciation, end of year	627,670	443,202	1,070,872
Net book value, end of year	247,721	268,911	516,632

4. CONTRACTUAL OBLIGATIONS

The contractual obligations of the Company include the contract related to the delivery of a ticketing system and corporate head office lease obligations. In addition, lease operating costs relating to the lease of the Halifax Convention Centre are included in the contractual obligations. These costs are the Company's best estimate and are subject to change based on any required true-up as indicated in the lease and are paid by the Company on behalf of the Province and HRM. These contractual obligations will become a liability in the future, when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	\$
2021 - 2022	1,416,000
2022 - 2023	1,408,000
2023 - 2024	1,436,000
2024 - 2025	1,466,000
2025 - 2026	1,495,000



5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

MEASUREMENT OF FINANCIAL INSTRUMENTS

The Company's financial instruments are recorded at cost or amortized cost. Financial assets consist of assets that could be used to settle existing liabilities or fund future activities, and include cash, restricted cash, accounts receivable, due from Scotiabank Centre and due from Halifax Regional Municipality. Financial liabilities consist of the Company's accounts payable and accrued liabilities, due to the Province, retirement health benefits obligation, event deposits, and advance ticket sales. The carrying value of the Company's financial instruments approximates their fair value. Transaction costs are expensed as incurred.

RISKS AND UNCERTAINTIES

The Company's management recognizes the importance of managing significant risks including policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks currently managed by the Company include liquidity risk, credit risk, and capital risk.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its contractual obligations and financial liabilities. The Company manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its obligations and liabilities.

Credit risk

The Company's assets are primarily exposed to credit risk, which is the risk that a debtor may be unable or unwilling to pay amounts owing, thus resulting in a loss. To mitigate this risk, the Company requires deposits for events where collectability is uncertain.

Capital risk

The Company receives contributions from its shareholders, the Province and HRM. The day-to-day operations are generally funded by the revenue generated by the Company and amounts due to the Province. Advances from shareholders on projected deficit are also available.

6. EMPLOYEE FUTURE BENEFITS

PENSION COSTS

Employees of the Company participate in the Public Service Superannuation Plan [the "PSSP"], a contributory defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Inc., which provides pension benefits based on length of service and earnings. Contributions to the PSSP are required by both the employees and the employer. Total employer contributions for the year ended March 31, 2021 amounted to \$398,176 [March 31, 2020 - \$402,109] and are recorded in salaries and benefits expense during the period. Total employee contributions for the year ended March 31, 2021 amounted to \$396,475 [March 31, 2020 - \$402,159]. The Company is not responsible for any underfunded liability, nor does the Company have any access to any surplus that may arise in the PSSP.

RETIREMENT HEALTH BENEFITS OBLIGATION

Upon retirement, employees who are in receipt of pension from the PSSP are eligible to participate in the Retired Employee Health Plan [the "Plan"] provided through the Public Service Commission. The Plan provides coverage to participants for health benefits which include prescription drugs to age 65, vision, hospital and extended health care. The Company is liable for 65% of the premiums for employees retiring on or after April 1, 2018. The most recent full valuation of the Plan, contracted by the Province on behalf of participants, was performed as at December 31, 2020 and extrapolated to March 31, 2021 using a discount rate of 3.01% [2020 - 3.24%]. The following outlines the accrued benefit obligation:

	\$
Accrued benefit obligation, March 31, 2020	1,405,700
Add: Current service cost	111,100
Add: Interest on accrued benefit obligation	46,500
Add: Experience loss due to change in discount rate	83,900
Less: Premiums paid	(2,800)
Less: Experience gain at end of year	(465,300)
Accrued benefit obligation, March 31, 2021	1,179,100
Net unamortized actuarial losses, March 31, 2020	12,300
Current year gains	(381,400)
Amortization	(800)
Net unamortized actuarial gains, March 31, 2021	(369,900)
Retirement health benefits obligation, March 31, 2021	1,549,000

7. SHAREHOLDER FUNDING

Shareholder funding consists of the following:

	2021 \$	2020 \$
Funding from Halifax Regional Municipality ^[1]	5,500,611	2,736,484
Funding from the Province of Nova Scotia ^[2]	5,678,224	2,592,694
	11,178,835	5,329,178

[1] Pursuant to the Memorandum of Understanding between HRM and PNS amended March 28, 2013, HRM funds one-half of the operating deficit of the Company.

[2] Pursuant to the Memorandum of Understanding between HRM and PNS amended March 28, 2013, PNS funds one-half of the operating deficit before depreciation of the Company and one-half of capital purchases.

8. RELATED PARTY TRANSACTIONS

In addition to the shareholder funding noted in note 7, the Company had the following transactions with the government and other government-controlled organizations:

	2021 \$	2020 \$
Payroll processing by the Province of Nova Scotia ^[1]	(8,878,855)	(11,663,713)
Payroll recoveries received from Scotiabank Centre ^[2]	3,070,344	3,984,021
Commissions paid to Scotiabank Centre ^[3]	(2,520)	(95,924)
Transactions with Scotiabank Centre ^[4]	192,769	312,083

[1] PNS processes payroll on behalf of the Company and invoices the Company for these costs.

[2] Scotiabank Centre's sole shareholder is HRM. Payroll and related costs are paid by Events East on behalf of Scotiabank Centre.

[3] Commissions paid to Scotiabank Centre for ticket sales purchased through Ticket Atlantic, a division of Events East.

[4] The Company has a variety of transactions related to general expenses paid by the Company on behalf of Scotiabank Centre.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. Amounts due to/from related parties are without payment terms and are non-interest bearing.

9. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors.

10. COMPENSATION DISCLOSURE

The *Public Sector Compensation Disclosure Act* requires the publication of the names of every person who receives the amount of compensation of \$100,000 or more in the fiscal year and the amount paid to each. The Company has issued a separate statement disclosing these values.

11. COVID-19 IMPACT

The global crisis resulting from the spread of the coronavirus disease ["COVID-19"] has had a substantial impact on the Company's operations for the year ended March 31, 2021. The spread of COVID-19 has and continues to have a local, national and international impact. Measures taken to contain the spread of the virus, including restrictions on public gatherings, travel restrictions, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to the Company's operations. The Company cannot currently estimate the duration or future negative financial impact of the COVID-19 pandemic, however, it is expected that as the vaccine is successfully rolled out and gathering and travel restrictions ease, recovery of the event industry will occur.

The Company has used the best information available as at March 31, 2021, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities. Actual results could differ from those estimates. The Company considers the estimates that could be most significantly impacted by COVID-19 to include the estimated credit losses on accounts receivable and the estimated volume of ticket refunds. Any resulting deficits in future periods due to the impact of the COVID-19 pandemic on operations will be fully funded by the Company's shareholders, the Province and HRM.