

Events East Group

2022-23

Annual Report

Accountability &
Performance Analysis for
Halifax Convention Centre

Events East Group is a special purpose government agency that manages and operates the Halifax Convention Centre and Scotiabank Centre. 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 and creating the backdrop for important conversations and community celebrations.

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. Additionally we have a *Board of Directors* that oversees our strategic direction and ensures we carry out our mandate effectively.

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 outcomes 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 the Audited Financial Statements.

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. We host a broad range of events that attract and connect guests from across our community and around the world, creating new opportunities, connections and experiences.

With the easing of pandemic restrictions in 2022, the pace and mix of in-person events returned to historical levels early in the year. The accelerated return to a full calendar of events and operations drove higher than anticipated attendance, and increased food and beverage spending, which resulted in higher than budgeted event revenue.

With a full calendar of events, our operational teams reintroduced programs and service delivery standards that support our service vision and help create authentic Nova Scotian experiences for our guests.

Through continued collaboration with our tourism and hospitality industry and community partners, and an unwavering commitment to service excellence, we continued to reinforce our province and Centre as a leading destination for national and international events and the backdrop for important community conversations and celebrations.



PERFORMANCE ANALYSIS

FINANCIAL PERFORMANCE

Our 2022-23 audited income from operations was \$4.3M compared to an operational budgeted deficit of \$1.6M. The total annual 2022-23 deficit prior to joint shareholder funding and after depreciation was \$1.8M compared to a budget of \$7.5M and prior year deficit of \$8.3M.

Total revenue for the year was \$17.1M, compared to a budget of \$8.9M and prior year of \$3.2M. Revenue sources include rental of the Halifax Convention Centre, food and beverage, commissions from third party services (audio visual and trade show services), revenue related to equipment and labour services and Ticket Atlantic revenue. The substantial increase in revenue over budget and prior year was driven by increased event activity and the corresponding spending on food and beverage and audio/visual services, coupled with higher than planned Ticket Atlantic revenue.

Total operational expenses were \$12.7M, compared to a budget of \$10.4M and prior year of \$6.5M. Of this, event expenses of \$7.9M compared to a budget of \$5.8M and prior year of \$2.8M. Event expenses represent the direct expenses required to deliver events including salaries, wages, food and beverage costs, event cleaning and security, and related technology. These expenses increased with the increased volume of events.

General operational and administrative expenses of \$4.8M compared to budget of \$4.6M and prior year of \$3.7M, include costs such as salaries, sales and marketing, administration, insurance, and office rent.

Building operating costs of \$3.8M, as compared to a budget of \$3.5M and prior year of \$2.8M, 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.

Property taxes of \$2.2M compared to a budget of \$2.1M and prior year of \$2.0M, in accordance with the Memorandum of Understanding between HRM and the Province.

The shareholder investment is shared equally between the province and HRM. The Province funds capital purchases upfront and HRM funds capital purchases over the useful life of the asset via the funding of the depreciation expense. As each shareholder has different approaches for funding capital expenditures, the value of the annual investment required from each is not equal. Although the funding in any given year is not equal, over time each funding approach will result in shareholder investment being shared 50/50. The total joint funding requirement from our shareholders for 2022-23 was \$1.8M.

ECONOMIC IMPACT

We are mandated to attract and host events that create economic and community benefits for Nova Scotia. As such, our business and success is reflected not only in the mix of events and number of attendees, but through the economic impact generated.

Economic impact measures the benefit of new money being spent in the Nova Scotia economy as a result of events hosted in the facilities we operate. When visitors from outside of Halifax spend time in Nova Scotia, they spend money on accommodations, transportation, restaurants, shopping and local attractions and often extend their stay to visit other regions of the province. We measure economic impact on an annual basis, compiling attendee, exhibitor and event planner spending by event category and facility.

The convention centre uses the following definitions to classify event markets:

- **Local:** Majority of attendees originate from within the boundaries of HRM.
- **Regional/Provincial:** Majority of attendees originate from within Nova Scotia (excluding HRM) as well as attendees originating from New Brunswick, Prince Edward Island, and Newfoundland & Labrador.
- **National:** Majority of attendees originate from Canadian provinces other than Atlantic Canada.
- **International:** Majority of attendees originate from any country outside of Canada.

Convention centre sales activity is primarily focused on attracting national and international events that drive economic impact. By attracting visitors from outside the province, events from these markets contribute more to our Centre's economic impact than those originating from the regional and local markets.

In 2022-23, the convention centre exceeded all of its annual targets, hosting a total of 155 events against a target of 120, and 90,385 total attendees against a target of 80,000. Total direct expenditures resulting from these events was \$52.3M against a target of \$47M. This includes 29 national and international events, which made up 68 per cent of the convention centre's total direct expenditures.

Direct expenditures resulted in 611 person years of employment, \$3.1M in provincial government tax revenue and \$23.6M in additions to household income. These impacts do not include direct spending by Halifax Convention Centre.

CORE MEASURES	22-23 Targets	22-23 Actuals
	Total Events	120
Total Attendance	80,000	90,385
Total Direct Expenditures	\$47M	\$52.3M

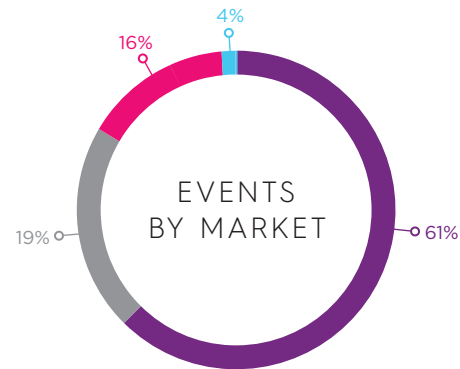
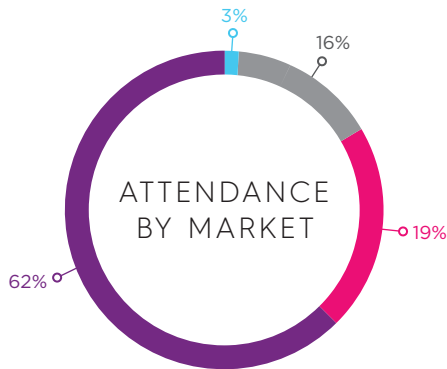
ECONOMIC IMPACT	22-23 Actuals
Total Incremental Expenditures*	\$52.3M
Estimated person years of employment*	611
Estimated Household Income*	\$23.6M
Estimated Provincial Tax Revenue*	\$3.1M

Notes:

1. Direct expenditures measure the estimated impact of the events we host, using a methodology and calculation developed through analysis of historical and average attendee and event organizer spending.

The calculation used to estimate direct expenditures was updated in January 2023 to reflect inflationary factors following an analysis conducted by *HLT Advisory*, which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2022-23.

2. Economic impact figures are calculated by the Nova Scotia Department of Finance and Treasury Board using the Input-Output Model.



● LOCAL ● REGIONAL/PROVINCIAL ● NATIONAL ● INTERNATIONAL

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BUSINESS GROWTH

STRATEGIC EVENT HOSTING

Sales activity for the year was focused on securing national/international events for 2024 and beyond, and the resumption of in-market sales and business development activity.

National and international events this year included the RIMS Canada Conference (1,000 attendees), the National Insurance Conference of Canada (425 attendees), the Co-Operation Housing Federation of Canada (515 attendees), the National Black Canadians Summit and Emancipation Day Ceremony (1,200 attendees), the CSAE National Conference (500 attendees), the 27th International Annual Congress of the World Muscle Society (630 attendees), and the International Symposium for the Veterinary Epidemiology & Economics (585 attendees).

Focusing on events that showcase our province's sector strength, we also hosted:



5 OCEAN EVENTS

Including:

- H2O Exhibition & Conference (400 attendees)
- Nova Scotia Seafood Alliance Annual General Meeting (125 attendees)
- World Ocean and Tech Innovation Summit (300 attendees)



10 MEDICAL & LIFE SCIENCES EVENTS

- Canadian Ophthalmological Society Annual Meeting & Exhibition (600 attendees)
- Canadian Anesthesiologists' Society Annual Meeting (546 attendees)
- Canadian Society for Brain, Behaviour, and Cognitive Science Conference (250 attendees)
- Canadian Veterinary Medical Association Conference (919 attendees)
- Canadian Fertility & Andrology Society Annual Meeting (533 attendees)
- CANSAGE 2022 and Canadian Society for the Advancement of Gynecological Excellence (250 attendees)
- 8th Annual Canadian Burn Conference (207 attendees)
- Dalhousie Medical School's CPD Fall Refresher (220 attendees)
- Innovative Robotics with the QEII Foundation (126 attendees)
- Joint Canadian Digestive Diseases Week and the Canadian Liver Meeting Conference (1,100 attendees)

With the volume of event activity throughout the year, the focus for local/regional events was on hosting events that had been postponed or cancelled due to the impact of the pandemic, as well as significant community events during non-peak times. These events included the Lebanese Chamber of Commerce Cedar & Maple Gala (737 attendees), the State of the Municipality (620 attendees), the State of the Province (830 attendees), the Halifax Business Awards (754 attendees), AltSecCon 2022 (636 attendees), the Hal-Con Sci-Fi & Fantasy Convention (8,000 attendees), the Atlantic Canada Solar Summit (290 attendees), the 2023 CANS Construction Workforce Summit (1,543 attendees), and Buildgreen Atlantic (350 attendees).

NATIONAL & INTERNATIONAL EVENT ATTRACTION

Through partnerships with Business Events Canada, Discover Halifax and Halifax Partnership, we began work to identify and leverage opportunities to activate an international sector-based event attraction strategy. With Business Events Canada, we participated in IMEX America, one of the largest international meetings and conventions attended by over 4,000 decision makers.

We also implemented a sales and marketing strategy to meet our higher targets for national and international conventions and events. By year end, we secured 134 national and international events against a cumulative target of 100, with 80,000+ delegates, consistent with our target, in the pipeline for 2023-2028.



GUEST EXPERIENCE

SERVICE DELIVERY MODEL

This year, we reviewed and redeveloped our operational standards and guidelines to ensure we are delivering consistently memorable guest experiences. This included reviving client-centric programs for our multi-day clients and reactivating our client touchpoints approach, providing special touches that support our clients through the event planning cycle.

CLIENT RESEARCH PROGRAM

A comprehensive client research program was implemented to gather qualitative and quantitative feedback from current and prospective clients across all event markets. This research is focused on revalidating key drivers of decision-making and assessing any long-term impacts to industry trends or booking patterns caused by the pandemic. Insights will inform a new long-term sales and marketing strategy focused on our long-term national/international targets.

Recognizing that our service vision is rooted in feedback and insights from our clients, we reconstituted our customer satisfaction survey to assess our service offerings and identify emerging focus areas for further development in 2023-24. A comprehensive program redesign is planned for the upcoming year.



COMMUNITY CONNECTION

ENHANCED LOCAL PROGRAM

Recognizing the opportunity we have to support local businesses and suppliers through our Centre and the events we host, this year we launched our enhanced Local Program. The program includes new and renewed partnerships with Craft Nova Scotia and Taste of Nova Scotia to deliver our Local Pop-Up Program, a showcase of local suppliers and products during key events.

Key to the enhanced Program was the launch of a new, locally focused menu designed by our in-house culinary team. Featuring more than 70 Nova Scotian products and flavours, our menu is a key differentiator for guests from near and far and allows us to support businesses across the province. As part of our local focus, we also formed a new supplier partnership with locally owned and operated Java Blend Roasters, now serving as our exclusive supplier for coffee.

The enhanced Program also included new local food and beverage packages for our clients and enhanced marketing and promotion of our local partners to further our impact and reach.

COMMUNITY ENGAGEMENT

We continued to collaborate and engage with community and industry partners to communicate and leverage the events that we host. We also continued our work with the Downtown Halifax Business Commission, the Halifax International Airport Authority, Halifax Partnership, and Discover Halifax. This work ensured our business community and local community had current information on our events and the opportunities associated with them to help deliver authentic Nova Scotian experiences for our guests.

As part of the 2023 IIHF World Junior Championship at Scotiabank Centre, the Halifax Convention Centre delivered the 2023 IIHF World Junior Championship #ExploreNB Fan Fest – a free, family-friendly accessible festival to celebrate the event, which welcomed over 15,300 visitors.

EQUITY, DIVERSITY, AND INCLUSION

Building on the results of our research and self-audit in the prior year, this year we developed a multi-year organizational Equity, Diversity, and Inclusion Framework. This framework will guide our long-term commitment to Equity, Diversity, and Inclusion with a focus on our employees and internal culture, the experiences we create for guests within our venues and leadership within our community and industry, pending approval at year end. Community engagement consultation will take place in the coming year.



TALENT & CULTURE

RECRUITMENT & RESOURCING STRATEGY

To ensure our resourcing model supported our event mix and volume, a recruitment and resourcing strategy was developed, which included establishing connections with 20 community partner organizations and participation in industry-wide recruitment efforts, including hosting or attending job fairs.

We continued to work with community, industry, and educational organizations to support long-term workforce development including participation in the Hotel Association of Nova Scotia, YMCA job fairs, and Mount Saint Vincent University's Business and Tourism Career Week.

INTERNAL ENGAGEMENT STRATEGY

After successfully recruiting and stabilizing our workforce of approximately 490 salaried, core and casual employees, our focus shifted to retention and employee engagement. In December 2022, an informal employee feedback survey identified key areas of focus including enhanced internal communication, compensation, employee recognition and increased opportunities for training.

A full redesign of our internal engagement strategy was underway at year end, including implementation of our Employee Engagement Survey to assess employee satisfaction against prior-year benchmarks. Development of an enhanced organization-wide recognition program was deferred to align with insights from the survey. To support retention and foster a culture of engagement and commitment, we also undertook a comprehensive review of our compensation structure. As a result of the outcome of this work, a new compensation structure was developed, with a phased implementation approach ongoing at year end.

EQUITY, DIVERSITY, AND INCLUSION

This year, we expanded our Equity, Diversity, and Inclusion education to include fundamental training programs delivered to all salaried staff. Education will remain a key priority for the organization, with a focus on developing a sustainable, organization-wide program. A full audit of HR policies to align with the framework was deferred to 2023-24.



ACCOUNTABILITY & SUSTAINED PERFORMANCE

FLOOD REMEDIATION

Following the impact of a burst sprinkler in the Halifax Convention Centre in January 2022, remediation efforts continued during the first half the year to repair damage on two floors of the facility. In collaboration with Rank Inc. and insurance partners, remediation efforts were focused on the resumption of significant event hosting by July 2022, aligned with convention bookings. The convention centre returned to a full operational state in Summer 2022, with no significant event impact and remediation work complete.

ACCESSIBILITY FRAMEWORK

In alignment with the Nova Scotia *Accessibility Act*, an organizational Accessibility Framework was developed with input and collaboration from community with lived and learned accessibility experience. The framework outlines our commitments in the areas of built environment, goods and services, information, and communications. The framework was pending approval by the Board of Directors at year end and will guide the development of a multi-year accessibility plan.

RISK FRAMEWORK

Building on work in 2021-22, the Board of Directors approved a policy and framework for risk oversight and governance after a comprehensive review of best practices and a jurisdictional scan. Subsequently, a consultant was engaged to support the development of a strategic risk register for the organization, which was pending Board approval at year end.

CAPITAL PLANNING PROJECT

As part of our annual capital maintenance program, several key refresh projects were completed in 2022-23, including maintenance and service of key mechanical and building systems. A formal multi-year capital program is ongoing and will be in development through 2023-24.



OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2022-23 Business Plan:

STRATEGIC GOAL	MEASURE	2022-23 TARGET	2022-23 ACTUAL
Business Growth	Total direct spending and economic benefit	Through the conventions and events we host at the Halifax Convention Centre, annual direct spending of approximately \$47M.	Generated \$52.3M in direct expenditures* as a result of the events we hosted.
Business Growth	Number of events attracted and hosted at the Halifax Convention Centre	Host approximately 120 events with 80,000 delegates, including 30 national and international events. Secure a cumulative total of 100 national and international events with approximately 80,000 delegates for 2023-2024 and beyond.	Hosted 155 events with 90,385 delegates, including 29 national/international events. 134 prospective national/international events with 81,270 delegates identified for 2023-24 and beyond.
Guest Experience	Client and delegate feedback	Revalidate the client satisfaction survey benchmarks and establish targets for future years.	Client satisfaction survey reintroduced; internal reporting processes established. Full program redesign and benchmarking deferred to 2023-24.
Community Connection	Equity, Diversity, and Inclusion Framework	Successful implementation of community and stakeholder engagement strategy.	Equity, Diversity and Inclusion Framework finalized. Community engagement deferred to 2023-24 to align with launch of framework.
Community Connection	Enhanced Local Program	Launch program and deliver successfully throughout the year.	Re-launched Local Program with 70+ local food and beverage suppliers; new/renewed partnerships with Taste of Nova Scotia and Craft Nova Scotia.
Talent & Culture	Equity, Diversity, and Inclusion Framework	Complete audit of HR policies and processes; continued implementation of education program.	Policy audit deferred to 2023-24; education program implemented for leadership team and salaried staff, ongoing into 2023-24.
Accountability & Sustained Performance	Financial performance	Meet approved budget targets.	Exceeded budget targets with a deficit of \$1.8M compared to a budgeted deficit of \$7.5M.
Accountability & Sustained Performance	Accessibility framework	Venue-specific accessibility framework developed.	Framework developed, pending approval at year end.

Notes:

*Direct expenditures measure the estimated impact of the events we host, using a methodology and calculation developed through analysis of historical and average attendee and event organizer spending.

The calculation used to estimate direct expenditures was updated in January 2023 to reflect inflationary factors following an analysis conducted by [HLT Advisory](#), which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2022-23 and beyond.



COMBINED CORE ACCOUNTABILITY & STRATEGIC MEASURES

Scotiabank Centre and Halifax Convention Centre are managed and operated by Events East. Our strategic priorities guide our activities, and we monitor and measure our performance in the following core areas: economic impact, event attraction, and attendance. Below is the combined impact of our facilities on the Nova Scotia economy.

	HALIFAX CONVENTION CENTRE	SCOTIABANK CENTRE	TOTAL
CORE MEASURES			
TOTAL EVENTS	155	115	270
TOTAL ATTENDEES	90,385	587,387	677,772
TOTAL DIRECT EXPENDITURES	\$52.3M*	\$53.5M*	\$105.8M*
ECONOMIC IMPACT			
TOTAL INCREMENTAL EXPENDITURES	\$52.3M	\$17.8M	\$70.1M
ESTIMATED PERSON YEARS EMPLOYMENT	611	805	1,416
ESTIMATED HOUSEHOLD INCOME	\$23.6M	\$25.7M	\$49.3M
ESTIMATED PROVINCIAL GOVERNMENT TAX REVENUE	\$3.1M	\$3.3M	\$6.4M

Notes:

- Direct expenditures measure the estimated impact of the events we host, using a methodology and calculation developed through analysis of historical and average attendee and event organizer spending.

The calculation used to estimate direct expenditures was updated in January 2023 to reflect inflationary factors following an analysis conducted by [HLT Advisory](#), which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2022-23.
- Economic impact figures are calculated by the Nova Scotia Department of Finance and Treasury Board using the Input-Output Model.

Events East Group

2022-23

Annual Report

Financial Statements for
Events East Group
March 31, 2023

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, Deloitte 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**:



Evan MacLean, CPA, CA
Director of Finance & Corporate IT



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 "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 MATTER

The financial statements of the Company for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 27, 2022.

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 PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.

Deloitte LLP

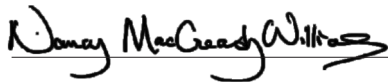
Chartered Professional Accountants
Halifax, Nova Scotia
June 28, 2023

STATEMENT OF FINANCIAL POSITION

As at March 31	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	5,169,227	1,379,537
Restricted cash	6,427,101	5,226,774
Accounts receivable	2,106,681	1,173,852
Due from Scotiabank Centre <i>[note 8]</i>	2,180,072	3,597,046
Due from Halifax Regional Municipality <i>[note 7]</i>	905,964	4,158,054
Inventory held for resale	182,653	113,632
	<u>16,971,698</u>	<u>15,648,895</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,895,849	1,122,932
Advance ticket sales	6,427,773	5,302,721
Due to Province of Nova Scotia, net <i>[notes 7 and 8]</i>	5,977,298	6,893,703
Event deposits	1,087,448	873,813
Deferred revenue	93,280	20,417
Retirement health benefits obligation <i>[note 6]</i>	1,778,600	1,658,600
	<u>17,260,248</u>	<u>15,872,186</u>
Net debt	<u>(288,550)</u>	<u>(223,291)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets, net <i>[note 3]</i>	59,597	236,556
Prepaid expenses	274,173	120,432
	<u>333,770</u>	<u>356,988</u>
Accumulated surplus	<u>45,220</u>	<u>133,697</u>

See accompanying notes

On behalf of the Board:

 Director

 President

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31	2023 \$	2023 \$	2022 \$
	<i>[budget]</i>		
REVENUE			
Convention Centre	7,600,000	14,547,782	2,501,344
Ticket Atlantic	1,200,000	2,280,618	663,970
Investment and other income	50,000	236,950	79,237
	8,850,000	17,065,350	3,244,551
EXPENSES			
Event expenses <i>[note 8]</i>	5,810,000	7,938,793	2,760,156
Salaries and benefits <i>[note 6 and 8]</i>	3,111,000	3,047,546	2,742,672
Rent and insurance	175,000	200,761	176,284
Administration	634,000	903,693	525,925
Advertising and marketing	710,000	629,004	257,864
	10,440,000	12,719,797	6,462,901
Surplus (deficit) before building costs and property taxes	(1,590,000)	4,345,553	(3,218,350)
Building costs	3,480,000	3,801,102	2,799,398
Property taxes	2,080,000	2,179,418	2,018,283
Total building costs and property taxes	5,560,000	5,980,520	4,817,681
Deficit before depreciation	(7,150,000)	(1,634,967)	(8,036,031)
Depreciation of tangible capital assets <i>[note 3]</i>	300,000	176,959	280,076
Annual deficit	(7,450,000)	(1,811,926)	(8,316,107)
Accumulated surplus, beginning of period	133,697	133,697	273,735
Shareholder funding <i>[note 7]</i>	7,362,500	1,723,449	8,176,069
Accumulated surplus, end of period	46,197	45,220	133,697

See accompanying notes

STATEMENT OF CHANGES IN NET DEBT

Year ended March 31	2023 \$	2022 \$
Annual deficit	(1,811,926)	(8,316,107)
Depreciation of tangible capital assets <i>[note 3]</i>	176,959	280,076
(Increase) Decrease in prepaid expenses	(153,741)	106,330
Shareholder funding <i>[note 7]</i>	1,723,449	8,176,069
Decrease (increase) in net debt	(65,259)	246,368
Net debt, beginning of period	(223,291)	(469,659)
Net debt, end of period	(288,550)	(223,291)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31	2023 \$	2022 \$
OPERATING ACTIVITIES		
Annual deficit	(1,811,926)	(8,316,107)
Add items not affecting cash		
Depreciation of tangible capital assets	176,959	280,076
Net changes in working capital		
Accounts receivable	(932,829)	(855,999)
Inventory held for resale	(69,021)	(12,357)
Due from Scotiabank Centre	1,416,974	(630,312)
Due from Halifax Regional Municipality	4,158,054	1,100,611
Accounts payable and accrued liabilities	772,917	(234,998)
Event deposits	213,635	250,569
Deferred revenue	72,863	(41,159)
Due to Province of Nova Scotia	(98,920)	7,691,385
Advance ticket sales	1,125,052	2,743,453
Prepaid expenses	(153,741)	106,330
Retirement health benefits obligation	120,000	108,611
Cash provided by (used in) operating activities	4,990,017	2,190,103
CAPITAL ACTIVITIES		
Cash paid on acquisition of tangible capital assets	—	—
Cash used in capital activities	—	—
Net increase in cash during the period	4,990,017	2,190,103
Cash, beginning of period	6,606,311	4,416,208
Cash, end of period	11,596,328	6,606,311
Cash is comprised of:		
Cash	5,169,227	1,379,537
Restricted cash	6,427,101	5,226,774
	11,596,328	6,606,311

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.

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, 2023 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:

	2023		
	Computers \$	Furniture and equipment \$	Total \$
Cost, beginning of year	875,391	712,113	1,587,504
Additions	—	—	—
Disposals	—	—	—
Cost, end of year	875,391	712,113	1,587,504
Accumulated depreciation, beginning of year	749,199	601,749	1,350,948
Depreciation expense	87,026	89,933	176,959
Disposals	—	—	—
Accumulated depreciation, end of year	836,225	691,682	1,527,907
Net book value, end of year	39,166	20,431	59,597

	2022		
	Computers \$	Furniture and equipment \$	Total \$
Cost, beginning of year	875,391	712,113	1,587,504
Additions	—	—	—
Disposals	—	—	—
Cost, end of year	875,391	712,113	1,587,504
Accumulated depreciation, beginning of year	627,670	443,202	1,070,872
Depreciation expense	121,529	158,547	280,076
Disposals	—	—	—
Accumulated depreciation, end of year	749,199	601,749	1,350,948
Net book value, end of year	126,192	110,364	236,556

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.

	\$
2023 - 2024	1,505,587
2024 - 2025	1,535,699
2025 - 2026	1,566,413
2026 - 2027	1,597,741
2027 - 2028	1,629,696

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, 2023 amounted to \$364,530 [March 31, 2022 - \$343,711] and are recorded in salaries and benefits expense during the period. Total employee contributions for the year ended March 31, 2023 amounted to \$364,530 [March 31, 2022 - \$343,711]. 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. No liability associated with this plan has been recognized in these financial statements.

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, 2021 and extrapolated to March 31, 2023 using a discount rate of 2.96% [2022 - 2.74%]. The following outlines the accrued benefit obligation:

	\$
Accrued benefit obligation, March 31, 2022	1,386,400
Add: Current service cost	107,200
Add: Interest on accrued benefit obligation	41,000
Add: Experience loss due to change in discount rate	(141,800)
Less: Premiums paid	(6,900)
Accrued benefit obligation, March 31, 2022	1,385,900
Net unamortized actuarial losses (gains), March 31, 2022	(272,200)
Current year losses (gains)	(141,800)
Amortization	21,300
Net unamortized actuarial losses, March 31, 2023	(392,700)
Retirement health benefits obligation, March 31, 2023	1,778,600

7. SHAREHOLDER FUNDING

Shareholder funding consists of the following:

	2023 \$	2022 \$
Funding from Halifax Regional Municipality ^[1]	905,964	4,158,054
Funding from the Province of Nova Scotia ^[2]	817,485	4,018,015
	1,723,449	8,176,069

[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:

	2023 \$	2022 \$
Payroll processing by the Province of Nova Scotia ^[1]	(10,845,770)	(7,838,365)
Payroll recoveries received from Scotiabank Centre ^[2]	3,558,148	2,924,208
Commissions paid to Scotiabank Centre ^[3]	(121,430)	(47,471)
Transactions with Scotiabank Centre ^[4]	194,917	178,512

[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 as 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. CONTINGENT ASSETS

In January 2022, a burst pipe in the Nova Centre complex resulted in flooding that impacted two levels of the convention centre. The Company has initiated a business interruption claim. Insurance proceeds currently cannot be reliably measured.