

DECLASSIFIED

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

FOIPOP Review

Original Signed

Approved to Release

Date 10.04.2019

Item No. 17.8

Halifax Regional Council

July 16, 2019

In Camera (In Private)

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: June 25, 2019

SUBJECT: Halifax Convention Centre Annual Report

PRIVATE & CONFIDENTIAL

ORIGIN

Letter dated June 28, 2019 re. Events East Annual Report – Audited Financial Statements from Carrie Cussons, President and CEO Events East Group to provincial Minister of Business Geoff MacLellan and CAO Jacques Dubé.

LEGISLATIVE AUTHORITY

Halifax Convention Centre Act

Financial statements and reports

27 (1) The Corporation shall, not later than June 30th in each year, prepare and submit for approval of the holders of the Principal Shares to the Council and the Minister audited financial statements setting forth, as a minimum, the assets and liabilities of the Corporation, and the revenues and expenses of the Corporation for the previous fiscal year, together with a report concerning the work of the Corporation during the previous fiscal year.

In camera meetings

34 The Council may meet in camera to discuss any matter arising under this Act.

RECOMMENDATION

It is recommended that Halifax Regional Council approve the attached audited financial statements for the Halifax Convention Centre.

It is further recommended that this report be released to the public once the province's Public Accounts are released.

BACKGROUND

As required by the *Halifax Convention Centre Act* Events East Group has submitted audited financial statements, together with an annual report, for the Halifax Convention Centre for the 2018/2019 year. The annual report reports on activities of the prior year within the framework established by the business plan. Events East Group also manages the Scotiabank Centre and Ticket Atlantic. The attached annual report and financial statements focuses on the Halifax Convention Centre.

DISCUSSION

Because January 2018 marks when the Halifax Convention Centre began hosting events, the annual report updates on event and attendance activity from January 2018 to March 31, 2019. The financial reporting is for 13 months as it is based on a March 1, 2018 start date which reflects substantial completion of the Halifax Convention Centre the financial start of the Halifax Convention Centre Corporation. The end date for the financial statements is March 31, 2019.

Accountability and Performance Analysis Highlights:

- **Financial performance**
 - Total costs to the shareholder were \$6,266,642 against a budget of \$4,595,100. A number of items contributed to this being higher than budgeted including: a positive variance for operations (\$792,900), property taxes in excess of budgeted (\$882,000), building costs higher than budgeted (\$611,600) and pre-opening expenditures deferred from the previous year (\$1.1M).
 - Overall operating expenses, non-event expenses and building operating costs came in higher than budgeted.
 - Operating revenues were \$13.2M compared to a budget of \$11.1M.
- **Economic impact and event mix**
 - Over the activity period, the HCC hosted over 160 events and over 100,000 attendees.
 - Total direct expenditures related to these events was \$65.6M. This represents into 904 person years of employment, over \$30 million in increased household income and provincial government revenues of \$3.9M.
- **Guest experience**
 - Developed baseline operating standards such as hearing assist, escalator protocol, movements of guests, and site inspection protocol.
 - Piloted the AIPC (International Association of Convention Centres) customer satisfaction survey.
 - Technology enhancements including final testing of a new scheduling, time and attendance system.
- **Business growth**
 - Secured a cumulative total of 95 national and international events with an estimated 59,000 delegates against a three-year target of 140 events and 76,000 delegates.
 - Exceeded first year projections with the delivery of 44 national and international events.
- **Community connection**
 - Continued full implementation of local program to showcase Nova Scotia food, culture and experiences including a pop-up program in partnership with Taste of Nova Scotia.
 - Created a delegate welcome program in partnership with HCC, Discover Halifax, Downtown Halifax Business Commission, Develop Nova Scotia and Halifax International Airport Authority.
 - Hosted a community welcome weekend in January 2019.
- **Talent & culture**

- Focus on employee communications and internal culture.
- Revised staff assembly format and installed digital screens back-of-house for improved information sharing.
- Implemented an enhanced recruitment program.
- **Accountability & sustained performance**
 - Initiated review of draft 5-year strategic plan.
 - Continued to implement best practice approaches to ensure the safety of clients, guests, facility and public safety.

Financial statements were audited by Ernst and Young LLP and the report does not indicate any significant deficiencies in internal control. Financial performance highlights are noted above.

This report is in-camera in order for the initial release of the audited financial statements contained in it to be made through provincial public accounts.

FINANCIAL IMPLICATIONS

The Halifax Convention Centre is funded as per a Memorandum of Understanding (MOU) between HRM and the Province, under which each party shares equally in all costs including the annual lease costs and the operating costs of the facility. Under the MOU, HRM pays its share of lease costs directly to the Province of Nova Scotia.

Events East Group provided preliminary year end financial information to HRM and the larger than anticipated costs to HRM were captured in HRM's year-end financial statements. A withdrawal from Halifax Convention Centre Reserve (Q521) was approved by the Audit and Finance Standing committee on June 26, 2019 for recommendation to Regional Council.

HRM uses a dedicated Convention Centre Reserve, Q521 to collect property taxes from the entire Nova Centre site and pay for the HCC costs.

RISK CONSIDERATION

Risks associated with approval of the audited financial statements are low. Business planning, budgeting and regular reporting are means by which risks can be identified and mitigated.

COMMUNITY ENGAGEMENT

There was no community engagement in the development of this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Council could choose not to approve the audited financial statements. This is not recommended.

ATTACHMENTS


Attachment A – Letter dated June 28, 2019 from Carrie Cussons, President and CEO, Events East Group to Minister Geoff MacLellan and CAO Jacques Dubé requesting approval of audited financial statements for the Halifax Convention Centre.

Attachment B – Annual Report and audited financial statements for the Halifax Convention Centre.

If the report is released to the public, a copy can be obtained by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Maggie MacDonald, Acting Manager, Program Support Services, Parks and Recreation
902.490.6252

Financial Approval by: Original Signed by 
Jane Fraser, Director of Finance, Asset Management and ICT/CFO, 902.490.4630

Report Approved by: Original Signed by 
John Traves, Q.C., Director, Legal, Municipal Clerk and External Affairs, 902.490.4219



Confidential

June 28, 2019

Minister Geoff MacLellan
Nova Scotia Department of Business
6th floor, Centennial Building
1660 Hollis St., Suite 600
Halifax, Nova Scotia
B3J 1V7

Jacques Dubé
CAO
Halifax Regional Municipality
P. O. Box 1749
Halifax, N.S.
B3J 2V9

Dear Sirs:

Re: Events East Annual Report – Audited Financial Statements

On behalf of the Board of Directors, Events East Group, attached please find the annual report and accompanying audited financial statements for the year ending March 31, 2019.

Article 27(1) of the HCC Act requires the Corporation submit by June 30th each year to the Council and the Minister the audited financial statements for the previous year, together with a report concerning the work of the Corporation during the previous fiscal year.

The annual report will be released to coincide with joint shareholder approval and disclosure timelines.

I am available, at your convenience, should anything further be required.

Yours truly,

Original Signed

Carrie Cussons
President & CEO

/pmb

cc: Bernie Miller

18
19

HALIFAX
CONVENTION
CENTRE

ANNUAL
REPORT

THE HALIFAX CONVENTION CENTRE IS OPERATED BY EVENTS EAST GROUP.





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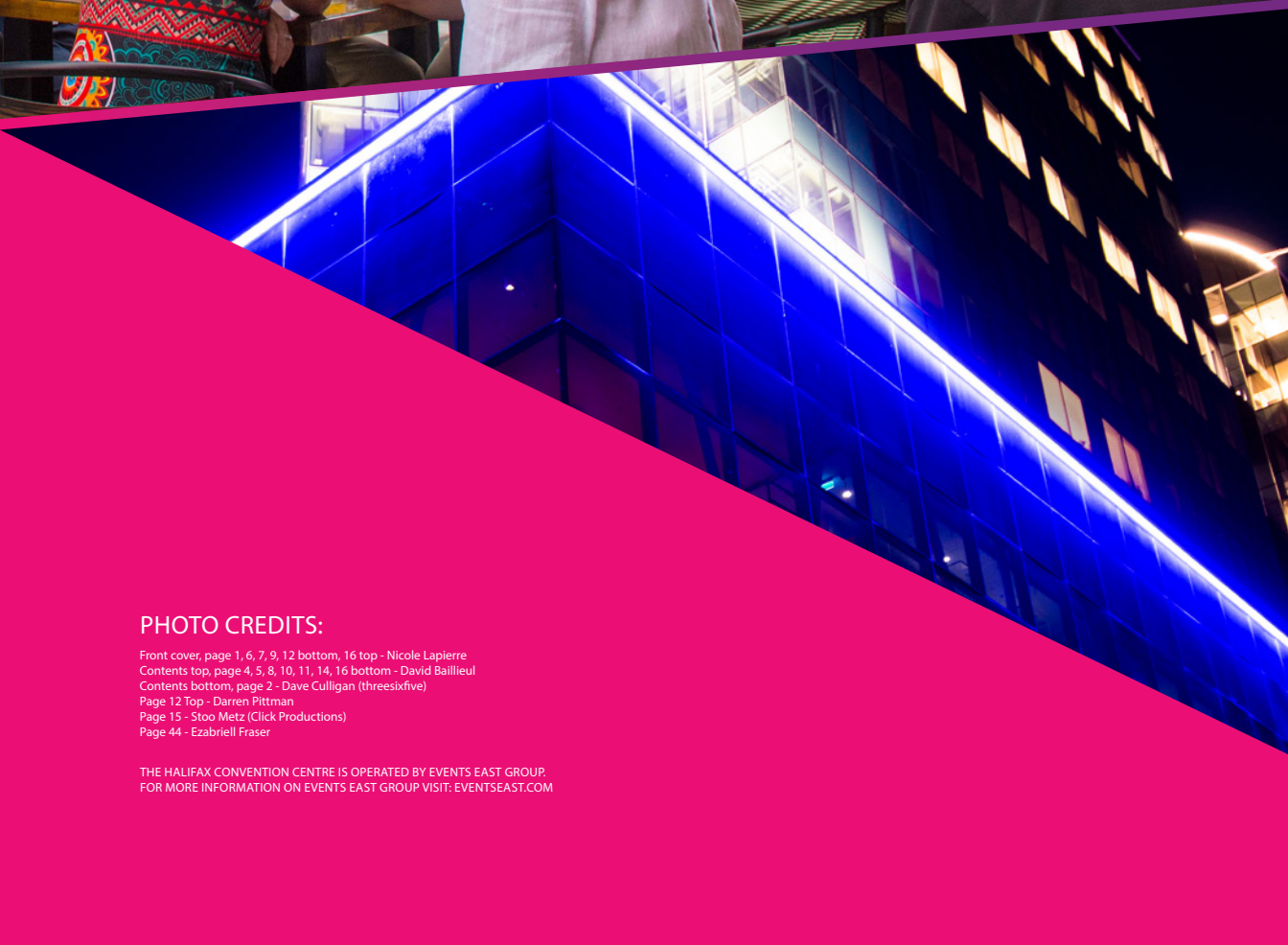


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THE HALIFAX CONVENTION CENTRE IS OPERATED BY EVENTS EAST GROUP.
FOR MORE INFORMATION ON EVENTS EAST GROUP VISIT: EVENTSEAST.COM



MESSAGE FROM THE PRESIDENT & CEO

A lot can happen in a year, and at the Halifax Convention Centre, it certainly did. When we started planning for our new facility, one thing was clear from the beginning. Our team wanted to be more than a new building, we wanted to help our clients create a memorable experience for their guests. By reinventing our model of service delivery, our team has designed unique offerings for our clients that embrace our true Nova Scotia hospitality and culinary expertise. With the implementation of our vision for service excellence, we hosted some of the most prestigious national and international conferences this past year.

For the first time, Halifax hosted Diabetes Canada, welcoming 1,700 researchers and health-care professionals to discuss diabetes research, treatment, and care. We welcomed back after a 15-year hiatus, Rendez-vous Canada 2018, which brought a record-breaking 1,900 tourism professionals from 30 countries. Other notable events were the Airport Council International (ACI) Customer Experience Global Summit, the NATO Parliamentary Assembly, and the Federation of Canadian Municipalities.

We also hosted some of the most exciting, prestigious local events this year, including the Halifax Chamber of Commerce's three signature gala events that bring our business community together to discuss important topics and celebrate our achievements. In July, we hosted our largest gala dinner to date with the Nova Scotia Sport Hall of Fame's One Night Only: The Top 15 event, celebrating our province's rich sport heritage.

While our convention centre provided an incredible backdrop for important conversations, our award-winning culinary team delighted the palates of our guests by creating menus that infused local produce and flavours. Whether it was a meal for 100 or 1,000, our team was able to create, from scratch, mouth-watering dishes to satisfy all.

Even though we're in the business of hosting events within our Centre, we want to inspire our guests to get out and make the most of their Nova Scotia experience. We're proud to work with our community partners to help ensure our guests are treated to an authentic, Nova Scotia experience from the minute they arrive in our province and all touchpoints in between. Memories last a lifetime, and we want our guests to make as many as possible when visiting Halifax and Nova Scotia.

I'm incredibly proud of everything we have accomplished during our first year and applaud everyone who has been a part of this journey. There are so many milestones and achievements to celebrate this year and we've only just begun.

Sincerely,

Original Signed

Carrie Cussons
President & CEO



HALIFAX CONVENTION CENTRE

1650

2018-19 BOARD OF DIRECTORS

Louise-Ann Comeau

Vice-President, Customer Development, Emera

Nancy MacCready-Williams

CEO, Doctors Nova Scotia

Wayne Crawley, FCPA

Partner, Venor Group

James MacNeil

Managing Partner, BOYNECLARKE LLP

Jacques Dubé

CAO, Halifax Regional Municipality

Barbara Manning

MILLERMANNING

Jeff Forbes, CMC

President & Managing Partner, KBRS
Knightsbridge Robertson Surette

Justin McDonough

Partner, Matthews McDonough Financial Planning Inc.
Board Chair

Greg Keefe

Former CFO, Halifax Regional Municipality

Bernard Miller, Q.C.

Deputy Minister, Nova Scotia Department of Business
Deputy Minister, Nova Scotia Office of Strategy Management

MANAGEMENT TEAM

Carrie Cussons

President & CEO, Events East

Erin Esiyok-Prime

Director, Marketing & Communications, Events East

Suzanne Fougere

Executive Vice President, Strategy
& Business Development, Event East

Colin Kiley

Director, Building Services, Events East

Dawn Baldwin

Director, Sales, Halifax Convention Centre

Shelly Parsons, CPA, CMA

Senior Director, Finance & Technology, Events East

Genaya Cameron

Director, Event Operations, Halifax Convention Centre

Greg Smith

Director, Food & Beverage, Halifax Convention Centre

Peggy Dooley

Director, Event Operations, Scotiabank Centre
General Manager, Ticket Atlantic



2018-19 focused on learning about our new operations and implementing the systems and standards that would help to stabilize our service delivery model in a new, more complex facility. As the team worked to deliver memorable experiences for our guests and our community, the Board of Directors continued to work closely with our shareholders to manage Events East in an open and transparent manner. The Board of Directors looks forward to the opportunities and achievements that lie ahead; we have every confidence in the management team and strategy in place to lead the organization through a continued period of stabilization and ongoing success."

Justin McDonough
Chair, Board of Directors



RENDEZ-VOUS CANADA

RENDEZ-VOUS CANADA / MAY 13-16, 2018



1,900
DELEGATES

A LOT CAN HAPPEN IN ONE YEAR

Watching our vision for the Halifax Convention Centre come to life over the past year has been incredibly rewarding. We re-imagined and re-invented every aspect of our services to make them client-centric, seamless, and authentically Nova Scotia. We had to if we were going to continue to attract events on the scale we wanted—events that would have a significant impact on our province’s economy and reputation. Events so spectacular they would send delegates away with a longing to come back.

And we’ve succeeded. This year some of the most prestigious national and international conventions came to Nova Scotia—far bigger in size and complexity than those that came here before. We hosted thousands of delegates, coordinated millions of details, and couldn’t begin to count the memories and connections we helped inspire.

When asked what made her most proud of our inaugural year, Carrie Cussons, our president and CEO, didn’t have to think twice:

“The number one thing I’m most proud of this year is our team of amazing, committed professionals. They came together on a transformational journey to deliver a vision of what this brand-new facility could be—and they did it to an international standard of service excellence. It has become part of the culture, they do it every single day.”



Liberal National Convention 2018

So, what were some of those events?

2018 Liberal National Convention

For the first time in its history, the Liberal National Convention came to Nova Scotia in April 2018, bringing 2,500 delegates to our province for three days. Our team leapt into action months ahead of time to plan everything from the audio-visual and floor plans to the menu. The event concluded with an outdoor block party where guests could enjoy great Nova Scotia music and food under the twinkling lights of the newly redesigned Argyle Street.

It was the first of two visits Prime Minister Justin Trudeau would have in our Centre this year, each time impressive and memorable. ○

Rendez-vous Canada 2018

After a 15-year absence, Rendez-vous Canada returned in May 2018 and brought with it a record-breaking 1,900 tourism professionals from 30 countries.

Nova Scotia culture was integrated into every delegate touchpoint to showcase our unique Maritime province and really give delegates a sense of who we are. As delegates landed

at Halifax Stanfield International Airport, they were welcomed with live local music and a Taste of Nova Scotia pop-up booth. During the conference, Tourism Nova Scotia provided guided tours across the province, an active local host committee assisted with way-finding, local musical groups performed authentic east coast music, and the meals we delivered were infused with the flavours of Nova Scotia. ○

“Halifax Convention Centre’s management team and frontline staff exceeded our expectations. There is a true spirit here of ‘how do we make this happen’. It seems there is a refreshing process taking shape for hosting conventions in Halifax.”

Ken Ross
Vice President, Events and Industry Services,
Tourism Industry Association of Canada



AIRPORTS COUNCIL INTERNATIONAL (ACI)
CUSTOMER EXCELLENCE GLOBAL SUMMIT

Federation of Canadian Municipalities (FCM)

In May 2018, over 3,000 municipal leaders and several federal political leaders came to Halifax for the annual FCM conference.

"I am a huge fan of the Halifax Convention Centre team!" says Carole Brault, manager, events, FCM. "Leading up to and during our event, we received exceptional service from everyone on their team, from culinary to event operations. I truly appreciate all the hard work and amount of thought that went into every little detail." ◉

Unifor National Canadian Council 2018

Thanks to our Centre's central location and the flexibility of our space, we're able to host a wide variety of events and organizations from all sectors. In August 2018, we were proud to welcome 1,700 delegates for Unifor's annual conference. Our Centre was their home for three days where delegates debated and voted on resolutions submitted by local unions and recommendations from their national president. During the event, Unifor celebrated its five-year anniversary as a leading advocate for worker rights focused on impacting social and political policies. ◉

Conservative Party of Canada National Policy Convention

Halifax and our Centre were the background for national media coverage in August 2018 when we hosted the Conservative Party of Canada National Policy Convention. The event welcomed 2,300 delegates from across the country, including Party Leader Andrew Scheer, for three days of important platform discussions, policy making, and political training. During their free time, delegates got to experience a taste of local with our Pop-Up Program in the Argyle Atrium, where Taste of Nova Scotia provided samples of some of the best local wine, beer, and spirits our province has to offer. ◉

Airport Council International (ACI) Customer Excellence Global Summit

In September 2018, ACI kicked-off its inaugural Customer Excellence Global Summit. The organization chose Halifax for this three-day event because of the Halifax Stanfield International Airport's consistent ranking as one of the top airports for customer satisfaction. Over 450 delegates from around the world attended the event, which was blessed by Mi'kmaq Elder Cathy Martin and welcomed by the Honorable Marc Garneau, MP by video and Prime Minister Justin Trudeau by letter.



CONSERVATIVE PARTY OF CANADA
NATIONAL POLICY CONVENTION

“Our decision to hold the first summit in Halifax, Nova Scotia reflects its position as one of Canada’s Atlantic gateways and is also in recognition of Halifax Stanfield International, a proud ACI award-winning airport,” said Dimitri Coll, associate director, ASQ, Airports Council International (ACI) World. ○

NATO Parliamentary Assembly

In November 2018, the Parliament of Canada hosted the 64th annual NATO Parliamentary Assembly at the Halifax Convention Centre. About 700 parliamentarians from 29 NATO member countries and delegates from partner nations gathered to hear from government representatives, NATO officials, and experts on a wide range of issues concerning the alliance.

Throughout this event, our city and our Centre were the backdrop for critical conversations about international policy and security. ○

WHAT’S AHEAD?

We set our sights high when we opened the Halifax Convention Centre and succeeded in attracting events of a size and scale we couldn’t have hosted in our former centre. Those events brought 30,000 national and international visitors to our province (along with 100,000+ guests in total through our doors!) creating opportunities for local hotels, restaurants, and businesses.

Now we’re setting our sights higher.

“I see a growing confidence that we can welcome the world while staying true to who we are as Nova Scotians,” says Carrie.

Our goal is to continue attracting national and international conferences with a focus on areas that are aligned with Nova Scotia’s competitive-advantage sectors. We want to work with our partners to develop programs that transform these events into opportunities to forge connections between delegates and our academic and business community. ○

“We see the Halifax Convention Centre as a catalyst for making connections and starting conversations that will spur new economic development and growth in our province.”

Carrie Cussons
President & CEO

HITTING OUR STRIDE AND DELIVERING MEMORABLE EXPERIENCES

From the beginning, we wanted the Halifax Convention Centre to be more than a new facility – we wanted it to be a unique, memorable experience from end to end. One that was on par with international standards and created unforgettable moments for all our guests.

To deliver that experience, we worked closely with clients and partners to completely transform every aspect of what we do, from client service to culinary expertise.

This past year, we brought our new plans and processes from theory into action, and are pleased to say the results exceeded everyone's expectations.

Keep it Simple, Make it Easy

Our Centre's Primary Point of Contact Program was our clients' idea. Today it ensures each client has a dedicated event manager who advocates for them and their event from day one. The program streamlines the event planning process for our clients by understanding their goals, anticipating their needs, and committing to a partnership with them. Clients tell us they like being able to off-load administrative details to us like shipping and receiving, and interfacing with departments like our culinary team, so they can focus on the bigger picture. They can relax knowing that working with one member of our team from start to finish helps ensure no ball is dropped. ○



ROYAL LEPAGE NATIONAL SALES CONFERENCE



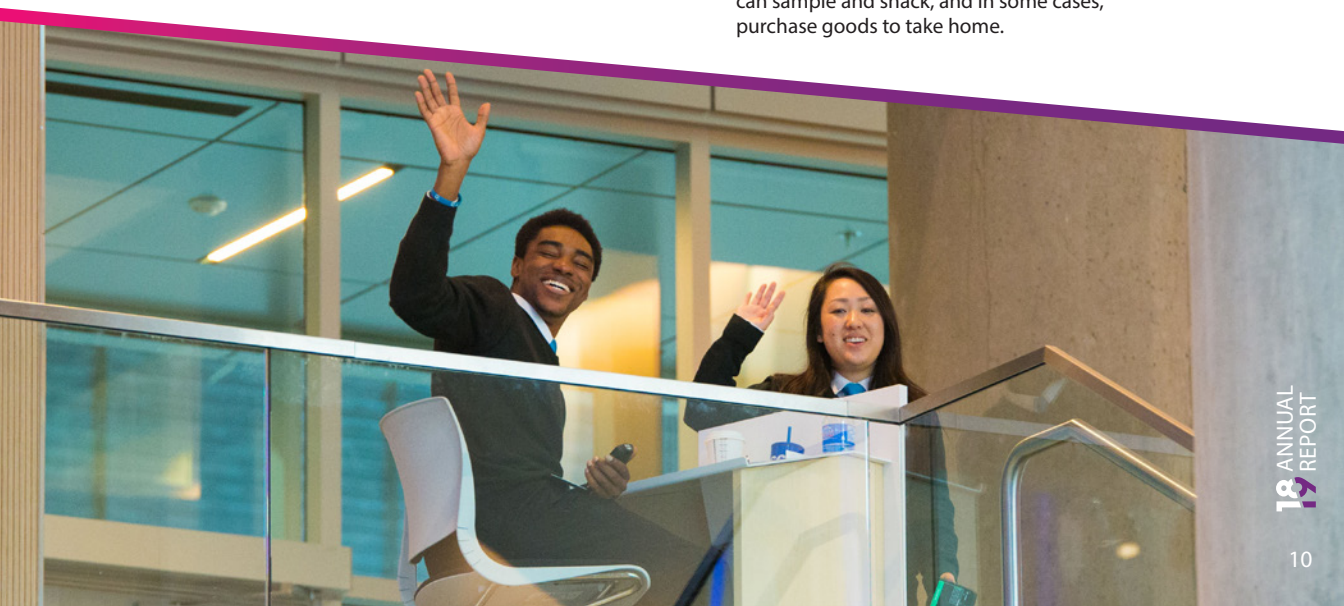
“The level of engagement from the convention centre team is truly outstanding. (For the Diabetes Canada National Convention) we saw the same familiar faces every day, checking in regularly with us and willing to jump in and help out at any time.”

Joe Orecchio
Event Planner, Diabetes Canada
President, Road Ahead Meetings and Events Inc.

Delighting Delegates

Along with our partners, we wanted to find ways to make the Nova Scotia experience more tangible and memorable for the delegates who come from far and wide to attend events in our province.

- With our Delegate Welcome Program, attendees feel the warm Nova Scotia difference the minute they arrive. By bringing together our partners Discover Halifax, Downtown Halifax Business Commission, Tourism Nova Scotia, Develop Nova Scotia, and Halifax Stanfield International Airport, we make sure delegates know how happy we are to have them here through signs and messages at every touchpoint from the airport to the hotel to the convention centre—and many points in between.
- Our Delegate Experience Team greets every delegate when they walk in the doors of our spacious, natural light-filled atrium and do everything from helping with way-finding in the facility or city to encouraging delegates to participate in all the activities going on inside and outside the Centre. Being friendly comes naturally to Nova Scotians—and our delegates love it.
- Our Pop-up Program, a partnership with Taste of Nova Scotia, brings samples of local flavours right into our Centre, including craft beer and locally made wine, seafood, cheese, and more. Delegates can sample and snack, and in some cases, purchase goods to take home.





- Nova Scotia has so much to offer, it's no wonder many delegates don't want to leave. And now with our on-site Tourism Nova Scotia Visitor Information Booth, they can plan and book activities, accommodations, and more while they're at the event. Looking for a place to eat and experience local culture or live music? Delegates can use the Discover Halifax digital kiosk to navigate our city and find the best experiences in town!
- Cooking for a dinner party where the guests number in the hundreds is no small feat. But our culinary team makes it look easy, designing delicious dishes for our guests that infuse local flavours, and pair well with local wines. In fact, they were recently nominated for some big awards from Culinary Federation Nova Scotia:
 - o Culinarian of the Year: Joy Bonang and Belinda Hewlin
 - o Establishment of the Year: Halifax Convention Centre
 - o Chef of the Year: Kris Gaudet ◉

“The Halifax Convention Centre engaged the entire tourism community, including Tourism Nova Scotia, in the planning of their new facility from the very beginning. It has been incredibly gratifying to see all of our ideas in action. The convention centre has been a true asset for our province from the minute it opened its doors. We're thrilled to have our Tourism Nova Scotia Visitor Information Booth up and running during major events; feedback from our tourism operators and industry partners on the benefits associated with convention centre events has been overwhelmingly positive.”

Michele Saran
CEO, Tourism Nova Scotia



EVOLVING AS A TEAM

We're proud of the experiences we delivered this year—and we're especially proud of how we grew as a team to be able to deliver them.

Our team has established new processes and procedures like our Primary Point of Contact Program and operational standards that help ensure we're aligned in our vision and service delivery.

The introduction of our front-of-house digital screens provides seamless promotional opportunities for events taking place within our facility. This technology has been extended to the employee-only areas, where we use these screens to provide vital event and operational information to our teams.

"Our organization has seen a transformation this past year," says Carrie. "I've enjoyed building an extremely strong, engaged group of leaders who are incredibly passionate about what they do. It has been so rewarding to see our team draw inspiration from the many positive reviews we have received."

"The Halifax Convention Centre team engages our team as if we were their own staff. They are committed to finding ways to elevate our standards together, and pushing us to understand that how we operate as a single team impacts the client and the overall event delivery."

Henrick Strait-Hinnerichsen
General Manager, Atlantic Canada, FMAV



VIENNESE OPERA BALL

2018 DIABETES CANADA/CANADIAN SOCIETY OF ENDOCRINOLOGY AND METABOLISM PROFESSIONAL CONFERENCE





CONNECTING WITH OUR COMMUNITY

The community that surrounds us is a big part of the success of any of the events we host. This year, we found several ways to strengthen our connection with those friends and neighbours.

Hello Neighbour!

During the holidays, we sent out street teams bearing hot chocolate and fresh-baked cookies to drop in our neighbour businesses and thank them for being part of our amazing first year at the Halifax Convention Centre.

Along with the goodies, we also gave them a schedule of upcoming events at our Centre. Many have told us how events at our centre have a direct, positive impact on their business—some said they plan their staffing and marketing or tailor their specials around events. Sharing our schedule is a simple and effective way for everyone to benefit from these amazing opportunities. And sharing that information over a warm drink and a yummy cookie makes it even better. ○

“We’ve had incredible feedback from our neighbours and local businesses who tell us what a difference the new Centre has made for them. That’s a major change from a couple of years ago – now they can see the impact our Centre has first-hand.”

Carrie Cussons
President & CEO

See our event listing:
www.halifaxconventioncentre.com/events



WELCOME WEEKEND

Happy First Year!

In honour of our first anniversary in January 2019, we held our second Welcome Weekend so the general public could come in and experience the spectacular views and spaces at our Halifax Convention Centre.

The two-day event started with a free showing of the movie *Incredibles 2* complete with popcorn, snacks, and activities on Saturday. Then, on Sunday, we held a free ECMA-fueled kitchen party with tunes from Old Man Luedecke, Ian Janes, and Jah'Mila. Of course, there were plenty of tasty treats and hot coffee served by our culinary team, and Taste of Nova Scotia members who provided samples of their products.

The people of Halifax and Nova Scotia play an important role in showing convention delegates how warm, authentic, and welcoming our province really is. Holding this special weekend is our way of thanking them for being part of our success. ○

Donating for Diabetes

With one-in-four Canadians living with diabetes or pre-diabetes, Diabetes Canada called for a new national approach to tackle the diabetes epidemic during their four-day conference at the Halifax Convention Centre in October.

We wanted to show our support for this important conversation by engaging our community and generating awareness about the event. We placed a Diabetes Canada clothing bin just outside our front door and challenged our community to donate their reusable goods throughout the event, with our staff leading the charge. We also shared facts on social media about diabetes and how their donations could help people living with the disease. ○



OUR RESULTS:



bins worth of household items and clothing

300 pounds of donations



Funds went to diabetes research, sending kids with type-1 diabetes and their families to D-Camps



Supporting Local

While the convention centre is typically focused on hosting national and international events, there are times when we're the right space for a local event too.

One example is the annual Compass Group Canada Festival of Trees, the Mental Health Foundation of Nova Scotia's signature fundraising event, which aims to make a difference in the lives of Nova Scotians living with mental illness and their loved ones. The event featured the beautiful Forest of Trees, a sparkling display filled with one-of-a-kind Christmas tree creations from local designers and organizations.

Over its 28-year history, this event has grown in popularity—so much so that our facilities at our former centre were limiting the number of tables they could sell—and thus, the amount the event could fundraise.

In 2018, we were proud to host the festival in our new convention centre, where the additional space did justice to the grandeur of the event and allowed them to host 1,400 attendees, increasing their fundraising efforts. ○

“Our partnership with the Halifax Convention Centre is key to our ongoing fundraising success. Our team at the Mental Health Foundation of Nova Scotia always knows the venue, food, drink, and service will be top-notch. The crew at the Centre have truly become a part of our Foundation family not just at the holidays, but all year-round.”

Starr Cunningham
President & CEO, Mental Health Foundation of Nova Scotia



COMPASS GROUP CANADA FESTIVAL OF TREES





ONE NIGHT ONLY: THE TOP 15

WELCOME WEEKEND





A lot can happen
in **o**ne year.

Halifax Convention Centre hosted:



102,000
DELEGATES



163
EVENTS



\$65.6 MILLION
IN DIRECT EXPENDITURES

Here's a look back at some of the highlights:

APRIL 2018
LIBERAL NATIONAL CONVENTION



MAY 2018
CANADIAN BREWING AWARDS
& CONFERENCE



MAY 2018
RENDEZ-VOUS CANADA

MAY 2018
FCM

JUNE 2018
CANADIAN METEOROLOGICAL AND
OCEANOGRAPHIC SOCIETY CONGRESS



JULY 2018
NOVA SCOTIA SPORT HALL OF FAME
ONE NIGHT ONLY: THE TOP 15

AUGUST 2018
CONSERVATIVE PARTY OF CANADA
NATIONAL POLICY CONVENTION



AUGUST 2018
113TH CANADIAN ASSOCIATION
OF CHIEFS OF POLICE ANNUAL
CONFERENCE

SEPTEMBER 2018
AIRPORT COUNCIL
INTERNATIONAL (ACI) CUSTOMER
EXCELLENCE GLOBAL SUMMIT



SEPTEMBER 2018
ROYAL LEPAGE NATIONAL
SALES CONFERENCE



OCTOBER 2018
DIABETES CANADA/CSEM
PROFESSIONAL CONFERENCE



OCTOBER 2018
HAL-CON SCI-FI
FANTASY CONVENTION



NOVEMBER 2018
NATO PARLIAMENTARY ASSEMBLY

NOVEMBER 2018
DALHOUSIE MEDICAL ALUMNI
150TH ANNIVERSARY GALA

JANUARY 2019
HALIFAX CONVENTION CENTRE
ONE YEAR ANNIVERSARY &
WELCOME WEEKEND



FEBRUARY 2019
SAVOUR FOOD AND WINE FESTIVAL



MARCH 2019
NATIONAL METROPOLIS CONFERENCE
ON IMMIGRATION

MARCH 2019
OCEAN SUPERCLUSTER
COLLABORATION EVENT

ACCOUNTABILITY & PERFORMANCE ANALYSIS

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. ○

Planning & Operating Context

Offering 120,000 square feet of modern event space in the heart of Halifax, the Halifax Convention Centre, jointly owned by the Province of Nova Scotia and HRM, opened its doors to the community in December 2017. We pride ourselves on being an economic and community driver for Halifax and Nova Scotia through attracting and hosting meetings, conferences, and conventions, with an emphasis on national and international event activity. Blending the most experienced team with the largest, most flexible event space in Atlantic Canada, we help to create unique events that showcase Nova Scotia to the world.

With a customer-centric culture, our focus is on ensuring that our team delivers great event experiences that respond to evolving industry trends and delegate expectations. At the same time, we look to create opportunities for partnerships and community engagement to ensure we leverage the Halifax Convention Centre and our events to showcase Nova Scotia to visiting planners and delegates. We work closely with key industry and community partners, including those in tourism and economic development, to ensure the impact of the Halifax Convention Centre instills community confidence and pride.

Our event attraction strategy concentrates on our long-term targets, with a focus on key national and international markets and events that create opportunities to promote Nova Scotia as a centre for excellence in sectors of strength. Continuing to identify and activate new markets is a critical component of our growth strategy.

The Halifax Convention Centre began hosting events in January 2018. This overview reports on event and attendance activity from January 2018 to March 31, 2019 to reflect the first full year of operations of the facility. Additionally, the financial period reported on begins March 1, 2018, which reflects the substantial completion date of the Halifax Convention Centre. Therefore, the financial statements report on 13 months of activity. Finally, effective March 1, 2019 the assets, liabilities and associated operations of Ticket Atlantic were transferred to Events East.

Our new governance and operations structure represents a substantial departure from the former operations of Trade Centre Limited (TCL), which included the World Trade and Convention Centre and the Office Tower. For this reason, comparatives against previous years are not applicable. ○



PERFORMANCE ANALYSIS

Financial Performance

Following substantial completion of the Halifax Convention Centre, as of March 1, 2018, the Province of Nova Scotia and HRM assumed shared financial accountability for Events East and its operations. The first full year of operating the Halifax Convention Centre yielded extensive learnings about the cost to operate our new facility and the staffing levels appropriate to deliver events at an international standard of service. These insights will influence budget assumptions for future years.

Our 2018-19 audited income from operations was \$726,428 against a budgeted deficit of \$66,500. Total annual deficit prior to shareholder funding and after depreciation was \$6,266,642 against a budget of \$4,595,100, due primarily to the following:

- a positive variance over budget for operations of \$792,900;
- actual property taxes in excess of budget by \$882,000;
- actual building operating costs in excess of budget by \$611,600; and
- pre-opening expenditures of \$1.1M that were deferred from 2017-18.

Income from operations reflects the revenues and expenses of delivering events as well as the corporate and administrative services required to support the organization. Our operating budget reflects sources of revenue and costs associated with attracting and delivering events in the Halifax Convention Centre. 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.

Operating revenues were \$13.2M compared to a budget of \$11.1M. We exceeded our budgeted revenue target by \$2.1M, primarily due to higher than planned event

activity and attendees and higher than expected food and beverage spending for national events. 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.

Overall operating expenses were \$12.5M compared with a budget of \$11.2M. Of this, event expenses of \$7.4M were over budget by \$815,000 consistent with a higher volume of events and attendance than planned. These are the direct expenses required to deliver events including salaries, wages, food and beverage costs, box office operations, event cleaning and event security, and related technology. We measure utilization of variable labour (hourly staff) as a per cent of food and beverage revenue; the actual ratio of 25.4 per cent of revenue as compared to a budget of 30.0 per cent signifies better than planned utilization driven by the volume of event activity.

Non-event expenses of \$5.1M as compared to a budget of \$4.6M include salaries, sales and marketing, communications, administration, insurance, and office rent. The variance from actual to budget reflects the conversion of key event-based hourly roles to salaried positions, as well as additional administration and technology spending required to improve efficiency and higher than planned professional and legal fees.

Building operating costs of \$3.6M as compared to a budget of \$3.0M reflect the expenses related to building operations for the Halifax Convention Centre, including lease operating costs paid to the Nova Centre, equipment maintenance and repairs, non-event cleaning and security, utilities, property insurance, and related salaries. At the time of budgeting, building operating costs were the biggest unknown for the Halifax Convention Centre given the increased size, complexity and integration with the overall Nova Centre complex. For this reason, a standard calculation rate provided by the Province of Nova Scotia was applied. The variance from budget stems primarily from actual operating and maintenance costs.

Property taxes of \$1.85M exceeded budget by \$882,000 reflecting a clarification of the shareholders' Memorandum of Understanding regarding payment of property taxes.

Pre-opening expenditures of \$1.1M reflect the final approved opening expenses of the convention centre, including building costs, sales and marketing, technology and smallwares, which were deferred from 2017-18. These expenditures represent one-time purchases required to equip and open the convention centre. A total grant for smallwares of \$3.0M was previously approved in a prior year, with spending accounted for under Events East in 2018-19 to align with the facility opening.

The Province of Nova Scotia and HRM equally fund Events East, however the timing of their funding will vary year-over-year due to differing approaches to funding capital and depreciation expense. Funding of \$6,253,236 is the total required funding from our shareholders for 2018-19 plus the transfer of \$548,001 in contributed assets from TCL, which totals \$6,801,237.

Economic Impact & Event Mix

We are mandated to attract and host events that create economic and community benefits for Nova Scotia. As such, our business and success are 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.

In 2018-19, we hosted a total of 163 events and 102,203 total attendees. Total direct expenditures resulting from these events were \$65.6M against a target of \$56M. The difference from target to actual direct expenditures can be attributed to higher than projected attendance and exhibitors from the national and international markets.

Direct expenditures resulted in 904 person years of employment, \$3.9M in provincial government tax revenue, and \$30.4M in additions to household income. These impacts do not include the direct spending by Halifax Convention Centre.

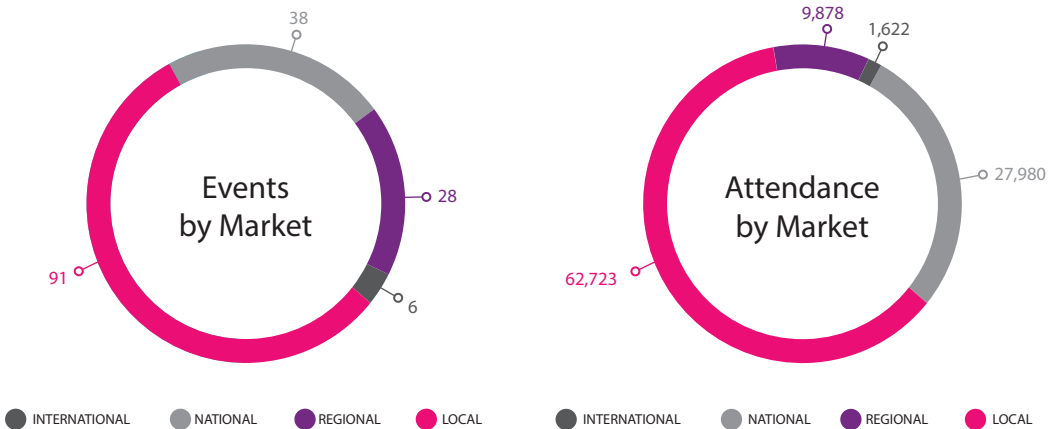
Convention centre sales activity is focused on attracting national and international events that drive economic impact. By attracting visitors from outside the province, events from these markets contribute more to our Centre's economic impact than those originating from the regional and local markets. In 2018-19, we hosted 44 national and international events, which made up 75 per cent of the total economic impact for the convention centre and contributed \$49.0M of total direct expenditures. This exceeded our target of 31 events for the first year of operations and is approximately three times the number of national and international events hosted in the former convention centre. ○

Total Events	163
Total Attendees	102,203
Total Direct Expenditures	\$65.6M*
Total Incremental Expenditures	\$65.6M*
Estimated Person Years Employment	904
Estimated Household Income	\$30.4M
Estimated Provincial Government Tax Revenue	\$3.9M

Developed in collaboration with Nova Scotia Department of Finance and Treasury Board.

*All direct expenditures associated with Halifax Convention Centre are considered incremental.

Events Hosted by Market



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.

International events hosted during 2018-19 were the 2018 Sagamore Conference (80 attendees); IEEE International Conference on Cybermatics 2018 (260 attendees); DocEng2018 (75 attendees); 2018 Airport Council International Customer Excellence Global Summit (450 attendees); 15th ISTDP Halifax Immersion (57 attendees); and NATO Parliamentary Assembly (700 attendees).

Highlights of national events hosted in 2018-19 include PharmaChoice National Conference (940 attendees); 2018 National Liberal Convention (2500 attendees); 2018 Canadian Conference on Medical Education (1450 attendees); Federation of Canadian Municipalities (3000 attendees); Rendez-Vous Canada 2018 (1900 attendees); Canadian Brewing Awards 2018 (600 attendees); Financial Executives International Canada (350 attendees); 52nd Canadian Meteorological and Oceanographic Society Congress (470 attendees); Canadian Academy of Sport & Exercise Medicine (340 attendees); 23rd Annual National Supported Employment Conference (540 attendees); Unifor National Canadian Council (1700 attendees); Conservative Party of Canada National Policy Convention (2300 attendees); Canadian Society of Allergy & Clinical Immunology (280 attendees); Royal LePage National Sales Conference (950 attendees); 2018 International Conference on Residency Education (900 attendees); Diabetes Canada/Canadian Society of Endocrinology and Metabolism Professional Conference (1700 attendees); The ONE 2018 (1300 attendees); Canadian Celebration of Women in Computing (470 attendees); 2019 First Nations Directors of Education National Forum (400 attendees); National Metropolis Conference on Immigration (850 attendees). ○



GUEST EXPERIENCE

Halifax Convention Centre Operations

This year saw the continued implementation of our multi-year plan to ensure we are successfully operating the new Halifax Convention Centre and delivering on our customer experience vision. Core to this vision was ensuring stabilization of operations in a new, much larger facility, and successful delivery of national and international events. To ensure we continue to deliver high-quality service to our clients and guests, we worked to develop baseline operating standards such as hearing assist, escalator protocol, movement of guests within the facility, and a site inspection procedure, all with a focus on national and international events. ○

Customer Feedback

This year we piloted the AIPC (International Association of Convention Centres) customer satisfaction survey, a program that allows us to effectively monitor and assess customer feedback and benchmark against other convention centres around the world. The next phase of our customer feedback program, including gathering and documenting real-time feedback and testimonials from clients and delegates, will be a priority for the upcoming year.

Development of a formalized customer feedback program is an important step as we work to achieve AIPC accreditation. It will further our position as an industry leader and demonstrate our commitment to continuous evaluation and enhancement of our Centre's performance. ○

Technology Improvements

Consistent with our focus on stabilizing operations, many technology enhancements throughout the year were the result of feedback from clients and guests through the course of their events. We continued to work closely with Rogers Communications Canada as our information and communications technology partner, and FMAV as our audio-visual partner, to ensure we are delivering a consistent and high-level standard of service to our clients.

Final testing of our new scheduling, time and attendance system continued with ongoing collaboration with the supplier, including successful integration with our payroll system. Full implementation of the system was deferred to June 2019 following final training and to align with resource availability. ○



BUSINESS GROWTH

Halifax Convention Centre Sales & Marketing Activity

Consistent with our long-term strategy for the Halifax Convention Centre, sales and marketing activities throughout the year were focused on securing national and international events, with an emphasis on bookings for 2019 and 2020.

This year, we undertook a review of our sales and marketing strategy to enhance prospecting and retention efforts, and continue building critical customer relationships. This included research with our target audience to understand perceptions of our facility as well as Halifax and Nova Scotia as a meetings and conventions destination. Additional research included understanding key drivers of experience and decision-making, a competitive scan of other facilities, consultation with key local partners and like-minded organizations, and internal working sessions.

A key pillar of the new strategy will be an intensified focus on developing the national corporate market. An in-market national corporate sales manager was hired to support this enhanced approach.

Consistent with the overall strategy, at year-end, the Halifax Convention Centre had secured a cumulative total of 95 national and international events with an estimated 59,000 delegates against a target of 140 events and 76,000 delegates for the first three years of operations.

The first full year of operations for Halifax Convention Centre saw the successful delivery of 44 national and international events, exceeding projections for our first year. Initial work also commenced on the development of an international event attraction strategy that aligns with Nova Scotia's sectors of comparative advantage with a focus on the oceans sector. This included identifying key partners and organizations to work with to position Nova Scotia as an attractive host destination for international meetings and conventions. ○



COMMUNITY CONNECTION

Community activity is focused on building awareness and communicating the benefits of the Halifax Convention Centre and the events we host, as well as working with our strategic partners to ensure we are delivering a consistent experience for our guests inside and outside our venue.

Partnerships

This year, we continued to work closely with our industry partners, including Discover Halifax, Tourism Nova Scotia, and the Tourism Industry Association of Nova Scotia to promote the economic and tourism benefits associated with the Halifax Convention Centre. This resulted in several collaboration opportunities for events and promotions throughout the year.

Consistent with our steady focus on delegate experience and community connection, we continued full implementation of our Local Program to showcase Nova Scotia food, culture, and experiences in the convention centre to national and international delegates. The program has three components – local flavour, local experiences, and a Pop-Up Program. Collaboration with local food, beverage, and tourism partners was critical to the success of the program and will be a continued focus in the upcoming year.

The Pop-Up Program is managed through a partnership with Taste of Nova Scotia, who work with local suppliers to showcase their products during national and international conventions. The program was piloted for events throughout 2018-19 and will continue in the new year.

The Delegate Welcome Program was created through a partnership between the Halifax Convention Centre, Discover Halifax, Downtown Halifax Business Commission, Develop Nova Scotia, and the Halifax International Airport Authority to promote upcoming events to the community, give visitors a warm welcome, and ensure we are delivering a consistent guest experience inside and outside our facility. The program aims to leverage existing assets to share uniform messaging and signage at critical visitor touchpoints, including the airport, hotels, downtown businesses, and the convention centre. The program was fully implemented in 2018-19 and will continue in the upcoming year. ○

Welcome Weekend

To celebrate the one-year anniversary of the Halifax Convention Centre, we hosted a Welcome Weekend in January 2019. The weekend provided an opportunity for our neighbours, the community, and the general public to view the facility and celebrate with us by demonstrating the value the convention centre brings. Over the weekend, a series of free events attracted 2500+ members of the public to the facility. ○



TALENT & CULTURE

Internal Engagement

Through a year of significant transition for our organization, we maintained our focus on employees and internal culture through a series of communications and engagement activities. This included continued work with cross-departmental committees to address feedback and enhance communication.

New initiatives were developed to ensure efficient delivery of information to all employees including our growing base of part-time and event-based staff. We revised the format for our quarterly staff assemblies and installed new digital screens throughout the back-of-house employee areas to improve the sharing of relevant staff communications.

The organization-wide rollout of corporate values was deferred to 2019-20 to align with the release of our five-year strategic plan. ○

Recruitment & Training

Recruitment continued to play a critical role in the successful opening and operations of the Halifax Convention Centre. We implemented our enhanced recruitment program to support the high volume of event-based roles needed to meet business levels. Initial resource targets were met with the hiring of 193 new employees, with active recruitment continuing in early 2019-20.

Staff training throughout the year included Occupational Health & Safety with a focus on incident reporting, as well as Respect in the Workplace and First Aid. ○



ACCOUNTABILITY & SUSTAINED PERFORMANCE

Governance

In partnership with our two shareholders, the Province of Nova Scotia and HRM, we continue to foster a culture of accountability and transparency that maintains public and stakeholder confidence.

With our Centre now open and operational, we initiated a review of our draft five-year strategic plan to ensure it is aligned with shareholder and partner expectations and the key learnings we have had during our first year of operations. To validate our strategy, we engaged multiple stakeholders in a series of facilitated workshops. As a result of this work, rollout of the plan was deferred to 2019-20.

Comprehensive research with attendees, exhibitors, and planners was completed throughout the year to update direct spending profiles associated with the events we host. This will ensure we continue to have a current, accurate measurement framework in place to evaluate the impact of our business. ○

Security

Following substantial completion in March 2018, we continued to work closely with the property manager, Page Realty, to establish joint operational policies and procedures. This included regular building and emergency operations processes to ensure there is a seamless approach to problem-solving and the successful delivery of events.

With guidance from our security partners, including Halifax Regional Police, our internal Emergency Preparedness Committee met regularly throughout the year to assess and update plans and identify areas for improvement. Training this year focused on the Incident Command System, Active Threat Protocol, and Fire Safety.

The Halifax Convention Centre hosted several large, high-security events including the Liberal National Convention, the Conservative Party of Canada National Policy Convention, and NATO Parliamentary Assembly. We worked closely with our partners to develop an integrated approach aligned with best practices that ensured the safety for our facility, clients, and guests while also considering public safety. ○

Legal & Financial


The final steps of our corporate transition to Events East were completed by year-end under the direction and oversight of the Province of Nova Scotia and HRM as well as the Events East Board of Directors. This included the financial transfer of Ticket Atlantic to Events East. ○

OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2018-19 business plan include:

STRATEGIC GOAL	MEASURE	2018-19 TARGET	2018-19 ACTUAL	NOTES
BUSINESS GROWTH	Total direct spending and economic benefit	Generate annual direct spending of approximately \$56M	Halifax Convention Centre generated \$65.6M in direct expenditures	Higher overall event activity than planned as well as higher than anticipated attendance and exhibitors for national and international events
BUSINESS GROWTH	National and international events and attendees secured for Halifax Convention Centre	Cumulative total of 140 national and international events with over 76,000 delegates for first three years of operations (2018-2020)	Cumulative total of 95 national and international events with approximately 59,000 delegates confirmed against three year target	Sales and marketing efforts ongoing against long-term targets with an emphasis on national and international event attraction
GUEST EXPERIENCE	Guest feedback	Implement program to measure key experience drivers for attendees and event planners who use our venues	Piloted AIPC customer satisfaction program to gather post-event feedback from planners	Program piloted to plan; work is ongoing to development full feedback program
ACCOUNTABILITY & SUSTAINED PERFORMANCE	Financial performance	Meet approved budget targets (Revenue target \$11.1M)	Generated \$13.2M in revenues	Higher overall event activity than planned and higher than expected food and beverage spending on national events
ACCOUNTABILITY & SUSTAINED PERFORMANCE	Governance framework	Fulfill accountability requirements for Events East established jointly with Province of Nova Scotia & HRM	Continued collaboration with Province of Nova Scotia & HRM; full compliance with accountability requirements for Events East	Completion of financial and legal requirements for corporate transition including transfer of Ticket Atlantic to Events East Halifax Convention Centre Corporation Act legislative amendments complete

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
TOTAL EVENTS	163	107	270
TOTAL ATTENDEES	102,203	436,255	538,458
TOTAL DIRECT EXPENDITURES	\$65.6M*	\$32.1M	\$97.7M
TOTAL INCREMENTAL EXPENDITURES	\$65.6M*	\$10.9M**	\$76.5M
ESTIMATED PERSON YEARS EMPLOYMENT	904	569	1,473
ESTIMATED HOUSEHOLD INCOME	\$30.4M	\$16.2M	\$46.6M
ESTIMATED PROVINCIAL GOVERNMENT TAX REVENUE	\$3.9M	\$2.1M	\$6M

Developed in collaboration with Nova Scotia Department of Finance and Treasury Board.

*All direct expenditures associated with the Halifax Convention Centre are considered incremental.

**27 per cent of Scotiabank Centre attendee direct expenditures are incremental. Incremental expenditures are those that would not have taken place in the absence of Events East facilities and activities.

EVENTS EAST GROUP FINANCIAL STATEMENTS

March 31, 2019

MANAGEMENT'S REPORT

The statement of financial position as at March 31, 2019 of Events East Group has been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of this statement is management's responsibility. Management is also responsible for all of the notes to the financial statement and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statement.

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 statement of financial position as at March 31, 2019 for Events East Group. The external auditors have full and free access to management of Events East Group and meet when required.

On behalf of Events East Group:



Carrie Cussons
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, 2019, and the statement of operations and accumulated deficit, statement of changes in net debt and statement of cash flows for the 13 months 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, 2019 and the results of its 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.



Chartered Professional Accountants
Licensed Public Accountants

Halifax, Canada,
June 20, 2019

EVENTS EAST GROUP FINANCIAL STATEMENTS

March 31, 2019

MANAGEMENT'S REPORT

The statement of financial position as at March 31, 2019 of Events East Group has been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of this statement is management's responsibility. Management is also responsible for all of the notes to the financial statement and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statement.

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 statement of financial position as at March 31, 2019 for Events East Group. The external auditors have full and free access to management of Events East Group and meet when required.

On behalf of Events East Group:



Carrie Cussons
President & CEO

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

	Year ended March 31, 2019 \$	13 months ended March 31, 2019 \$
	[budget – unaudited]	[actual]
REVENUE		
Convention Centre	11,127,100	13,011,823
Ticket Atlantic [note 3]	—	145,751
Investment income	—	74,591
	<u>11,127,100</u>	<u>13,232,165</u>
EXPENSES		
Event expenses	6,573,300	7,388,302
Salaries and benefits [note 7]	2,953,000	3,321,328
Rent, insurance, maintenance	282,300	235,386
Administration	787,300	952,474
Advertising and marketing	597,700	608,247
	<u>11,193,600</u>	<u>12,505,737</u>
	(66,500)	726,428
Building Costs	2,973,000	3,584,575
Property Taxes	1,071,500	1,953,517
	<u>4,044,500</u>	<u>5,538,092</u>
Approved pre-opening expenditures [note 10]	—	1,065,817
	(4,111,000)	(5,877,481)
Depreciation of tangible capital assets [note 4]	484,100	389,161
Annual deficit	<u>(4,595,100)</u>	<u>(6,266,642)</u>
Shareholder funding [note 8]	4,595,100	6,801,237
Accumulated surplus, end of period	<u>—</u>	<u>534,595</u>

See accompanying notes

STATEMENT OF CHANGES IN NET DEBT

	Year ended March 31, 2019 \$	13 months ended March 31, 2019 \$
	[budget – unaudited]	[actual]
Annual deficit	(4,595,100)	(6,266,642)
Acquisition of tangible capital assets [note 4]	—	(362,353)
Depreciation of tangible capital assets [note 4]	484,100	389,161
Increase in prepaid expenses	—	(86,802)
Shareholder funding [note 8]	4,595,100	6,801,237
Transfer of tangible capital asset from TCL [note 3]	—	(1,068,672)
Decrease (increase) in net debt	<u>484,100</u>	<u>(594,071)</u>
Net debt, beginning of period	—	—
Net debt, end of period	<u>484,100</u>	<u>(594,071)</u>

See accompanying notes

STATEMENT OF CASH FLOWS

For the 13 months ending March 31

	2019 \$
OPERATING ACTIVITIES	
Annual deficit	(6,266,642)
Add items not affecting cash	
Depreciation of tangible capital assets	389,161
Net changes in working capital	
Accounts receivable	(502,776)
Due from Trade Centre Limited	(49,735)
Inventory held for resale	9,111
Due from Halifax Regional Municipality	1,400,506
Due to Scotiabank Centre	(859,662)
Accounts payable and accrued liabilities	1,474,213
Event deposits	29,449
Deferred revenue	(12,526)
Due to Province of Nova Scotia	8,496,460
Advance ticket sales	(159,418)
Prepaid expenses	192,826
Retirement health benefit	100,408
Cash provided by operating activities	<u>4,241,375</u>
INVESTING ACTIVITIES	
Cash transferred from Trade Centre Limited	<u>4,087,974</u>
Cash provided by investing activities	<u>4,087,974</u>
CAPITAL ACTIVITIES	
Cash paid on acquisition of tangible capital assets	<u>(362,353)</u>
Cash used in capital activities	<u>(362,353)</u>
Net increase in cash during the period	7,966,996
Cash, beginning of period	—
Cash, end of period	<u>7,966,996</u>
Cash is comprised of:	
Cash	4,059,272
Restricted cash	<u>3,907,724</u>
	<u>7,966,996</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENT

March 31, 2019

1. Nature of operations

The Halifax Convention Centre Corporation operating under the name Events East Group [the “Company”] 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 the Halifax Convention Centre Corporation, enacts the corporation’s by-laws and defines the objective of the entity. Proclamation resulted in the formal creation of the Halifax Convention Centre Corporation and full Board, and allowed for the Trade Centre Limited [“TCL”] employees to be designated to the new entity. The Company is an equal partnership of the Province of Nova Scotia and the Halifax Regional Municipality.

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 [“HRM”]. The Company’s principal business operations comprise of a convention centre, and the provision of marketing, event and promotion services. The Company managed and operated Ticket Atlantic on behalf of PNS for eleven months of the year. Effective March 1, 2019, the assets and liabilities of Ticket Atlantic and operations, previously recorded in Trade Centre Limited, were transferred to the Company. The Company also manages and operates 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 thirteen months ended March 31, 2019 reflect the operations of the Halifax Convention Centre. The Company also manages the operations of Ticket Atlantic on behalf of the Province of Nova Scotia; prior to March 1, 2019, Ticket Atlantic’s financials were separately reported under Trade Centre Limited and not consolidated into the Company’s results. On March 1, 2019, the net assets of Ticket Atlantic transferred to the Company and are reflected in this financial statement as at March 31, 2019. 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 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 amortized on a straight-line basis over their estimated useful lives using the following terms:

Computers	3-5 years
Furniture	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.

Contributed capital

Contributed capital assets are recorded into revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value.

Prepaid expenses

Prepaid expenses include costs incurred prior to the periods 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 Handbook. They represent the Company's participation in the Public Service Retiree Health Benefits Plan [the "Plan"], an obligation made to employees under the Halifax Convention Centre Act, section 36 (10). A liability for retirement health benefits has been included in the financial statements which represents future obligations for employees retiring on or after April 1, 2018. The Company is not responsible for any underfunded liability, nor does the Company have any access to any surplus that may arise in the Plan and, accordingly, no liability associated with this plan has been recognized in the financial statements.

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

Government transfers and funding are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received, but not all stipulations have been met.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

Measurement uncertainty

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.

Estimates are based on the best information available at the time of the preparation of the financial statement 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. Transfers from Trade Centre Limited

Transfer of Ticket Atlantic

As discussed in note 1, Nature of operations, effective March 1, 2019, TCL transferred Ticket Atlantic net assets to the Company. No consideration was exchanged and amounts paid or payable by TCL on behalf of the Company were settled as intercompany transactions. Below is a summary of the accounts and balances that were transferred to the Company from TCL:

	2019 \$
Cash	7,331
Restricted cash	4,062,500
Accounts receivable	201,927
Prepaid expenses	30,803
Accounts payable and accrued liabilities	(115,655)
Deferred revenue	(18,472)
Intercompany balances	(56,288)
Advance ticket sales	(4,112,146)
	<u>—</u>

Transfer of net assets

Substantial completion of the Halifax Convention Centre building triggered the financial commencement of the Company and the convention centre operations, and as such, effective March 1, 2018, TCL transferred net assets of \$1,112,500 to the Company. Below is a summary of the accounts and balances that were initially transferred to the Company from TCL on March 1, 2018:

	2018 \$
Cash	16,498
Accounts receivable	1,645
Inventory for resale	152,191
Intercompany transactions	514,765
Tangible capital assets	1,068,672
Prepaid expenses	248,830
Deferred revenue	(48,580)
Accounts payable and accrued liabilities	(90,561)
Events deposits	(750,960)
Transfer to Events East Group	<u>1,112,500</u>

4. Tangible capital assets

	Computers \$	Furniture and equipment \$	Total \$
Capital assets transferred from TCL ^[1]	528,846	539,826	1,068,672
Additions	295,733	66,620	362,353
Cost, end of year	824,579	606,446	1,431,025
Accumulated depreciation, beginning of year	—	—	—
Depreciation expense	251,508	137,653	389,161
Accumulated depreciation, end of year	251,508	137,653	389,161
Net book value, end of year	573,071	468,792	1,041,864

[1] As noted in note 3, on March 1, 2018 the net assets of the convention centre operations were transferred from TCL, this amount included \$1,068,672 of capital assets.

5. Contractual obligations

The Company has been assigned applicable contractual obligations from TCL upon the transfer of Ticket Atlantic's net assets. Only one multi-year contract remains, related to the delivery of a ticketing system, which amounts to \$123,300 in 2019-20. The remainder of the contractual obligations are common area and lease operating costs relating to the lease of the Halifax Convention Centre. These costs are the Company's best estimates 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 PNS 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.

	\$
2019 – 2020	1,514,300
2020 – 2021	1,454,800
2021 – 2022	1,465,100
2022 – 2023	1,374,700

6. Financial instruments

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 and trade receivables, and receivables from Scotiabank Centre and HRM. Financial liabilities consist of the Company's accounts payable and accrued liabilities, due to the Province, retirement health benefits, event deposits, and other liabilities. 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 carries out its programs in conjunction with contributions from its shareholders, PNS and HRM. The day-to-day operations are funded by the revenue received, amounts due to PNS, and by advances on projected deficit.

7. Employee future benefits

Pension costs

Employees of the Company participate in the Public Service Superannuation Fund [the "Plan"], 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 Plan are required by both the employees and the employer. Total employer contributions for the period ending March 31, 2019 amounted to \$392,373 and are recognized as an expense during the year. Total employee contributions for the period ending March 31, 2019 amounted to \$392,373. The Company is not responsible for any underfunded liability, nor does the Company have any access to any surplus that may arise in this Plan.

Retirement health benefits

Upon retirement, employees who are in receipt of pension from the Public Service Superannuation Plan are eligible to participate in the Retired Employee Health Plan ("the Plan") provided through the Public Service Commission. The Company is liable for 65% of the premiums for employees retiring on or after April 1, 2018.

The accrued benefit liability also represents employees who provide service to Scotiabank Centre, and a part of their future retirement health benefits are allocated to Scotiabank Centre.

The most recent full valuation of the Plan, contracted by the Province on behalf of participants, was performed as at March 31, 2018. The following outlines details of the accrued benefit obligation:

	\$
Accrued benefit obligation, March 1, 2018	—
Add: Current service cost	99,300
Add: Interest on accrued benefit obligation	1,625
Less: Premiums paid	(517)
Less: Actuarial gains	(4,600)
Accrued benefit obligation, March 31, 2019	95,808
Unamortized actuarial gains, March 31, 2019	4,600
Retirement health benefits net total liability, March 31, 2019	100,408

8. Shareholder funding

Shareholder funding consist of the following for the 13 months ended March 31, 2019:

	\$
Transfers from Halifax Regional Municipality ^[1]	3,133,320
Transfers from Trade Centre Limited ^[2]	548,001
Transfers from the Province of Nova Scotia ^[3]	3,119,916
	<u>6,801,237</u>

- [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] As discussed in note 3, TCL transferred net assets of \$1,112,500 to the Company on March 1, 2018 relating to the substantial completion of the Halifax Convention Centre. Subsequently, amendments to the shareholder funding arrangement were made and \$564,499 was transferred back to TCL. The net amount of \$548,001 is considered to be funding by the Province relating to the transfer of net assets from TCL to the Company.
- [3] Pursuant to the Memorandum of Understanding between HRM and PNS amended March 28, 2013, PNS funds one half of the operating deficit of the Company net of depreciation, but including fifty percent of capital \$362,353.

9. Related party transactions

The Company had the following transactions with the government and other government controlled organizations for the 13 months ended March 31, 2019:

	\$
Transfers from Halifax Regional Municipality ^[1]	3,133,320
Transfers from Province of Nova Scotia ^[2]	3,119,916
Intercompany transactions with Scotiabank Centre ^[3]	859,662
Intercompany transactions with Trade Centre Limited ^[4]	564,499
Payroll processing by the Province of Nova Scotia ^[5]	7,040,726
PSA payment recoveries from the Province of Nova Scotia ^[6]	<u>20,505</u>

- [1] Pursuant to the Memorandum of Understanding between HRM and PNS as amended March 28, 2018, 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, 2018, PNS funds one half of the operating deficit of the Company net of depreciation, but including fifty percent of capital \$362,353.
- [3] Scotiabank Centre and the Company have a variety of intercompany transactions related to general expenses and payroll paid by the Company or vice versa.
- [4] Represents the Company's payment due to TCL resulting from net assets transferred to Company; refer to note 8.
- [5] PNS processes payroll on behalf of the Company and invoices the Company.
- [6] Public Service Award payout made by the Company, and recoverable from PNS who is liable for the program.

Other than the transaction described in the above bullet 4, 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.

10. Approved pre-opening expenditures

In the years leading to opening the Halifax Convention Centre, TCL received grants in support of opening activities and expenses. The unspent balance of these grants was transferred to the Company upon opening, to support final opening costs in March 2018 (\$461,298). One grant, known as "Smallwares", was originally approved in 2016-17 for \$3.0 million. Its purpose was to provide funding for event-related equipment and technology required to operate the new convention centre. Spending under this grant commenced in 2017-18 with the balance of \$621,000 approved to be deferred to 2018-19, in recognition of the need to continue equipping the Halifax Convention Centre based on the evolving understanding of event requirements in the new building.

11. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Province of Nova Scotia. It should be noted that the budget represents 12 months only, for the fiscal year 2018-19, which aligns with PNS and HRM reporting, while the statement of operations and accumulated surplus represents 13 months.

12. 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.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.



HALIFAX CONVENTION CENTRE

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A lot can happen
in **o**ne year.