

# HALIFAX

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

**DECLASSIFIED**

FOIPOP Review [REDACTED]

Approved to [REDACTED]

Release Date September 16, 2022

**Item No. 17.2**

**Halifax Regional Council  
August 9, 2022  
In Camera (In Private)**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:**

Original Signed by 

\_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

**DATE:** July 12, 2022

**SUBJECT:** Halifax Convention Centre Annual Report

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**PRIVATE & CONFIDENTIAL**

**ORIGIN**

Letter dated June 30, 2022 re. Events East Annual Report and Audited Financial Statements from Carrie Cussons, President and CEO Events East Group to provincial Minister of Economic Development Susan Corkum-Greek and CAO Jacques Dubé.

**LEGISLATIVE AUTHORITY**

*Halifax Convention Centre Act*  
**Financial statements and reports**  
Section 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**

Section 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 2021/22 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**

The annual report updates on event and attendance activity from April 1, 2021 to March 31, 2022.

The planning and operating context for the Halifax Convention Centre in 2021-22 continued to be dominated by the impacts of COVID-19 and related public health restrictions. The plan was based on, among others, the assumption that restrictions, including gathering limits, introduced in Spring 2021 would begin to ease by summer of 2021. Gathering limits were in place longer than anticipated and the convention centre had limited event activity from April to August 2021, with significant planned event activity cancelled, postponed or modified to align with public health protocols. Further, in December 2021, additional public health protocols were introduced, and the convention centre was closed until late February.

Accountability and Performance Analysis Highlights:

- **Performance Analysis**

- Financial performance
  - Total costs to the shareholders were \$8.3M against a budget of \$8.4M.
  - Overall operating expenses were \$6.5M compared to a budget of \$7.5M and 2020-21 expenses of \$6.6M. Expenses include both fixed and variable costs with certain fixed costs being incurred irrespective of event activity.
  - Building operating costs were \$2.8M compared to budget of \$2.9M. Building costs include expenses such as lease operating costs, shared Nova Centre operating costs, and security, among others.
  - Operating revenues were \$3.2M compared to a budget of \$4.4M and 2020-21 revenues of \$236k.
- Economic Impact and Event Mix
  - The mix and type of events deviated from traditional years, with the convention centre hosting more small meetings and community events than would typically be the case.
  - The centre hosted 30+ traditional events. Direct expenditures for the year were \$4.9M.

- **Business Growth**

- Business Retention & Attraction
  - At year end, 101 national and international events were secured for 2022-23 and beyond with an estimated 76,000 delegates.
- Sales & Marketing
  - Sales & marketing activities, including relationship building with national and international clients and a new creative advertising campaign supported restoring client confidence, returning to the historical event mix and positioning Halifax as a desired host destination for meetings and conventions.

- **Guest Experience**

- Service Delivery Model
  - The Events East team focused on adapting the service model to align with health and safety requirements and client needs through the phases of reopening; adapting to

- varying gathering size limits, enhanced cleaning, food and beverage services requirements and more.
- Technology
    - Working with its audio-visual partner, Events East developed a series of technology enabled hybrid suites that are accessible and affordable. While demand for virtual and hybrid events has subsided, the offering remains available.
  - **Community Connection**
    - Community Events & Engagement
      - Key activities that supported alternative uses of the convention centre for community events and initiatives included use of the centre for pop-up testing clinics, hosting the Africville Heritage Museum's A Walk through Africville exhibit, and discovery meetings and public inquiry hearings for the mass casualty commission.
    - Local Program
      - A redesign of the local program was initiated in 2021-22 with a goal to broaden its focus and impact.
    - Equity, Diversity & Inclusion
      - Development of an organizational EDI strategy was initiated in 2021-22; work included research into local and global best practices, a self-audit, staff census and preliminary consultation.
  - **Talent & Culture**
    - Resourcing Strategy
      - Resourcing and recruitment efforts were focused on ensuring appropriate staffing levels to meet event volumes and business needs.
    - Training
      - Events East engaged with a variety of community organizations to connect with new prospective employees and support the organizational commitment to equity, diversity and inclusion.
  - **Accountability & Sustained Performance**
    - Accessibility
      - Events East helped to establish the Crown Accessibility Advisory committee which will guide the development of an Accessibility Framework.
      - The Senior Director of property services achieved Rick Hansen Foundation Accessibility Certification.
    - Building Remediation
      - Significant attention was placed on managing remediation efforts required for the convention centre due to a flood. At year end full use of the building resumed as planned with no further business impact anticipated.
    - Events Industry Recovery Plan
      - An Events Industry Recovery Taskforce formed by Events East in 2020 continued to meet. A series of engagement campaigns was executed at strategic points in the year to reinforce the value of live events and re-instill consumer confidence.

Financial statements were audited by Ernst & Young LLP. The audit report found that the financial statements, in all material respects, presents fairly the financial position of Events East and its results of operations and its cash flow for 2021-22.

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 Halifax Regional Municipality (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 anticipated costs to HRM were captured in HRM's year-end financial statements. A withdrawal from Halifax Convention Centre Reserve (Q521) was approved by Regional Council on April 12, 2022, as part of the municipality's 2022/2023 budget.

### **Budget Summary: Convention Centre Reserve Q521**

Net Available Balance, April 1/22	\$2,821,563
Projected contribution 2022/23	\$8,252,430
Budgeted withdrawals (HCC rent)	(\$5,380,000)
Budgeted withdrawals (Events East)	<u>(\$3,725,000)</u>
<b>Net Projected Available Balance</b>	<b>\$1,968,993</b>

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.

## **SOCIAL VALUE**

Not applicable.

## **ALTERNATIVES**

Council could choose not to approve the audited financial statements.

## **ATTACHMENTS**

Attachment A – Letter dated June 30, 2022 from Carrie Cussons, President and CEO, Events East Group  
Attachment B - Audited financial statements

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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.

Report Prepared by: Maggie MacDonald, Executive Director, Parks & Recreation, 902.490.4933

Original Signed

Report Approved by: \_\_\_\_\_  
Jerry Blackwood, CFO and Executive Director FAM, 902.490.6308

Original Signed

Report Approved by: \_\_\_\_\_  
Denise Schofield, Deputy Chief Administrative Officer, Citizen Services, 902.490.4078

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June 30, 2022

Minister Susan Corkum-Greek  
N.S. Department of Economic Development  
M103-1809 Barrington Street  
Halifax, NS B3J 3K8

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

Dear Minister Corkum-Greek and Mr. Dubé:

RE: Events East Group Annual Report and Audited Financial Statements – 2021-22

On behalf of the Events East Group Board of Directors, I am pleased to share the annual report and audited financial statements for the year ending March 31, 2022.

Article 27(1) of the HCC Act requires the Corporation to submit by June 30<sup>th</sup> 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 public release of the annual report will coincide with joint shareholder approval and disclosure timelines.

I remain available should anything further be required.

Yours truly,

Original Signed

Carrie Cussons  
President & CEO

/jc

cc: Scott Farmer, DM, N.S. Dept. of Economic Development  
Jennifer Church, ADM, N.S. Dept. of Economic Development  
Mike Queripel, Director, N.S. Dept. of Economic Development  
Melanie Fewer, Director, Crown Relations, N.S. Dept. of Economic Development  
Denise Schofield, Deputy CAO, HRM  
Maggie MacDonald, Director, Regional Recreational Services, HRM  
Nancy MacCready-Williams, Chair, Events East Group Board of Directors  
Suzanne Fougere, EVP, Strategy & Business Development, Events East Group

Events East Group

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# 21-22

## Annual Report

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Accountability  
& Performance  
Analysis for Halifax  
Convention Centre  
& Ticket Atlantic



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

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

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## 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. The Halifax Convention Centre is located in the heart of downtown Halifax, steps from some of Nova Scotia's best local food, arts and culture. We host a broad range of events that attracts and connects guests from across our community and around the world, creating new opportunities, connections and experiences.

In a typical year, the Halifax Convention Centre hosts approximately 150 events, with 80,000-90,000 attendees, generating \$50-55M in new money to Nova Scotia, with annual targets outlined in our business plan.

COVID-19 continued to impact the events industry and our business, with restrictions around public gathering limits fluctuating throughout the year causing ongoing impact to the operations of Halifax Convention Centre and Ticket Atlantic.

The 2021-22 business plan and budget were developed under the assumption that:

- restrictions introduced in the Spring of 2021 associated with the third wave, including public gathering limits, would begin to ease by Summer 2021;
- COVID-19 vaccine roll-out would remain consistent with the Province of Nova Scotia's public roll-out plan and timeline; and
- border restrictions would begin to ease, with regional travel permitted by the Summer and domestic travel later in the year.

While vaccination roll-out and easing of border and travel restrictions did occur as planned, capacity restrictions were in place for longer than anticipated as well as other Public Health measures impacting event activity. As a result, the convention centre had limited event activity from April-August 2021, with some significant planned event activity

cancelled, postponed or modified to align with Public Health protocols.

In December 2021, a fourth wave of the pandemic triggered an unplanned, temporary closure of the convention centre until late February, impacting several significant local and regional events and tradeshow.

Additionally, in January 2022, a burst pipe in the Nova Centre complex resulted in flooding that impacted two levels of the convention centre. In consultation with Page Realty, landlord for the Nova Centre complex, an external remediation specialist was engaged to assess, manage and repair the damage. Due to timing, impact to event activity was minimal in the winter months, with some events moving to alternate venues or other locations within the convention centre. Despite these challenges, proactive efforts were implemented throughout the year to host local and regional events, as restrictions allowed, ensuring activity in the downtown core to support economic and community vibrancy. Consistent with plan, we also hosted a series of alternative use and community-focused activities including pop-up testing and vaccine clinics.

A critical focus was placed on retaining and attracting national and international convention activity for future years, confirming a return to our historical event mix in 2022 and beyond. Our team worked closely with our current and prospective clients to reinforce the value of hosting events in Halifax and Nova Scotia, leveraging our expertise in event hosting and destination appeal to attract new, significant events that will drive substantial economic impact and support Nova Scotia's continued recovery efforts.

The following analysis reflects the impact of the pandemic on planned activities for Events East throughout the year, noting a gradual return to historical event volume and strategic activities in line with the evolving health and safety landscape.



# PERFORMANCE ANALYSIS

## FINANCIAL PERFORMANCE

Total annual deficit prior to joint shareholder funding and after depreciation was \$8.3M compared to a budget of \$8.4M and an improvement from the 2020-21 deficit of \$11.3M. These results are reflective of the prolonged impact of Public Health restrictions on event operations but also demonstrate progress towards achieving a return to a historical joint shareholder funding requirement of approximately of \$6M.

Total revenue for the year was \$3.2M, compared to a budget of \$4.4M and 2020-21 actuals of \$236K. 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.

Total operational expenses were \$6.5M, compared to a budget of \$7.5M and 2020-21 actuals of \$6.6M. Of this, event expenses of \$2.8M were under budget by \$900K, consistent with a lower volume of events. The financial model of the organization includes both fixed and variable costs; certain fixed costs are necessary irrespective of event activity. Event expenses represent the direct expenses required to deliver events including salaries, wages, food and beverage costs, event cleaning and security, and related technology.

General operational and administrative expenses of \$3.7M were lower than the budget of \$3.9M and 2020-21 actuals of \$4.2M and include fixed costs such as salaries, sales and marketing, administration, insurance, and office rent. During the prior year, several financial management strategies were implemented to reduce operational and administrative costs. The decrease from prior year reflects the impact of a full year of cost mitigation strategies.

Building operating costs of \$2.8M, as compared to a budget of \$2.9M, reflect the expenses related to building operations for the Halifax Convention Centre, including lease operating costs, shared Nova Centre operating costs, equipment maintenance and repairs, cleaning, security, utilities, property insurance, and related property services salaries. Given the size, complexity and integration of the facility with the overall Nova Centre complex, building operating costs remain a continued area of focus. These costs increased when compared to 2020-21 by \$200K, as event activity resumed.

Property taxes of \$2.0M were consistent with budget and 2020-21 and are in accordance with the Memorandum of Understanding between HRM and the Province.

## 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 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.

While the convention centre continued to host event activity, the overall mix and type of events deviated from that of a traditional year due to the restrictions in place. As such, we hosted more small meetings and community events than we would typically. Despite restrictions, the convention centre did host 30+ traditional events, which included local and regional conventions and trade shows, as well as one national hybrid event. As a result of this activity, our direct expenditures for the year were \$4.9M against a target of \$10-12M, which was based on the assumption that more traditional convention and tradeshow activity would take place in the year.

The difference from target to actual direct expenditures can be attributed to the impact of prolonged capacity restrictions and the temporary closure of the facility in December, due to the fourth wave of the pandemic, which led to:

- event cancellations or postponements, including several significant national and regional conventions and trade shows;
- lower than anticipated attendance for some events due to consumer confidence and capacity restrictions;
- a shift to regional or local attendees instead of national or international attendees as originally planned; and
- a move to virtual-only events by some clients.

With a strong mix of national, international and traditional local/regional events and conventions secured for 2022-23, we anticipate a return to historical direct expenditures in the upcoming year.



# BUSINESS GROWTH

## BUSINESS RETENTION & ATTRACTION

Sales activity throughout the year was focused on retention of impacted national and international conventions and new event attraction. Core to our strategy was continuing to foster relationships with our national and international clients to maintain confidence in hosting their in-person events.

Of the 27 national events impacted by the pandemic this year, 20 were rebooked for future years; a key indicator of our clients' continued desire to host in Halifax. At year end, 101 national and international events were secured for 2022-23 and beyond with an estimated 76,000 delegates, meeting our booking target for the year and restoring our historical event mix, consistent with our long-term targets. Additionally, we secured a full mix of local and regional event activity for the upcoming year, with a diverse mix of meetings, trade shows and gala dinners.

## SALES & MARKETING

With in-market sales activities limited until late in the year, one-on-one relationship building with national and international clients was a primary focus. Marketing initiatives centered on maintaining awareness among target clients, demonstrating our ability to help support them in their event planning. A series of direct mail and targeted digital marketing campaigns were implemented at strategic times throughout the year.

We also developed a new creative advertising campaign rooted in customer insights, which was tested early in the year before resuming a sustained presence in-market by late fall 2021. These activities were critical in restoring client confidence, returning to our historical event mix and positioning Halifax as a desired host destination for meetings and conventions.

Quantitative and qualitative client research planned for the year was deferred due to the ongoing impact of the pandemic locally and in key client markets. However, informal campaign testing and feedback from clients indicated a strong desire to host events in Halifax as the health and safety environment stabilized.

International event attraction efforts were primarily on hold due to the impact of the pandemic on travel and related border restrictions. Strategic sector-based international events remain a priority market for future years.



# GUEST EXPERIENCE

## SERVICE DELIVERY MODEL

As events resumed, our team was focused on adapting our service model to align with health and safety requirements and client needs through various phases of re-opening. Balancing the need for robust health and safety measures with overall client and guest experience was a critical priority for our team, with the long-term view to reaffirm the value of in-person events.

Implementing a customer-centric approach to event delivery, we worked in close collaboration with our provincial government partners to understand and implement evolving protocols. This included adapting to varying gathering size limits, enhanced cleaning, food and beverage service requirements and more.

We also developed and implemented a small business meetings package, responding to the needs of our local clients. This helped to ensure our space remained accessible, allowing important work and in-person meetings to continue.

Our team also played a leadership role in supporting our industry partners and third-party suppliers to institute key offerings and services standards in alignment with this new event hosting landscape.

## TECHNOLOGY

Incorporating technology into events through our audio-visual partner, Encore, allowed us to host virtual and hybrid meetings to support clients in maintaining attendance and participation. To provide a turnkey solution, we developed a series of technology-enabled hybrid suites that were accessible and affordable.

In September 2021, the convention centre successfully hosted its first national hybrid event, the Canada-Korea Convention, welcoming approximately 200 delegates from across Canada in person and another 300+ attendees joining virtually from around the world. This was in addition to many hybrid meetings and events hosted throughout the year.

As restrictions eased, the demand for virtual and hybrid events began to subside in the second half of the year but remains a key offering for select meetings and conventions.



# COMMUNITY CONNECTION

## COMMUNITY EVENTS & ENGAGEMENT

Ensuring our venues and the events we host have a positive, meaningful impact on our community continued to be of critical importance this year. When traditional event activity was not possible, we continued to implement a proactive alternative use strategy for the convention centre to host important community events and initiatives.

As in the prior year, we worked in collaboration with our shareholders to identify areas of focus including public interest, health and safety, non-profit and arts and culture. Key activities included:

- **Pop-up testing clinics**, where our centre served as the homebase for 240 pop-up clinics and an additional series of vaccine clinics open to the public in our central downtown location.
- **Africville Heritage Museum's *A Walk Through Africville*** exhibit, which was housed in the convention centre from August to December.
- **Mass Casualty Commission**, which hosted a series of discovery meetings and public inquiry hearings beginning in November and continuing beyond year end.

Recognizing the importance of driving community engagement and reinforcing attendee confidence in live events, we also participated in the Patio Lanterns Festival in Summer 2021. The festival took place across the province with a goal to promote the return of safe gatherings and encourage Nova Scotians to get out and support local businesses. The convention centre hosted live musical performances and family activities on our Argyle Street doorstep throughout July and August as part of the festival.

## LOCAL PROGRAM

Our Local Program was initially created prior to the opening of the new convention centre and focused exclusively on national and international delegates.

Recognizing the role we play in supporting local businesses and producers, and the pride of local attendees in showcasing local product, a redesign of the program was initiated this year with a goal to broaden the focus and impact. Planning efforts throughout the year were focused on securing new and enhanced partnerships with local suppliers, ongoing collaboration with Taste of Nova Scotia and development of sustained local programming for events in all markets. The revamped program launch is planned for 2022-23 in conjunction with the increase in convention activity.

## EQUITY, DIVERSITY & INCLUSION (EDI)

With a commitment to ensuring our organization and venues reflect the community that we serve, this year we initiated the development of an organizational EDI strategy. Work this year centred around research and discovery, helping to identify focus areas where Events East can be impactful for our community, clients and employees. Activity included research into local and global best practices, a self-audit, staff census and preliminary consultation. Work is ongoing into 2022-23 to finalize the overall framework.



# TALENT & CULTURE

## RESOURCING STRATEGY

While temporary resourcing strategies were in place at the beginning of the year, a significant focus on resourcing was implemented as restrictions were lifted and events resumed. Resourcing and recruitment efforts were focused on ensuring appropriate staffing levels to meet event volumes and business needs, with an emphasis on event operational roles. By year end, all regularly scheduled hourly employees were recalled to support event delivery, re-establishing a stable workforce for our business.

Recognizing the challenges our business and the tourism and hospitality industry as a whole face regarding labour shortages, we worked closely with key partners to align recruitment activities and support the rebuilding of our industry's labour pool. This included participating in several job fairs with educational institutions and community organizations.

In addition to our historical recruitment approach, we engaged with a variety of community organizations to access talent beyond our existing employee base. These organizations, including InclusionNS and Immigrant Services Association of Nova Scotia, allowed us to connect with new prospective employees and support our organizational commitment to equity, diversity and inclusion.

## TRAINING

Training efforts focused primarily on safe operations and enhanced protocols to align with the health and safety environment. All employees completed mandatory return-to-work training on cleaning protocols and office/workplace best practices regarding self-assessments, mask wearing, handwashing and routine safety check-ins.

New operationally focused employees participated in service standards training and onboarding, as well as Workplace Hazardous Materials Information System (WHMIS) training and certification and a Respect in the Workplace program provided by the Nova Scotia Human Rights Commission. All operationally focused employees were also provided a refresher on corporate policies, Occupational Health & Safety and emergency response procedures. First aid training refresher courses were ongoing at year end.

In keeping with our commitment to EDI, an educational program for the leadership team, led by Ashanti Leadership, began in the second half of the year with topics including Diversity & Inclusion in the Workplace, Unconscious Bias and Addressing Systemic Discrimination. Development and implementation of a similar training program for all staff will take place in the upcoming year.



# ACCOUNTABILITY & SUSTAINED PERFORMANCE

## ACCESSIBILITY

In keeping with our commitment to inclusion and in alignment with the Nova Scotia Accessibility's Act, we continued our work to define an approach to developing an accessibility plan, including identifying priority areas.

In collaboration with our counterparts at NSBI, Innovacorp and Develop Nova Scotia, we helped establish the Crown Accessibility Advisory Committee, which will guide the development of an Accessibility Framework. This included leading the recruitment process for the public members of the Committee, who will help inform the standards, commitments and priorities for the framework, which will be developed by March 2023 to align with the Nova Scotia Accessibility Act.

Additionally, our senior director of property services achieved Rick Hansen Foundation Accessibility Certification, a nationally-recognized a rating system that certifies professionals to evaluate the meaningful access of commercial, institutional and residential buildings. This expertise will be critical as we continue in our commitment to create venues and workplaces that are accessible to all Nova Scotians.

## BUILDING REMEDIATION

Beginning in January 2022, significant attention was placed on managing the remediation efforts required for the convention centre due to the flood and mitigating the overall business impact. Work was focused on ensuring stabilization within the venue to minimize any ongoing disruption to planned event activity, particularly as the volume and size of events, including national conventions, commenced in Spring 2022. At year end, remediation of the impacted spaces was on target, and full use of the building resumed as planned in June with no further business impact is anticipated.

## EVENTS INDUSTRY RECOVERY PLAN

At the onset of the pandemic in 2020, we formed an Events Industry Recovery Taskforce in collaboration with Discover Halifax to mitigate the short and long-term impact on the events industry. Participation included representatives from across the events and tourism sector.

This group continued to meet throughout the year to ensure alignment and coordination of messaging within the industry as well as key stakeholders and community. A series of engagement campaigns were executed at strategic times throughout the year to reinforce the value of live events and re-instill consumer confidence. Community activations and programming, including HRM's Grand Oasis concert series, Patio Lanterns Festival and our *Events Are Back* local advertising campaign were initiated and promoted through this group to drive vibrancy in our downtown and support the recovery of our province.



# OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2021-22 Business Plan:

STRATEGIC GOAL	MEASURE	2021/22 TARGET	2021/22 ACTUAL
Business Growth	Number of national and international events booked for the Halifax Convention Centre for future years.	Cumulative total of 100 national and international events with an estimated 70,000 in attendance secured for 2022-23 and beyond, consistent with long-term targets.	Total of 101 national and international events in the pipeline at year end with an estimated 76,000 delegates.
Business Growth	Economic impact	Through the events we host this year, generate at least \$10-12M in direct expenditures.	Generated \$4.9M in direct expenditures as a result of the events we hosted.*
Guest Experience	Facility use	Host a diverse mix of activity including events, non-traditional and community use.	Hosted 30+ traditional events, in addition to the Africville Heritage Museum exhibit, 240 pop-up testing clinics, the Mass Casualty Commission and a variety of other non-traditional or community events.*
Community Connection	Develop diversity and inclusion framework	Framework approved.	Leadership education program launched and self-audit completed; framework in development for 2022-23.
Accountability & Sustained Performance	Financial performance	Meet approved budget targets.	Met approved target; total shareholder investment was \$8.3M compared to budget of \$8.4M.

*\*Originally planned event volume and mix were impacted by temporary restrictions introduced in December 2021 associated with the Omicron variant.*

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# 21-22

## Annual Report

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Financial Statements  
for Events East Group  
March 31, 2022

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# MANAGEMENT'S REPORT

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

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

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

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

On behalf of **Events East Group**:

Original Signed

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

Original Signed

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Carrie Cussons, CPA, CA  
President & CEO

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Events East Group**

## **OPINION**

We have audited the financial statements of **Events East Group** [the "Company"], which comprise the statement of financial position as at March 31, 2022, and the statement of operations and accumulated surplus, statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## **BASIS OF OPINION**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **OTHER INFORMATION**

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

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

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

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Original Signed

*Chartered Professional Accountants*  
Halifax, Canada  
June 27, 2022

# STATEMENT OF FINANCIAL POSITION

As at March 31	2022 \$	2021 \$
<b>FINANCIAL ASSETS</b>		
Cash	1,379,537	1,975,528
Restricted cash	5,226,774	2,440,680
Accounts receivable	1,173,852	317,853
Due from Scotiabank Centre <i>[note 8]</i>	3,597,046	2,966,734
Due from Halifax Regional Municipality <i>[note 7]</i>	4,158,054	1,100,611
Inventory held for resale	113,632	101,275
	15,648,895	8,902,681
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	1,122,932	1,357,930
Advance ticket sales	5,302,721	2,559,268
Due to Province of Nova Scotia, net <i>[notes 7 and 8]</i>	6,893,703	3,220,333
Event deposits	873,813	623,244
Deferred revenue	20,417	61,576
Retirement health benefits obligation <i>[note 6]</i>	1,658,600	1,549,989
	15,872,186	9,372,340
<b>Net debt</b>	(223,291)	(469,659)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net <i>[note 3]</i>	236,556	516,632
Prepaid expenses	120,432	226,762
	356,988	743,394
<b>Accumulated surplus</b>	133,697	273,735

See accompanying notes

On behalf of the Board:

Original Signed

Director

Original Signed

President

# STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31	2022 \$	2022 \$	2021 \$
	<i>[budget]</i>		
<b>REVENUE</b>			
Convention Centre	3,825,000	2,501,344	249,596
Ticket Atlantic	569,000	663,970	(23,432)
Investment and other income	20,000	79,237	10,291
	4,414,000	3,244,551	236,455
<b>EXPENSES</b>			
Event expenses <i>[note 8]</i>	3,679,000	2,760,156	2,358,454
Salaries and benefits <i>[note 6 and 8]</i>	2,940,000	2,742,672	3,528,649
Rent and insurance	155,000	176,284	159,503
Administration	391,000	525,925	421,513
Advertising and marketing	374,000	257,864	101,656
	7,539,000	6,462,901	6,569,775
<b>Deficit before building costs and property taxes</b>	<b>(3,125,000)</b>	<b>(3,218,350)</b>	<b>(6,333,320)</b>
Building costs	2,923,000	2,799,398	2,602,146
Property taxes	2,040,000	2,018,283	2,030,516
<b>Total building costs and property taxes</b>	<b>4,963,000</b>	<b>4,817,681</b>	<b>4,632,662</b>
<b>Deficit before depreciation</b>	<b>(8,088,000)</b>	<b>(8,036,031)</b>	<b>(10,965,982)</b>
Depreciation of tangible capital assets <i>[note 3]</i>	286,000	280,076	329,923
<b>Annual deficit</b>	<b>(8,374,000)</b>	<b>(8,316,107)</b>	<b>(11,295,905)</b>
<b>Accumulated surplus, beginning of period</b>	<b>273,735</b>	<b>273,735</b>	<b>390,805</b>
Shareholder funding <i>[note 7]</i>	8,306,000	8,176,069	11,178,835
<b>Accumulated surplus, end of period</b>	<b>205,735</b>	<b>133,697</b>	<b>273,735</b>

See accompanying notes

# STATEMENT OF CHANGES IN NET DEBT

Year ended March 31	2022 \$	2021 \$
<b>Annual deficit</b>	<b>(8,316,107)</b>	(11,295,905)
Acquisition of tangible capital assets <i>[note 3]</i>	—	(95,781)
Disposals of tangible capital assets <i>[note 3]</i>	—	3,510
Depreciation of tangible capital assets <i>[note 3]</i>	<b>280,076</b>	329,923
Decrease in prepaid expenses	<b>106,330</b>	98,384
Shareholder funding <i>[note 7]</i>	<b>8,176,069</b>	11,178,835
<b>Decrease in net debt</b>	<b>246,368</b>	218,966
Net debt, beginning of period	<b>(469,659)</b>	(688,625)
<b>Net debt, end of period</b>	<b>(223,291)</b>	(469,659)

See accompanying notes

# STATEMENT OF CASH FLOWS

Year ended March 31	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(8,316,107)	(11,295,905)
Add item not affecting cash		
Depreciation of tangible capital assets	280,076	329,923
Loss in disposal of tangible capital assets	—	3,510
Net changes in working capital		
Accounts receivable	(855,999)	650,510
Inventory held for resale	(12,357)	4,125
Due from Scotiabank Centre	(630,312)	276,149
Due from Halifax Regional Municipality	1,100,611	8,869,298
Accounts payable and accrued liabilities	(234,998)	95,313
Event deposits	250,569	(380,475)
Deferred revenue	(41,159)	(26,457)
Due to Province of Nova Scotia	7,691,385	356,362
Advance ticket sales	2,743,453	(1,686,619)
Prepaid expenses	106,330	98,384
Retirement health benefit obligation	108,611	156,589
<b>Cash provided by (used in) operating activities</b>	<b>2,190,103</b>	<b>(2,549,293)</b>
<b>CAPITAL ACTIVITIES</b>		
Cash paid on acquisition of tangible capital assets	—	(95,781)
<b>Cash used in capital activities</b>	<b>—</b>	<b>(95,781)</b>
<b>Net increase (decrease) in cash during the period</b>	<b>2,190,103</b>	<b>(2,645,074)</b>
Cash, beginning of period	4,416,208	7,061,282
<b>Cash, end of period</b>	<b>6,606,311</b>	<b>4,416,208</b>
<b>Cash is comprised of:</b>		
Cash	1,379,537	1,975,528
Restricted cash	5,226,774	2,440,680
	<b>6,606,311</b>	<b>4,416,208</b>

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, 2022 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:

	2022		
	Computers \$	Furniture and equipment \$	Total \$
<b>Cost, beginning of year</b>	<b>875,391</b>	<b>712,113</b>	<b>1,587,504</b>
Additions	—	—	—
Disposals	—	—	—
<b>Cost, end of year</b>	<b>875,391</b>	<b>712,113</b>	<b>1,587,504</b>
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
<b>Net book value, end of year</b>	<b>126,192</b>	<b>110,364</b>	<b>236,556</b>

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

### 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.

	\$
2022 - 2023	1,427,996
2023 - 2024	1,436,792
2024 - 2025	1,465,528
2025 - 2026	1,494,839
2026 - 2027	1,524,736

## 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, 2022 amounted to \$343,711 [March 31, 2021 - \$398,176] and are recorded in salaries and benefits expense during the period. Total employee contributions for the year ended March 31, 2022 amounted to \$343,711 [March 31, 2021 - \$396,475]. 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, 2020 and extrapolated to March 31, 2022 using a discount rate of 2.74% [2021 - 3.01%]. The following outlines the accrued benefit obligation:

	\$
<b>Accrued benefit obligation, March 31, 2021</b>	<b>1,179,100</b>
Add: Current service cost	103,800
Add: Interest on accrued benefit obligation	35,700
Add: Experience loss due to change in discount rate	73,100
Less: Premiums paid	(5,300)
<b>Accrued benefit obligation, March 31, 2022</b>	<b>1,386,400</b>
<b>Net unamortized actuarial losses (gains), March 31, 2021</b>	<b>(369,900)</b>
Current year losses (gains)	73,100
Amortization	24,600
<b>Net unamortized actuarial losses, March 31, 2022</b>	<b>(272,200)</b>
<b>Retirement health benefits obligation, March 31, 2022</b>	<b>1,658,600</b>

## 7. SHAREHOLDER FUNDING

Shareholder funding consists of the following:

	2022 \$	2021 \$
Funding from Halifax Regional Municipality <sup>[1]</sup>	4,158,054	5,500,611
Funding from the Province of Nova Scotia <sup>[2]</sup>	4,018,015	5,678,224
	8,176,069	11,178,835

- [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:

	2022 \$	2021 \$
Payroll processing by the Province of Nova Scotia <sup>[1]</sup>	(7,838,365)	(8,878,855)
Payroll recoveries received from Scotiabank Centre <sup>[2]</sup>	2,924,208	3,070,344
Commissions paid to Scotiabank Centre <sup>[3]</sup>	(47,471)	(2,520)
Transactions with Scotiabank Centre <sup>[4]</sup>	178,512	192,769

- [1] PNS processes payroll on behalf of the Company and invoices the Company for these costs.  
[2] Scotiabank Centre's sole shareholder is HRM. Payroll and related costs are paid by Events East on behalf of Scotiabank Centre.  
[3] Commissions paid to Scotiabank Centre for ticket sales purchased through Ticket Atlantic, a division of Events East.  
[4] The Company has a variety of transactions related to general expenses paid by the Company on behalf of Scotiabank Centre.

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

## 9. BUDGETED FIGURES

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

## 10. COMPENSATION DISCLOSURE

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

## 11. COVID-19 IMPACT

COVID-19 has had a substantial impact on the Company's operations for the year ended March 31, 2022. Public Health measures, including restrictions on public gatherings and travel restrictions have resulted in significant disruptions to the Company's operations. The Province of Nova Scotia has removed all restrictions as of March 21, 2022.

The Company has used the best information available as at March 31, 2022, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities. Actual results could differ from those estimates. Any resulting deficits in future periods due to the impact of the COVID-19 pandemic on operations will be fully funded by the Company's shareholders, the Province and HRM.

## 12. 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.