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Item No. 15.1.6
Halifax Regional Council
August 20, 2024

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Cathie O'Toole, Chief Administrative Officer

DATE: July 17, 2024

SUBJECT: **Halifax Convention Centre Annual Report**

ORIGIN

Letter dated June 28, 2024 regarding 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 Cathie O'Toole.

EXECUTIVE SUMMARY

This report seeks approval of the Halifax Convention Centre (HCC) Annual Report, which includes their 2023/24 audited statements. The Convention Centre is a partnership between HRM and Province of Nova Scotia and the *Halifax Convention Centre Act* requires the approval of both parties of the audited statements

RECOMMENDATION

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

BACKGROUND

As required by the *Halifax Convention Centre Act* Events East Group has submitted audited financial statements, together with an annual report, for the HCC for the 2023/24 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 HCC.

DISCUSSION

The annual report updates on event and attendance activity from April 1, 2023 to March 31, 2024. Accountability and Performance Analysis Highlights:

- **Performance Analysis**
 - Financial performance
 - Total costs to the shareholders were \$3.4M against a budget of \$6.7M.

- Overall operating expenses were \$14.9M compared to a budget of \$12.2M. Expenses include both fixed and variable costs with certain fixed costs being incurred irrespective of event activity.
- Building operating costs were \$4.3M compared to budget of \$3.9M. Building costs include expenses such as lease operating costs, shared Nova Centre operating costs, and security, among others.
- Total revenues were \$18.4M compared to a budget of \$12.2M.
- Economic Impact and Event Mix
 - The convention centre exceeded its annual targets hosting a total of 155 events with direct expenditures resulting from these events of \$70.9M against a target of \$60M.
- **Business Growth**
 - Business Retention & Attraction
 - At year end, 140 national and international events were secured for 2023-24 and beyond with an estimated 80,000+ delegates.
 - Sales & Marketing
 - Sales activity for the year was focused on securing national/international events for 2024 and beyond, and that resumption of in-market sales and business development activity.
- **Guest Experience**
 - Service Delivery Model
 - Operational standards and guidelines were reviewed and redeveloped to ensure delivery of a consistently memorable guest experience.
 - Client Research Program
 - A comprehensive client research program was implemented to gather qualitative and quantitative feedback from current and prospective clients across all event markets to inform a new long-term sales and marketing strategy.
- **Community Connection**
 - Enhanced Local Program
 - Over 80 local suppliers featured on menu, representing almost 60% of food & beverage purchases.
 - Community Engagement
 - Worked to ensure business and local community had current information on events and opportunities associated with them.
 - Equity, Diversity & Inclusion
 - The multi-year organizational EDI framework progressed on 10 key priorities across all five strategic areas of the plan.
- **Talent & Culture**
 - Employee Resourcing & Retention
 - Recruitment strategies, tools and onboarding approach were updated. The launch of new orientation program to improve new employee access through workshops.
 - Internal Engagement Strategy
 - Development of an Employee Feedback Survey was conducted and identified key areas of focus.
 - Equity, Diversity and Inclusion
 - EDI training program updated and expanded to hourly employees and supervisors.
- **Accountability & Sustained Performance**
 - Accessibility Framework
 - An accessibility framework that outlines commitments in the areas of built environment, goods and services, information and communication was developed with input and collaboration from community with lived and learned accessibility experience.
 - Sustainability Framework

- Development of an organizational environmental sustainability in relation to venue and event operations. Focused on key areas such as alignment with Shareholders, industry trends and clients' need.

Financial statements were audited by Deloitte LLP. The audit report found that the financial statements, in all material respects, present fairly the financial position of Events East, results of its operations, changes in net debt, and its cash flow for 2023-24.

FINANCIAL IMPLICATIONS

The HCC 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 23, 2023 as part of the municipality's 2023/2024 budget.

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.

ALTERNATIVE

Council could choose not to approve the audited financial statements.

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.

ATTACHMENT

Attachment A – Events East Group 2023-24 Annual Report Accountability & Performance Analysis for 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.

Report Prepared by: Brendon Smithson, Director, Recreation Regional Services, 902.478.2086

Events East Group

2023-24

Annual Report

Accountability &
Performance Analysis for
Halifax Convention Centre

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

We were created in 2014 through the *Halifax Convention Centre Act* as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM), and we work in collaboration with them to manage our businesses in a responsible and transparent manner. Additionally, we have a [Board of Directors](#) that oversees our strategy direction and ensures we carry out our mandate effectively.

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

PLANNING & OPERATING CONTEXT

Events East is mandated to attract and host events that create economic and community benefits for Nova Scotia. As such, our business and success is reflected in the mix of events and number of attendees, as well as the economic impact they generate.

This year, we successfully delivered on the [outcome measures](#) we set out to achieve, including the number of events and delegates we hosted and the resulting economic impact.

We remained focused on identifying opportunities to leverage Nova Scotia’s growing reputation as an ideal host destination. With more national and international clients choosing our city and Centre for their events, and with two years of exceeding our event attendance and economic impact targets, we are well-positioned for continued success in event attraction.

We welcomed community members into our facility through a variety of engagements including pop-up markets, our annual open house, and a wide variety of local and regional events that bring people together to support charitable causes, cultural celebrations, and important conversations.

Our success in hosting events is rooted in our people and their commitment to customer service excellence. Having successfully re-stabilized our workforce, we turned our focus to employee engagement, satisfaction, and retention. Our commitment to equity, diversity, inclusion, and accessibility is integrated into those efforts, and continues to inform our approach to training, policy updates, employee education, corporate communication, and the way in which we operate our business.



PERFORMANCE ANALYSIS

ECONOMIC IMPACT

Economic impact measures the benefit of new money being spent in the Nova Scotia economy because of events hosted in the facilities we operate. The impact of this economic activity is measured annually by compiling attendee, exhibitor, and event planner spending, with average spending varying by event category and facility. The following definitions are used to classify events hosted at the Halifax Convention Centre and to determine their associated economic impact:

- **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.

In 2023-24, the convention centre exceeded its annual economic impact targets, hosting a total of 155 events and 95,195 total attendees against targets of 150 and 80,000 respectively.

Total direct expenditures, or economic impact, resulting from these events was \$70.9 million, against a target of \$60.0 million.

Convention centre sales activity is primarily focused on attracting national and international events that contribute more economic impact than regional and local events. This year, 40 national and international events accounted for 72 per cent of the total direct expenditures generated.

	23-24 Targets	23-24 Actuals
CORE MEASURES		
Total Events	150	155
Total Attendance	80,000	95,195
Total Direct Expenditures	\$60M	\$70.9M

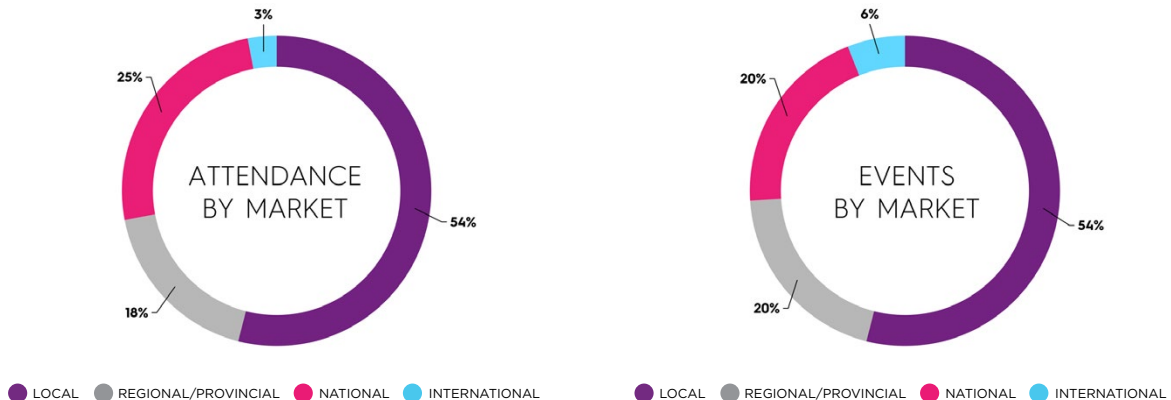
	23-24 Actuals
ECONOMIC IMPACT	
Total Incremental Expenditures*	\$70.9M
Estimated Person Years of Employment*	833
Estimated Household Income*	\$32.0M
Estimated Provincial Tax Revenue*	\$4.1M

Notes:

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

The calculation used to estimate direct expenditures was updated January 2023 to reflect inflationary factors following an analysis conducted by HLT Advisory, which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2023-24.

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



SHAREHOLDER INVESTMENT

To fulfill Events East's mandate, including the generation of significant economic and community impacts through event hosting, annual investment is required by the two Shareholders.

The total Shareholder funding for 2023-24 was \$3.4M, including capital, generating \$70.9M in economic impact, as compared to a budget of \$6.7M for \$60M in economic impact, and prior year of \$1.7M for \$52.3M in impact. Included in this investment, and in accordance with the Memorandum of Understanding between HRM and the Province, is \$2.2M for property taxes paid to HRM (compared to a budget of \$2.4M and prior year of \$2.2M).

The total shareholder investment is shared equally between the Province and HRM. The Province funds capital purchases upfront and HRM funds capital purchases over the useful life of the asset purchased, via the funding of the depreciation expense. As each shareholder has different approaches for funding capital expenditures, the value of investment in any given year is not equal; however, over time each funding approach will result in shareholder investment being shared 50/50.

FINANCIAL PERFORMANCE

Our 2023-24 audited income from operations was \$3.5M compared to an operational budgeted break-even and prior year income from operations of \$4.3M.

Total revenue for the year was \$18.4M, compared to a budget of \$12.2M and prior year of \$17.1M. 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 ticketing services revenue. The substantial increase in revenue over budget was driven by increased event activity and the corresponding spending on food and beverage and audio/visual services.

Total operational expenses were \$14.9M, compared to a budget of \$12.2M and prior year of \$12.7M. Of this, event expenses of \$9.5M compared to a budget of \$7.0M and prior year of \$7.9M. Event expenses represent the direct expenses required to deliver events including wages, food and beverage costs, event cleaning and security, and related technology. These expenses, which are variable in nature, increased with the increased volume of event revenues and attendance.

General operational and administrative expenses include costs such as salaries, office rent, insurance, administration and advertising and marketing. Combined total expenses of \$5.4M was consistent as compared to budget of \$5.2M and prior year of \$4.8M.

Building operating costs of \$4.3M, as compared to a budget of \$3.9M and prior year of \$3.8M, reflect the expenses related to building operations for the Halifax Convention Centre, including lease operating costs, shared Nova Centre operating costs, equipment maintenance and repairs, cleaning, security, utilities, property insurance, and related property services salaries.



BUSINESS GROWTH

NATIONAL & INTERNATIONAL EVENTS

We continue to deliver against a long-term sales and marketing strategy focused on attracting national and international events to Nova Scotia. Working closely with Discover Halifax, Halifax Partnership, and Business Events Canada, our ongoing sales efforts are focused on attracting events that align with Nova Scotia's key sectors and industries, generate significant economic impact for Nova Scotia, and support a year-round events season.

In 2023-24, we hosted a total of 40 national and international events with 27,431 delegates, which is an increase over the prior year resulting primarily from an increase in the national market. These events, including the ones listed below, showcased our strengths as a hosting destination and exposed new clients to all that Halifax has to offer.



FIRST-TIME NATIONAL CORPORATE EVENTS

- JUNO Opening Night Awards (1,300 guests)
- Bell Canada Leadership Conference (1,100 guests)
- Napa Autopro National Convention (600 guests)
- Pharmasave National Conference (400 guests)



HEALTH & MEDICAL CONVENTIONS

- Canadian Cancer Research Conference (900 guests)
- International Symposium on Pediatric Pain (550 guests)
- International Conference on Residency Education (1,400 guests)
- Canadian Paediatric Society Annual Conference (650 guests)
- International Conference on Pharmacoepidemiology (1,600 guests)



CONVENTIONS & EVENTS WITH AN INCLUSIVE COMMUNITIES FOCUS

- UNISON festival (700 guests)
- Canadian Alliance to End Homelessness National Conference (1,700 guests)
- Assembly of First Nations (2,300 guests)
- Canadian Council for Aboriginal Business Forum & Awards (320 guests)
- Native American Art Studies Association Conference (200 guests)
- Fusion Garba (600 guests)

SALES & MARKETING STRATEGY

Following customer research and a review of industry trends, a new sales and marketing strategy was developed to support increased national and international event attraction for 2025 and beyond. The focus of the strategy is maintaining success in the national association market while also growing the number of events attracted from the national corporate and international markets.

At year end, 83 national/international events with 45,000+ delegates had been confirmed toward multi-year goal of 100 events and 75,000 delegates. An additional 57 events with 35,000 delegates were in the pipeline at year end, with sales activity ongoing. Planning for full implementation of the new strategy was also underway at year end. This includes enhanced alignment with key partners and resourcing to support enhanced sales efforts.



GUEST EXPERIENCE

CUSTOMER FEEDBACK PROGRAM

Following the resumption of full event volumes, we established and implemented a new approach to collecting post-event client feedback, which was consistently very positive throughout the year and provided useful insight into key opportunities for improvement. An annual client satisfaction benchmark will be established in early 2024-25, and performance will continue to be monitored and adjusted.

SERVICE STANDARDS

Through insights from customers and aligned with industry best practices, we identified opportunities to enhance our services and ensure we can continue to exceed client expectations.

A specific strategy was designed and implemented for regional and local gala events, to deliver a personalized, client-focused service delivery model for these unique events that add vibrancy to our community. Implementation led to notable customizations and improvements in how we deliver on these experiences, and client feedback has been positive. In total, 34 local galas with 20,400+ guests were delivered this year, including signature celebrations such as:

- Chefs for UNICEF Water for Life Gala, in support of UNICEF Canada (520 guests)
- Halifax Chamber Business Awards, in support of Halifax Chamber of Commerce (770 guests)
- Feeling the Love, in support of Hospice Halifax (400 guests)
- The Inspired Gala, in support of Special Olympics of Nova Scotia (700 guests)
- African Heritage Month Gala dinner, in support of the Black Cultural Centre for Nova Scotia (950 guests)
- A Different Stage of Mind, in support of the Mental Health Foundation of Nova Scotia (400 guests)
- The Great Big Dig, in support of IWK Foundation (900 guests)
- Discovery Awards, in support of Discovery Centre (475 guests)
- Lebanese Chamber of Commerce Annual Cedar & Maple Gala (700 guests)



COMMUNITY CONNECTION

LOCAL PROGRAM

Continuing with our ongoing commitment to local sourcing for the food and beverage offering at the Halifax Convention Centre, we now have over 80 local suppliers prominently featured on our menu, which represents almost 60% of our food and beverage purchases.

Broadening of the program to include more cultural elements and connections to authentic Nova Scotian experiences was deferred to 2024-25.

COMMUNITY ENGAGEMENT STRATEGY

As part of the Local Program, we hosted 10 Local Pop-up markets at the convention centre, showcasing local suppliers and vendors to visiting delegates. A series of videos featuring local suppliers were also created to demonstrate the impact of the Local Program and our partnerships throughout the province, alongside other communication tools that help clients promote their local choices to their attendees.

In Q4 we also hosted Welcome Weekend, an open house that welcomed 800 community members for a JUNOS-themed day, featuring local music and activations from Halifax PRIDE, and the Mi'kmaw Native Friendship Centre, allowing the community to experience the venue.

Consistent with plan, we developed and finalized an external communications strategy that defines a specific approach to increasing awareness and understanding of Events East's overall impact on the region and the value created by our venues and the events we host. Implementation of the strategy began in Q3 and included a regional advertising campaign called That One Time, featuring a [website](#) dedicated to celebrating the memories being made at Scotiabank Centre and the Halifax Convention Centre.

INDUSTRY RECOGNITION & PARTICIPATION

Our venues and management were nominated for seven local, regional, and national awards this year, and were successfully awarded four recognitions for our excellence in event hosting and leadership. This included two Event Atlantic Excellence Awards: 1. Event of the Year for the Hal-Con Sci-Fi & Fantasy Convention, which hosted 11,000 guests at the Halifax Convention Centre this year, and 2. Champion of the Year for Suzanne Fougere, Executive Vice-President at Events East.

Management participated in the annual Tourism Industry Association of Nova Scotia (TIANS) conference this year, including an engaging panel discussion that highlighted our venues' continued success in attracting events year-round. Members of our team also participated in ongoing consultation by TIANS and Tourism Nova Scotia on the design of a new tourism strategy for the province, ensuring our strategies maintain alignment with the broader Nova Scotia tourism strategy.

EQUITY, DIVERSITY, & INCLUSION

Following approval of the organization's Equity, Diversity, Inclusion and Accessibility Framework at the beginning of the year, management formed an internal Steering Committee to lead oversight of progress toward its goals. The Steering Committee made meaningful progress on 10 key priorities this year, across all five areas in our strategic plan. The establishment of a measurement approach was deferred to 2024-25, and an assessment of year one progress and confirmation of year two priorities was nearing completion at year-end.



TALENT & CULTURE

EMPLOYEE RESOURCING & RETENTION

We successfully restabilized our workforce early in the year, updated recruitment strategies and tools, and implemented a corporate onboarding approach. A new orientation program was also developed and launched, which ensures all new employees have access to a thorough orientation workshop that helps to set them up for success.

A new three-year Collective Agreement with SEIU, the union representing Event Technicians at Scotiabank Centre and Halifax Convention Centre, was also approved.

EMPLOYEE EDUCATION & INCLUSION

A new training program was created to provide our core hourly employees and supervisors with regular training that is sustainable, accessible, and relevant. The topics in this year's training included accessibility, anti-racism, and gender identity and awareness. The program topics will evolve annually to align with workforce needs, trends in workforce development, and emerging best practices in creating an inclusive workplace culture. Senior leadership and operational teams also participated in pronoun and transition training, Mental Health First Aid, and Indigenous Allyship training.

In addition, a cohort of managers and supervisors participated in an internally led management and supervisor training program focused on leadership fundamentals, and the senior leadership team continued their team development program.

Human resource policies and procedures were reviewed and revised to ensure they incorporate best practices, align with any updated legislation, and reflect our current commitments and understanding of what it means to nurture an equitable, diverse, inclusive, and accessible workplace. Two additional policies focused on fair hiring and employee accommodations were also completed and in the final stages of approval at year-end.

EMPLOYEE ENGAGEMENT & SATISFACTION

An employee engagement survey led to a baseline employee engagement index of 80 (out of 100), and a multi-year employee engagement framework was developed to respond to feedback and survey insights. Under the direction of an Internal Engagement Steering Committee, the strategy includes a focus on recognition and appreciation, employee events, employee feedback, and internal communications. Implementation began in Q2 and is ongoing as part of an organizational commitment to continue to nurture an engaged workforces across all areas of the business.



ACCOUNTABILITY & SUSTAINED PERFORMANCE

ACCESSIBILITY PLAN

An Accessibility Advisory Committee comprised of community members and chaired by Events East was maintained and supported by Terms of Reference and the completion of quarterly meetings. Committee members provided advice and input on various aspects of operations and infrastructure planning.

A multi-year accessibility framework was completed, outlining a commitment to improving accessibility of our built environment, corporate communication, and guest experience. Phase one of accessibility capital improvements were completed by year-end at the Halifax Convention Centre, in preparation for applying for a Rick Hansen Foundation accessibility certification in 2024-25.

SUSTAINABILITY PROGRAM

In Q4, work began to develop our organization's perspective on environmental sustainability as it relates to venue and event operations at the convention centre. This includes identifying current strengths, and key areas of opportunity to align with Shareholder priorities, respond to industry trends, and meet client needs. Findings and next steps will be confirmed in 2024-25.

HEALTH & SAFETY

With a continued focus on enhancing a safety culture across our operations, the Joint Occupational Health and Safety Committee was successfully reinstated, and engagement remained strong throughout the year. An expert from the Workers Compensation Board provided extensive advice and guidance throughout the year to help build internal capacity and awareness of best practices.



OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2023-24 Business Plan:

STRATEGIC GOAL	MEASURE	2022-23 TARGET	2022-23 ACTUAL
Business Growth	Total direct spending and economic benefit	Through the conventions and events, we host at the Halifax Convention Centre, generate annual direct spending of approximately \$60M.*	Generated \$70.9M in direct expenditures* as a result of the events we hosted.
Business Growth	Number of events attracted and hosted at the Halifax Convention Centre	Host approximately 150 events with 80,000 delegates, including 35 national and international events. Secure a cumulative total of 100 national and international events with approximately 75,000 delegates for 2024-25 and beyond.	Hosted 155 events with 95,195 delegates, including 40 national/international events. 83 national/international events with 45,000+ delegates confirmed at year-end. An additional 57 events with 35,000 delegates in pipeline at year-end.
Guest Experience	Client feedback	Customer feedback program successfully implemented with benchmarks established.	Program implemented and data consistently collected for four quarters. Annual benchmarks to be established in early 2024-25.
Community Connection Talent & Culture	Equity, Diversity, and Inclusion strategy	Successful implementation of year 1 activities; key measures established for future years.	Progress made on 10 key priorities in year one. Establishment of a measurement approach deferred to 2024-25.
Talent & Culture	Employee feedback	Complete employee engagement survey and maintain an average employee engagement score of approximately 80% for core employees.	Employee engagement survey completed and baseline employee engagement index of 80 achieved.
Accountability & Sustained Performance	Financial performance	Meet approved budget targets.	Exceeded budget targets with a Shareholder investment of \$3.4M compared to a budgeted investment of \$6.7M.
Accountability & Sustained Performance	Sustainability and accessibility frameworks	Approved frameworks in place to support long-term accessibility and sustainability programs.	Multi-year accessibility framework completed and approved. Work to develop sustainability framework underway and will continue in 2024-25.

Notes:

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

The calculation used to estimate direct expenditures was updated in January 2023 to reflect inflationary factors following an analysis conducted by [HLT Advisory](#), which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2023-24.



COMBINED CORE ACCOUNTABILITY & STRATEGIC MEASURES

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

	HALIFAX CONVENTION CENTRE	SCOTIABANK CENTRE	TOTAL
CORE MEASURES			
TOTAL EVENTS	155	106	261
TOTAL ATTENDEES	95,195	573,647	668,842
TOTAL DIRECT EXPENDITURES	\$70.9M*	\$53.4M*	\$124.3M*
ECONOMIC IMPACT			
TOTAL INCREMENTAL EXPENDITURES	\$70.9M	\$14.4M	\$85.3M
ESTIMATED PERSON YEARS EMPLOYMENT	833	1,007	1,840
ESTIMATED HOUSEHOLD INCOME	\$32.0M	\$34.1M	\$66.1M
ESTIMATED PROVINCIAL GOVERNMENT TAX REVENUE	\$4.1M	\$4.4M	\$8.5M

Notes:

1. Direct expenditures measure the estimated impact of the events we host, using a methodology and calculation developed through analysis of historical and average attendees and event organizer spending. The calculation used to estimate direct expenditures was updated January 2023 to reflect inflationary factors following an analysis conducted by [HLT Advisory](#), which included a review of regional market data and Statistics Canada Consumer Price Index data. As such, this updated calculation has been applied to the direct expenditure target and performance analyses for 2023-24.
2. Economic impact figures are calculated by the Nova Scotia Department of Finance and Treasury Board using the Input-Output Model.

Events East Group

2023-24

Annual Report

Financial Statements for
Events East Group
March 31, 2024

MANAGEMENT'S REPORT

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

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

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

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

On behalf of **Events East Group**:



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



Carrie Cussons, CPA, CA
President & CEO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Events East Group

OPINION

We have audited the financial statements of Events East Group (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

BASIS FOR OPINION

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants
Halifax, Nova Scotia
June 28, 2024

STATEMENT OF FINANCIAL POSITION

As at March 31	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash	6,583,201	5,169,227
Restricted cash	3,377,391	6,427,101
Accounts receivable	1,316,757	2,106,681
Due from Scotiabank Centre <i>[note 8]</i>	608,724	2,180,072
Due from Halifax Regional Municipality <i>[note 7]</i>	1,571,381	905,964
Inventory held for resale	210,671	182,653
	<u>13,668,125</u>	<u>16,971,698</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,616,466	1,895,849
Advance ticket sales	3,377,391	6,427,773
Due to Province of Nova Scotia, net <i>[notes 7 and 8]</i>	4,960,527	5,977,298
Event deposits	1,259,379	1,087,448
Deferred revenue	171,220	93,280
Retirement health benefits obligation <i>[note 6]</i>	1,842,700	1,778,600
	<u>14,227,683</u>	<u>17,260,248</u>
Net debt	<u>(559,558)</u>	<u>(288,550)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets, net <i>[note 3]</i>	572,969	59,597
Prepaid expenses	288,494	274,173
	<u>861,463</u>	<u>333,770</u>
Accumulated surplus	<u>301,905</u>	<u>45,220</u>

See accompanying notes

On behalf of the Board:



Director



President

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31	2024 \$	2024 \$	2023 \$
	<i>[budget]</i>		
REVENUE			
Convention Centre	11,020,000	16,096,985	14,547,782
Ticketing Services	1,150,000	1,947,999	2,280,618
Investment and other income	60,000	343,938	236,950
	<u>12,230,000</u>	<u>18,388,922</u>	<u>17,065,350</u>
EXPENSES			
Event expenses <i>[note 8]</i>	6,998,000	9,543,975	7,938,793
Salaries and benefits <i>[note 6 and 8]</i>	3,802,000	3,663,592	3,047,546
Rent and insurance	212,000	223,938	200,761
Administration	598,000	808,914	903,693
Advertising and marketing	620,000	684,421	629,004
	<u>12,230,000</u>	<u>14,924,840</u>	<u>12,719,797</u>
Surplus before building costs and property taxes	<u>—</u>	<u>3,464,082</u>	<u>4,345,553</u>
Building costs	3,880,000	4,335,177	3,801,102
Property taxes	2,420,000	2,239,430	2,179,418
Total building costs and property taxes	<u>6,300,000</u>	<u>6,574,607</u>	<u>5,980,520</u>
Deficit before depreciation	<u>(6,300,000)</u>	<u>(3,110,525)</u>	<u>(1,634,967)</u>
Depreciation of tangible capital assets <i>[note 3]</i>	200,000	32,237	176,959
Annual deficit	<u>(6,500,000)</u>	<u>(3,142,762)</u>	<u>(1,811,926)</u>
Accumulated surplus, beginning of period	45,220	45,220	133,697
Shareholder funding <i>[note 7]</i>	6,725,000	3,399,447	1,723,449
Accumulated surplus, end of period	<u>270,220</u>	<u>301,905</u>	<u>45,220</u>

See accompanying notes

STATEMENT OF CHANGES IN NET DEBT

Year ended March 31	2024 \$	2023 \$
Annual deficit	(3,142,762)	(1,811,926)
Acquisition of tangible capital assets <i>[note 3]</i>	(545,609)	—
Depreciation of tangible capital assets <i>[note 3]</i>	32,237	176,959
(Increase) in prepaid expenses	(14,321)	(153,741)
Shareholder funding <i>[note 7]</i>	3,399,447	1,723,449
Increase in net debt	(271,008)	(65,259)
Net debt, beginning of period	(288,550)	(223,291)
Net debt, end of period	(559,558)	(288,550)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31	2024 \$	2023 \$
OPERATING ACTIVITIES		
Annual deficit	(3,142,762)	(1,811,926)
Add items not affecting cash		
Depreciation of tangible capital assets	32,237	176,959
Net changes in working capital		
Accounts receivable	789,924	(932,829)
Inventory held for resale	(28,018)	(69,021)
Due from Scotiabank Centre	1,571,348	1,416,974
Due from Halifax Regional Municipality	905,964	4,158,054
Accounts payable and accrued liabilities	720,617	772,917
Event deposits	171,931	213,635
Deferred revenue	77,940	72,863
Due to Province of Nova Scotia	811,295	(98,920)
Advance ticket sales	(3,050,382)	1,125,052
Prepaid expenses	(14,321)	(153,741)
Retirement health benefits obligation	64,100	120,000
Cash provided by (used in) operating activities	(1,090,127)	4,990,017
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(545,609)	—
Cash used in capital activities	(545,609)	—
Net increase (decrease) in cash during the period	(1,635,736)	4,990,017
Cash, beginning of period	11,596,328	6,606,311
Cash, end of period	9,960,592	11,596,328
Cash is comprised of:		
Cash	6,583,201	5,169,227
Restricted cash	3,377,391	6,427,101
	9,960,592	11,596,328

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 Ticketing Services, 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, 2024 reflect the operations of the Halifax Convention Centre and Ticketing Services. 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:

	2024		
	Computers \$	Furniture and equipment \$	Total \$
Cost, beginning of year	875,391	712,113	1,587,504
Additions	239,121	306,488	545,609
Disposals	—	—	—
Cost, end of year	1,114,512	1,018,601	2,133,113
Accumulated depreciation, beginning of year	836,225	691,682	1,527,907
Depreciation expense	17,015	15,222	32,237
Disposals	—	—	—
Accumulated depreciation, end of year	853,240	706,904	1,560,144
Net book value, end of year	261,272	311,697	572,969

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

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.

	\$
2024 - 2025	1,887,563
2025 - 2026	1,877,062
2026 - 2027	1,821,740
2027 - 2028	1,858,175
2028 - 2029	1,853,936

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 is 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 administrated 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, 2024 amounted to \$414,037 [March 31, 2023 - \$364,530] and are recorded in salaries and benefits expense during the period. Total employee contributions for the year ended March 31, 2024 amounted to \$414,037 [March 31, 2023 - \$364,530]. 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 as this resides with the Province of Nova Scotia.

RETIREMENT HEALTH BENEFITS OBLIGATION

Upon retirement, employees who are in receipt of pension from the PSSP are eligible to participate in the Retired Employee Health Plan [the "Plan"] provided through the Public Service Commission. The Plan provides coverage to participants for health benefits which include prescription drugs to age 65, vision, hospital and extended health care. The Company is liable for 65% of the premiums for employees retiring on or after April 1, 2018. The most recent full valuation of the Plan, contracted by the Province on behalf of participants, was performed as at December 31, 2021 and extrapolated to March 31, 2024 using a discount rate of 3.18% [2023 - 2.96%]. The following outlines the accrued benefit obligation:

	\$
Accrued benefit obligation, March 31, 2023	1,385,900
Add: Current service cost	62,900
Add: Interest on accrued benefit obligation	42,900
Less: Experience loss due to change in discount rate	(64,700)
Less: Premiums paid	(10,300)
Accrued benefit obligation, March 31, 2024	1,416,700
Net unamortized actuarial losses (gains), March 31, 2023	(392,700)
Current year losses (gains)	(64,700)
Amortization	31,400
Net unamortized actuarial losses (gains), March 31, 2024	(426,000)
Retirement health benefits obligation, March 31, 2024	1,842,700

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

7. SHAREHOLDER FUNDING

Shareholder funding consists of the following:

	2024 \$	2023 \$
Funding from Halifax Regional Municipality ^[1]	1,571,381	905,964
Funding from the Province of Nova Scotia ^[2]	1,828,066	817,485
	3,399,447	1,723,449

[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:

	2024 \$	2023 \$
Payroll processing by the Province of Nova Scotia ^[1]	(13,149,257)	(10,845,770)
Payroll recoveries received from Scotiabank Centre ^[2]	4,029,115	3,558,148
Commissions paid to Scotiabank Centre ^[3]	(340,717)	(121,430)
Recoveries from Scotiabank Centre ^[4]	373,380	194,917

[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 Ticketing Services, a division of Events East.

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

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

9. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes as approved by the Board of Directors.

10. COMPENSATION DISCLOSURE

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

11. CONTINGENT ASSETS

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