



Scotiabank CENTRE

ANNUAL REPORT



Bringing the biggest and best events to Atlantic Canada.



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PHOTO CREDITS:

Contents, Cover (top), Page 2, 3, 14, 16, 17 - Nicole Lapierre
Cover (bottom), Page 5, 6, 7, 8, 10, 11, 13, 15, 32 - Mike Dembeck







GREETINGS FROM THE MAYOR

Part of what makes Halifax a great place to live is the feeling of community you can find in every pocket of the city. This is never truer than when you're downtown during a Scotiabank Centre event. From showcasing local university sports talent to hosting some of the best hockey players in the world, with all types of excellent performers in between, Scotiabank Centre brought the biggest and best events to our city this year, helping to build on the community vibrancy that makes Halifax so great.

And when great events come to town, it brings people downtown, experiencing all that Halifax has to offer and driving business to our local restaurants and shops. The event experience starts in the seats of the Scotiabank Centre, and extends into the streets of our city.

Ongoing capital investments in the facility are ensuring that the Scotiabank Centre continues to be the premier entertainment venue in our region, and that the facility continues to deliver the experience that event attendees are looking for.

Bringing people together, from near and far, helps sustain our sense of community and reminds people that it's a good time to be in Halifax. Scotiabank Centre continues to be a place to gather and be entertained while acting as an economic driver for our city. I look forward to another great year ahead at Scotiabank Centre, and all that the facility, and Halifax, has to offer.

A handwritten signature in black ink that reads "Mike Savage". The signature is written in a cursive, flowing style and is underlined with a single horizontal stroke.

Mike Savage
Mayor, City of Halifax



MESSAGE FROM THE PRESIDENT & CEO

At Scotiabank Centre, our business is all about the events we host and the people who attend them. While bringing some of the world's top performers, best-in class athletes, and many signature events in between, we're focused on delivering the best possible experience for our customers when they come to our facility. Finding the right balance between delivering great events and great experiences ensures we continue to sustain our position as the leading sports and entertainment venue in Atlantic Canada.

This year, we welcomed guests to a number of marquee events, including an all-Canadian NHL pre-season game, the Davis Cup, James Taylor, UFC and Rascal Flatts. We also celebrated the return of national university basketball to Halifax when we hosted the U Sport Men's Final 8 Basketball Championships.

Through our ongoing naming rights partnership, our facility continued to see capital improvements throughout the year, such as new LED lighting, and grab bars for increased comfort and safety. Many of these enhancements were made in direct response to customer feedback as we continue to adapt to the evolving expectations of our guests.

Listening to our customers continues to be a priority for us. This year, customer research and feedback helped us understand the further enhancements and investments required to continue to improve the in-venue experience and will help shape our customer experience vision moving forward.

While we continue to build on our reputation of bringing the best events to Halifax, we are committed to delivering memorable experiences for our community and our guests. Our commitment to continuous improvement while focusing on what we do best will ensure we're moving forward with confidence in the year ahead.

Carrie Cussons
President & CEO



**BROADCAST
IN OVER
130 COUNTRIES**

IN THE BUSINESS OF **MAKING** **MEMORIES**



What was your favourite moment at Scotiabank Centre this year?

Was it seeing James Taylor sing “Sweet Baby James” live? Laughing like crazy along with Gabriel “Fluffy” Iglesias? Biting your nails when the Halifax Mooseheads went into triple overtime against the Huskies in a fight for the playoffs? Experiencing the NHL excitement of watching the Maple Leafs take on the Senators in a pre-season exhibition game? Or singing along with Canadian legends Blue Rodeo?

Creating memorable moments is what we’re all about at Scotiabank Centre. We work hard to bring the best talent from across the country and around the world here to Halifax, providing those unique occasions when people can gather, connect, and go home smiling with a new memory that will last a lifetime.

Frequently that high level of talent comes right from Atlantic Canada, and our local teams, the Hurricanes and the Mooseheads, are also in the business of creating memories. We’re fortunate to have great partners in these tenants, and there’s nothing our fans like to do more than come out and cheer for the home team!

“THE ATMOSPHERE WAS ELECTRIC BOTH INSIDE AND OUT FOR UFC FIGHT NIGHT 105. IT’S AMAZING TO SEE HOW ALIVE THE CITY BECOMES DURING A MARQUEE SCOTIABANK CENTRE EVENT.”

– CARRIE CUSSONS, PRESIDENT & CEO



LET'S GO MOOSEHEADS

Bobby Smith, owner of the Halifax Mooseheads, agrees. “We don’t have to be in first place every year for the fans to come out and watch us,” he says. “It’s the entire package. Junior hockey, the Halifax Mooseheads, the location, and Scotiabank Centre. Not everyone in the QMJHL has the opportunity to play their games in an arena like ours. It’s modern. The sightlines are great. The seats are great. It’s all downtown. We take a lot of pride in the fact that when our fans leave the building after a game, they had a good experience during the action part of it, but the ambiance within the arena is a big part too.”

HURRICANE FORCE

That cheering just about went through the roof on June 13th, 2016, when the Halifax Hurricanes outscored the London Lightning to win the National Basketball League of Canada championship—a win that was all the more impressive because it was the Hurricanes' inaugural season.

As thrilling as the championship game was, the Hurricanes have truly taken Halifax by storm all season long, with season ticket sales up 30 per cent over the first year, and overall attendance up 28 per cent. Jim Mills, chair of the Hurricanes board of directors, credits that to the Hurricanes always providing an exciting, affordable, family-friendly event in an arena that caters to comfort.

"Scotiabank Centre has a long history of showcasing basketball," says Mills. "It's a great venue," he says, comparing it to others he's seen across the country. "I think it's one of the best mid-size arenas in Canada. I can't tell you how many times we've taken a business colleague or customer here for the first time and they are just blown away by the experience. Every single time."



NBL CHAMPIONS IN INAUGURAL SEASON

eastlink
wireless

MOVING MOMENTS

Phil Currie, executive director of Atlantic University Sports (AUS), calls Scotiabank Centre the home of university sport. He says the combination of the kind of crowds university sport attracts, the level of play the university athletes bring, and the location make it the right place for that level of sport.

This year, we were proud to host the Subway AUS Basketball Championships, and Currie says one of his most memorable moments happened before the first tip-off. "We hosted a Grand Entry and an Act of Reconciliation with the Assembly of First Nations of Nova Scotia," he says. "Ten chiefs from across Nova Scotia were there, including Regional Chief Morley Googoo. It was really moving to see the fans completely embrace our friends in the Nova Scotia First Nations in this act. That memory will stick with me forever, and it happened at Scotiabank Centre."





PARTNERS IN SUCCESS

That ability to attract world-class events also attracts major brands who want to work with us. This year we were pleased to partner with Pepsi Co. and Steele Subaru; these partnerships were crucial to ensuring we deliver excellent event experiences to our fans.

“Scotiabank Centre has a sense of pride in the community,” says Christopher Munroe, sales manager at Pepsi Co. As he explains, the partnership is not just about sales; it is a partnership with a company that has mutual interest in supporting and giving back to the community. When the company considered

Scotiabank Centre events like the Blue Nose Marathon, as well as the AUS and U Sports, the partnership was a natural fit.

“It’s a no-brainer for us to be a sponsor at Scotiabank Centre,” says Dana Simonsen, general manager of Steele Subaru. A season ticket holder for the Halifax Mooseheads for 20 years, he says the customer experience and quality of the events also influenced their decision.

OUTRANKING MADISON SQUARE GARDEN AND WRIGLEY FIELD!

In 2016, the experience of seeing the Halifax Mooseheads at Scotiabank Centre outranked both those legendary venues to land in the top 40—#39 to be precise—of North American stadium experiences, as ranked by Stadium Journey. Over 700 stadiums were reviewed and we came in as #2 in Canada; only the Winnipeg Jets' MTS Centre beat us out.

The review took into account our central, downtown location, which allows game goers to have lots of pre- and post-game fun at the local pubs and restaurants—something that spreads the thrill of the game throughout the city. It also looked at the wide variety of the food and beverage options at Scotiabank Centre, like Halifax's official food, the donair; our featuring of other local options; and the availability of craft beer. It praised the "big-event" feel atmosphere we create in Scotiabank Centre, including the in-game promotions and entertainment during the breaks.

But we probably scored the most points for the action the Halifax Mooseheads bring to the ice, and the always-enthusiastic response they get from their dedicated fans.

"The Montreal Canadiens and the Maple Leafs aren't in the top 40 like we are," says team owner Bobby Smith. "It's nice to get this type of recognition from people who spend a lot of time looking at a lot of different venues."

We see it as proof that our ongoing efforts to modernize the building, engage more with our customers, and deliver on what they really want are paying off. Recent customer satisfaction research said the same, with 97 per cent of customers saying they were satisfied with their overall Scotiabank Centre experience.

THOUSANDS OF SATISFIED CUSTOMERS:



85%

SATISFIED WITH RECENT
UPGRADES



94%

HAPPY WITH
STAFF



96%

SATISFIED WITH TICKET
ATLANTIC EXPERIENCE





**WE CAME IN AS
#2 IN CANADA**

CONSTANTLY LISTENING, CONSTANTLY IMPROVING

This year, we continued to enhance that experience by completing the switch over to LED lighting. The upgrade offers our events state-of-the-art technology and much more flexibility and creativity with their light shows—anyone who has been to a game this year will have seen the graphics and lighting effects we're capable of now when a goal is scored! But beyond the fun, the new lighting also delivers on our goals around energy efficiency, which is an important consideration as we work to ensure we are a modern, sustainable facility.

"We care about what our customers have to say," says Carrie Cussons. "Through our online Customer Advisory Panel where we can reach over 2,500 customers, we have the chance to listen and respond to many of our customers' requests." Requests such as installing grab bars on the stairs, which we started installing throughout the venue this year. Now, when going to and from their seats, customers will be able to hold a bar for extra safety.

And since sometimes they're going up and down the stairs to get food, we made sure customers can see the full range of choices they've got with a colourful, easy-to-read concessions map posted on the website and around the venue. It helps people know exactly where to go to get their favourite snack or beverage.

Thanks to social media, fans who can't make it to the event in person can still be part of the excitement through live-tweeting, Facebook, and Instagram updates, as well as contests and promotions that invite participation. It's a great way for everyone to share the fun, and give us feedback for how we can keep making the experience better for everyone.

NEW LED LIGHTING



4 MONTHS TO COMPLETE PROJECT



LED REDUCED ELECTRICAL DEMAND EQUIVALENT TO 55 RESIDENTIAL HOMES OR ABOUT 60% IN TOTAL

MEETS NCAA STANDARDS FOR HD TELEVISED EVENTS



**112 LEDS REPLACED
142 METAL HALIDE LIGHTS**

SOCIAL MEDIA



20+%

AVERAGE INCREASE
IN FOLLOWERS TO ALL
SOCIAL MEDIA CHANNELS
(4,000+ NEW FOLLOWERS)

3.5%

POST ENGAGEMENT
(2.4% HIGHER THAN
INDUSTRY STANDARD)



8

CONTESTS AND PROMOTIONS

#MYFRONTROW

FOLLOW US @SCOTIABANKCTR



BRINGING BACK THE BEST

Imagine a homecoming where thousands of your closest friends and relatives showed up.

That's what it was like in Halifax from March 9 to 12, 2017, when the U Sports (formerly CIS) Final 8 men's university basketball championships returned to Halifax at Scotiabank Centre for the first time since 2012.

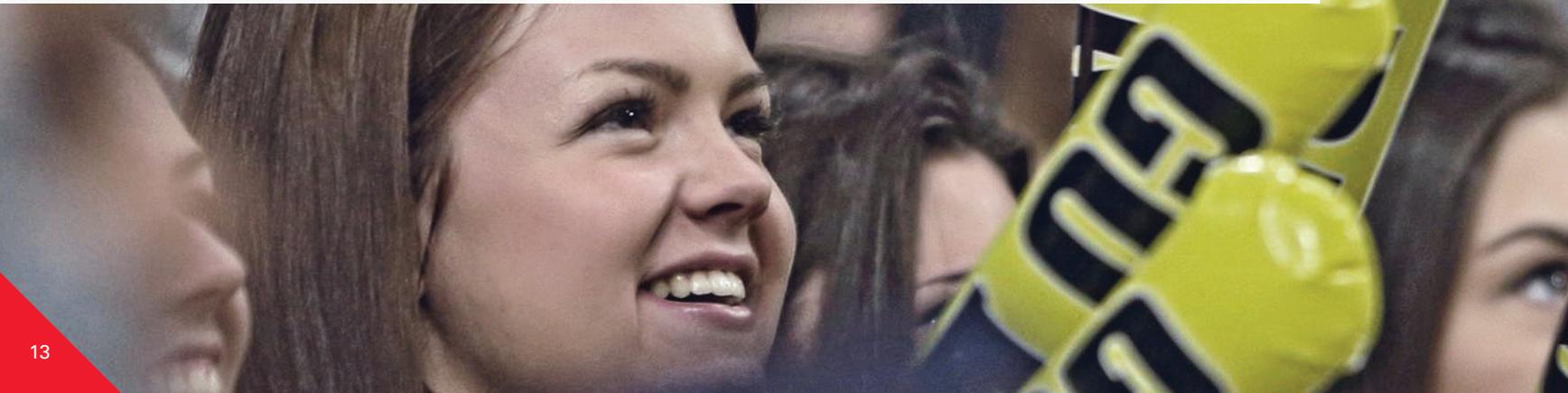
Bringing this prestigious event back was the result of a joint effort among Dalhousie and Acadia universities and Sports & Entertainment Atlantic (S|E|A) and Derek Martin, president, feels Halifax is its true home. "I think they found what had been built here over the years couldn't be built overnight in other places. For it to be back is a testament to how much we love this tournament and university basketball."

Halifax is the right size of city for fans and organizers alike; they feel a sense of ownership over the event. And Scotiabank Centre is part of that appeal. Scotiabank Centre's location allows the event to easily work with a number of local bars and restaurants to extend the U Sports experience past the walls of the building and into the streets of Halifax. It's as much about the time they spend before the game and where they go after as it is about the game itself.

The experience with Scotiabank Centre's team is another reason why promoters like to work with us. "Our clients trust us to help produce successful events time and time again," said Carrie Cussons. "The promoters we work with bring the events, and our team works to deliver those events with the whole customer experience in mind. It's at the centre of what we do."

"THEY UNDERSTAND WHAT EVENTS NEED, WHAT THE REQUIREMENTS ARE, WHAT MAKES LIFE DIFFICULT AND EASY. THOSE ARE ALL THINGS THAT PLAY INTO DECISIONS ABOUT COMING BACK OR GOING SOMEWHERE ELSE."

- DEREK MARTIN, PRESIDENT, S|E|A



A BLIZZARD OF AWES

This year also saw the return of the Ultimate Fighting Championship (UFC) for Fight Night 105, an event so exciting that even one of Halifax's exceptional snowstorms couldn't stop it. Over 8,000 avid fans packed Scotiabank Centre on February 19, 2017, to see hard-hitting heavyweights Derrick "The Black Beast" Lewis take on Travis Browne.

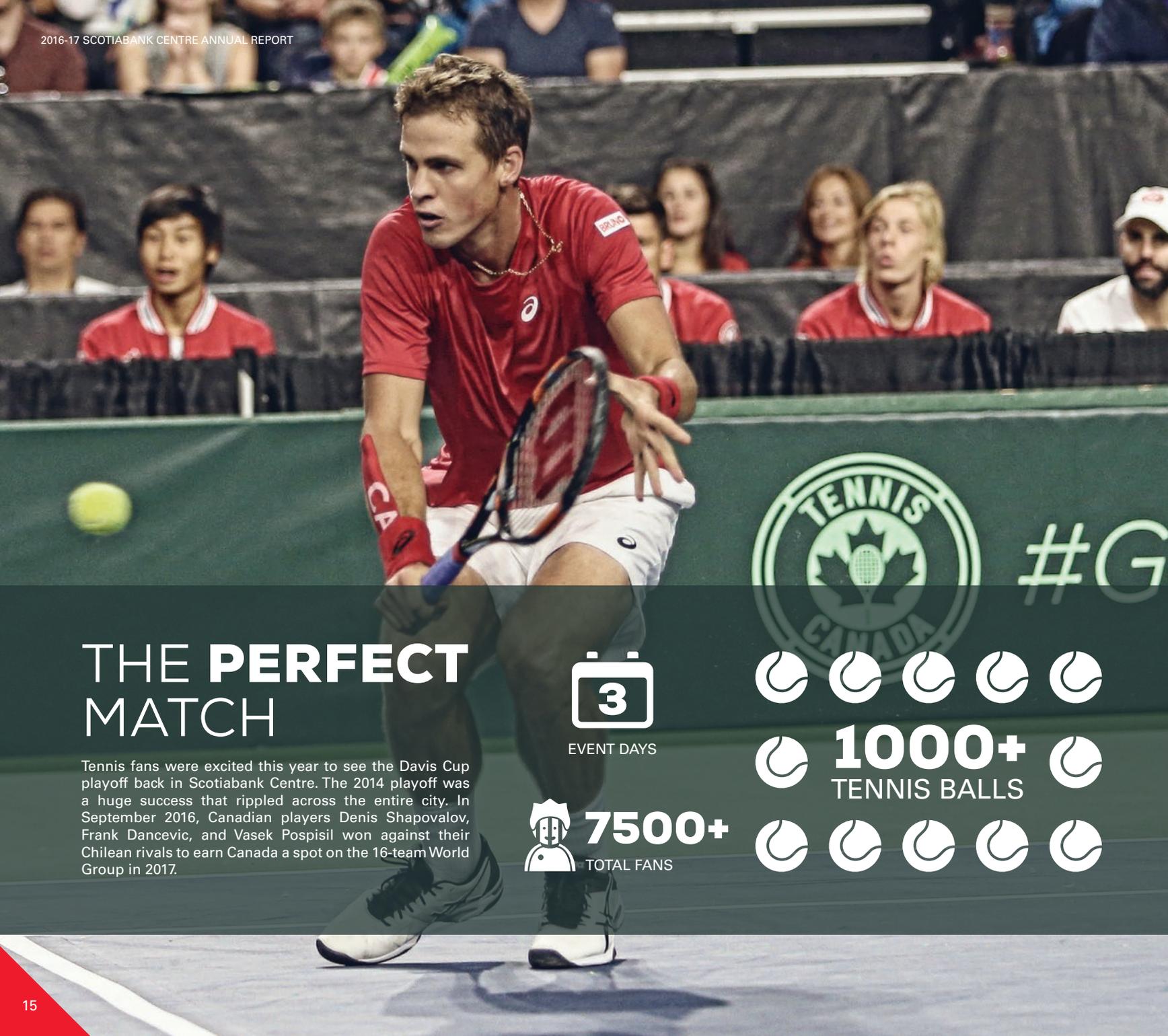
This was the event's second visit to Halifax after a 2014 debut and UFC Vice President David Shaw predicts it won't be the last.

"We spend a lot of time researching which cities are the best ones for this event," says Shaw. "We are also committed to

showcasing our sport and athletes across Canada from coast to coast. Halifax has a rich mixed-martial arts community and we knew there would be an open reception and appetite for our sport and our brand to come back here a second time."

He credits the team at Scotiabank Centre for making the athletes, promoters, and the fans feel welcome, and the event a success. "We had a great experience with the team," says Shaw. "I spent a lot of time walking around the arena watching how our fans interacted with staff at the venue, and it seemed like it was the highest level of service and hospitality."

Everyone was enamored with the food and restaurant scene, too, he says. "Halifax has a lot to offer. It takes a lot of long days and hard work to put on this event, and when our people leave after a fight week and they're happy not only with the event but with their time in the city, then you know it was a successful trip. And that's how everyone was."



THE PERFECT MATCH

Tennis fans were excited this year to see the Davis Cup playoff back in Scotiabank Centre. The 2014 playoff was a huge success that rippled across the entire city. In September 2016, Canadian players Denis Shapovalov, Frank Dancevic, and Vasek Pospisil won against their Chilean rivals to earn Canada a spot on the 16-team World Group in 2017.



EVENT DAYS



7500+

TOTAL FANS



1000+
TENNIS BALLS



RIGHT IN TUNE

It was excellent timing this year when Blue Rodeo returned to Scotiabank Centre for their *1,000 Arms* tour, proving that even after 30 years the band can still pack the house and sound as fresh and relevant as ever. And younger music fans got to hail the return of their heroes, Marianas Trench, on their *Last Crusade* tour. The multi-platinum selling pop band from Vancouver held a contest in each city on the tour to give some local talent a chance to experience the spotlight, and Newfoundland artists Janet Cull and Repartee were the lucky winners that night. Marianas Trench lead singer Josh Ramsey said he felt it was important to promote fellow Canadian musicians—thus the contest. By bringing back their favourite events and performers, while continuing to offer a diverse mix of new events each year, we're constantly working to ensure our audience feel like winners.



SCOTIABANK CENTRE **EVENT** **HIGHLIGHTS**

SCOTIABANK CENTRE OFFERED A DIVERSE MIX OF SPORTING, ENTERTAINMENT AND FAMILY SHOWS THIS YEAR, HOSTING **381,000+ PEOPLE AT 109 EVENTS.**

- UFC Fight Night
- Toronto Maple Leafs vs. Ottawa Senators
- Davis Cup
- Rascal Flatts
- Our Lady Peace & I Mother Earth
- James Taylor
- Billy Talent
- Harlem Globetrotters
- Gerry Dee
- Gord Bamford
- Hedley
- Stars on Ice

BUSINESS OVERVIEW

Year Ended March 31, 2017

SCOTIABANK CENTRE FIVEYEAR HIGHLIGHTS	2016/17	2015/16	2014/15	2013/14	2012/13
Revenues	\$7,120,485	\$7,375,418	\$8,043,549	\$7,475,237	\$7,565,461
Excess of Revenues Over Expenditures	\$102,032	\$19,611	\$258,840	\$(4,969)	\$680,149
Attendance	381,241	458,582	514,898	521,352	585,620
Events ⁽¹⁾	109	119	126	110	117
SCOTIABANK CENTRE ECONOMIC IMPACT FIVEYEAR HIGHLIGHTS (\$MILLIONS)	2016/17	2015/16	2014/15	2013/14	2012/13
Direct Visitor Expenditures	\$28.6	\$35.0	\$39.0	\$37.9	\$42.9
Incremental Visitor Expenditures	\$10.1	\$12.7	\$14.0	\$12.6	\$14.5
Employment (person years) ⁽²⁾	701	857	957	903	1,011
Additions to Household Incomes ⁽²⁾	\$22.9	\$28.1	\$31.3	\$23.7	\$27.7
Provincial Government Revenues (taxes) ⁽²⁾	\$2.4	\$2.9	\$3.2	\$2.5	\$2.9

Note [1]: Does not include consumer/trade shows or non-paid admission attendance and events. On average there are ten days per year when the Scotiabank Centre is used in conjunction with WTCC events. Attendance and events are included within the WTCC totals.

Note [2]: Of the total impacts listed, 27% of attendee impacts are considered incremental.

SCOTIABANK CENTRE MANAGEMENT DISCUSSION & ANALYSIS

PLANNING & OPERATING CONTEXT

Located in the heart of downtown, Scotiabank Centre is the largest multipurpose facility in Atlantic Canada, serving as the region's premier venue for major entertainment and sporting events. It is the hub of major event activity in Nova Scotia. With a seating capacity of more than 10,000 and the versatility to accommodate a range of events, Scotiabank Centre offers a diverse lineup of event experiences. It remains a critical piece of major event infrastructure and is essential to event success in Nova Scotia.

Scotiabank Centre is owned by the Halifax Regional Municipality (HRM), and until the end of fiscal 2016-17, it was operated by Trade Centre Limited (TCL), a provincial Crown corporation. Effective April 1, 2017, management of the operations transitioned to Events East Group (see page 22). Scotiabank Centre's focus is on ensuring the professional and effective delivery of events that drive community and economic impact. All operating income or losses generated by Scotiabank Centre accrue to HRM and all capital improvements are funded by the municipality.

This review of Scotiabank Centre business activity for the period of April 1, 2016, to March 31, 2017, provides management's perspective of 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.

Key performance and operational outcome areas include:

1. Financial Sustainability
2. Business Growth
3. Infrastructure
4. People
5. Community Partnerships
6. Governance

PERFORMANCE ANALYSIS

FINANCIAL SUSTAINABILITY

Financial Performance

As the operator of Scotiabank Centre, TCL continued to focus on ensuring the professional and effective delivery of events that drive economic and community impact, with an emphasis on optimizing event mix, sustaining premium product and sponsorship revenue, and delivering on customer expectations while ensuring operational efficiency.

In 2016-17, Scotiabank Centre had income before transfers to HRM of \$102,032, above budget by \$92,000 and over the previous year by \$82,400. Revenues for the year of \$7.1 million were consistent with budget and below last year's revenue by \$255,000. Event, concession and merchandise revenues were \$3.6 million, down \$47,000 from budget and under the prior year by \$105,000. Sponsorship revenues and executive suite rentals delivered \$3.5 million, consistent with budget and \$165,000 below last year.

Operating expenditures for the year were \$7.0 million, under a budget of \$7.1 million and under last year by \$337,000. This was driven primarily by the deferral of discretionary spending into 2017-18.

Economic Impact

Economic impact measures the benefit of new money being spent in the economy as a result of events hosted at Scotiabank Centre. Scotiabank Centre measures economic impact on an annual basis, compiling attendee and event promoter spending.

In 2016-17, Scotiabank Centre hosted a total of 109 events, consistent with the annual target of 110 (119 events in 2015-16). Total event attendance was 381,241, slightly below target of 400,000 (a decrease of 77,341 when compared to 458,582 attendees last year). Total direct expenditures resulting from events hosted in 2016-17 were \$28.6 million, as compared to \$35.0 million the prior year.

These direct expenditures resulted in \$10.1 million in incremental expenditures, 701 person years of employment (423 direct, 278 spin off), \$2.4 million in provincial government tax revenues (\$1.1 million direct, \$1.3 million spin off) and \$22.9 million in additions to household income (\$10.7 million direct, \$12.2 million spin off). These results do not include the impact of direct spending by Scotiabank Centre. Please note that of the total impacts listed, 27% of attendee impacts are considered incremental.

Economic impacts are driven by the mix of events and those who attend the events. With a decrease in the number of events and based on the event mix hosted, Scotiabank Centre saw a decline in overall attendance in 2016-17, which contributed to the overall decline in economic impacts of the facility.

BUSINESS GROWTH

Event Attraction

Scotiabank Centre continued to attract and host a lineup of event activity that included a total of 109 concert, entertainment, sporting, family and marquee events. This included key tenants that supported a diverse event calendar: Halifax Mooseheads, Halifax Hurricanes and the Royal Nova Scotia International Tattoo.

The mix of marquee events included: 2016 Davis Cup (September), NHL Exhibition Game (September), UFC Fight Night (February) and the return of the U Sport Final 8 Basketball Championships to Halifax (March). The facility hosted a total of 16 concerts, comedy shows and family events through the year (representing 24 individual shows) that included Hedley, James Taylor, Gerry Dee, Rascal Flatts, Family Channel Big Ticket Summer Concert, Marianas Trench, Blue Rodeo and Billy Talent.

Customer Experience

As part of the organization-wide transition plans and preparations, the development of a formal customer experience vision continued to be a priority this year. To support this activity, Scotiabank Centre completed primary research of key customer groups to better understand the drivers of customer experience. This included a broad-based survey via the facility's online Customer Advisory Panel that examined aspects of the customer experience like satisfaction with recent capital upgrades, interactions with our staff, satisfaction with the ticket purchasing process, and overall satisfaction with the Scotiabank Centre experience. Finally, strengthened social media presence and increased online engagement efforts have assisted in identifying client and customer expectations and improved overall responsiveness.

The information gathered through this research has been used to inform preliminary work to define the customer experience vision. We also worked with Centerplate, our concessions partner, to respond to customer feedback and continue to shape and improve the concessions offering to address customer impact.

INFRASTRUCTURE & OPERATIONS

Capital Improvements

Our ten year partnership agreement with Scotiabank includes \$5.3 million to fund facility enhancements and required renovations to ensure continued successful event delivery and a quality customer experience. Following the completion of several key facility upgrades in 2015-16 made possible by the naming rights partnership, Scotiabank Centre identified other necessary infrastructure enhancements and capital priorities as part of its capital maintenance program for 2016-17.

Upgrades completed during the year included installation of LED lighting to modernize the facility and provide clients with ability to broadcast in-event; installation of grab bars on stairways throughout the facility for improved accessibility; and the roof replacement project. Following the commencement of the roof project, it was identified that the installation of the surface membrane and the adhesive used to secure it did not meet tender specifications and would not perform in cold weather conditions. As such, a temporary insulation membrane system was used to complete the roof in the short term over the winter months; the work to fully replace the roof will continue in 2017-18 at the cost of the project contractor.

Operational Improvements

To ensure integration with organization-wide technology updates, Scotiabank Centre completed the implementation of a new event management system, Ungerboeck. Ungerboeck will further enhance operational efficiency and reporting.

In conjunction with efforts to improve the customer experience, enhanced security processes and measures were also developed and implemented during the year. Activities included a security assessment, including emergency preparedness and planning; establishment of policies and procedures to support new security measures; and the implementation of a training program in conjunction with our security partner.

PEOPLE

Employee Engagement

An employee engagement survey completed in the fall of 2016 focused on how the organization can maintain and develop an effective, engaged and accountable workplace culture, encourage employees to use their talents effectively and gauge employee satisfaction. Since the last survey in 2013, the organization saw improvements in employee job satisfaction levels, employee commitment to the organization and customer service excellence, as well as satisfaction with internal communication.

Activation against the results of the survey included ongoing execution of our internal engagement strategy and providing internal engagement opportunities and activities for our staff. The employee engagement strategy is implemented through work with our Internal Engagement Committee and Communication Leaders; the purpose of these groups is to engage employees in the process of understanding and contributing to the organization's change vision and fostering the internal culture required for success.

Scotiabank Centre staff also participated in a series of workshops and training programs related to emergency procedures and planning, diversity awareness, and policies and procedures to ensure responsible alcohol service delivery.

COMMUNITY PARTNERSHIPS

Partnerships

Corporate partnership activity remained strong in 2016-17 and included the renewal of multi-year partnerships with Evanov Radio and The Maxwell's Plum. New partnerships were signed with Rogers Media, Farmers Dairy and Killam Properties. In addition, significant multi-year partnerships were secured with Pepsi Co. and Steele Subaru.

Event Promotion & Community Relations Programs

In support of efforts to highlight the impact of our business in our community and to emphasize Scotiabank Centre's diverse event mix, a proactive promotions and publicity strategy was developed and implemented. Ongoing activation of the strategy included paid and earned advertising campaigns; enhanced social media presence and increased contesting and fan engagement; and increased promotional support provided to event organizers.

Preliminary discussions to define the community relations approach began this year; these discussions included identifying key community partnerships. Remaining activity was deferred to 2017-18 in order to align with the finalized operating agreement (see page 22) and with the implementation of our five-year strategic plan.

GOVERNANCE

Accountability

In collaboration with HRM, TCL continued to operate Scotiabank Centre in compliance with our operating agreement. This included collaborative development of an annual business plan and budget in addition to routine monthly and quarterly reporting.

In April 2016, the *Halifax Convention Centre Corporation Act* was proclaimed. The act led to the establishment of a new corporate structure (to be operated as Events East Group, a 50/50 joint partnership between the Province and HRM) and the appointment of the first Board of Directors, announced in June 2016. The transfer of all TCL employees and operations to the new corporate structure, including the management of Scotiabank Centre and assignment of the operating agreement to Events East Group, was confirmed and finalized in April 2017.

As such, the development of a multi-year operating agreement for Scotiabank Centre was deferred to the 2017-18 fiscal year; TCL and HRM reached a short-term operating agreement this year. The agreement provided clearly defined accountabilities and responsibilities for effective management of Scotiabank Centre. A framework for the development of a long-term positioning for Scotiabank Centre aligned with the new strategic plan was also deferred to 2017-18 in order to align with the long-term operating agreement.

FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

The financial statements have been prepared by management of Trade Centre Limited based on the financial reporting provisions prescribed in the Interim Agreement [the "Agreement"] between Halifax Regional Municipality and Trade Centre Limited dated December 7, 2016. Management has applied the principles of Canadian Public Sector Accounting Standards, and the integrity and objectivity of these financial statements are management's responsibility. Management is also 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 on a regular basis and external audited financial statements annually.

The external auditors, Ernst & Young LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Scotiabank Centre (previously operated as Halifax Metro Centre) and meet when required.

On behalf of Trade Centre Limited:



Carrie Cussons
Acting President & CEO, CFO

June 23, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trade Centre Limited

We have audited the financial statements of **Scotiabank Centre**, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the management of Trade Centre Limited based on the financial reporting provisions prescribed in the Interim Agreement [the "Agreement"], between Halifax Regional Municipality and Trade Centre Limited dated December 7, 2016.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Agreement, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained to is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Scotiabank Centre** as at March 31, 2017, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with the financial reporting provisions of the Agreement between Halifax Regional Municipality and Trade Centre Limited.

Other matters

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Trade Centre Limited to comply with the financial reporting provisions of the Agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Halifax, Canada
June 23, 2017

STATEMENT OF FINANCIAL POSITION

As at March 31

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	894,923	656,844
Accounts receivable	976,273	963,379
Total financial assets	<u>1,871,196</u>	<u>1,620,223</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	758,686	676,542
Due to Halifax Regional Municipality <i>[note 4]</i>	222,541	136,604
Due to Trade Centre Limited <i>[note 4]</i>	389,862	98,624
Unearned revenue	527,363	728,581
Total financial liabilities	<u>1,898,452</u>	<u>1,640,351</u>
Net debt	(27,256)	(20,128)
NON-FINANCIAL ASSET		
Prepaid expenses	27,256	20,128
Accumulated surplus	<u>—</u>	<u>—</u>

See accompanying notes

On behalf of the Board:

 Director

 Director

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31

	2017 \$	2017 \$	2016 \$
	[budget]	[actual]	[actual]
Revenue	7,149,330	7,120,485	7,375,418
Expenses			
Events	2,989,250	3,218,957	3,164,062
Salaries and administration <i>[note 3]</i>	2,466,500	2,391,864	2,579,708
Maintenance	653,480	487,408	616,298
Energy	621,800	559,712	623,985
Operations	188,500	187,097	197,987
Advertising and marketing	219,800	173,415	173,767
	7,139,330	7,018,453	7,355,807
Transfers from Halifax Regional Municipality <i>[note 4]</i>	10,000	102,032	19,611
	(10,000)	(102,032)	(19,611)
Annual surplus	—	—	—
Accumulated surplus, beginning of year	—	—	—
Accumulated surplus, end of year	—	—	—

See accompanying notes

STATEMENT OF CHANGES IN NET DEBT

Year ended March 31

	2017	2017	2016
	\$	\$	\$
	[budget]	[actual]	[actual]
Annual surplus	—	—	—
Decrease (Increase) in prepaid expenses	—	(7,128)	11,506
Decrease (Increase) in net debt	—	(7,128)	11,506
Net debt, beginning of year	(20,128)	(20,128)	(31,634)
Net debt, end of year	(20,128)	(27,256)	(20,128)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Changes in non-cash working capital balances:		
Accounts receivable	(12,894)	(95,432)
Accounts payable and accrued liabilities	82,144	(71,971)
Due to Trade Centre Limited	291,238	(70,182)
Due to Halifax Regional Municipality	85,937	(185,315)
Unearned revenue	(201,218)	(19,347)
Prepaid expenses	(7,128)	11,506
Cash provided by (used in) operating activities	238,079	(430,741)
Net increase (decrease) in cash during the year	238,079	(430,741)
Cash, beginning of year	656,844	1,087,585
Cash, end of year	894,923	656,844

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Scotiabank Centre [the “Centre”] is a sports and entertainment complex managed and operated by Trade Centre Limited on behalf of, and as agent for, the Halifax Regional Municipality [“HRM”]. The Centre is an asset of HRM and is not a separate legal entity. The Centre’s operations are financed by HRM and all profits from the Centre accrue to the account of HRM. Trade Centre Limited and HRM signed an Interim Agreement dated December 7, 2016 [the “Agreement”], which outlines Trade Centre Limited’s management to the Centre.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Centre’s management has prepared these financial statements by applying the principles of the Chartered Professional Accountants of Canada Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

These financial statements were prepared in accordance with the significant accounting policies described below to comply with the financial reporting provisions prescribed in the Interim Agreement between HRM and Trade Centre Limited dated December 7, 2016.

Accordingly, these financial statements include only the operating results of the Centre as managed by Trade Centre Limited as an agent for HRM. The basis of accounting used in these financial statements materially differs from Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board because the financial statements include only the operating net assets of the Centre.

These financial statements do not include the assets (including the original cost of the property) and liabilities related to the property that are controlled by HRM, the property owner. The assets of the Centre are available for the satisfaction of debts, contingent liabilities and commitments of HRM and not just those liabilities presented in the accompanying balance sheet.

Cash

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

Tangible capital assets

The land, building and equipment utilized and operated by the Centre are owned by HRM and are not included in these financial statements. The cost of the debt and depreciation related to these assets are not recorded

in these financial statements. HRM includes these assets in its financial statements and will capitalize betterments to the facility based on its own accounting policies. Any betterment made to the facility and paid for by the Centre that is not reimbursed by HRM is expensed as the Centre does not control any expected benefits as a result of such expenditures. Such items are included in “Maintenance” on the statement of operations and accumulated surplus.

Prepaid expenses

Prepaid expenses include costs incurred prior to major events and conferences and are charged to expense over the periods expected to benefit from it.

Revenue

Revenue is recognized when the item has an appropriate basis of measurement, a reasonable estimate can be made of the amount involved, and for an item that involves obtaining or giving up future economic benefits, it is expected that such benefits will be obtained or given up. Event deposits are recorded as a liability until the event occurs and the revenue recognition criteria are met. Funds received when these criteria have not been met are recorded as unearned revenue.

Transfers [revenue from non-exchange transactions] are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Expenses

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

3. EMPLOYEE FUTURE BENEFITS

Pension plan

Employees of the Centre participate in the Public Service Superannuation Fund [the “Plan”], a contributory defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Inc., which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total employer contributions for 2017 were \$158,445 [2016 – \$159,145] and were recorded in salaries and administration expense during the year. Total employee contributions for 2017 amounted to \$158,645 [2016 – \$159,633]. The Centre is not responsible for an underfunded liability, nor does the Centre have any access to any surplus that may arise in this Plan and, accordingly, no liability associated with this Plan has been recognized in the financial statements.

Long-term service awards

Up until April 1, 2015, upon retirement, employees were eligible for a public service award equal to one week's salary per year of service to a maximum of 26 weeks' salary. The accrued benefit liability is recorded in the financial statements of Trade Centre Limited, and a portion of the changes in the benefit is allocated to the Centre. During the year, the Centre expensed \$18,680 [2016 – \$27,906] relating to long-term service awards, which is included in salaries and administration expense in the statement of operations and accumulated surplus.

Effective April 1, 2015, the Treasury and Policy Board of the Province of Nova Scotia issued an Administrative Directive permanently curtailing accumulation of service award years for non-bargaining unit employees. The public service award valuation performed as at March 31, 2016 reflected this directive. The figures shown above were extrapolated from the date of the last formal valuation.

4. RELATED PARTY TRANSACTIONS

The Centre had the following transactions with the government and other government-controlled organizations:

	2017	2016
	\$	\$
Energy recoveries received from Trade Centre Limited ^[1]	448,886	500,207
Payroll recoveries paid to Trade Centre Limited ^[2]	3,158,783	3,324,225
Commissions received from Trade Centre Limited ^[3]	74,387	85,915
Net transfers to Halifax Regional Municipality ^[4]	(163,420)	(94,109)
Interest revenue from Halifax Regional Municipality ^[5]	9,182	10,442

[1] Electricity expenses of the shared facility.

[2] Payroll and related costs of the Centre are paid by Trade Centre Limited on behalf of the Centre.

[3] Commissions earned on ticket sales purchased through Ticket Atlantic, a division of Trade Centre Limited.

[4] The Centre does not maintain each year's surplus, or fund each year's deficit, as it is transferred to HRM; in addition, transfers include payment for services rendered by HRM [i.e. police]

[5] Interest earned on cash deposits held on behalf of the Centre by HRM as part of their banking pool arrangement with the bank.

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.

5. FINANCIAL INSTRUMENTS

The Centre'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 and accounts receivable. Financial liabilities consist of the Centre's accounts payable and accrued liabilities, due to HRM and due to Trade Centre Limited. The carrying value of the Centre's financial instruments approximates their fair value. Transaction costs are expensed when incurred.

Risks and uncertainties

The Centre'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 Centre include liquidity risk, capital risk, and credit risk.

Liquidity risk

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

Capital risk

The main objective of the Centre is to promote, manage, develop, and administer the facility on behalf of HRM. The Centre does not maintain any permanent capital as each year's surplus is transferred to HRM.

Credit risk

The Centre'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 Centre requires deposits for events where collectability is uncertain.

6. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Trade Centre Limited's Board of Directors.

7. SUBSEQUENT EVENTS

Effective April 1, 2017, the Halifax Convention Centre Corporation was assigned the Interim Agreement to manage the Centre, on behalf of HRM. In conjunction with the change in governance, and in compliance with the *Halifax Convention Centre Act*, employees of Trade Centre Limited were designated as employees of the new Halifax Convention Centre Corporation on April 1, 2017. The Halifax Convention Centre Corporation will be operated under the name "Events East Group".



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