



 Scotiabank CENTRE

2020-21 Annual Report

Accountability & Performance Analysis

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

We were created in 2014 through the Halifax Convention Centre Act as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM), and we work in collaboration with them to manage our businesses in a responsible and transparent manner. We manage Scotiabank Centre under a long-term management agreement with HRM, which was renewed and approved by Halifax Regional Council in February 2020.

This analysis is presented for the management and operations of Scotiabank Centre, providing management's perspective on performance in key financial and operational outcome areas as outlined in the annual business plan. It is intended to provide a greater understanding of the organization's business strategy and serves as the annual public accountability statement.

Planning & Operating Context

Scotiabank Centre is known as a community icon that serves as a platform for event excitement and vibrancy, driving community and economic impact. With a rich 40+ year history of hosting the best events in sports and entertainment, Scotiabank Centre is the largest multipurpose facility in Atlantic Canada. It serves as the region's premier venue for major entertainment and sporting events and the nucleus 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 creates a variety of event experiences that attract 100-120 events with over 500,000 fans in a typical year. Our anchor tenants include the Halifax Mooseheads, Halifax Thunderbirds, Halifax Hurricanes, and the Royal Nova Scotia International Tattoo.

We are focused on attracting and hosting a strong mix of marquee sporting, entertainment, cultural and tenant event activity that drives economic and community benefits for Nova Scotia. Scotiabank Centre is owned by HRM and is managed and operated on their behalf by Events East. All operating income or losses generated by Scotiabank Centre accrue to HRM and the municipality funds all significant capital improvements.

In April 2018, Armco Capital purchased the World Trade & Convention Centre Office Tower from the Province of Nova Scotia. The purchase resulted in the development of a Shared Services and Facilities Agreement between HRM and Armco Capital, which governs the operation of the physical plant and use of facilities that are shared between the two owners. Scotiabank Centre is the operator of the plant and facilities on behalf of HRM and all associated costs are represented in Scotiabank Centre's financial statements.

Impact of COVID-19

In March 2020, the Province of Nova Scotia announced a recommendation to restrict public gatherings over 150 people to mitigate public health risks associated with the pandemic. The number of people allowed to gather was subsequently reduced through federal and provincial recommendations throughout the year.

As a result, the Scotiabank Centre temporarily closed and all event activity that was planned from March to October 2020 was cancelled or postponed. As cases began to decline, provincial gathering limits were increased within the guidelines as set out in the Health Protection Act Order by the Chief Medical Officer of Health. Scotiabank Centre re-opened in October 2020 to host the Halifax Mooseheads season, however, was temporarily closed again mid-November 2020. Games resumed with fans in attendance in mid-February 2021.

Uncertainty around the ability to host in-person events impacted event promoters' and tenants' ability to plan. As such, the Halifax Hurricanes and Halifax Thunderbirds did not play the 2020-21 season and the Royal Nova Scotia International Tattoo was cancelled. All other event activity, such as concerts and marquee events, were cancelled or deferred to a future date.

The 2020-21 Scotiabank Centre Reconstitution Plan deviated from a typical year and was focused on activities to reconstitute our business. This year's mix of events was exclusive to the Halifax Mooseheads' regular season as well as a few small virtual events, a Halifax Thunderbirds training camp, and the Team Canada Women's training camp. Based on this, our standard strategic measures around the number of events, attendance and resulting direct expenditures were not set for fiscal 2020-21. Our long-term focus remains on driving economic and community impact for Halifax and Nova Scotia through events.

Performance Analysis

Financial Performance

Historically, Scotiabank Centre has operated at a break-even position, hosting a diverse mix of events including tenant activity, entertainment and marquee events. Revenues for 2020-21 were \$1.5M, lower than the revised budget of \$2.3M and prior year of \$9.0M. Revenue for 2020-21 reflects limited event activity and the significant capacity limits in place. Of the total revenue, premium product and corporate partnership revenues were \$750K (2019-20: \$2.8M) and \$473K (2019-20: \$1.0M), respectively. Based on the temporary closures of the facility, and in consultation with HRM, we provided refunds for these long-term partner contracts to address the interruption, mitigate impact, and support client retention.

Operating expenses totaled \$3.2M compared to the revised budget of \$3.8M and prior year of \$7.6M, which includes variable event expenses of \$646K. Certain fixed operating expenses are necessary irrespective of event volume and include salaries, administration, marketing, insurance and rent which totaled \$2.6M. This was consistent with the revised budget and lower than prior year of \$3.0M reflecting cost mitigation strategies implemented during the year.

Shared facilities and building costs of \$1.5M against a revised budget of \$1.1M and prior year of \$2.0M reflect the expenses related to operating the Scotiabank Centre building and the Shared Services and Facilities Agreement between HRM and Armco Capital. Building costs include utilities, facility repair, maintenance, cleaning and security. In 2020-21, approximately \$150K was invested in a previously approved capital project to enhance facility wi-fi technology and guest experience.

Scotiabank Centre's deficit for 2020-21 was \$3.3M compared to a planned deficit of \$2.65M, reflecting the impact of reduced event activity compared to budget and measures put in place to retain our long-term contracts for premium product and corporate partnership.

Returning To Safe Operations

Safe Re-opening Plan

Our core focus for the year was on re-opening and successfully hosting events in alignment with new health and safety parameters. Through ongoing collaboration with the Province of Nova Scotia and Public Health, we developed a robust re-opening framework that detailed a new, enhanced approach to safely hosting the Halifax Mooseheads season at a reduced capacity. Continued compliance with Nova Scotia Occupational Health and Safety protocols as well as Alcohol and Gaming, was critical as we continued to adapt our approach to align with their expectations. This included site visits throughout the year to demonstrate compliance through implementation of our enhanced health and safety protocols.

In partnership with the Halifax Mooseheads, we continued to adapt our service model to align with evolving Public Health guidelines and intermittent facility closures throughout the year.

This included the introduction of zones within the venue with distinct entrances/exits, concessions and washrooms to ensure adherence to public gathering limits and bubble size. Enhanced wayfinding, a street team and staffing by zone were implemented to create a seamless fan experience. Changes to our service model were documented as new event delivery standards and supported by a full training program for all staff.

As one of the only sports and entertainment arenas in the country to host fans for live events throughout the year, we shared our key learnings with other venues and event promoters planning future event activity.

Concessions Service Model

Recognizing the complexity of providing concessions within our new protocols, we worked in close collaboration with our partner, Centerplate, to redesign the service model.

Centerplate successfully implemented in-seat beverage service and select concessions offerings to fans in the stands. We also piloted digital ordering and in-seat service as we prepare for the next phase of in-seat service, a premium offering, which is planned for the 2021-22 season.

Fan Experience

Consistent with our long-term strategy, we continued working on the delivery of our vision for an enhanced fan experience, balanced with health and safety requirements. Supported by a comprehensive fan communications strategy, we implemented a number of key enhancements to help create a seamless experience.

A shift to digital ticketing was core to our strategy, offering an easy, contactless service that allowed fans to purchase and download tickets on their mobile devices. While digital ticketing has been a service offering for a number of years, the impact of the pandemic and demand for contactless service options helped expedite this transition. Implementation was supported by educational tools that helped fans learn how to manage their digital tickets and provided us with key learnings and insights as we continue the next phase of this strategy.

Business Retention

Partnerships & Premium Seating

Recognizing the impact of a reduced event calendar on our corporate partners as well as our Premium Seating customers, we shifted from revenue growth to a retention strategy to maintain existing partnerships and the confidence of these critical customers. Core to this approach was providing added value to our partners, as well as refunds to reflect the closure of the facility and the interruption to event activity. These multi-year agreements were adjusted throughout the year to address the ongoing impacts of COVID-19.

Enhanced value was provided to partners through a series of tactics including a feel-good marketing initiative, Scotiable Proud, a multi-platform campaign that highlighted the community efforts of our partners throughout the pandemic. Leveraging our media partnerships, the campaign had provincial reach with over 1M impressions, helping to demonstrate our commitment to our partners and showcase their important work.

At year end, we had renewed the following key category partnerships: Labatt, NS Gaming (Support4Sport, Support4Culture) and The Printing House, and we continued to renew multi-year leases in Premium Seating.

Service Model

Recognizing the importance of continuing to provide enhanced service and value to our Premium Seating clients, we introduced the new role of Premium Services Manager. This role provides day-to-day service to our clients, including pre-event communication, support with ticketing, and general client service as well as on-site client support for all events and leading the Premium Seating team.

This role was critical as we implemented our zone philosophy throughout the venue, including in Premium Seating, that was in line with our safe re-opening plan. Premium Seating clients had designated entrances by zone, with hosts at all entry and exit points to support wayfinding and provide a more personalized service approach.

The first phase of digital ticketing was also introduced to Premium Seating clients, helping to simplify the process of managing season tickets for Skybox and Executive Suite hosts and guests.

Community Alignment

Fan Engagement

A comprehensive fan communications strategy was implemented to create awareness, understanding and adoption of new health and safety protocols prior to and throughout the 2020-21 season. This included enhanced pre-game communication through digital platforms, supported by an advertising campaign, social media and on-site wayfinding and signage.

Our outdoor street team provided an enhanced level of fan engagement, helping to reinforce and ensure compliance with health and safety protocols while also creating connections with our fans. It also helped to create the energy and excitement of live events and provided valuable customer insights that will influence future communication and engagement strategies.

During the closure periods, we maintained fan engagement through a series of social media and advertising campaigns, including the Scotiabank Proud campaign, as well as a holiday thank you campaign targeting our fans and clients.

Community Activity

Recognizing the important role our venue and the events we host play in creating energy in our downtown, we looked for opportunities throughout the year to leverage the impact of the Halifax Mooseheads season and continue to support our downtown neighbours.

In partnership with HRM, we hosted their annual Canada Day and New Year's Eve concerts by providing Scotiabank Centre as the backdrop for a virtual event experience that was broadcasted live. These events helped create engagement, celebration and a sense of normalcy during an uncertain time for our community.

Additionally, we provided ice rentals to community groups, allowing recreational hockey practices and games to continue throughout the year.

Safe Return To Work

Resourcing Strategy

Based on the impacts of COVID-19 throughout the year, we implemented a multi-phased temporary resourcing strategy to align with event mix and business needs.

In line with Public Health guidelines, salaried resources operated on a temporary work from home approach for a portion of the year. Some salaried operational positions were redeployed from their traditional roles to support 24/7 facility monitoring and other internal operational needs. Other resources remained focused on immediate operational and business impacts. Variable, event-based staff were given notice of a temporary layoff due to the ongoing impact on event activity. Some of these staff members were recalled later in the year to support event operations for the Halifax Mooseheads season.

We also implemented a vacancy management strategy across the organization through retirements and attrition, as well as a temporary hiring freeze.

Training

In conjunction with our phased return to on-site work that began in June 2020, a series of training and workshops were completed with a focus on our new, enhanced health and safety procedures. Staff were educated on best practices related to COVID-19 self-assessments, facility etiquette, mask wearing, hand hygiene, cleaning and safety check-ins. New standards were developed and implemented across our administrative offices and facility to ensure the health and safety of our staff, suppliers and fans.

All returning variable, event-based staff completed mandatory return-to-work training on new operational standards, cleaning protocols and customer service.

In addition to health and safety training, we implemented the first in a series of Diversity & Inclusion education sessions for our management team. An organizational diversity and inclusion framework has been identified as a key priority for fiscal 2021-22.

Responsible Operations

Shareholder Collaboration

With continued changes to health and safety protocols and resulting impacts on our business, we worked in close collaboration with our shareholder, HRM, on the reconstitution of our operations throughout the year. This included key decisions on our safe re-opening plan, which was reviewed and approved by Public Health, as well as client retention strategies to maintain core revenue streams for future years.

Additionally, we implemented a framework to support the governance of the Scotiabank Centre Management Agreement with HRM. This included establishing processes around financial reporting, capital project planning and ongoing consultation on strategic decisions.

Pandemic Preparedness & Response

We have a robust Pandemic Preparedness Framework in place which was implemented and updated throughout the year based on key learnings. This included venue-specific guidelines around employee, fan and tenant communication and continued adoption of new health and safety protocols.

Monitoring of Public Health directives was ongoing throughout the year to ensure alignment and coordination in the reconstitution of our business and re-opening of our venue.

Mitigation Strategies

Several financial management strategies were implemented throughout the year and will continue into next fiscal based on impacts to the sports and entertainment sector and the ongoing operations of Scotiabank Centre.

This included temporary resourcing and vacancy management strategies, limiting repairs and maintenance to preventative only, continued reduced departmental discretionary and routine spending, reduced professional fees (such as audit and legal), and reduced business development activities.

Capital Improvements

During the closure period, we worked with HRM to identify and implement a number of capital projects to support necessary building improvements. This included replacement of the switchgear, which supports facility power and was a critical infrastructure enhancement to ensure future efficiencies.

Additionally, we completed the full installation of wi-fi, renovated the ammonia plant and completed a series of exterior facility repairs.

Outcomes & Performance Measures

Key performance and operational outcome areas against our 2020-21 Reconstitution Plan include:

Strategic Goal	Measure	2020-21 Target	2020-21 Actual
Business Retention	Revenue generation	Meet revenue target through retention of Premium Seating clients and corporate partners.	Due to closures, capacity limits and reduced event activity, overall revenue targets were not met; temporary refunds were provided for multi-year contracts to support long-term retention.
Returning to Safe Operations	Safe hosting protocols	Implement protocols and operational standards to re-open and successfully host events in 2020-21, within public health guidelines.	Successfully re-opened in October 2020 with new health and safety protocols; hosted Halifax Mooseheads regular season. Achieved compliance with Nova Scotia Occupational Health & Safety protocols with eight inspections throughout the season.
Safe Return to Work	Return to work program	Implement a phased return to work program based on event calendar.	Salaried staff returned to work in phases throughout the year to align with business needs; some variable staff were recalled to support event operations.
Responsible Management	Financial mitigation and overall performance	Work within \$2.65M shareholder investment.	Shareholder investment was \$3.3M, an increase of \$650K from target, reflecting the financial impact of the shareholder-approved client retention strategies.



 Scotiabank CENTRE

2020-21

Financial Statements

Management's Report

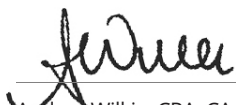
The financial statements of Scotiabank Centre have been prepared by management of Events East Group based on the financial reporting provisions prescribed in the Management Agreement [the "Agreement"], between Halifax Regional Municipality and Events East Group dated February 5, 2020. Management has applied the principles of Canadian public sector accounting standards, and the integrity and objectivity of these financial statements are management's responsibility. Management is responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

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

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

On behalf of Events East Group:



Andrea Wilkie, CPA, CA
Vice President, Finance & Corporate Services



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 Scotiabank Centre [the "Centre"], which comprise the statement of financial position as at March 31, 2021, and the statement of operations and accumulated surplus (deficit), statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in all material respects, in accordance with the financial reporting provisions described in note 2 to meet the requirements of the Management Agreement dated February 5, 2020 [the "Agreement"] between Halifax Regional Municipality and Events East Group.

Basis of opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Centre 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.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Centre in complying with the financial reporting provisions as described in note 2 to meet the requirements of the Agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Centre, Halifax Regional Municipality and Events East Group and should not be used by parties other than the Centre, Halifax Regional Municipality or Events East Group. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so,

consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions as described in note 2 to meet the requirements 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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.

Ernst + Young LLP

Chartered Professional Accountants
Halifax, Canada
June 28, 2021

Statement of Financial Position

As at March 31

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	1,252,726	3,019,041
Due from Halifax Regional Municipality, net <i>[note 4]</i>	1,508,389	33,430
Accounts receivable	1,213,072	1,416,595
Total financial assets	3,974,187	4,469,066
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	610,039	597,161
Due to Events East Group <i>[note 4]</i>	2,966,734	3,242,883
Unearned revenue	468,962	667,659
Total financial liabilities	4,045,735	4,507,703
Net debt	(71,548)	(38,637)
NON-FINANCIAL ASSET		
Prepaid expenses	71,548	38,637
Accumulated surplus (deficit)	—	—

See accompanying notes

On behalf of the Board:


 _____ Director


 _____ President

Statement of Operations and Accumulated Surplus (Deficit)

Year ended March 31

	2020 \$	2020 \$	2019 \$
	<i>[revised budget]</i>		
REVENUE [NOTE 4]	2,265,000	1,453,596	9,042,198
EXPENSES			
Events	1,215,000	645,962	4,575,865
Salaries <i>[notes 3 and 4]</i>	2,145,000	2,129,710	2,199,636
Administration and technology	143,030	177,751	247,972
Marketing and promotions	120,607	125,397	136,577
Operations	48,300	46,614	292,502
Insurance and rent	95,063	97,273	111,715
	3,767,000	3,222,707	7,564,267
Annual (deficit) surplus before shared facilities and building costs	(1,502,000)	(1,769,111)	1,477,931
Shared facilities and building costs, net <i>[note 1]</i>	1,148,001	1,530,643	2,012,008
Annual Deficit	(2,650,000)	(3,299,754)	(534,077)
Transfer from Halifax Regional Municipality <i>[note 4]</i>	2,650,000	3,299,754	534,077
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—	—
Accumulated surplus (deficit), beginning of year	—	—	—
Accumulated surplus (deficit), end of year	—	—	—

Related party transactions *[note 4]*

See accompanying notes

Statement of Changes in Debt

Year ended March 31

	2021 \$	2020 \$
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—
(Increase)/decrease in prepaid expenses	(32,911)	16,267
(Increase)/decrease in net debt	(32,911)	16,267
Net debt, beginning of year	(38,637)	(54,904)
Net debt, end of year	(71,548)	(38,637)

See accompanying notes

Statement of Cash Flows

Year ended March 31

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—
Net change in non-cash working capital balances		
Accounts receivable	203,523	(298,212)
Accounts payable and accrued liabilities	12,878	(472,345)
(Increase)/decrease in due from Halifax Regional Municipality	(1,474,959)	494,301
(Decrease)/increase in due to Events East Group	(276,149)	2,383,221
Decrease in unearned revenue	(198,697)	(20,272)
(Increase)/decrease in prepaid expenses	(32,911)	16,267
Cash (used in) provided by operating activities	(1,766,315)	2,102,960
Net (decrease)/increase in cash during the year	(1,766,315)	2,102,960
Cash, beginning of year	3,019,041	916,081
Cash, end of year	1,252,726	3,019,041

See accompanying notes

Notes to Financial Statements

1. Nature of operations

Scotiabank Centre [the "Centre"] is a sports and entertainment complex owned by the Halifax Regional Municipality ["HRM"]. The Centre is an asset of HRM and is not a separate legal entity. All operating surpluses or deficits generated by the Centre accrue to HRM and the municipality funds all significant capital improvements.

The Centre is operated by Events East Group ["Events East"] on behalf of HRM under a Management Agreement [the "Agreement"] dated February 5, 2020 which outlines Events East's management of the Centre. The Agreement is for a term of five years and may be renewed upon mutual agreement of Events East and HRM for two additional five-year terms.

Effective April 9, 2018, a Shared Services and Facilities Agreement ["SSFA"] was signed between HRM and an external third party. The agreement directs the shared operation of the former World Trade and Convention Centre ["WTCC"] building, including the Office Tower, and the Scotiabank Centre building, which share common spaces and facilities that are integral to the operation of both the former WTCC building and the Centre. Events East, as manager of the Centre, is assigned by HRM as operator of the SSFA on HRM's behalf. As such, all shared facilities operations, expenses and recoveries from the third party are recognized in the Centre's financial statements.

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 Agreement dated February 5, 2020 between HRM and Events East.

Accordingly, these financial statements include only the operating results of the Centre as managed by Events East 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 statement of financial position.

Cash

Cash is comprised 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 in the period they are incurred.

Prepaid expenses

Prepaid expenses include costs incurred prior to major events and are charged to expense when the event occurs.

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. Funds received when these criteria have not been met are recorded as unearned revenue.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year are expensed.

3. Employee future benefits

Pension plan

Employees of the Centre participate in the Public Service Superannuation 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 2021 were \$214,856 [2020 - \$208,138] and were recorded in salaries during the year. Total employee contributions for 2021 amounted to \$213,938 [2020 - \$208,163]. The Centre is not responsible for any underfunded liability, nor does the Centre have 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.

4. Related party transactions

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

	2021 \$	2020 \$
Payroll recoveries paid to Events East ^[1]	(3,070,344)	(3,984,021)
Commissions received from Events East ^[2]	2,520	95,924
Net transfers from Halifax Regional Municipality ^[3]	1,281,667	450,339
Interest revenue from Halifax Regional Municipality ^[4]	15,393	33,369
Transactions with Events East ^[5]	(192,769)	(312,083)

- [1] Payroll and related costs of the Centre were paid by Events East on behalf of the Centre.
- [2] Commissions earned on ticket sales purchased through Ticket Atlantic, a division of Events East.
- [3] Transfers throughout the year include deficit funding net of payment for policing services rendered by HRM.
- [4] Interest earned on cash deposits held on behalf of the Centre by HRM as part of their pooling arrangement with the bank.
- [5] Events East and the Centre had a variety of intercompany transactions throughout the year related to allocation of general expenses, paid by Events East on behalf of the Centre.

These transactions are in the normal course of operations and are measured at the exchange amount which is the 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 and risk management

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, accounts receivable and due from Halifax Regional Municipality. Financial liabilities consist of the Centre's accounts payable and accrued liabilities, and due to Events East Group. 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 or deficit 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 where collectability is uncertain.

6. Budgeted figures

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

7. COVID-19 impact

The global crisis resulting from the spread of the coronavirus disease ["COVID-19"] has had a substantial impact on the Centre's operations for the year ended March 31, 2021. The spread of COVID-19 has and continues to have a local, national and international impact. Measures taken to contain the spread of the virus, including restrictions on public gatherings, travel restrictions, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to the Centre's operations. The Company cannot currently estimate the duration or future negative financial impact of the COVID-19 pandemic, however, it is expected that as the vaccine is successfully rolled out and gathering and travel restrictions ease, recovery of the event and entertainment industry will occur.

The Centre has used the best information available as at March 31, 2021, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities. Actual results could differ from those estimates. The Centre considers the estimates that could be most significantly impacted by COVID-19 to include the estimated credit losses on accounts receivable. Any resulting deficits in future periods due to the impact of the COVID-19 pandemic on operations will be fully funded by the Centre's shareholder, HRM.