

CONNECTING THE WORLD TO THE CENTRE OF ENERGY

CALGARY TELUS CONVENTION CENTRE 2014 ANNUAL REPORT

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and General Manager

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to the Centre of Energy

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MESSAGE FROM THE CHAIR AND GENERAL MANAGER

This past year the Calgary TELUS Convention Centre (CTCC) celebrated its 40th anniversary. Since our opening in 1974 by Prime Minister John Diefenbaker, the CTCC has welcomed some two million visitors, hosted thousands of meetings, conventions and social events and generated hundreds of millions of dollars in economic impact.

Our greatest accomplishment is the connections we've helped people make. The very purpose of meetings and conventions is to bring people together so they can share ideas, solve problems, and celebrate accomplishments. Through being a catalyst for connectivity we contribute to economic growth and diversity.

Connections formed at the CTCC in downtown Calgary are immediate and often outlast the events themselves – by years.

For example, in 2000 the World Petroleum Congress (the first event held in the newly expanded CTCC) connected an entire Canadian industry to its counterparts around the world, solidifying its role in a global community. The CTCC proudly serves people, associations, organizations and industries from around the world. Of course, our first priority has always been to serve Calgarians. We go beyond our mandate to manage, market and operate our facility and showcase the city and the province.

Like well-run convention centres around the globe, the CTCC increasingly connects meeting goers to one another as well as to Calgary's people, knowledge and opportunities.

We are looking beyond the benefits of travel and tourism and approaching meetings and conventions in targeted niche markets to leverage economic development.

We will seek events that align with Calgary's core industry sectors and with Calgary Economic Development's 10-year Economic Strategy. Over the coming months we will review and assess our operations and strategies to maintain the financial sustainability of the CTCC.

Above all else, we will connect

TOM BORNHORST
CHAIR
CALGARY CONVENTION
CENTRE AUTHORITY

MARCIA LYONS
GENERAL MANAGER
CALGARY TELUS
CONVENTION CENTRE

CONNECTING PEOPLE

PETER GARRETT
CEO
INNOVATE CALGARY

“Events at the Convention Centre are really important to developing the whole innovation ecosystem”

To be a meaningful contributor to Calgary’s 10-year Economic Strategy, the Calgary TELUS Convention Centre will become more than a place to meet.

Increasingly, our work will revolve around connecting visitors and Calgarians, the city’s greatest resource.

“People represent opportunities,” says [Jim Gray](#), chair of the Energy Group of Brookfield Asset Management Inc. “People don’t come here and look at an oilfield. They look for relationships. They look for people.”

For good reason. Calgary’s rich supply of highly educated workers includes Canada’s largest concentration of engineering and engineering technology talent.

[Gareth Lewis](#), the honorary consul for Morocco, describes Calgary as “arguably the smartest city in Canada. You’ve got a large cohort of well-educated, professionals who are ambitious, eager and driven.”

Calgarians are also young, vibrant and entrepreneurial – with a can-do spirit as renowned as the city’s Rocky Mountain skyline.

By connecting Calgarians and visitors through congresses, conventions, meetings and events, CTCC will leverage economic activities that go beyond the tourism and hospitality sector.

“Networking events, events where people have the opportunity to identify problems and bring solutions to them, create opportunity. Events at the Convention Centre are really important to developing the whole innovation ecosystem,” says Innovate Calgary’s CEO, [Peter Garrett](#).

Likewise, events are a powerful way to attract business investors and decision-makers to Calgary.

“The more entrepreneurial thinkers we have coming into the marketplace, the more that injects thought-leaders into our economy and drives it forward,” says [Clark Grue](#), president and CEO of Rainmaker Global Business Development.

MARY MORAN
PRESIDENT AND CEO
CALGARY ECONOMIC DEVELOPMENT

“We could be bringing energy-related conferences to Calgary, particularly ones that create dialogue and debate with the idea of solving problems in the energy industry”

JIM GRAY
CHAIR
ENERGY GROUP OF BROOKFIELD
ASSET MANAGEMENT INC.



*“People don’t come here
and look at an oilfield.
They look for relationships.
They look for people”*

CONNECTING KNOWLEDGE

The knowledge economy is on our doorstep. More than ever, business and public sectors here and around the world are seeking specialized knowledge, information and high skill levels.

As part of the Calgary TELUS Convention Centre's strategy to become more than a place to meet, we will focus on connecting international visitors to Calgary's deep reserves of knowledge.

And vice versa.

"Calgarians fly all over the world to energy-related conferences. We could be bringing some of those conferences to Calgary, particularly ones that create dialogue and debate with

the idea of solving problems in the energy industry. It would strengthen our position as a leader in responsible energy development," says Mary Moran, president and CEO of Calgary Economic Development.

Through our Ambassador program, we'll work to promote and showcase leadership and expertise in all Calgary sectors. Through the program, we help organizers plan all aspects of their meetings and conventions – and to share their knowledge with attendees.

Dr. Jackie Sieppert, dean of the Faculty of Social Work at the University of Calgary, worked with the CTCC to bring the 2016 Congress for the International Society for the Prevention of Child Abuse and Neglect to the city.

"Hosting this conference allows us and the community to showcase the leading example we've got developing here," Sieppert says. "And by bringing 2,000 international experts here we will engage in conversations that I think will shape services in our communities long past the congress itself."

DR. JACKIE SIEPERT
DEAN, FACULTY OF SOCIAL WORK
UNIVERSITY OF CALGARY

↓
"By bringing 2,000 international experts here we will engage in conversations that I think will shape services in our communities long past the congress itself"

HANAN CHEBIB
DIRECTOR, CREATIVE EXPERIENCES
BEAKERHEAD



**“This is a place
where you can
actually be a bit
of a maverick”**

CONNECTING OPPORTUNITIES

Whether Calgary's economy is leading, lagging or recovering, it is always filled with opportunities.

As a contributor to Calgary's 10-year Economic Strategy, we will plan and host meetings and events that connect people to those opportunities.

"This is where inward investment has fantastic opportunity," says [Bruce Graham](#), former president and CEO of Calgary Economic Development. "Development plans and processes for solving the problems of today and tomorrow are likely going to happen here because we have the intellectual capital and facilities to foster shared knowledge."

Calgary's entrepreneurial spirit and penchant for technology help put its opportunities within grasp.

"We have what's known as an early adapter mentality," says [Deb Yedlin](#), an energy columnist with the Calgary Herald. "We adopt and take on technology faster than anyone else in the country. This is a very technically advanced city and it's a city that's open to a lot of new ideas."

Calgarians also embrace daring ideas.

"This is a place where you can actually be a bit of a maverick," says [Hanan Chebib](#), the director of Creative Experiences, Beakerhead, Calgary's engineering, technology and arts organization.

"If you have a bit of a crazy idea people will say 'okay, let's give that a try. I might know someone who can help you out with that.'"

That attitude – which forms the backbone of business in Calgary – is itself an opportunity.

"The opportunity is for not only moving here, starting here and thriving here, but the community of volunteerism that exists here is very willing to accept and very open to supporting new businesses," says

[Andrew Mosker](#), president and CEO of the new National Music Centre.

ANDREW MOSKER
PRESIDENT AND CEO
NATIONAL MUSIC CENTRE



"The community of volunteerism that exists here is very willing to accept and very open to supporting new businesses"

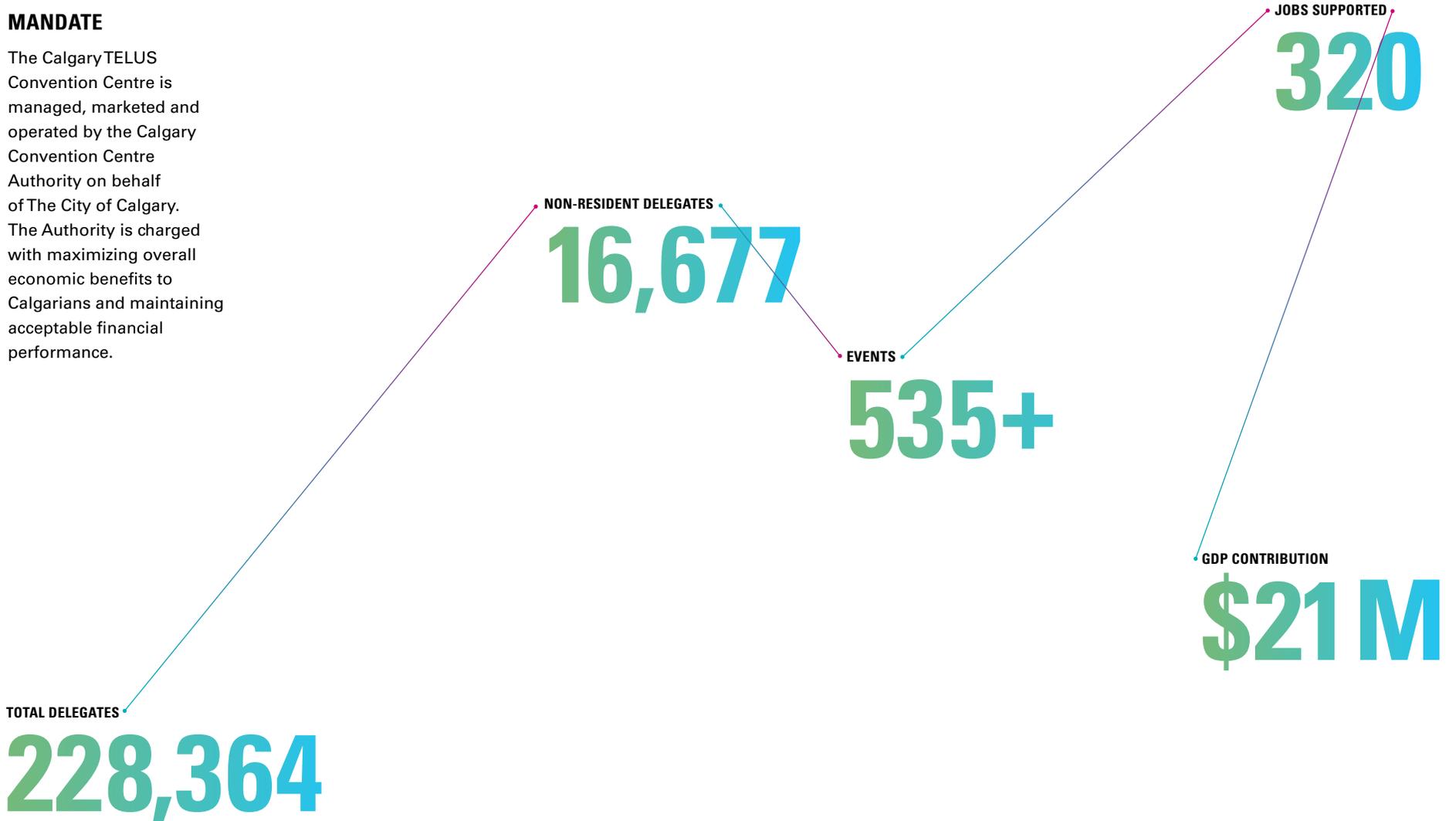


BRUCE GRAHAM
FORMER PRESIDENT AND CEO
CALGARY ECONOMIC DEVELOPMENT

***“Solving the problems
of today and tomorrow
is likely going to happen
here because we have
the intellectual capital”***

MANDATE

The Calgary TELUS Convention Centre is managed, marketed and operated by the Calgary Convention Centre Authority on behalf of The City of Calgary. The Authority is charged with maximizing overall economic benefits to Calgarians and maintaining acceptable financial performance.



CALGARY CONVENTION CENTRE AUTHORITY (CCCA) BOARD MEMBERS

Tom Bornhorst

Chair, CCCA Board,
Dean, School of
Hospitality and Tourism,
SAIT Polytechnic

Diane Colley-Urquhart

Councillor, City of Calgary

Darren Demchuck

Chair, CCCA Audit and
Finance Committee,
Partner, Private Enterprise,
MNP, LLP

Sam Goresht

President, Cameo
Investments Ltd.

Kurt Hanson

Director, Recreation –
Community Services,
City of Calgary

Lois Lockwood

President, Scout
Communications Inc.

Levonne L. Louie

Vice President, Land,
Quicksilver Resources
Canada Inc.

Marcia Lyons

General Manager, Calgary
TELUS Convention Centre

Naheed Nenshi

Mayor, City of Calgary

Danny Russell

Georgine Ulmer
President, Churchill
Strategies Inc.

Leslie Weekes

Barrister & Solicitor,
Carscallen, LLP

PARTNERSHIPS

Together with these partners, we promote the benefits of meeting in Calgary – and at the Calgary TELUS Convention Centre (CTCC).

Meetings +

Conventions Calgary

A major and successful alliance, Meetings + Conventions Calgary (MCC) was jointly founded by the Calgary Hotel Association and the CTCC. The organization promotes Calgary's many attributes and markets the city's meeting and convention facilities, hotels and attractions to targeted decision-makers.

Calgary Economic Development

Calgary Economic Development and CTCC work on a number of initiatives to market Calgary to the world. One of the most recent is the Be Part of the Energy campaign, which invites Calgarians to tell stories about our city's changing arts and culture scene, unmatched lifestyle and leading business and career opportunities.

Travel Alberta

CTCC and Travel Alberta work together on a number of national and international marketing initiatives, including tradeshow and client events. We also support Travel Alberta's efforts in the meeting, convention and incentive travel (MC&IT) market.

Energy Cities Alliance

Calgary and four other leading energy-producing cities (Aberdeen, Scotland; Abu Dhabi, United Arab Emirates; Stavanger, Norway; and Perth, Australia) work in tandem to generate economic and social benefits through business events and links its members to a network of world-class convention bureaus and centres.

Destination Canada

This national marketing partnership between the tourism industry and federal, provincial and municipal governments focuses on bringing the world to Canada. We work with Destination Canada at tradeshow in the United States and other international markets.

INDUSTRY MEMBERSHIPS

CTCC belongs to numerous local, national and international organizations, including:

- International Association of Congress Centres
- Convention Centres of Canada
- International Congress and Convention Association
- International Association of Assembly Managers
- Meeting Professionals International
- Professional Convention Management Association
- American Society of Association Executives
- Canadian Society of Association Executives
- International Association of Venue Managers
- Calgary Chamber of Commerce
- Calgary Downtown Association
- Tourism Calgary

OPERATING AGREEMENTS

The CCCA has operating agreements in place to:

- Provide maintenance, repair, cleaning and janitorial services to the Glenbow Museum; with The City of Calgary
- Maintain and repair City of Calgary-owned retail spaces in the CTCC's North Building
- Operate and maintain the shared loading dock in the North Building; with The City of Calgary and Balboa Land Investments
- Give exclusive rights to all food and beverage services in the CTCC to the attached hotel; currently with the Calgary Marriott Downtown
- Manage Meetings + Conventions Calgary; with Calgary Hotel Association
- Assign naming rights to Calgary Convention Centre; with TELUS.

OPERATIONAL HIGHLIGHTS

REVENUES

Meetings and events	\$ 22.51 million
City of Calgary grant	\$ 1.70 million
TOTAL	\$ 24.21 million
MCC	\$ 2.41 million

EXPENSES

Operating	\$ 24.04 million
MCC	\$ 2.41 million

BEFORE AMORTIZATION & MRR

Net	\$ 0.17 MILLION (\$0.40 million)
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CAPITAL IMPROVEMENTS

CTCC	\$ 0.65 million
Glenbow (City of Calgary/MSI)	\$ 1.55 million

RESERVES

Total operating reserve	\$ 4.20 million
Major replacement reserve	\$ 33,104

RESULTS

Total delegates	228,364
Non-resident delegates	16,677
Conventions	23
Trade and consumer shows	14
Meetings and social events	535
Total direct spending: non-Albertans*	\$ 27.0 million
Contribution to GDP*	\$ 21.0 million
Occupancy (Macleod Hall)	70%
Occupancy (Exhibition Hall)	61%
Jobs supported*	320

*(Source: Sentsis; 5 year average)

MANAGEMENT DISCUSSION AND ANALYSIS

Calgary's exceptionally strong economy stumbled in the fall of 2014 with a sharp drop in worldwide oil prices.

This accelerated a slow decline in the number of annual events at the CTCC in recent years. In 2011, when the meeting and convention industry was still recovering from the effects of the 2007 global recession, the CTCC hosted 649 events, compared to 572 events in 2014, the year of our 40th anniversary.

While the actual annual number of CTCC delegates and attendees has only changed slightly (220,841 in 2011, compared to 228,364 in 2014), increasingly visitors are from Calgary and Alberta. This translates into considerably less direct spending in areas such as transportation, accommodation, food and beverage, shopping and sightseeing.

Another significant factor driving these changes is the continued erosion of our competitive position. The size of our current facility, originally completed in 1974 then expanded and renovated in 2000, precludes us from hosting most large-scale top-tier events.

During the past 10 years, we completed a number of feasibility studies and expansion plans to meet the growing demand for meeting and convention space in the Calgary marketplace. A proposal to secure suitable land for an expansion in downtown Calgary failed to gain approval from Calgary's City Council in April 2014.

In the face of this development, we are considering new strategies and identifying new priorities to capture business from targeted niche markets. At the same time, we are examining all aspects of our activities to find operational efficiencies and cost controls.

While we clearly recognize the economy in 2015 will be challenging, we have committed to:

- Strengthen our role as an economic driver for Calgary and Alberta
- Assess potential new revenue streams
- Maintain a culture that encourages employee development and retention
- Invest in required capital requirements (immediate need \$4.35 million).

Additional 2014 Highlights

- Capital upgrades to meeting rooms, lighting, technology, and machinery
- Launched employee innovation program and Canadian Anti-Spam Legislation (CASL) policy
- Expanded the Calgary Champion Program; continued to build upon Ambassador Program
- Made numerous cost-saving and operating efficiencies
- Celebrated 40 years in the community.

INDEPENDENT AUDITOR'S REPORT

To the Directors of the Calgary Convention Centre Authority:

We have audited the accompanying financial statements of the Calgary Convention Centre Authority, which comprise the statement of financial position as at December 31, 2014 and the statements of revenue, expenses and operating reserve, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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.

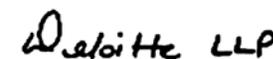
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers 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 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 the Calgary Convention Centre Authority as at December 31, 2014 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants
June 3, 2015
Calgary, Alberta

**THE CALGARY CONVENTION CENTRE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	1,828,520	452,696
Restricted cash (Note 12)	97,830	92,700
Accounts receivable	2,151,777	2,161,573
Due from The City of Calgary – major replacement reserve	253,392	302,534
Investments (Note 5)	5,937,709	9,059,658
	10,269,228	12,069,161
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Notes 8 and 12)	6,169,185	7,724,167
Client deposits	2,186,986	1,999,913
	8,356,171	9,724,080
NET FINANCIAL ASSETS	1,913,057	2,345,081
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	2,306,917	2,270,981
Prepaid expenses	69,699	117,136
	2,376,616	2,388,117
ACCUMULATED SURPLUS IS REPRESENTED BY		
Major replacement reserve (Note 4)	33,105	73,393
Operating reserve	4,256,568	4,659,805
	4,289,673	4,733,198

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board



TOM BORNHORST
Chair, Calgary Convention
Centre Authority



DARREN DEMOHUK
Chair, Audit & Finance Committee,
Calgary Convention Centre Authority

**THE CALGARY CONVENTION CENTRE AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND OPERATING RESERVE
YEAR ENDED DECEMBER 31, 2014**

	2014		2013
	Budget (Note 11)	\$	\$
REVENUE			
Operating (Note 12)	24,954,195	22,508,086	24,294,441
Grants from The City of Calgary	1,697,210	1,701,383	1,699,838
	26,651,405	24,209,469	25,994,279
EXPENSES			
Administrative and general	2,186,853	2,180,345	2,209,106
Amortization	588,000	616,206	512,006
Marketing	1,680,104	1,790,371	1,827,353
Operations and maintenance (Note 12)	22,528,537	20,066,072	21,019,520
	26,983,494	24,652,994	25,567,985
(Deficit) excess of revenue over expenses	(332,089)	(443,525)	426,294
Major replacement reserve (Notes 4 and 10)	-	40,288	49,142
Loss on disposal of tangible capital assets	-	-	(1,808)
Operating (deficit) surplus for the year	(332,089)	(403,237)	473,628
Operating reserve, beginning of year	4,659,805	4,659,805	4,186,177
OPERATING RESERVE, END OF YEAR	4,327,716	4,256,568	4,659,805

The accompanying notes to the financial statements are an integral part of this financial statement.

**THE CALGARY CONVENTION CENTRE AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
OPERATING (DEFICIT) SURPLUS FOR THE YEAR	(403,237)	473,628
Amortization	616,206	512,006
Loss on disposal of tangible capital assets	-	1,808
Proceeds from disposal of tangible capital assets	-	21,000
Change in prepaid expenses	47,437	(24,988)
Allocation to major replacement reserve	180,000	180,000
Usage of major replacement reserve	(220,288)	(229,142)
Purchases of tangible capital assets	(652,142)	(838,872)
(Decrease) increase in net financial assets	(432,024)	95,440
Net financial assets, beginning of year	2,345,081	2,249,641
NET FINANCIAL ASSETS, END OF YEAR	1,913,057	2,345,081

The accompanying notes to the financial statements are an integral part of this financial statement.

**THE CALGARY CONVENTION CENTRE AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Operating (deficit) surplus for the year	(403,237)	473,628
Items not affecting cash and equivalents		
Amortization	616,206	512,006
Loss on disposal of tangible capital assets	-	1,808
	212,969	987,442
Changes in non-cash working capital balances		
Accounts receivable	9,796	311,685
Accounts payable and accrued liabilities	(1,630,292)	2,390,309
Client deposits	187,073	(294,766)
Prepaid expenses	47,437	(24,988)
Major replacement reserve	(40,288)	(49,142)
	(1,213,305)	3,320,540
INVESTING ACTIVITIES		
Purchases of tangible capital assets	(652,142)	(838,872)
Proceeds from disposal of tangible capital assets	-	21,000
Change in restricted cash	(5,130)	(49,481)
Proceeds from (purchase of) short-term investments	3,121,949	(2,649,831)
Changes in non-cash working capital balances		
Due from The City of Calgary - major replacement reserve	49,142	9,434
Accounts payable and accrued liabilities	75,310	131,077
	2,589,129	(3,376,673)
Net increase (decrease) in cash and cash equivalents	1,375,824	(56,133)
Cash and cash equivalents, beginning of year	452,696	508,829
CASH AND CASH EQUIVALENTS, END OF YEAR	1,828,520	452,696

The accompanying notes to the financial statements are an integral part of this financial statement.

THE CALGARY CONVENTION CENTRE AUTHORITY NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014

Note 1 The Calgary Convention Centre Authority

The Calgary Convention Centre Authority (the "Authority" or "CCCA") is incorporated under the laws of the province of Alberta and operated as the Calgary TELUS Convention Centre (the "Centre") pursuant to an operating agreement between the Authority and The City of Calgary ("The City"). The land, building, furniture and equipment are owned by The City, which also contributes a grant towards the operating costs of the Centre. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses. Surpluses are placed in an operating reserve and are used to cover capital expenditures, extraordinary expenditures and any annual deficits, which may be incurred.

Under an extended lease agreement to expire in 2039, the Calgary Marriott Downtown acts as the exclusive caterer to the Centre.

Note 2 Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards ("PSAS"). The Authority's significant accounting policies are as follows:

INVESTMENTS

Investments represent Guaranteed Investment Certificates ("GIC") with original maturities greater than 90 days. Investments are recorded at fair value.

CLIENT DEPOSITS

Client deposits represent amounts received from customers for events that have not yet occurred. These amounts are recognized as revenue in the period when the related event occurs.

REVENUE RECOGNITION

Revenue comprises revenues earned from convention services, functions, food and beverage services and grant revenue received from The City. Revenues for convention services, functions and food and beverage services are recognized when the service is performed, the price is determinable and collection is reasonably assured. Grant revenue is received from The City on a quarterly basis. A proportionate amount is recognized each month. Revenue and expenses are recognized on a gross basis.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. Donated assets are recorded as capital items, with the offset to revenue at their estimated fair value upon acquisition. Interest charges are not capitalized. The cost, less residual value, of tangible capital assets is amortized on a straight-line or declining-balance basis over the assets' estimated useful lives as follows:

Renovations	3-year straight-line
Building enhancements	20% declining-balance
Computer equipment	55% declining-balance
Other equipment	20% declining-balance

Revenue from government grants and transfers relating to capital acquisitions will be recognized on a straight-line basis as the capital expenditure is incurred.

IMPAIRMENT OF TANGIBLE CAPITAL ASSETS

Tangible capital assets are reviewed periodically for impairment. An impairment loss will be recognized in the period when the service potential of a capital asset will be either substantially reduced or eliminated altogether by an intervening event such as natural disaster, accident and obsolescence.

USE OF ESTIMATES

The financial statements are prepared in accordance with PSAS, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue, expenses and operating reserve during the year. Items subject to estimation include the valuation allowance pertaining to receivables, estimated useful lives, amortization and potential impairment of tangible capital assets, and the impact of contingencies on accrued liabilities. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Note 3 Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term GICs with original maturities of 90 days or less at the date of acquisition and are recorded at cost plus interest earned. The effective interest rate on the GICs held during the year was 1.64% (2013 - 1.11%) per annum. As at December 31, 2014, the Authority held \$1,669,580 (2013 - \$Nil) in short term GICs and \$5,937,709 (2013 - \$9,059,658) in long term GICs (Note 5).

Note 4 Major replacement reserve

The Authority records an annual appropriation for facility refurbishment and major renovations. The appropriation for the year totalled \$180,000 (2013 - \$180,000).

	2014	2013
	\$	\$
Balance, beginning of year	73,393	122,535
Increase in provision for the year	180,000	180,000
Major replacement expenditures (Note 10)	(220,288)	(229,142)
BALANCE, END OF YEAR	33,105	73,393

Note 5 Investments

Investments consist of GICs with a maturity date not greater than two years from December 31, 2014 bearing interest from 1.05% to 1.65% (2013 - 1.20% to 1.70%) per annum. The fair value of the investments has been determined to be the principal plus interest earned to date.

Note 6 Tangible capital assets

In accordance with PSAB Handbook Section 3150, The City has performed a review of the ownership and control of the land, building enhancements and equipment of the Centre. Accordingly, the Centre is recorded on the financial statements of The City. The Authority currently has an operating lease with The City, which was renewed on January 22, 2015. The contract has a nominal fee, the cost of which has been recorded through operations and maintenance expense.

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,711,767	6,687,330	24,437
Building enhancements	1,287,101	449,976	837,125
Computer equipment	865,304	715,042	150,262
Other equipment	2,980,404	1,685,311	1,295,093
	11,844,576	9,537,659	2,306,917

	2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,687,330	6,687,330	-
Building enhancements	1,099,962	274,866	825,096
Computer equipment	764,703	561,574	203,129
Other equipment	2,640,439	1,397,683	1,242,756
	11,192,434	8,921,453	2,270,981

Note 7 Employee benefits

The Authority participates in the Local Authorities Pension Plan ("LAPP"), which is a multi-employer benefit plan. This plan is governed by the Public Sector Pension Plans Act. Based on the latest information available (December 31, 2013 audited financial statements), in total, the LAPP had an actuarial deficit of \$4.86 billion.

The Authority is required to make current service contributions to the LAPP of 11.39% of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE"), and 15.84% thereafter. Employees of the Authority are required to make current service contributions of 10.39% of pensionable salary up to the YMPE, and 14.84% thereafter. Contributions for current services are recorded as expenditures in the year in which they become due.

Total current service contributions, as reflected in the administrative and general, marketing and operations and maintenance expenses in the statement of revenue, expenses and operating reserve by the Authority to the LAPP in 2014, were \$680,162 (2013 - \$554,916). Total current service contributions by the employees of the Authority to the LAPP in 2014 were \$626,038 (2013 - \$506,572).

Note 8 Accounts payable and accrued liabilities

In accordance with the Meetings, Conventions and Incentive Travel ("MC&IT") marketing funding and management agreement (the "Agreement") between the Calgary Hotel Association and the Authority, the Calgary Hotel Association advances funds to the Authority to fund incentive payments for future events through Meetings + Conventions Calgary as well as to cover operating expenses incurred by the Authority. As at December 31, 2014, an amount of \$3,672,550 (2013 - \$2,842,301) advanced by the Calgary Hotel Association is included in accounts payable and accrued liabilities as well as in cash and cash equivalents and investments to be used by the Authority in accordance with the Agreement as described above.

Note 9 Financial instruments

The Authority's financial instruments are cash and cash equivalents, accounts receivable, due from The City of Calgary – major replacement reserve, investments, accounts payable and accrued liabilities, and client deposits. The carrying values of these items approximate their fair values due to their short term nature.

The Authority's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash is placed with major financial institutions. Concentration of credit risk with respect to receivables is limited due to the large number of customers and their dispersion across geographic areas.

Note 10 Major capital additions

During the year, the Authority incurred \$652,142 (2013 - \$838,872) in expenditures for major capital additions, which have been capitalized as renovations, building enhancements and equipment. Of this amount, \$331,854 (2013 - \$247,737) was funded by the Authority's operating reserve and \$220,288 (2013 - \$229,142) was funded by the Authority's major replacement reserve. The balance was funded through The City's CPRiIP (Culture Parks Recreation Infrastructure Investment Fund) Program \$Nil (2013 - \$72,053), The City's Municipal Sustainability Initiative Fund \$100,000 (2013 - \$189,890), and through the Government of Canada Western Economic Diversification Fund \$Nil (2013 - \$100,050).

Note 11 2014 budget

The budgeted amounts presented in the financial statements are based on operating and capital budgets approved by the board of directors.

Note 12 Calgary Convention Centre Authority responsibilities

GLENBOW MUSEUM

Through an agreement with The City, the Authority provides maintenance, engineering, housekeeping and capital project supervision for the Glenbow Museum. Expenses of \$1,622,657 (2013 - \$1,614,306) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee \$1,709,057 (2013 - \$1,701,306) are included in operating revenue of the Authority. Capital projects supervised by the Authority totalled \$1,546,400 (2013 - \$94,086) during the year.

RETAIL SPACES, NORTH BUILDING

The Authority provides basic property management services for the retail spaces and parkade in the north building. Expenses of \$410,545 (2013 - \$371,725) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee \$450,214 (2013 - \$410,325) are included in operating revenue of the Authority.

MEETINGS + CONVENTIONS CALGARY

Through an agreement with the Calgary Hotel Association, the Authority provides management and operation of destination sales and marketing for MC&IT. Expenses of \$2,407,319 (2013 - \$2,405,415) incurred in provision of these services are included in the expenses of the Authority. Funding to cover these expenses \$2,407,319 (2013 - \$2,405,415) is reported net of expenses. Pursuant to the agreement, effective January 1, 2014 the Authority charges an administration/marketing fee for management and operation of the program. The fee of \$186,787 (2013 - \$Nil) is included in the operating revenue of the Authority.

CONVENTION CENTRES OF CANADA

The Authority holds and administers the restricted funds of the Convention Centres of Canada, an affiliation of 19 major Canadian convention centres. As at December 31, 2014, an amount of \$60,481 (2013 - \$45,302) is included in accounts payable and accrued liabilities as well as restricted cash.

ENERGY CITIES ALLIANCE

The Authority holds and administers the restricted funds of the Energy Cities Alliance, a marketing partnership of convention centres. As at December 31, 2014, an amount of \$37,349 (2013 - \$47,398) is included in accounts payable and accrued liabilities as well as restricted cash.

Note 13 Presentation and reclassification of prior year balances

Certain of the prior year's balances, specifically cash and cash equivalents and restricted cash on the statement of financial position and statement of cash flows, have been reclassified to conform to the current year's statement of financial position and statement of cash flow presentation.