

**calgary** TELUS convention  
centre  
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**CALGARY TELUS CONVENTION CENTRE**  
**2017 ANNUAL**  
**REPORT**

# 2017 ANNUAL REPORT



Message from the Chair.....	3
Message from the President & CEO .....	4
Board of Directors .....	5
Operating Agreements .....	7
Partners & Memberships .....	8
2017 Overview & Accomplishments .....	9
Financial Overview, Statements, Notes ....	13

**2017 WAS A YEAR OF FUNDAMENTAL** change and evolution for the Calgary Convention Centre Authority (CCCA). Mandated to operate the Calgary TELUS Convention Centre and promote Calgary as the destination to bring Meetings, Conventions, Congresses and Conferences, the CCCA Board of Directors has worked hard to provide leadership for our city within our scope of service.

As the organization continues to stabilize, the Board has been able to focus on governance and advocacy for the CCCA as Calgary's lead promotional agency for convention attraction and manager of the city's convention centre. Providing leadership and guidance to the organization during the year of change has been important as we evaluate ways to grow the business while identifying and mitigating enterprise risks. Good structure and processes have strengthened our ability to achieve these objectives.

Our industry has been evolving over the past number of years. Globally, the industry has grown by 48% in the last 7 years; in the same time frame, the demands from convention planners are changing significantly. The experience that conventions are expecting from destinations today is broader and more community-oriented than it ever has been.

The CCCA is meeting this changing market with a fresh approach and strategy. Rejuvenation of our facility, along with a targeted marketing approach into strategic global markets like Europe, China and Mexico, will allow us to align with our partners and bring new groups of delegates to our city.

Locally, we are rapidly becoming a community hub in the downtown core. Working with local groups to host important events for Calgarians is a foundational component to our mandate. In addition, our plan to activate public spaces in the Centre will create a refreshing place that will invite our community to linger and enjoy the heart of downtown Calgary.

I am pleased to report that the financial results for the CCCA in 2017 were positive. Our new strategic plan has begun to increase revenues while improving operational excellence and efficiencies. Together with our strong executive leadership team, these elements are driving a refreshed culture as well as a strong bottom line.

As we move into implementing our new plan, it will be critical for us to build partnerships with our multiple stakeholders. The convention business touches many areas of the Calgary community and leverages influencers in our city to attract important events. This in turn brings relevant visitors to experience our unique and energetic city.

Hear more from Tom at [youtube.com/CalgaryConventionCtr](https://youtube.com/CalgaryConventionCtr)



**Tom Bornhorst**  
*Chair, Board of Directors*  
Calgary Convention Centre Authority

**2017 WAS AN EXCITING YEAR** at the Calgary TELUS Convention Centre (CTCC), which brought a new vision, organizational restructuring and a refreshed focus on high-end customer service and attention. The implementation of our new strategic plan has allowed us to rethink and reimagine the social and economic impact our organization can have on the city of Calgary, Alberta and Canada.

Internally, we thoughtfully and intentionally designed the new structure to drive success from our strategic plan. By building on the strengths within the organization and removing barriers to growth, we have provided a firm foundation to not only operate a world-class convention centre but to lead Calgary into enhanced success in the growing global meetings and conventions business.

The strong performance of Meetings + Conventions Calgary, a division of CTCC, proved once again what we can do when we bring Calgary together to attract conventions to our city. The Rotary International win was truly a Team Calgary collaboration, which will bring the largest event to Calgary since the 1988 Winter Olympics. Many thanks to everyone who contributed to that big win for our city!

In 2017, we built an exciting rejuvenation plan for the Convention District in Calgary—the two city blocks that encompass the Marriott and Hyatt hotels, the Glenbow Museum, CTCC and Calgary Economic Development. By partnering with these forward-thinking organizations, CTCC has the ability and the facilities available to attract conventions that fit our city and bring economic and intellectual impact to Calgary.

As we move into 2018, we are raising the bar for ourselves and for the convention hosting community in Calgary. The groups that come to our city are not coming here to simply meet at the Calgary TELUS Convention Centre; they are coming here to meet and convene and experience our city. This experience begins at the airport as they get the first glimpse

of our amazing skyline against the Rockies. The experience continues as they come into downtown and are welcomed by the staff at our hotels, interact with our shops and businesses on Stephen Avenue Mall and beyond, take in the amazing culinary scene in our restaurants and engage with our vibrant arts community. This is the Calgary Experience that we sell every day and the experience that our city aspires to deliver.

As we activate a new plan for rejuvenation of our current assets and accelerate our attraction of conventions to Calgary, I am looking forward to working closely with the many stakeholders in Calgary that bring our city to life for our visitors.

Go Team Calgary!

Hear more from Clark at  
[youtube.com/CalgaryConventionCtr](https://youtube.com/CalgaryConventionCtr)



**Clark Grue**

President & CEO

Calgary TELUS Convention Centre



**Tom Bornhorst**  
*Chair, Board of Directors*



**Leslie Weekes**  
*Vice Chair*



**Levonne Louie**  
*Acting Chair, Audit & Finance Committee*



**Georgine Ulmer**  
*Chair, Governance & Human Resources Committee*



**Gillian Basford**  
*Director*



**Diane Colley-Urquhart**  
*Director*



**Kurt Hanson**  
*Director*



**Wellington Holbrook**  
*Director*



**Mayor Naheed Nenshi**  
*Director*



**Robert Palmer**  
*Director*



**Greg Yont**  
*Director*

**Board Notes**

- Added one new dynamic Board member
- Strengthened governance structure to improve Board efficiencies
- Special task force created to investigate current best practices for Enterprise Risk Management (ERM)



**The CCCA maintains active operating agreements to:**

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

*“Coming together is a beginning.  
Keeping together is progress.  
Working together is success.”*

Henry Ford

## Partners

CTCC partners with many local, national and international organizations to leverage our reach, our resources and our expertise.

They are:

- Calgary Hotel Association
- Calgary Economic Development
- Calgary Stampede
- Calgary Downtown Association
- Travel Alberta
- Tourism Calgary
- Energy Cities Alliance
- Business Events Canada/Destination Canada

## Memberships

As an active member in the convention and meeting space, CTCC belongs to various local, national and international trade 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
- Tourism Calgary
- Canadian Chamber of Commerce
- Tourism Industry Association of Canada
- Meetings Mean Business Canada
- AIPC - International Association of Convention Centres



*Over the last year we celebrated many achievements. Whether it was making us more responsive to a changing marketplace, deepening our ties to the community, or strengthening our workplace and financial sustainability, 2017 had a number of important takeaways. Here are some of our key highlights from 2017 that represent our growth as an organization and our continued focus areas for the future.*

See more of our 2017 highlights at [youtube.com/CalgaryConventionCtr](https://youtube.com/CalgaryConventionCtr)



## **Building Our Community**

- Advanced meaningful relationships with 16 City of Calgary and community stakeholders
- Initiated work experience programs for post-secondary students
- Re-established partnership and development of a community hub with TELUS and Glenbow Museum



## **Building Our Business**

- Grew Calgary Champion Program in 2017 by 15 to current total of 83 Champions
- Identified new market opportunities in 3 new geographies and 5 new industry verticals
- Identified 4 new lines of revenue
- Identified key local market relationships and business development needs to increase revenue

## **Building Our People**

- Completed organizational restructuring
- Recruited senior executive team
- Restructured sales and marketing team
- Development of a department restructuring plan to enable succession planning, empower leadership, promote responsibility and accountability while improving efficiencies
- Elevated focus on skills training and professional development

## **Building Our Brand**

- Initiated joint venture marketing with MCC, Stampede and CTCC
- Created joint marketing strategy with BMO Centre and CTCC to sell Calgary first. “See how we fit campaign”
- Completed market demand study and brand analysis
- Participated in the First Flip Pancake breakfast with 5 key partners (4700 people served from 16 international countries)
- Hosted US Consulate photo exhibit “Eyes on the Arctic” and “Northern Stars”
- Hosted first ever reception in the south building, main level, public area
- Developed plan for a more welcoming atmosphere
- Established the foundation for further growth and understanding of “Brand” across departments
- Initiated a public relations program

## **Strengthening Our Operations**

- Shortened financial reporting timeline by 2 weeks
- Implemented online expense reporting
- Reviewed existing risk management programs and implemented change to reduce high-risk to moderate rating
- Improved South Building Loading Dock to improve safety while reducing crime, loss of life, capital and asset damage, and third party claims
- Enhanced work safe practices through new scheduling processes
- Responded to market demand for more collaborative and productive space based on face-to-face interaction
- Overall client satisfaction in using the CTCC and its services is 95%; clients said they would come back and refer others to host an event with us

## **Strengthening Our Financials**

- Achieved > \$100,000 in savings from new and improved client survey process
- Total economic impact from events was \$26,154,864
- 2017 CTCC total revenue of \$21,023,118
- CTCC net income for 2017 was \$596,765
- Hosted 277 events including corporate town halls, local meetings, fundraising galas, and international and national conventions and conferences
- Brought in 143,795 delegates, including 23,691 non-residents, to the Centre and Calgary's downtown Convention District
- 35,916 total hotel nights booked from event delegates

## **Meetings + Conventions Calgary Successes**

- Secured largest city-wide convention in last 20 years—the 2025 Rotary International Convention
- Distributed 200,000 room night leads; exceeding 2017 target of 185,000
- Secured IEEE Technical Conference



*“This is the Calgary Experience that we sell every day and the experience that our city aspires to deliver.”*

Clark Grue, President & CEO



**FINANCIAL STATEMENTS  
TABLE OF CONTENTS**

Independent Auditor's Report	14
Statement of Financial Position	15
Statement of Revenue, Expenses & Operating Reserve	16
Statement of Changes in Net Financial Assets	17
Statement of Cash Flows	18
Notes to the Financial Statements	19

See more of our 2017 financial highlights at  
[youtube.com/CalgaryConventionCtr](https://youtube.com/CalgaryConventionCtr)



## 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, 2017, the statements of revenue, expenses and operating reserve, changes in net financial assets and cash flows for the year then ended, and the 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, 2017 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 Professional Accountants,



Chartered Accountant  
May 2, 2018

As at December 31, 2017	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash & cash equivalents	2,290,446	1,348,007
Restricted cash (Note 12)	106,313	67,441
Accounts receivable	1,658,257	2,231,537
Due from The City of Calgary - major replacement reserve	194,941	241,777
Investments (Note 5)	1,160,627	5,149,219
	<b>5,410,584</b>	<b>9,037,981</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Notes 8 & 12)	3,246,098	4,706,268
Client deposits	1,822,965	2,205,984
	<b>5,069,063</b>	<b>6,912,252</b>
<b>NET FINANCIAL ASSETS</b>	<b>341,521</b>	<b>2,125,729</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	4,645,167	2,274,986
Prepaid expenses	97,097	81,217
	<b>4,742,264</b>	<b>2,356,203</b>
<b>ACCUMULATED SURPLUS IS REPRESENTED BY</b>		
Major replacement reserve (Note 4)	20,030	14,942
Operating reserve	5,063,755	4,466,990
	<b>5,083,785</b>	<b>4,481,932</b>

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

Approved by the Board



Director



Director

Year ended December 31, 2017	Budget (Note 11)	2017	2016
	\$	\$	\$
<b>REVENUE</b>			
Operating (Note 12)	21,013,072	19,145,823	18,291,022
Grants from The City of Calgary	1,878,170	1,878,171	1,817,137
	22,891,242	21,023,994	20,108,159
<b>EXPENSES</b>			
Administrative and general	2,101,952	1,993,086	2,516,636
Amortization	1,155,672	734,704	677,160
Marketing	1,362,225	1,346,395	1,262,522
Operations and maintenance (Note 12)	17,471,864	16,345,994	15,783,206
	22,091,713	20,420,179	20,239,524
Operating surplus before the undernoted	799,529	603,815	(131,365)
Major replacement reserve (Notes 4 & 10)	-	(5,088)	46,836
Loss on disposal of tangible capital assets	-	(1,962)	(282)
Operating surplus (deficit) for the year	799,529	596,765	(84,811)
Operating reserve, beginning of year	4,466,990	4,466,990	4,551,801
<b>OPERATING RESERVE, END OF YEAR</b>	5,266,519	5,063,755	4,466,990

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

Year ended December 31, 2017	2017	2016
	\$	\$
Operating surplus (deficit) for the year	596,765	(84,811)
Amortization	734,704	677,160
Write-off of tangible capital assets	1,962	282
Proceeds from disposal of tangible capital assets	69,803	-
Change in prepaid expenses	(15,880)	(26,634)
Allocation to major replacement reserve	180,000	180,000
Usage of major replacement reserve	(174,912)	(226,836)
Purchases of tangible capital assets	(3,176,650)	(464,490)
Increase in net financial assets	(1,784,208)	54,671
Net financial assets, beginning of year	2,125,729	2,071,058
Net financial assets, end of year	341,521	2,125,729

*The accompanying notes are an integral part of the financial statements.*

Year ended December 31, 2017	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Operating surplus (deficit) for the year	596,765	(84,811)
Items not affecting cash and equivalents		
Amortization	734,704	677,160
Loss on disposal of tangible capital assets	1,962	282
	1,333,431	592,631
Changes in non-cash working capital		
Accounts receivable	573,280	(949,888)
Accounts payable and accrued liabilities	(1,752,325)	(139,304)
Client deposits	(383,019)	65,666
Prepaid expenses	(15,880)	(26,634)
Major replacement reserve	5,088	(46,836)
	(239,425)	(504,365)
<b>INVESTING ACTIVITIES</b>		
Purchases of tangible capital assets	(3,176,650)	(464,490)
Proceeds from disposal of tangible capital assets	69,803	-
Change in restricted cash	(38,872)	21,464
Purchases of short-term investments	(1,919,166)	(4,701,863)
Proceeds from disposal of short-term investments	5,907,758	6,960,035
Changes in non-cash working capital		
Due from The City of Calgary - major replacement reserve	46,836	(28,673)
Accounts payable and accrued liabilities	292,155	200,990
	1,181,864	(1,552,748)
Net increase (decrease) in cash and cash equivalents	942,439	(2,057,113)
Cash and cash equivalents, beginning of year	1,348,007	3,405,120
<b>Cash and Cash equivalents, end of year</b>	<b>2,290,446</b>	<b>1,348,007</b>
<b>REPRESENTED BY</b>		
Cash	401,776	1,348,007
Cash equivalents	1,888,670	-
	2,290,446	1,348,007

**NOTE 1 • THE CALGARY CONVENTION CENTRE AUTHORITY**

The Calgary Convention Centre Authority (the "Authority") 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 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:

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits in bank accounts at Canadian financial institutions and short-term investments with maturities of a short-term nature, usually less than 90 days.

***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 1.57% (2016: 1.32%) per annum.

As at December 31, 2017, the Authority held \$1,888,670 (2016: \$938,412) in short-term GICs and \$1,160,627 (2016: \$4,210,807) 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 (2016: \$180,000).

	2017	2016
	\$	\$
Balance, beginning of year	14,942	61,778
Increase in provision for the year	180,000	180,000
Major replacement expenditures (Note 10)	(174,912)	(226,836)
Balance, end of year	20,030	14,942

#### NOTE 5 • INVESTMENTS

Investments consist of GICs with a maturity date not greater than five years from December 31, 2017 bearing interest from 1.10% to 2.00% (2016: 0.60% to 1.75%) per annum. The fair value of the investments has been determined to be the principal plus interest earned to date.

	2017		
	Cost	Accrued interest	Fair value
	\$	\$	\$
Rate Riser Plus GIC 0036	597,500	32,352	629,852
Rate Riser Plus GIC 0038	506,250	24,525	530,775
	1,103,750	56,877	1,160,627

	2016		
	Cost	Accrued interest	Fair value
	\$	\$	\$
Rate Riser Plus GIC 0036	597,500	20,847	618,347
Rate Riser Plus GIC 0037	597,500	20,847	618,347
Rate Riser Plus GIC 0038	506,250	16,138	522,388
Rate Riser Plus GIC 0041	610,000	12,662	622,662
Rate Riser Plus GIC 0042	610,000	12,662	622,662
Variable Rate GIC	1,200,000	6,400	1,206,400
Variable Rate GIC	415,000	1,660	416,660
Variable Rate GIC	521,294	459	521,753
	5,057,544	91,675	5,149,219

**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, 2018 and is scheduled for renewal on January 22, 2021. The contract has a nominal fee, the cost of which has been recorded through operations and maintenance expense.

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,827,559	6,637,411	190,148
Building enhancements	2,125,156	856,621	1,268,535
Computer equipment	522,743	406,082	116,661
Other equipment	5,143,454	2,073,631	3,069,823
	<u>14,618,912</u>	<u>9,973,745</u>	<u>4,645,167</u>

	2016		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	7,368,693	6,951,422	417,271
Building enhancements	1,331,813	737,823	593,990
Computer equipment	712,416	607,920	104,496
Other equipment	3,259,927	2,100,698	1,159,229
	<u>12,672,849</u>	<u>10,397,863</u>	<u>2,274,986</u>

**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, 2016 audited financial statements), in total, the LAPP had an actuarial deficit of \$637 million (2015: \$923 million).

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 during the year, were \$592,119 (2016: \$588,447). Total current service contributions by the employees of the Authority to the LAPP for the year were \$544,579 (2016: \$541,245).

#### **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, 2017, an amount of \$221,472 (2016: \$1,751,807) 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. Of the funds held, the amount held by the Authority for incentive funding is \$182,094 (2016: \$1,726,496) and the amount held by the Authority for future operating expenses is \$39,378 (2016: \$25,311).

During the year, the Authority disbursed from the incentive funds \$753,714 (2016: \$467,455) to events held in the city, returned \$800,000 (2016: \$Nil) to the Calgary Hotel Association and earned \$9,312 (2016: \$25,527) in interest on the funds held. The Authority has committed on behalf of the Calgary Hotel Association a total of \$2,741,695 (2016: \$2,734,653) for future events to be paid out over the years 2018 to 2025. Funding for the commitments that have been made on behalf of the Calgary Hotel Association for future events will be funded on an as needed basis.

#### **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 \$3,176,650 (2016: \$464,490) in expenditures for major capital additions, which have been capitalized as renovations, building enhancements and equipment. Of this amount, \$1,665,022 (2016: \$237,654) was funded by the Authority's operating reserve and \$174,912 (2016: \$226,836) was funded by the Authority's major replacement reserve. \$1,336,716 (2016: \$656,867) was applied for and funded through The City's CPRiiP (Culture Parks Recreation Infrastructure Investment Fund) Program for the capital additions to be made in 2017.

#### **NOTE 11 • 2017 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 \$1,289,330 (2016: \$1,328,403) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee of \$87,000 (2016: \$87,000) totalling \$1,375,980 (2016: \$1,415,554) are included in operating revenue of the Authority. Capital projects supervised by the Authority totalled \$7,880 (2016: \$Nil) 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 \$418,271 (2016: \$427,576) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee \$455,655 (2016: \$458,508) 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 \$2,904,914 (2016: \$2,955,401) incurred in provision of these services are included in the expenses of the Authority. Funding to cover these expenses of \$2,904,914 (2016: \$2,955,401) 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 \$185,964 (2016: \$185,964) 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 21 major Canadian convention centres. As at December 31, 2017, an amount of \$67,246 (2016: \$45,874) 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, 2017, an amount of \$9,689 (2016: \$21,567) is included in accounts payable and accrued liabilities as well as restricted cash.

#### **NOTE 13 • COMMITMENTS**

As of December 31, 2017, the Authority has commitments related to the lease of office equipment payable within the next three years as follows:

	\$
2018	21,159
2019	19,335
2020	8,756

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*“The convention business touches many areas of the Calgary community and leverages influencers in our city to attract important events. This in turn brings relevant visitors to experience our unique and energetic city.”*

Tom Bornhorst, Board Chair

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