

CELEBRATING  
OUR  
PARTNERSHIPS  
CALGARY TELUS  
CONVENTION  
CENTRE 2013  
ANNUAL REPORT

**THE MANDATE OF THE CALGARY CONVENTION CENTRE AUTHORITY IS TO MANAGE, MARKET AND OPERATE THE CALGARY TELUS CONVENTION CENTRE (CTCC) IN AN EFFICIENT AND COMPETITIVE MANNER IN ORDER TO MAXIMIZE OVERALL ECONOMIC BENEFITS TO THE CITY OF CALGARY WHILE MAINTAINING FINANCIAL PERFORMANCE WITHIN AN ACCEPTABLE RANGE.**



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# IN 2013, THE CALGARY TELUS CONVENTION CENTRE (CTCC) CONTINUED TO FULFILL ITS MANDATE AS A DRIVER OF ECONOMIC DEVELOPMENT BY MARKETING CALGARY AS A MEETINGS AND CONVENTION DESTINATION, AND BY HOSTING 650 EVENTS.

During the year, over 250,000 people attended events at the CTCC. Of these events, 55,000 were non-resident delegates and exhibitors. An updated economic impact study completed in 2013 showed that, on average, non-resident attendees spend \$329 per show day for accommodation, transportation, entertainment, meals and retail purchases. In 2013, this resulted in total direct non-resident expenditures of \$34.3 million, and an additional contribution of \$19.1 million in GDP.

We continued to work with key partners to enhance awareness of Calgary as a destination of choice for conventions and meetings. Travel Alberta and the Canadian Tourism Commission provided opportunities for joint participation in trade-shows, events, familiarization tours and business to business meetings with clients. While the Canadian market is our bread and butter market, others are important to our community as well. The US continues to slowly recover from the recession, and the CTCC retains its presence there through a strategic approach which focuses on

**OVER THE NEXT SEVERAL  
YEARS, THE CALGARY  
CONVENTION CENTRE  
AUTHORITY (CCCA)  
WILL FOCUS ON FUTURE  
SUSTAINABILITY OF OUR  
BUSINESS ENTITY.**

sales and marketing activities at PCMA, IMEX America, ASAE and the Collinson Media events. Internationally, an additional partner, (Stavanger, Norway), was welcomed to the Energy Cities Alliance, a marketing entity of which we were a founding member and with which we have been affiliated for five years. The international market for meetings in Calgary continues to grow, assisted by strong relationships with the academic and business communities.

Our partnership with the Calgary Hotel Association to provide destination sales and marketing for the city continues with 81 events representing 47,828 room nights confirmed for future years during 2013. The Calgary Champions program was launched in 2013. This program identifies and works with local individuals who are willing to serve as ambassadors, and actively assist in the bid process for international events.

Locally our community presence and awareness was strengthened through programs and initiatives with Calgary Economic Development (Soul of the City, Silver Action Partner) and the Calgary Downtown Association (First Flip, Stephen Avenue events).


Our CTCC team is an exceptionally talented group of people and they, along with our in-house suppliers (ST. GEORGE Show Services, Evolution Presentation Technologies, Calgary Marriott Downtown) ensure that we maintain our focus on customer service and work to continually improve business processes. We thank everyone for their contributions to our successes in 2013.

Calgary remains an attractive destination for meeting planners, however the market has changed, and our product is less competitive than it was a decade ago. Over the next several years, the Calgary Convention Centre Authority (CCCA) will focus on future sustainability of our business entity.

2014 marks our 40th anniversary in the community of Calgary. We look forward to sharing our celebrations with Calgarians while planning the Centre of Energy of the future where people continue to network, share ideas, research and best practices.



**BOB HOLMES**  
*Chair,  
Calgary Convention  
Centre Authority*



**MARCIA LYONS**  
*General Manager,  
Calgary TELUS  
Convention Centre*

**“OUR PARTNERSHIP WITH THE CTCC  
IS A TWO-WAY STREET WITH WIDE LANES  
AND GREEN LIGHTS.**



**THEY BRING A  
SIGNIFICANT NUMBER  
OF PAYING CUSTOMERS  
TO OUR DOWNTOWN  
BUSINESSES.**

**OUR DOWNTOWN CORE, IN TURN,  
PROVIDES A HUGE DRAW FOR THEIR  
CONVENTIONS, WITH ITS WONDERFUL  
MIX OF CULINARY, CULTURAL,  
ENTERTAINMENT AND SHOPPING  
ATTRACTIONS.”**

**MAGGIE SCHOFIELD**  
*Executive Director,  
Calgary Downtown Association*

# “THE CONVENTION CENTRE IS AN IMPORTANT ECONOMIC DRIVER IN THIS CITY.

IT BRINGS PEOPLE WHO OTHERWISE WOULDN'T BE HERE. AND THEN THERE IS THE HUGE TRICKLE-DOWN BENEFIT TO ALL LOCAL BUSINESS. CONVENTIONS PUT BODIES IN BEDS, FILL RESTAURANT RESERVATION LISTS, GIVE TAXI FARES AND KEEP STORE CASH REGISTERS RINGING.”

JON JACKSON  
*Executive Director,  
Calgary Hotel Association*

"THE CONVENTION CENTRE IS A NATURAL CONDUIT FOR US TO ENGAGE DELEGATES WITH THE CALGARY MESSAGE WHEN THEY COME HERE.



# WE ARE MARKETING AND COMMUNICATING TOGETHER UNDER A BRAND WITH A SHARED VALUE:

*CALGARY. BE PART OF THE ENERGY. WE WANT TO LEVERAGE THAT COMMON FRAMEWORK TO SUPPORT GROWTH OF THE CITY'S ECONOMY."*

**BRUCE GRAHAM**  
*President & CEO,  
Calgary Economic Development*

"LIKE AN ARMY A CONVENTION MARCHES  
ON ITS STOMACH. AS THE OFFICIAL CATERER  
TO THE CALGARY TELUS CONVENTION CENTRE,

**WE'RE PROUD OF  
THE ENERGY, IDEAS,  
INNOVATION AND  
SHARING THAT OUR  
FINE CUISINE HELPS  
TO FUEL.**

OUR DIRECT CONNECTION TO THE  
CONVENTION CENTRE AND ITS THOUSANDS  
OF VISITORS FROM AROUND THE GLOBE HAS  
ALSO HELPED TO CONFIRM OUR REPUTATION  
AS A WORLD-CLASS HOTEL."

JOSEPH CLOHESSEY  
*General Manager,  
The Calgary Marriott Downtown Hotel*



**“PARTNERSHIPS  
ARE CRITICAL...**

**WHEN WE ARE PUTTING TOGETHER  
A BID FOR AN INTERNATIONAL EVENT.**

**WE CAN SHARE  
DATA OR RESOURCES  
THAT PLAY AN  
ESSENTIAL ROLE**

**IN DEFINING WHY CALGARY IS A BETTER  
DESTINATION THAN ITS COMPETITORS.”**

**DAVID SCLANDERS**

*Executive Director Business Development,  
Calgary TELUS Convention Centre*

#### 2014 BOARD

##### **BOB HOLMES**

*Chair, Calgary Convention Centre Authority*

##### **TOM BORNHORST**

*Dean, School of Hospitality and Tourism, SAIT Polytechnic*

##### **DARREN DEMCHUCK**

*Chair, Audit & 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.*

##### **MAYOR NAHEED NENSHI**

*City of Calgary*

##### **COUNCILLOR**

##### **RICHARD POOTMANS**

*City of Calgary*

##### **DAN RUSSELL**

*CEO, Alberta Real Estate Association*

##### **GREGG SARETSKY**

*President & CEO, WestJet*

##### **MARCIA LYONS**

*General Manager, Calgary TELUS Convention Centre*

#### → BOARD OF DIRECTORS

The Calgary Convention Centre Authority (CCCA) was incorporated through a provincial act in 1974. Its mandate is to market, manage and operate the Convention Centre on behalf of the City of Calgary. Members are appointed by Calgary City Council.

New additions to the Board of Directors of the Calgary Convention Centre Authority include: Tom Bornhorst, Kurt Hanson, Levonne L. Louie and Dan Russell. Thank you also to outgoing Board members for all your contributions, including Tracy Bertsch, George Brookman, Brian Rogers and Michael Tumback. The Board has two standing policy Committees: the Governance and Human Resources Committee chaired by Brian Rogers and the Audit and Finance Committee chaired by Darren Demchuk.

#### → OPERATING AGREEMENTS

In 1973, the CCCA entered into an agreement with the City of Calgary to provide maintenance, repair, cleaning and janitorial services to the Glenbow Museum.

The CCCA also provides maintenance and repair services to City owned retail spaces in the North Building. Through a 1999 agreement between the City and Balboa Land Investments Inc., the CCCA operates and maintains the shared loading dock in the North Building. A Food and Beverage Services Agreement gives exclusive rights to all food and beverage services

in the CTCC to the attached hotel (currently the Calgary Marriott Downtown). Through an agreement with the Calgary Hotel Association, the Centre manages Meetings and Conventions Calgary.

#### → RESULT OF OPERATIONS

##### REVENUES

Our total earned revenues for the fiscal year 2013 were \$25,994,279, down from forecast revenue projections because of the closure due to the June flood. The City of Calgary grant was \$1,699,838. The Calgary Hotel Association provided \$2,129,000, to support management of the Meetings and Conventions Calgary program.

##### EXPENSES

Expenses for 2013 totaled \$25,567,985. Ongoing attention to cost controls is a strategic focus for the CCCA, and is embedded in the organizational culture.

##### RESERVES

The total operating reserve at December 31, 2013 was \$4,659,805 and the Major Replacement Reserve \$73,393.

##### CAPITAL EXPENDITURES

In 2013, the CCCA incurred \$838,872 in expenditures for major capital improvements. Funding for the capital expenditures was from the Authority's Operating and Major Replacement Reserves (\$476,879), a City CPRIIP grant (\$72,053), an MSI grant through City Corporate Properties

(\$189,890) and a Western Economic Diversification allocation (\$100,500). The additions have been capitalized as renovations, building enhancements and equipment.

The Centre also managed capital projects for the Glenbow Museum in the amount of \$94,086. At the end of 2013, funding was received from Corporate Properties and is being held for capital projects to be completed at the Glenbow in 2014.

#### → MANAGEMENT DISCUSSION & ANALYSIS

The Calgary economy remained strong during 2013 and the CTCC saw 650 events which included 29 conventions, 500 meetings, 109 banquets and 12 trade and consumer shows. Our major events in 2013 included the World Petroleum Council Youth Forum, TOPS – International Recognition Days, and International Conference on Residency Education (Royal College of Physicians and Surgeons).

Benchmarking through Convention Centres of Canada again placed the CTCC among the highest performing convention centres in the country. Our size and space configuration present challenges in the current market environment and are the driving factors in the erosion of our competitive position. A robust sales research plan has proven instrumental in helping us develop a strategic approach for identifying opportunities for future business. The international market in particular has shown good potential, with 17 bids currently in the pipeline.

The June 2013 flood disrupted business levels for a period of just over two weeks. Physical damage to the building was contained through the extraordinary efforts of our Facility Management team. The flood forced the cancellation of a number of events, including three conventions, resulting in substantial lost revenues. Insurance payments offset lost revenues and the cost of repairs to the building.

An updated benchmarking and perception study was completed in December, 2013. The key performance indicators show that Calgarians believe the CTCC is performing well. Two thirds believe we will be too small in 10 years. The need for increased convention space has been well documented and is supported through ongoing market demand analysis. We will continue to work toward completion of Phase Two of feasibility planning for an expanded Centre.

The nature of our business is changing. Conventions and meetings are increasingly becoming focused on education, and Centres are playing an important role in providing lifelong learning opportunities. Technology is having a far reaching impact. A younger generation of delegates is affecting content, and the ways in which the messaging is delivered. We will continue to analyze and evaluate worldwide and industry trends to ensure that the CTCC responds accordingly to the changing and challenging environment.

CALGARY TELUS  
CONVENTION  
CENTRE  
2013 FINANCIAL  
REVIEW

## → 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, 2013, 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.

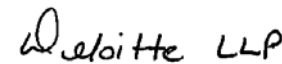
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

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, 2013 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.



**DELOITTE LLP**  
Chartered Accountants  
June 11, 2014

→ THE CALGARY CONVENTION CENTRE AUTHORITY  
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	545,396	552,048
Accounts receivable	2,161,573	2,473,258
Due from The City of Calgary – major replacement reserve	302,534	311,968
Investments (Note 6)	9,059,658	6,409,827
	<b>12,069,161</b>	9,747,101
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	7,724,167	5,202,781
Client deposits	1,999,913	2,294,679
	<b>9,724,080</b>	7,497,460
<b>NET FINANCIAL ASSETS</b>	<b>2,345,081</b>	2,249,641
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	2,270,981	1,966,923
Prepaid expenses	117,136	92,148
	<b>2,388,117</b>	2,059,071
<b>ACCUMULATED SURPLUS IS REPRESENTED BY</b>		
Major replacement reserve (Note 5)	73,393	122,535
Operating reserve	4,659,805	4,186,177
	<b>4,733,198</b>	4,308,712

Approved by the Board



**BOB HOLMES**  
*Chair, Calgary Convention  
Centre Authority*



**DARREN DEMCHUK**  
*Audit Chair, Calgary Convention  
Centre Authority*

→ THE CALGARY CONVENTION CENTRE AUTHORITY  
**STATEMENT OF REVENUE, EXPENSES AND OPERATING RESERVE**  
**YEAR ENDED DECEMBER 31, 2013**

		2013	2012
	Budget (Unaudited - Note 12)		
	\$	\$	\$
<b>REVENUE</b>			
Operating	24,342,881	<b>24,294,441</b>	23,534,751
Grants from The City of Calgary	1,699,838	<b>1,699,838</b>	1,685,569
	26,042,719	<b>25,994,279</b>	25,220,320
<b>EXPENSES</b>			
Administrative and general	2,129,670	<b>2,209,106</b>	2,236,489
Amortization	408,000	<b>512,006</b>	480,307
Marketing	1,812,480	<b>1,827,353</b>	1,594,597
Operations and maintenance	21,846,633	<b>21,019,520</b>	20,244,788
	26,196,783	<b>25,567,985</b>	24,556,181
Excess of revenue over expenses	(154,064)	<b>426,294</b>	664,139
Major replacement reserve (Notes 5 and 11)	–	<b>(49,142)</b>	(9,433)
Loss on disposal of tangible capital assets	–	<b>(1,808)</b>	(15,917)
Operating surplus for the year	(154,064)	<b>473,628</b>	657,655
Operating reserve, beginning of year	4,186,177	<b>4,186,177</b>	3,528,522
<b>OPERATING RESERVE, END OF YEAR</b>	4,032,113	<b>4,659,805</b>	4,186,177

→ THE CALGARY CONVENTION CENTRE AUTHORITY  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2013**

	2013	2012
	\$	\$
<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>473,628</b>	657,655
Amortization	512,006	480,307
Loss on disposal of tangible capital assets	1,808	15,917
Proceeds from disposal of tangible capital assets	21,000	—
Prepaid expenses	(24,988)	(25,164)
Allocation to major replacement reserve	180,000	180,000
Usage of major replacement reserve	(229,142)	189,433)
Acquisition of tangible capital assets	(838,872)	(951,766)
Increase in net financial assets	95,440	167,516
Net financial assets, beginning of year	2,249,641	2,082,125
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>2,345,081</b>	2,249,641

→ THE CALGARY CONVENTION CENTRE AUTHORITY  
STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2013

	2013	2012
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Operating surplus for the year	473,628	657,655
Amortization	512,006	480,307
Loss on disposal of tangible capital assets	1,808	15,917
Changes in non-cash working capital balances		
Accounts receivable	311,685	(735,517)
Prepaid expenses	(24,988)	(25,164)
Accounts payable and accrued liabilities	2,390,309	679,220
Client deposits	(294,766)	(116,566)
Major replacement reserve	(49,142)	(9,433)
	<b>3,320,540</b>	946,419
<b>INVESTING ACTIVITIES</b>		
Purchases of tangible capital assets	(838,872)	(951,766)
Proceeds from disposal of tangible capital assets	21,000	—
Changes in non-cash working capital balances		
Due from The City of Calgary – major replacement reserve	9,434	3,061
Accounts payable and accrued liabilities	131,077	264,298
Purchase of short-term investments	(2,649,831)	(3,745,961)
	<b>(3,327,192)</b>	(4,430,368)
Net decrease in cash and cash equivalents	(6,652)	(3,483,949)
Cash and cash equivalents, beginning of year	552,048	4,035,997
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>545,396</b>	<b>552,048</b>

→ **THE CALGARY CONVENTION CENTRE AUTHORITY NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2013**

**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 ADOPTION OF NEW ACCOUNTING STANDARDS**

The following new accounting standards were issued by the Public Sector Accounting Board (“PSAB”) and are effective for fiscal years beginning on or after April 1, 2012. The Authority was required to adopt the new standards effective January 1, 2013:

- PS 1201, Financial Statement Presentation
- PS 2601, Foreign Currency Translation
- PS 3410 (Revised), Government Transfers
- PS 3450, Financial Instruments
- PS 3510, Tax Revenue

The Authority has determined that PS 2601, Financial Currency Translation, PS 3450, Financial Instruments, and PS 3510, Tax Revenue, do not apply to the Authority and as such these standards did not have any impact on the December 31, 2013 year end financial statements.

PS 3410 (Revised), Government Transfers, did not have an impact on the December 31, 2013 year-end financial statements as the Authority was recording government funding in accordance with the requirements of this section.

PS 1201, Financial Statement Presentation, requires the Authority to include a statement of remeasurement gains and losses as part of the financial statements. Such a statement has not been included as part of the December 31, 2013 year-end financial statements as PS 2601 and PS 3450 do not apply to the Authority and as such there are no remeasurement gains or losses incurred.

**Note 3 SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for local government established by the PSAB of Chartered Professional Accountants of Canada (“CPA Canada”). 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 GAAP for local government organizations as established by the PSAB, 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 4 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 1.11% (2012 – 1.36%) per annum. As at December 31, 2013, the Authority did not hold any short term GICs (2012 – \$Nil) but held long term GICs of \$9,059,658 (2012 – \$6,409,827) (Note 6).

**Note 5 MAJOR REPLACEMENT RESERVE**

The Authority records an annual appropriation for facility refurbishment and major renovations. The appropriation for the year totalled \$180,000 (2012 – \$180,000).

**Note 6 INVESTMENTS**

Investments consist of GICs with a maturity date not greater than two years from December 31, 2013 bearing interest from 1.20% to 1.70% (2012 – 1.15% to 1.35%) per annum. The fair value of the investments has been determined to be the principal plus interest earned to date.

**Note 7 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 due to be renewed on January 22, 2015. The contract has a nominal fee, the cost of which has been recorded through operations and maintenance expense.

	2013	2012
	\$	\$
Balance, beginning of year	122,535	131,968
Increase in provision for the year	180,000	180,000
Major replacement expenditures (Note 11)	(229,142)	(189,433)
<b>BALANCE, END OF YEAR</b>	<b>73,393</b>	<b>122,535</b>

	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
	<b>11,192,434</b>	<b>8,921,453</b>	<b>2,270,981</b>

	2012		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,687,330	6,687,330	—
Building enhancements	851,095	149,728	701,367
Computer equipment	569,889	414,484	155,405
Other equipment	2,308,817	1,198,666	1,110,151
	<b>10,417,131</b>	<b>8,450,208</b>	<b>1,966,923</b>

**Note 8 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, 2012 audited financial statements), in total, the LAPP had an actuarial deficit of \$4.98 billion.

The Authority is required to make current service contributions to the LAPP of 10.43% of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”), and 14.47% thereafter. Employees of the Authority are required to make current service contributions of 9.43% of pensionable salary up to the YMPE, and 13.47% 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 2013, were \$554,916 (2012 – \$524,504). Total current service contributions by the employees of the Authority to the LAPP in 2013 were \$506,572 (2012 – \$466,648).

**Note 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

In accordance with the Meetings, Conventions and Incentive Travel 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, 2013, an amount of \$2,842,301 (2012 – \$2,035,095) advanced by the Calgary Hotel Association is included in accounts payable and accrued liabilities as well as in cash and investments to be used by the Authority in accordance with the Agreement as described above.

**Note 10 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 11 MAJOR CAPITAL ADDITIONS**

During the year, the Authority incurred \$838,872 (2012 – \$951,766) in expenditures for major capital additions, which have been capitalized as renovations, building enhancements and equipment. Of this amount, \$247,737 (2012 – \$574,385) was funded by the Authority’s operating reserve and \$229,142 (2012 – \$189,433) 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 \$72,053 (2012 – \$187,948), The City’s Municipal Sustainability Initiative Fund \$189,890, and through the Government of Canada Western Economic Diversification Fund \$100,050.

**Note 12 2013 BUDGET - UNAUDITED**

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



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