



**ANNUAL
REPORT 2019**
CALGARY TELUS CONVENTION CENTRE

***WHAT'S
INSIDE***

ANNUAL REPORT 2019

CALGARY TELUS CONVENTION CENTRE

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2019 WAS AN EXCITING YEAR for the Calgary Convention Centre Authority (CCCA). As we continued to drive the meeting and convention industry on behalf of Calgarians and City Council, we were encouraged by the elevated awareness and commitment to the Calgary TELUS Convention Centre’s (CTCC) role as a critical element of Calgary’s economic dynamic. The CTCC continued to be an iconic nexus point for the neighbourhood, and as a primary economic driver for the city and the province of Alberta. As important, we remained true to our commitment to deliver unparalleled service to clients on a local, national and international scale and connect visitors with authentic Calgary experiences that extend beyond their event.

The CTCC continues to manage, market and operate the Calgary TELUS Convention Centre in an efficient and market competitive manner in order to maximize overall economic benefits to the City of Calgary while optimizing financial performance. We are proud ambassadors of our city and partner with our neighbours to activate the geographic area with business, educational and cultural activities. This includes in large part, the Calgary Marriott Downtown Hotel, Hyatt Regency Calgary, Fairmont Palliser Hotel, Hotel Le Germain, Glenbow Museum, Arts Commons (and its resident arts companies) and many restaurants and businesses in the downtown core.

While the CTCC’s community-driven mandate has remained steadfast, 2019 was a year of transition for the organization, beginning with the successful transition of Meetings and Conventions Calgary management to Tourism Calgary and the appointment of new CTCC President and CEO Kurby Court in the first quarter of 2020. Kurby’s appointment strengthens our overall strategic planning capacity, allowing the CTCC to more proactively define a vision for our organizational future.

During this period, the CTCC also initiated a transition in board composition, culminating in Tom Bornhorst’s ceding Board Chair responsibilities to myself, who assumed a four-year term effective January 1, 2020. The CTCC also reappointed three board members, ensuring strategic continuity and critical oversight of CTCC governance, policies, and procedures. We are proud to have a strong board with broad experience which positions us well to oversee the organization through our collective challenges.

We want to thank City Council and City Administration for their great support of the CTCC. We are proud of the work we do to maximize your investment in the CTCC and continue to drive economic prosperity, diversification and stimulation of downtown Calgary for our citizens and the delegates who visit this great city.

The CTCC was Canada’s first purpose-built convention centre and our history reflects the pioneering spirit that has always set Calgary apart. We take that legacy to heart as we continue leading as Calgary’s downtown meeting place and a prominent hub of activity in our downtown core. We take our responsibility of supporting Calgary’s business community seriously and we are proud to be a trusted partner to so many critical businesses that our economy relies on. We are ready to do our part and support the growth of our city in the year’s ahead.

Wellington Holbrook

Chair, Board of Directors
Calgary Convention Centre Authority



ANNUAL REPORTS PROVIDE AN OPPORTUNITY to reflect on accomplishments of the previous year, and 2019 was a significant year of growth and transformation for the Calgary TELUS Convention Centre (CTCC). As I assumed leadership of the CTCC, I expressed commitment to growing beyond ourselves through collaboration, and embracing the downtown core in new and unique ways. Through the trusted relationships with our key stakeholders, we helped create a vibrant atmosphere that provides the kind of dynamic experience our clients and delegates are seeking.

In 2019, we incorporated the brand promise “We host professional, customized and personalized experiences... All Ways”, which is what we strive to achieve for every event, be it an intimate meeting to a gala or city-wide conference.

Since our initial strategic review in 2017, we have transformed many aspects of the organization with the needs of our clients and their delegates in mind. We work with event designers and professional conference organizers to imagine and create unique event experiences. Driven by our clients in Calgary, Canada and around the world, we have worked diligently to understand who they are, what they are looking for in an event and how they want their delegates to experience Calgary. Whether they have been to our city before or not, the delegate experience is a constant metric guiding our business development strategy.

While we are client-focused, it is also important to acknowledge the CTCC’s role as a critical economic contributor to the city. The CTCC is committed to driving economic activity into Calgary, exposing our city to national and global thought leaders, attracting and building key events that connect Calgarians to the world, and running a sustainable and efficient city-owned facility.

As Calgary navigates through some difficult economic years as a result of COVID-19, I want to emphasize the importance the CTCC places on collaboration and synergies with our civic partners and event professionals in the city. The CTCC will continue to utilize partnerships and collaboration as a means of bolstering our unique position in the downtown core, and help provide the economic stimulus Calgary will require as the city considers methods and avenues for recovery. So, despite our challenges, we are excited by our future and our opportunities; working closely with our partners to create a joint offering of space and experience, attracting and hosting events that exchange knowledge, diversifying the local economy, supporting business networking, attracting investment, and bolstering Calgary as a world class destination.

Finally, I would be remiss if I did not acknowledge the efforts and competencies of my team of event professionals, the CTCC staff. Without their contributions, support, skills, and depth of expertise, our aspirations as an organization would be impossible to fulfill.

Kurby Court

President & CEO

Calgary TELUS Convention Centre



Wellington Holbrook
Chair, Board of Directors



Tom Bornhorst
Past chair, Board of Directors



Leslie Weekes
Vice Chair



Robert Palmer
Chair, Audit & Finance Committee



Georgine Ulmer
Chair, Governance & Human Resources Committee



Gillian Basford
Director



Levonne Louie
Director



Greg Yont
Director



Mayor Naheed Nenshi
Director



Diane Colley-Urquhart
Director



David Duckworth
Director

Board Notes

- Three Board Member reappointments
- Reviewed and updated CTCC policies and procedures
- Strengthened our forward-looking strategic planning, casting a vision for the future state of the Calgary TELUS Convention Centre

“Collaboration isn’t about gluing together existing egos. It’s about the idea that never would have existed until after everyone entered the room.”

Daily Dose

The CCCA maintains active operating agreements to:

- Maintain, repair and clean the Glenbow Museum
- 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
- Convention Centre Promotional and Business Rights Agreement; Naming rights with TELUS

Partners

In-House Partners

The CCCA is thankful for the trusted relationships with our preferred suppliers which supplement the products and services offered by the CTCC staff as follows:

- Calgary Downtown Marriott Hotel
- FMAV
- Superior Show Services
- Décor & More

Outside Partners

The CTCC also 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 Downtown Association
- Travel Alberta
- Tourism Calgary
- Calgary Arts Development
- Platform Calgary
- Business Events Canada/Destination Canada
- Meetings + Conventions Calgary

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
- International Association of Convention Centres
- International Live Events Association
- Risk Management Society International Leaders Association
- International Leadership Association
- Canadian Association of Exposition Management

As we close off our 46th year of being convention centre experts, we are proud of all that we have accomplished. We are proud of our newly renovated facilities, our events and sales growth initiatives, our service levels, our professionalism and our ability to personally connect with our clients and our guests. We are proud of our importance to our city, to those Calgarians who know us as a place to connect, celebrate, learn and grow.

Here are some of our key highlights from 2019 that represent our growth as an organization and our continued focus areas for the future.

Deliver Customized Client Experiences

- Realigned departments to enhance quality assurance standards by implementing an event liaison coordinator program
- Collaborated with our clients to plan and design 12 events valued between \$100,000 to \$200,000 per event to create more engaging client experiences
- Launched a new website targeted specifically to planning an event and attending an event
- Continued rejuvenating projects in the North Building on the main floor and Macleod Hall, creating premium space for large and small events
- Phase one upgrade of digital signage to provide client customizable wayfinding and visual impressions
- Continued updating event furniture and equipment, delivering upscale and modern amenities to meet client expectations
- Invested in waste management strategies and equipment, enhancing the overall client experience while improving CTCC waste diversion programs
- Continued the life-cycle replacement and repair of the critical infrastructure systems necessary to deliver top-tier client experiences, notably HVAC, electrical, water and sewer, life safety, elevators/escalators and exterior building envelope

Develop Additional Lines of Business

- Guest Services Concierge Program
- Gala and Wedding Promotions
- Added an in-house décor company to enhance client offerings
- Increased cross selling with in-house partners

Develop Strategic Markets

- UK partnership brought 42 conference leads to the City and 5 champion led proposals
- Collaboration of sellable space with industry partners including BMO and MCC by developing a collaborative marketing strategy

Activate Our Neighbourhood

- Engaged with neighbourhood partners in revitalizing downtown Calgary and how we can both diversify the economy and raise Calgary's profile as industry leaders

Drive Economic Impact

- Implemented ROI per Event Calculator enhancing profitability
- Hosted 267 events bringing in 156,370 delegates and 24,237 non-residents

A photograph of a modern office entrance. The main feature is a set of double glass doors with blue-tinted glass. The right door is slightly open, revealing a hallway with a grey patterned carpet and a white door in the background. The text 'Ideation Centre' is printed in white on the right door. The ceiling is white with recessed lighting. The overall aesthetic is clean and professional.

**Ideation
Centre**

*"We host professional,
customized and personalized
experiences... All Ways."*



FINANCIAL STATEMENTS
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TO THE DIRECTORS OF THE CALGARY CONVENTION CENTRE AUTHORITY

Opinion

We have audited the financial statements of Calgary Convention Centre Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenue, expense and operating reserve, change in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a sans-serif font.

Chartered Professional Accountants
May 27, 2020

As at December 31, 2019	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash & cash equivalents (Note 3)	2,144,864	1,654,565
Restricted cash (Note 13)	-	127,646
Accounts receivable	2,381,690	3,061,112
Due from The City of Calgary - major replacement reserve	213,106	200,029
Investments (Note 5)	1,106,314	1,184,785
	5,845,974	6,228,137
FINANCIAL LIABILITIES		
Bank indebtedness (Note 7)	2,396,061	1,550,171
Accounts payable and accrued liabilities (Notes 9 & 13)	4,073,510	3,473,562
Client deposits	2,305,462	1,933,470
Lease obligations (Note 15)	629,740	373,722
	9,404,773	7,330,925
NET FINANCIAL LIABILITIES	(3,558,799)	(1,102,788)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	8,714,369	5,917,789
Prepaid expenses	231,989	477,413
	8,946,358	6,395,202
ACCUMULATED SURPLUS IS REPRESENTED BY		
Major replacement reserve (Note 4)	213,106	200,029
Operating reserve	5,174,453	5,092,385
	5,387,559	5,292,414

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

Approved by the Board



Director



Director

Year ended December 31, 2019	2019 Budget (Note 12)	2019 ACTUAL	2018 ACTUAL
	\$	\$	\$
REVENUE			
Operating (Note 13)	26,017,852	23,964,223	21,037,886
Grants from The City of Calgary	1,941,309	2,308,389	1,941,309
	27,959,161	26,272,612	22,979,195
EXPENSES			
Administrative and general	3,017,531	2,585,305	2,103,092
Amortization	2,079,840	1,539,231	1,303,606
Marketing	3,128,395	2,110,367	1,585,125
Operations and maintenance (Note 13)	21,177,277	19,951,054	17,778,742
	29,403,043	26,185,957	22,770,565
Operating surplus before the undernoted	(1,443,882)	86,655	208,630
Major replacement reserve (Notes 4 & 11)	-	(13,077)	(180,000)
Gain on disposal of tangible capital assets	-	8,490	-
Operating surplus for the year	(1,443,882)	82,068	28,630
Operating reserve, beginning of year	5,092,385	5,092,385	5,063,755
OPERATING RESERVE, END OF YEAR	3,648,503	5,174,453	5,092,385

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

Year ended December 31, 2019	2019	2018
	\$	\$
Operating surplus for the year	82,068	28,630
Amortization	1,539,231	1,303,606
Proceeds from disposal of tangible capital assets	27,000	-
Gain from disposal of tangible capital assets	(8,490)	-
Change in prepaid expenses	245,424	(380,317)
Allocation to major replacement reserve	180,000	180,000
Usage of major replacement reserve	(166,923)	-
Lease of tangible capital assets	(454,085)	(427,115)
Purchases of tangible capital assets	(3,900,236)	(2,149,113)
Increase in net financial liabilities	(2,456,011)	(1,444,309)
Net financial (liabilities) assets, beginning of year	(1,102,788)	341,521
Net financial liabilities, end of year	(3,558,799)	(1,102,788)

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

Year ended December 31, 2019	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Operating surplus for the year	82,068	28,630
Items not affecting cash and equivalents		
Amortization	1,539,231	1,303,606
Gain on disposal of tangible capital assets	(8,490)	-
	1,612,809	1,332,236
Changes in non-cash working capital		
Accounts receivable	679,422	(1,402,855)
Accounts payable and accrued liabilities	599,948	(251,380)
Client deposits	371,992	110,505
Lease obligations	256,018	(53,393)
Prepaid expenses	245,424	(380,317)
Major replacement reserve	13,077	180,000
	3,778,690	(465,204)
INVESTING ACTIVITIES		
Purchases of tangible capital assets	(3,900,236)	(2,149,113)
Proceeds from disposal of tangible capital assets	27,000	-
Change in restricted cash	127,646	(21,333)
Purchases of short-term investments	(1,762,025)	(2,431,891)
Proceeds from disposal of short-term investments	1,258,692	2,407,733
Changes in non-cash working capital		
Due from The City of Calgary - major replacement reserve	(13,077)	(5,088)
Accounts payable and accrued liabilities	127,719	478,844
	(4,134,281)	(1,720,848)
FINANCING ACTIVITIES		
Change in bank indebtedness	845,890	1,550,171
	845,890	1,550,171
Net increase (decrease) in cash and cash equivalents	490,299	(635,881)
Cash and cash equivalents, beginning of year	1,654,565	2,290,446
Cash and Cash equivalents, end of year	2,144,864	1,654,565
REPRESENTED BY		
Cash	846,581	376,489
Cash equivalents	1,298,283	1,278,076
	2,144,864	1,654,565

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.

New accounting standards in effect

The Authority has prospectively adopted PS 3430 Restructuring Transactions with an effective date of January 1, 2019. The adoption of this standard has not had any impact on the financial statements.

Future accounting pronouncements

The following new accounting standards were issued by the Public Sector Accounting Board (PSAB). The Authority continues to assess the impacts of the standards.

Effective for fiscal years beginning on or after April 1, 2021

PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets. This standard will be effective for the Authority on January 1, 2022.

NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective for fiscal years beginning on or after April 1, 2022

PS 3400 Revenue provides guidance on the recognition of revenue that distinguishes between revenue that arises from transactions that include performance obligations and from transactions that do not have performance obligations. This standard will be effective for the Authority on January 1, 2023.

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 2.17% (2018 - 1.77%) per annum. As at December 31, 2019, the Authority held \$1,298,283 (2018 - \$1,278,076) in short term GICs and \$1,106,314 (2018 - \$1,184,785) 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 totaled \$180,000 (2018 - \$180,000).

	2019	2018
	\$	\$
Balance, beginning of year	200,029	20,029
Increase in provision for the year	180,000	180,000
Major replacement expenditures (Note 11)	(166,923)	-
Balance, end of year	213,106	200,029

NOTE 5 • INVESTMENTS

Investments consist of GICs with a maturity date not greater than five years from December 31, 2019 bearing interest from 0.70% to 1.70% (2018 - 1.50% to 2.65%) per annum. The fair value of the investments has been determined to be the principal plus interest earned to date.

	2019		
	Cost	Accrued interest	Fair value
	\$	\$	\$
Rate Riser Plus GIC 0044	655,787	5,458	661,245
Variable Rate GIC 0040	444,269	800	445,069
	1,100,056	6,258	1,106,314

	2018		
	Cost	Accrued interest	Fair value
	\$	\$	\$
Rate Riser Plus GIC 0037	597,500	45,915	643,415
Rate Riser Plus GIC 0038	506,250	35,120	541,370
	1,103,750	81,035	1,184,785

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. Capital leases of \$454,085 (2018 - \$427,115) are included in other equipment.

	2019		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,827,562	6,827,562	-
Building enhancements	5,299,975	1,786,889	3,513,086
Computer equipment	898,771	643,363	255,408
Other equipment	8,523,153	3,577,278	4,945,875
	21,549,461	12,835,092	8,714,369

	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Renovations	6,827,559	6,827,559	-
Building enhancements	3,431,255	1,291,508	2,139,747
Computer equipment	735,159	506,711	228,448
Other equipment	6,201,166	2,651,572	3,549,594
	17,195,139	11,277,350	5,917,789

NOTE 7 • BANK INDEBTEDNESS

The Authority has an operating demand loan facility to a maximum of \$2,400,000. This facility is secured by GICs in the amount of \$2,400,000. The interest rate on the facility fluctuates with the Bank of Montreal's prime rate per annum. At December 31, 2019, the balance of the facility was \$1,239,240 (2018 - \$nil).

The total bank indebtedness at December 31, 2019 was \$2,396,061 (2018 - \$1,550,171).

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, 2018 audited financial statements), in total, the LAPP had an actuarial surplus of \$3.469 million (2017 - Surplus of \$4.835 million).

NOTE 8 • EMPLOYEE BENEFITS (CONTINUED)

The Authority is required to make current service contributions to the LAPP of 10.39% of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE"), and 14.84% thereafter. Employees of the Authority are required to make current service contributions of 9.39% of pensionable salary up to the YMPE, and 13.84% 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 \$540,282 (2018 - \$497,178). Total current service contributions by the employees of the Authority to the LAPP for the year were \$499,665 (2018 - \$435,775).

NOTE 9 • ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In 2019, the Authority concluded agreements with Meetings & Conventions Calgary (MC&IT), Conventions Centres of Canada, and Energy Cities Alliance (Note 13). These agreements had significant impact to the Authority's accounts payable and accrued liabilities in prior years. As at December 31, 2019, the accounts payable and accrued liabilities represent normal business operations of the Authority with trade vendors.

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, bank indebtedness, accounts payable and accrued liabilities, and client deposits. The carrying values of these items approximate their fair values due to their short term nature.

Interest Rate Risk

Interest rate risk reflects the sensitivity of the Authority's financial results and condition to movements in interest rates. Interest rate risk is limited to the line of credit which bears interest at the prime rate (Note 7).

Credit Risk

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.

Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its contractual cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining cash on hand. Contractual obligations related to accounts payable and accruals are due within 12 months.

NOTE 11 • MAJOR CAPITAL ADDITIONS

During the year, the Authority incurred \$4,354,322 (2018 - \$2,576,228) in expenditures for major capital additions, which have been capitalized as building enhancements and equipment. Of this amount, \$3,733,313 (2018 - \$1,195,318) was funded by the Authority's operating reserve and \$166,923 (2018 - \$ Nil) was funded by the Authority's major replacement reserve. \$0 (2018 - \$953,796) was applied for and funded through The City's CPRiiP (Culture Parks Recreation Infrastructure Investment Fund) Program for the capital additions made in 2019. \$454,085 (2018 - \$427,115) was funded by capital lease (see Note 15).

NOTE 12 • 2019 BUDGET

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

NOTE 13 • 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 \$1,687,606 (2018 - \$1,548,677) 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 (2018 - \$87,000) totaling \$1,774,606 (2018 - \$1,635,677) are included in operating revenue of the Authority. Capital projects supervised by the Authority totaled \$99,272 (2018 - \$312,410) during the year.

Retail spaces, North Building

The Authority provides basic property management services for the retail spaces and parkade in the north building to the City of Calgary Real Estate and Development Services and the Calgary Parking Authority respectively. Expenses of \$493,318 (2018 - \$452,805) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee \$534,609 (2018 - \$490,771) are included in operating revenue of the Authority.

NOTE 13 • CALGARY CONVENTION CENTRE AUTHORITY RESPONSIBILITIES (continued)**Meetings & Conventions Calgary**

Through a marketing and funding agreement ("the Agreement") with the Calgary Hotel Association, the Authority provided management and operation of destination sales and marketing for Meetings, Conventions and Incentive Travel ("MC&IT"). Expenses of \$2,055,598 (2018 - \$3,161,134) incurred in provision of these services are included in the expenses of the Authority. Funding to cover these expenses \$2,055,598 (2018 - \$3,161,134) 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 \$108,479 (2018 - \$185,964) is included in the operating revenue of the Authority.

On July 31, 2019, the Agreement was terminated and funds of \$38,614 were paid by the Association to the Authority on September 27, 2019. As at December 31, 2019, an amount of \$29,558 (2018 - \$111,557) advanced by the Association is included in accounts payable and accrued liabilities.

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, 2019, an amount of \$Nil (2018 - \$97,626) is outstanding in accounts payable, accrued liabilities, and restricted cash. The funds of \$128,706 were transferred to and administered by the office of the executive director of the Convention Centres of Canada on December 13, 2019.

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, 2019, an amount of \$Nil (2018 - \$9,437) is outstanding in accounts payable, accrued liabilities, and restricted cash. The funds of \$9,437 were transferred to and administered by one of the other members of the marketing partnership on March 11, 2019.

NOTE 14 • COMMITMENTS

As of December 31, 2019, the Authority has commitments related to the lease of office equipment, furniture, housekeeping equipment, and communications equipment payable within the next three years as follows:

	\$
2020	352,602
2021	345,407
2022	199,629
2023	62,544
2024	-
	<u>960,182</u>

NOTE 15 • CAPITAL LEASE OBLIGATIONS

As of December 31, 2019 the Authority has the following capital lease obligations.

	2019	2018
	\$	\$
Obligation under capital lease for event furniture, monthly payment of \$7,063 with interest at a rate of 6.810%, maturing on April 30, 2022	209,724	277,665
Obligation under capital lease for event furniture, monthly payment of \$1,394, with interest at a rate of 6.889%, maturing on April 30, 2022	41,324	54,690
Obligation under capital lease for floor scrubber with interest at a rate of 6.990%, maturing on July 1, 2023	33,875	41,367
Obligation under capital lease for Cisco Network Switches with interest at a rate of 0%, maturing on December 31, 2021.	218,538	-
Obligation under capital lease for Dell vxRail Server System with interest at a rate of 0%, maturing on October 31, 2022.	126,279	-
	<u>629,740</u>	<u>373,722</u>
Less current portion	<u>265,219</u>	<u>88,800</u>
	<u>364,521</u>	<u>284,922</u>

Future minimum lease payments, including principal and interest, under the capital leases for subsequent years are as follows:

	\$
2020	265,219
2021	265,219
2022	119,441
2023	9,086
2024	-
	<u>658,965</u>

The obligations under capital leases are secured by the underlying leased assets.

NOTE 16 • CONTRACTUAL RIGHTS

Contractual rights are rights of the Authority to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contract or agreements are met. As of December 31, 2019 the Authority has the following contractual rights.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Lease of space or equipment	Licensing payments	Total
	\$	\$	\$
2020	20,000	173,774	193,774
2021	8,333	173,774	182,107
2022	-	173,774	173,774
2023	-	101,194	101,194
2024	-	52,000	52,000
Thereafter	-	750,000	750,000
	28,333	1,424,516	1,452,849

NOTE 17 • COMPARATIVE FIGURES

Certain comparative figures have been reclassified to adjust presentation and classification of balances in the prior year's financial statement presentation to conform to current year presentation. These reclassifications are as a result of reclassifying bank indebtedness from cash and cash equivalents.

NOTE 18 • SUBSEQUENT EVENTS

On March 11, 2020, the Board approved management to increase the maximum on the operating demand loan facility to \$3,500,000. The facility increase was granted by the financial institution provided a general security agreement be inserted in the amending operating demand loan facility agreement. The terms and condition remain the same as before and took effect on April 29, 2020.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As a result, on March 23, 2020, the Authority was closed to the public until further notice and events have been rescheduled to the fourth quarter of 2020 or into 2021. On March 30, 2020, the Authority announced that the Centre will transform into an overflow emergency shelter through to June 30, 2020 to support the Calgary Drop-In Centre during the COVID-19 outbreak. The Authority continues to hold discussions with The City, and monitor and assess the impact COVID-19 will have on operations. As the duration and impact of COVID-19 is unknown at this time, it is not possible to reliably estimate the impact that the length and severity of COVID-19 will have on the financial results and condition of the Authority in future periods. Effective April 16, 2020, the Authority terminated an agreement with Connect Partnership Group ("CPG"). CPG was engaged to assist coordination and development of events for the Authority.

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CONVENTION CENTRE**

120 NINTH AVENUE SE
CALGARY, ALBERTA, CANADA T2G 0P3
CALGARY-CONVENTION.COM

CONTACT

MAIN 403.261.8500
TOLL FREE 1.800.822.2697
SALES@CALGARY-CONVENTION.COM

