

 Scotiabank CENTRE

ANNUAL REPORT



2017-18

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OUR LADY PEACE

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MESSAGE FROM THE **MAYOR**



Scotiabank Centre's 40th year was one of reflection and new beginnings as we continued to make enhancements to the facility, attract world-class entertainment to our province and create memorable event experiences.

Through the naming rights partnership with Scotiabank, the facility continues to undergo a series of improvements that support a new chapter in the evolution of Atlantic Canada's largest events venue.

Scotiabank Centre's incredible event lineup continues to position our city as the top sports and entertainment venue

in Atlantic Canada, hosting some of the most significant events our city has welcomed this past year and throughout its rich 40-year history. From world-class athletes, to chart-topping performers, our city knows how to host great entertainment and draw a crowd. It upholds its legacy of bringing people together to create lasting memories.

I'm proud of everything that we've accomplished together over the past year, including the successful bids to host the 2019 Mastercard Memorial Cup and the North American Indigenous Games in 2020. These events will draw visitors from across Canada and even the world, creating a lasting impact on our city.

Halifax is always growing and evolving, making us the best destination to visit and experience great events. I can't wait to see what Scotiabank Centre has to offer in the year ahead.

Sincerely,

A handwritten signature in black ink that reads "Mike Savage". The signature is written in a cursive, flowing style and is underlined with a single horizontal stroke.

Mike Savage

Mayor, Halifax Regional Municipality

MESSAGE FROM THE **PRESIDENT & CEO**



This year, we proudly celebrated our 40th anniversary of attracting and hosting world-class sporting and entertainment events. As we look back on our rich history together with our community, one thing is clear - our guests have made a lot of great memories in our facility.

In 2017-18, we continued to build on our legacy by hosting a strong, diverse mix of events including the FIBA World Cup Qualifier, k.d. Lang, Matt Mays, U SPORTS Men's Final 8 Basketball Championship, I Love the 90's, Jim Gaffigan and many more.

In collaboration with our partner, Halifax Regional Municipality (HRM), we identified renovations and capital priorities to ensure we can continue to deliver on customer and community expectations. Investment in new infrastructure like our basketball court and ice slab project means we can work with national and international rights holders to attract and host top-tier events.

We're also focused on listening to our customers and working with them to define the optimal experience at Scotiabank Centre. This year, we took steps to enhance our in-venue experience through more upgrades and we will continue to identify opportunities to improve and evolve in the future.

At Scotiabank Centre, our goal is simple. We want to create memorable event experiences for each and every guest we host. We know this facility is a great source of pride for our community and we're passionate in our mission to attract great events that continue to build on our reputation of being a world-class host city.

Sincerely,

A handwritten signature in black ink, which reads "Carrie Cussons". The signature is fluid and cursive, with a long horizontal line extending to the right.

Carrie Cussons
President & CEO

INVESTING IN THE EXPERIENCE

“It’s like a brand-new building filled with 40 years of memories.”

That’s how Carrie Cussons, president and CEO of Scotiabank Centre, describes the facility after the latest round of upgrades.

“This year, we’re celebrating 40 years of history and unforgettable moments that have taken place in the facility,” she continues. “Scotiabank Centre is the perfect backdrop to showcase our country’s best-in-class athletes, biggest concerts and most exciting events.”

It’s also a place where the whole community feels welcome, she adds. The mix of music, sport, entertainment and family shows mean there really is something for everyone at Scotiabank Centre.

“It’s part of the fabric of our community,” says Carrie, “and that’s because we have a team with decades of experience who are passionate about creating the best events for our guests.”

Over the past few years we’ve enhanced that experience by making upgrades such as new seats and washrooms. Many of these upgrades were suggested by our customers and community and most were funded through our naming rights partnership with Scotiabank.

This year, we added several more.



**IT’S LIKE A BRAND NEW
BUILDING FILLED WITH
40 YEARS OF MEMORIES**

CARRIE CUSSONS
PRESIDENT & CEO

10,000
NEW SEATS (📅 2015)

112 NEW LED LIGHTS TO REDUCE ENVIRONMENTAL IMPACT
(📅 2016)

1 NEW BASKETBALL HARD COURT
(📅 2017)

4

0

**YEARS
NEW**

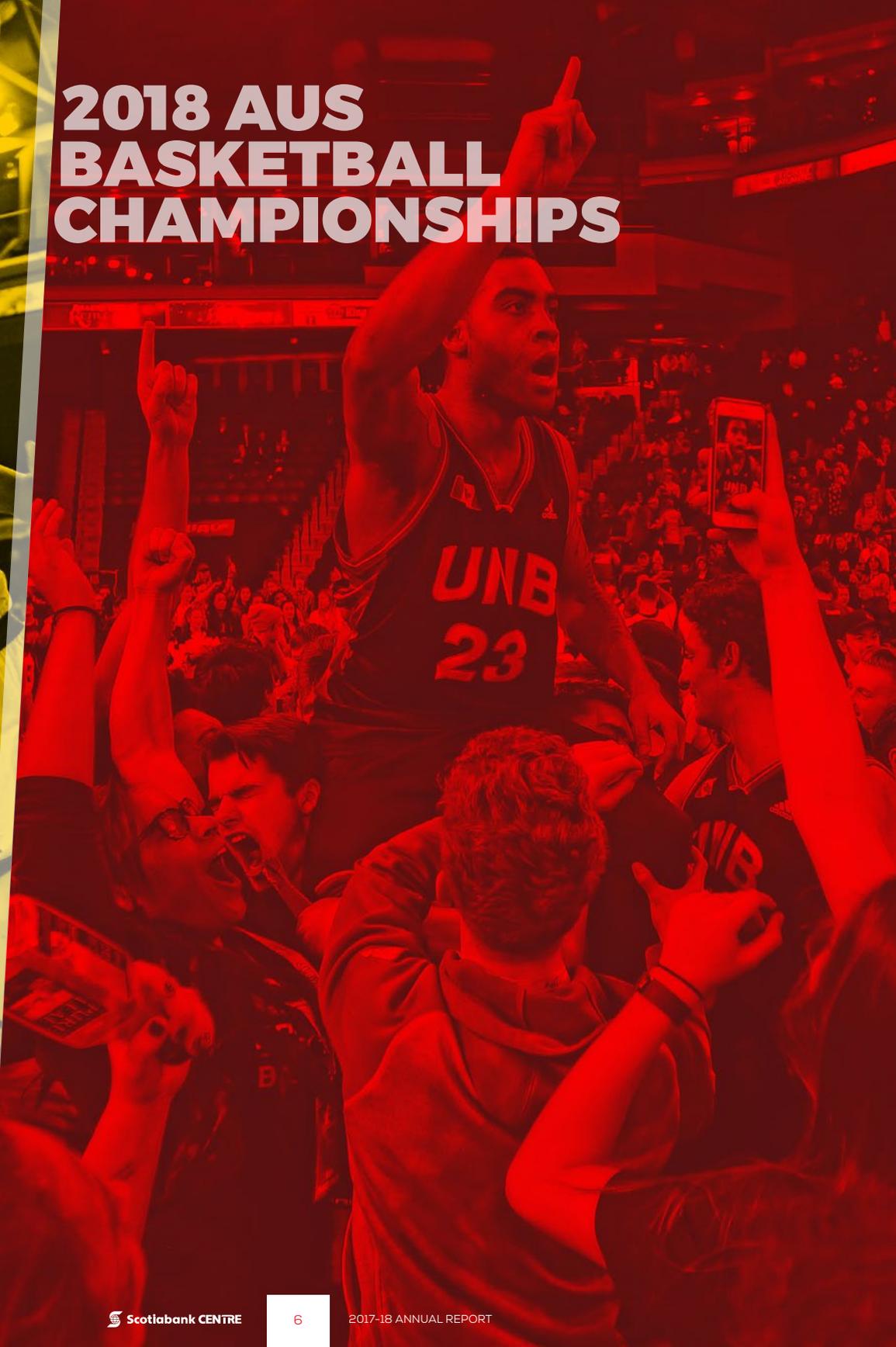
1 NEW ROOF
(📅 2017)

EXPANSION
(📅 2014) OF THE KING CLUB CONCESSIONS AREA

264 STAIRWELL GRAB BARS
(📅 2017)

26 NEW WASHROOMS
(📅 2015)

2018 AUS BASKETBALL CHAMPIONSHIPS



OUR NEW BASKETBALL FLOOR IS A SLAM DUNK

In October 2017, we debuted our new basketball floor, which meets the International Basketball Federation's (FIBA) regulations.

The new floor enhances the experience for everyone: fans tell us they like how rich it looks; athletes like the extra padding on the bottom that helps absorb shock and protects their knees; and our event technicians love how easy it is to install and take up.

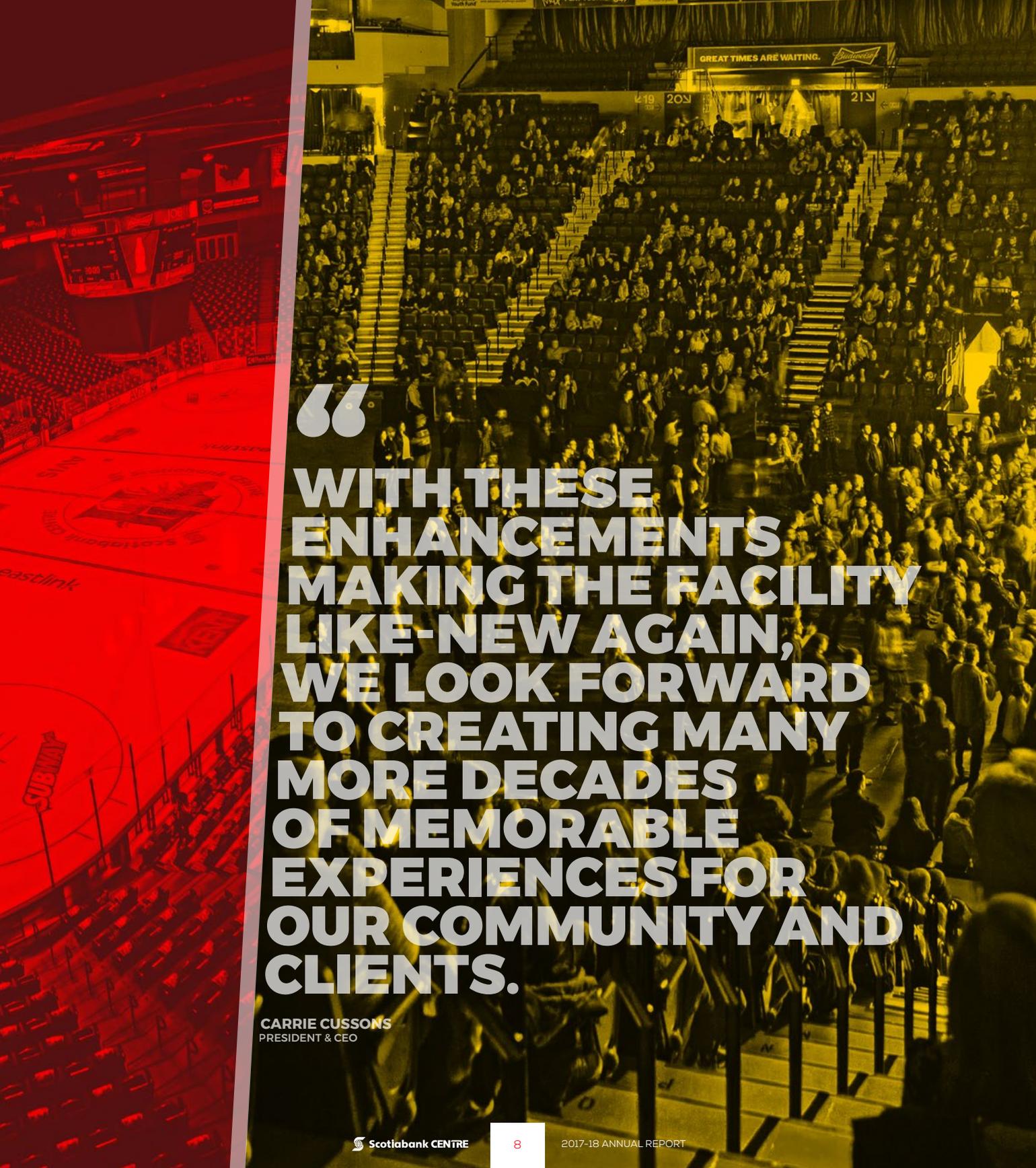
Having a floor of this standard makes us eligible to host international basketball events—and that's exactly what we did in November 2017 when we hosted the FIBA Basketball World Cup 2019 Americas Qualifier.

Canada Basketball, in partnership with Sport and Entertainment Atlantic, brought top athletes to Scotiabank Centre that featured the first Senior Men's National Team home game, an Atlantic University Sport men's game between Acadia and St. Francis Xavier universities, and a Steve Nash Youth Basketball Clinic hosted by Canada Basketball and Basketball Nova Scotia.

"We were one of the first events to play on the new floor," says Bryan Crawford, senior director of operations, Canada Basketball. "Having it makes Scotiabank Centre a choice for us for anything going forward."

The floor wasn't the only thing that impressed Crawford. "The event was a fantastic success because the community really embraced the game and the team," he says. "We can't say enough good things about the hospitality of Halifax. This process starts again in 2022 and Halifax will certainly be at the top of the list of the communities we'll look to."

In the end, Canada beat the Bahamas 93–69, picking up the first win in the first round of the qualifiers.



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**WITH THESE
ENHANCEMENTS
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LIKE-NEW AGAIN,
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OUR COMMUNITY AND
CLIENTS.**

CARRIE CUSSONS
PRESIDENT & CEO

GRABBING AN INNOVATIVE IDEA

Another popular upgrade is the grab bars. Our challenge was to design a railing that would meet safety standards and still allow people to move back and forth between aisles easily and not obstruct our guests' view. This innovative solution allows people of all ages and mobilities to go up and down the stairs with confidence. This year, we expanded the installation with the goal of equipping the whole arena in the future.

Food is also an important part for our guests when they attend our events and we continue to enhance that experience with additions to our concessions. This year, we welcomed Halifax Sandwich, whose tasty five dollar value sandwiches are proving a hit with fans. Healthy options and family-friendly portions are now on the menu along the concourse as well. We also made it easier for folks to find their favourite game-time grub with a concessions map that shows the wide variety of choices available. To wash it all down, our new fountains allow you to refill water bottles easily.

Here's one upgrade everyone can look up to: our new roof. Designed to last 30 years, this new, modern one replaces the original and lowers the weight the building carries by 220 tonnes. Having a lighter, stronger roof means we can hang more elaborate loads (like lighting) on the inside, improving the event experience for everyone.

THE ICING ON THE UPGRADES

The ice slab replacement is the final key investment to make our facility like-new again allowing us to continue to provide the high-caliber events that our customers and clients have come to expect from us.

The existing slab is original to the building and has supported 40 years of great events on ice, like the 2003 World Junior Hockey Championship, the 2015 World Men's Curling Championships, the 2011 Canada Games Hockey, the 1990 World Figure Skating Championships, the 2010 Tim Hortons Brier, the 2012 Canada-Russia Challenge and many Halifax Mooseheads games. The new ice slab plays a significant role in our future as we look to host more world-class events, like the 2019 Memorial Cup!

Our team has 40 years of experience running and maintaining the original ice slab system and that experience was put to good use in designing the new system.

GREAT EVENTS

As the largest multi-purpose facility in Atlantic Canada, Scotiabank Centre has been the home to the biggest events and concerts in Halifax and beyond for 40 years.

In the past year alone, we've hosted everything from national sporting events like the U Sports Men's Basketball Championship, to pop culture icons with the *I Love the 90's* tour, to dazzling experiences like *Riverdance*, family-friendly favourites like the Wiggles, popular comedians like Jeff Foxworthy and Larry the Cable Guy and even famed psychics like The Long Island Medium herself, Theresa Caputo.

We can't forget our regular friends, the Halifax Mooseheads, the Halifax Hurricanes, the Royal Nova Scotia International Tattoo and Atlantic University Sport.

That's quite a list...and quite a diversity of entertainment.

There's one thing all of these events have in common: the full support, passion and experience of the team here at Scotiabank Centre.

"We take great pride in not only delivering great events, but helping to create the best event experiences for our clients and our guests," says Carrie. "Event promoters have told us many times that our team's commitment to the events we host is what sets us apart from other facilities."

LOOKING TO THE FUTURE

This year we were excited to secure these prestigious marquee events:



2019 MASTERCARD
MEMORIAL CUP



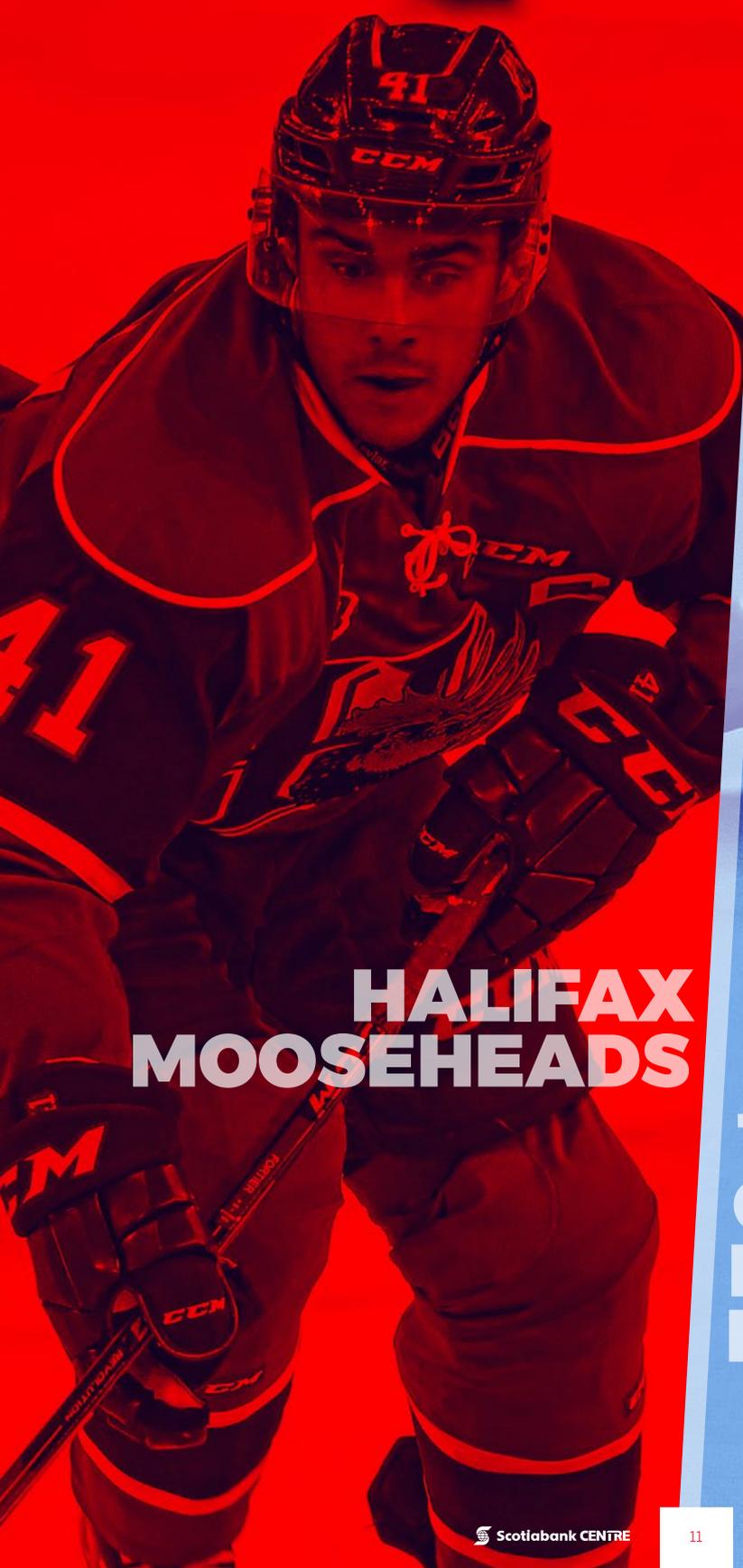
2019 AND 2021 U SPORTS MEN'S FINAL 8
BASKETBALL CHAMPIONSHIPS



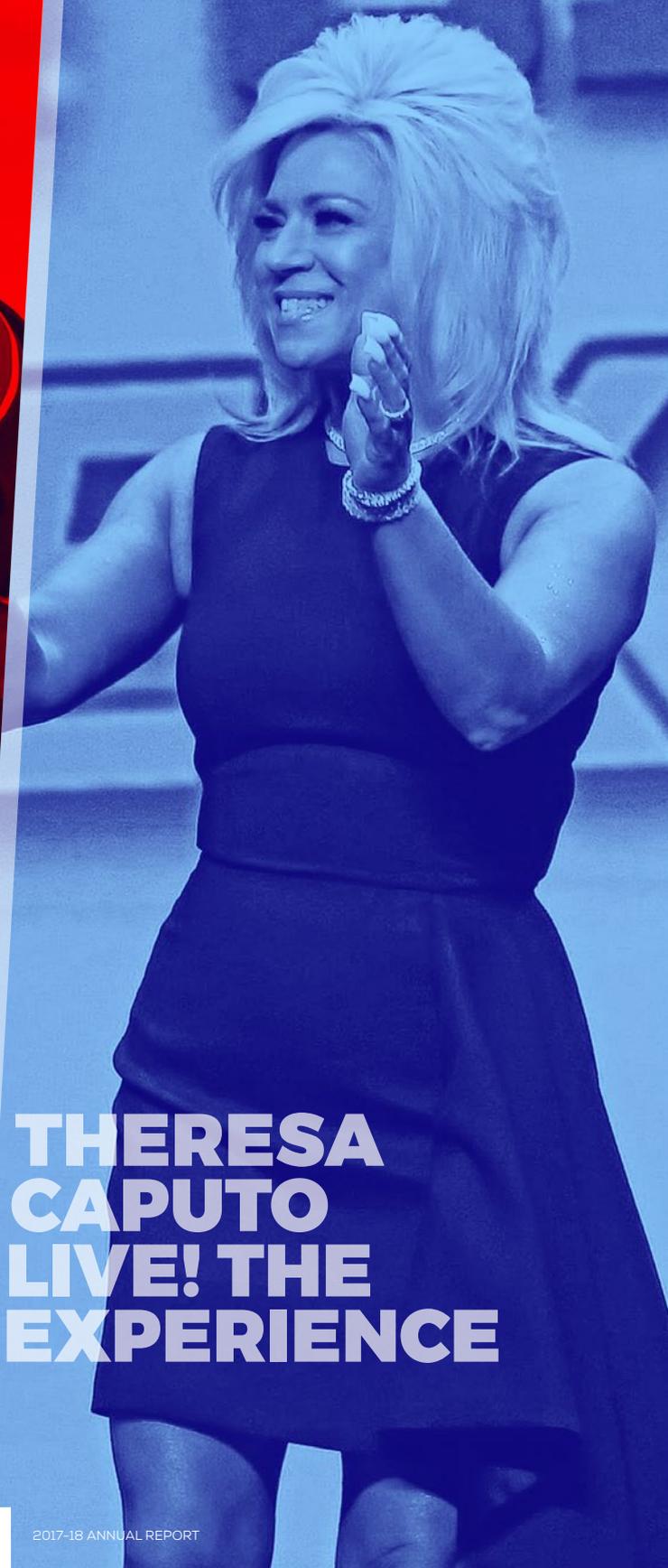
2020 NORTH AMERICAN
INDIGENOUS GAMES



2020 U SPORTS UNIVERSITY CUP
NATIONAL HOCKEY CHAMPIONSHIP



HALIFAX MOOSEHEADS

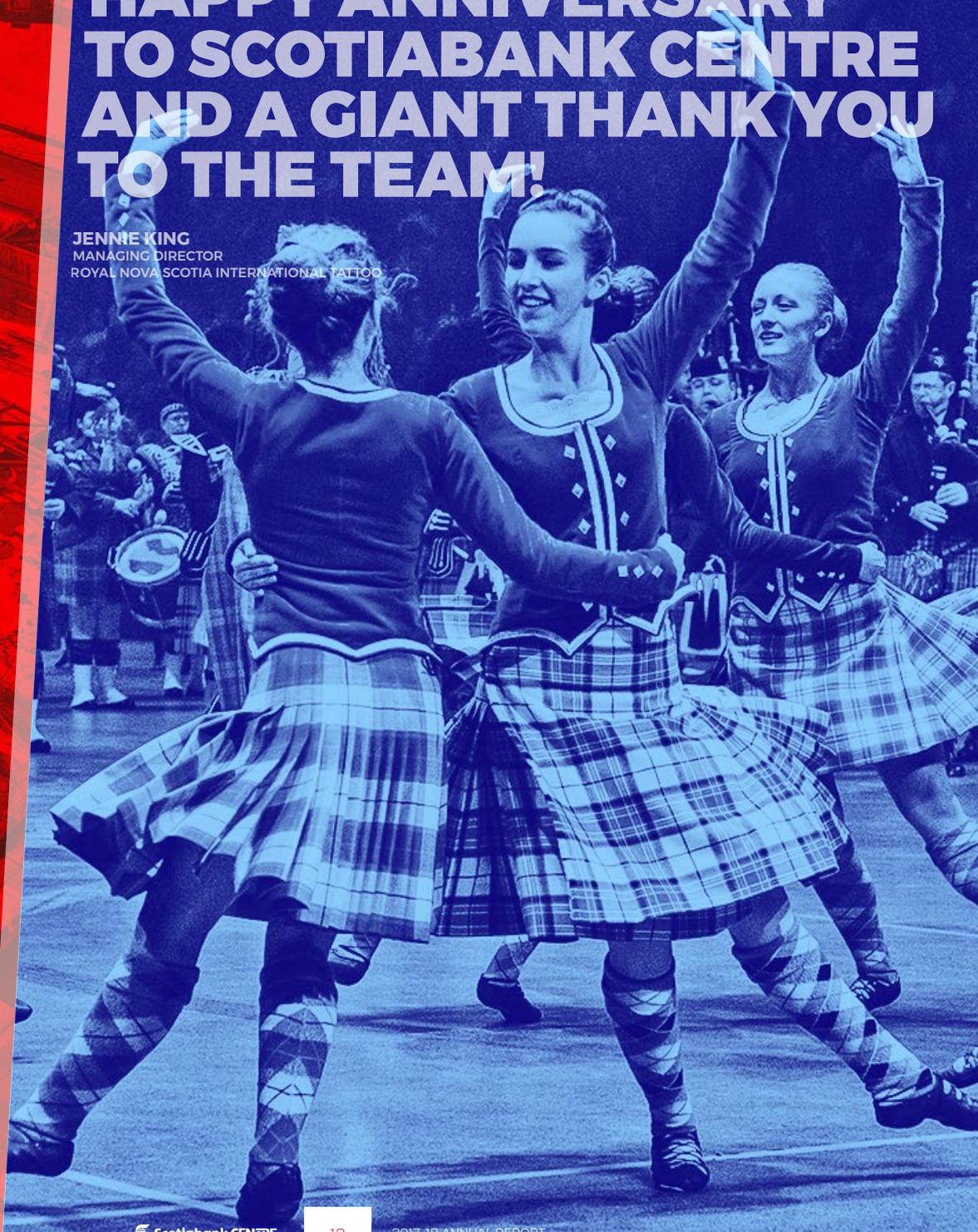


THERESA CAPUTO LIVE! THE EXPERIENCE

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HAPPY ANNIVERSARY TO SCOTIABANK CENTRE AND A GIANT THANK YOU TO THE TEAM!

JENNE KING
MANAGING DIRECTOR
ROYAL NOVA SCOTIA INTERNATIONAL TATTOO



“IT’S NICE TO HAVE A FAMILY AT SCOTIABANK CENTRE”

Jennie King had some big shoes to fill when she took over as managing director for the Royal Nova Scotia International Tattoo in 2016.

The event, which is the same age as our facility, was first held in 1979, to mark the visit of Her Majesty Queen Elizabeth, The Queen Mother, to Nova Scotia for the International Gathering of the Clans. It’s been held every year since and today is the world’s largest annual indoor show and a fixture of the Halifax summer scene.

To say it has a loyal fan base with high expectations is an understatement.

As King says, having the experience of our team at Scotiabank Centre helped her transition into her new role. “They welcomed me with open arms and have been really supportive,” says King. “They’re a true partner. It’s not easy to do what we do. The Tattoo is intense. You can’t get all of that done without the fantastic group on the inside. The team at Scotiabank Centre are our biggest cheerleaders and a big part of our success.”

This year’s show had two special themes: Canada 150 and the 100th anniversaries of the Halifax Explosion and Vimy Ridge. “The Vimy Ridge scene was my favourite every night,” says King. “I’d look around and see people getting teary-eyed. In live events like this, we’re storytellers and we tell those stories through music and dance.”

On the true 40th anniversary, the theme will be “Heroes and Legends” and King is already excited about how support for the event will extend outside the doors of Scotiabank Centre into the downtown community.

Other venues, like restaurants, museums and art galleries, are going to interpret the theme in their own way so when guests are downtown they’ll see it presented in different forms. It could be an exhibit at an art gallery or a sandwich at a pub.

“We don’t work in isolation at Scotiabank Centre,” says King on the collaboration. “When we work together, great things can happen.”

CONNECTING WITH THE COMMUNITY

We're always looking for ways to create a deeper engagement with our community. Here's what we did this year:

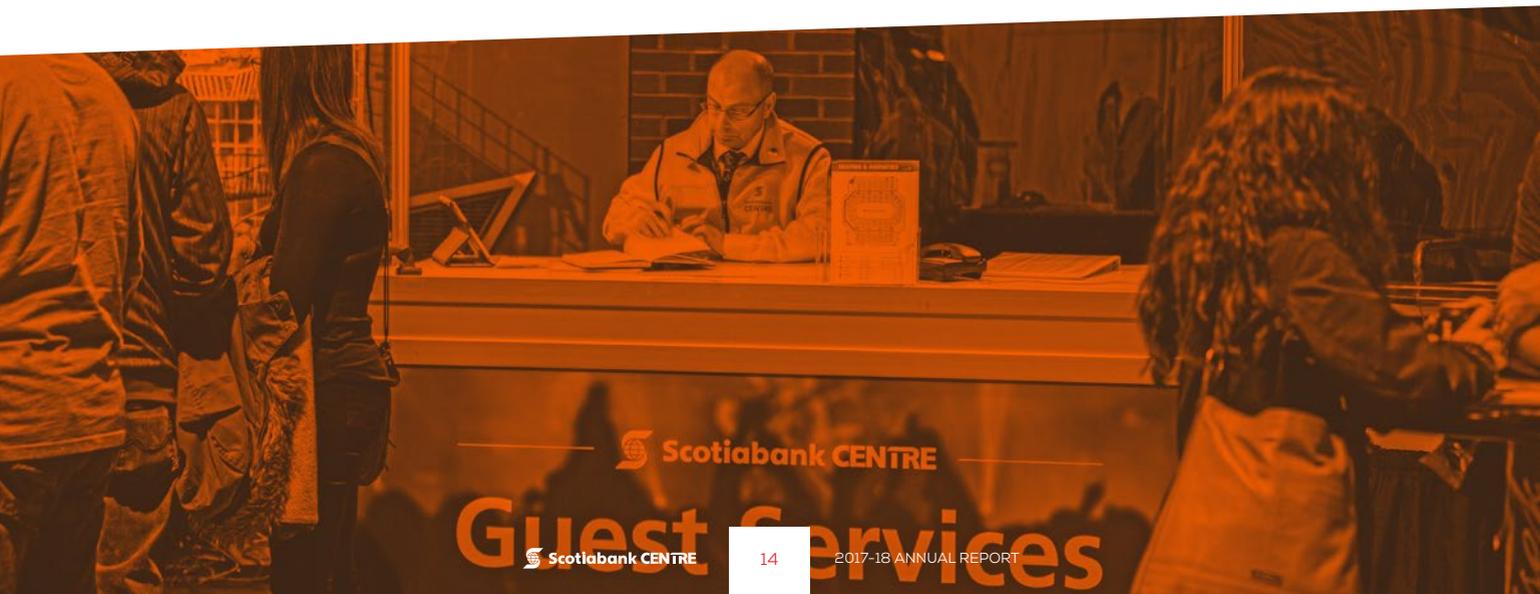
WE HEAR YOU

Thanks to social media we're able to engage with our guests on a real-time basis to answer their questions or address their concerns. We're listening and responding on Facebook, Twitter and Instagram.

We also have an online Customer Advisory Panel that provides us with vital feedback and direction. Many suggestions for facility enhancements, like the grab bars or improving the selection of our concessions came from the panel.

This year, we added another way for guests to get the information they need: our Guest Services Booth.

Located on the East Concourse, the ambassadors at the booth are ready to help guests find what they're looking for in the facility and downtown. They have information about upcoming events and are empowered to solve issues. Now guests have a place to go to ask about anything from parking to pizza.





17%

INCREASE IN FOLLOWERS
TO ALL SOCIAL CHANNELS



16

CONTESTS AND
PROMOTIONS



8.2%

POST ENGAGEMENT
(6.5% HIGHER THAN INDUSTRY AVERAGE)

FOLLOW US: @SCOTIABANKCTR

KIDS UP FRONT ATLANTIC

There's something magical about attending an event at Scotiabank Centre. For many of our guests, the memories they make here last a lifetime.

We think everyone in our city deserves the chance to experience that magic and make those memories. That's why this year we became the premier venue partner for the newly formed Kids Up Front Atlantic.

Founded in 2000, Kids Up Front Foundation is a charitable organization that provides access to arts, culture, sport and recreation for children who do not have the opportunity to experience them. As of 2016, over 1.5 million tickets and \$50 million in ticket value has been shared with kids and their families.

"We're thrilled to plant our roots in Atlantic Canada and call Halifax home to our newest chapter," says Terri Green, chair, Kids Up Front Atlantic. "Having Scotiabank Centre step up to be our premier ticket partner has been amazing."

Green describes Kids Up Front Atlantic as "a powerful thing. One of our themes is 'one little ticket can create a big lift in someone's life.' Not every family can afford a ticket to a concert or event. Providing these experiences to underserved children and their families makes them feel part of the community."

She also appreciates the creativity of the Scotiabank Centre team. "They come up with great ideas," says Green. "They had t-shirts for our event and popcorn branded with Kids Up Front Atlantic and Scotiabank Centre. They know what they're doing and are so helpful. We can't thank them enough."

The feedback from the kids and their families shows it's working. One mother wrote: "My son, who has autism and normally wears noise-cancelling headphones for everything, took them off to enjoy the show. And he's been asking to go to another musical almost every week since." Another teen wrote, "Thanks for giving me the opportunity to spend time with a family member whose life has been bumpy. Thank you for showing me your kindness."

"We wanted to find the right fit to give back to our community," says Carrie. "Our team is honoured to partner with Kids Up Front Atlantic and continue to enhance our community impact through the events we host."

In support of Kids Up Front Atlantic, we've made a commitment to provide up to 1,000 tickets to local children and families from July 1, 2017, to June 30, 2018. As of this printing, we've provided 1,016 tickets!

United Way Halifax works with Kids Up Front Atlantic to identify community organizations that would benefit from the program. Together, they will help give deserving kids and their families access to a broad range of event experiences.



KIDS UP FRONT ANNOUNCEMENT



1,016

TICKETS DONATED TO
KIDS UP FRONT ATLANTIC



170

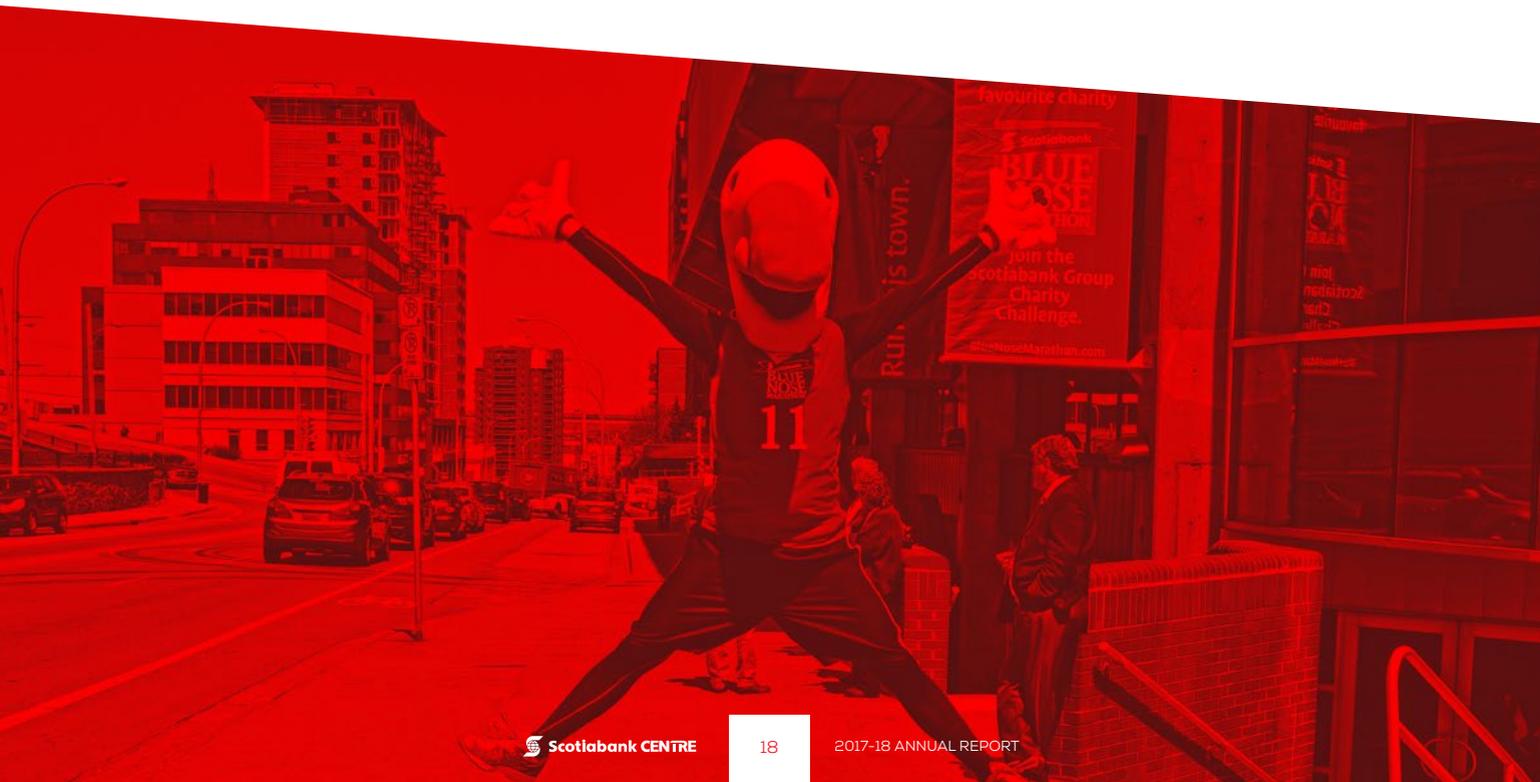
TICKETS DONATED
TO CHARITABLE
ORGANIZATIONS FOR
FUNDRAISING INITIATIVES

GOING THE EXTRA MYLES

Since day one we've been partners with the Scotiabank Blue Nose Marathon. It's the largest fitness event in Atlantic Canada, with over 13,000 participants, many more volunteers and a huge Active Living Expo. It also continues to be supported by the community, with the 2017 season raising \$600,000 for 73 community charities – the most funds raised in a single year.

Sherri Robbins, executive director of the Blue Nose Marathon, says the event values the strong relationships they've developed with our team and counts on the solutions we provide. We credit four decades of experience helping to create exceptional events—14 years on the marathon alone—that have resulted in our ability to streamline the planning process and help the Scotiabank Blue Nose Marathon host a very successful event that brings participants back year after year.

This year, we added some new events that brought some smiles to those running with Myles, the Blue Nose mascot. For example, a month before the marathon, we joined fellow event sponsor CBC to inspire the runners training in Point Pleasant Park. Runners were asked to share stories about #YourBestTimeEver to be entered in a draw for a grand prize pack, to which we contributed several goodies, including tickets to the *I Love the 90's* show at Scotiabank Centre.



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**WE'RE PROUD TO
COLLABORATE
ON NEW IDEAS
TO KEEP THE
EVENT, WHICH
ATTRACTS
RUNNERS FROM
ALL OVER
CANADA AND
BEYOND, FRESH
AND EXCITING.**

CARRIE CUSSONS
PRESIDENT & CEO

CAN YA' SING?

In honour of Canada's 150th birthday, we presented the O Can Ya' Sing contest, which invited people to audition with their version of the Canadian National Anthem.

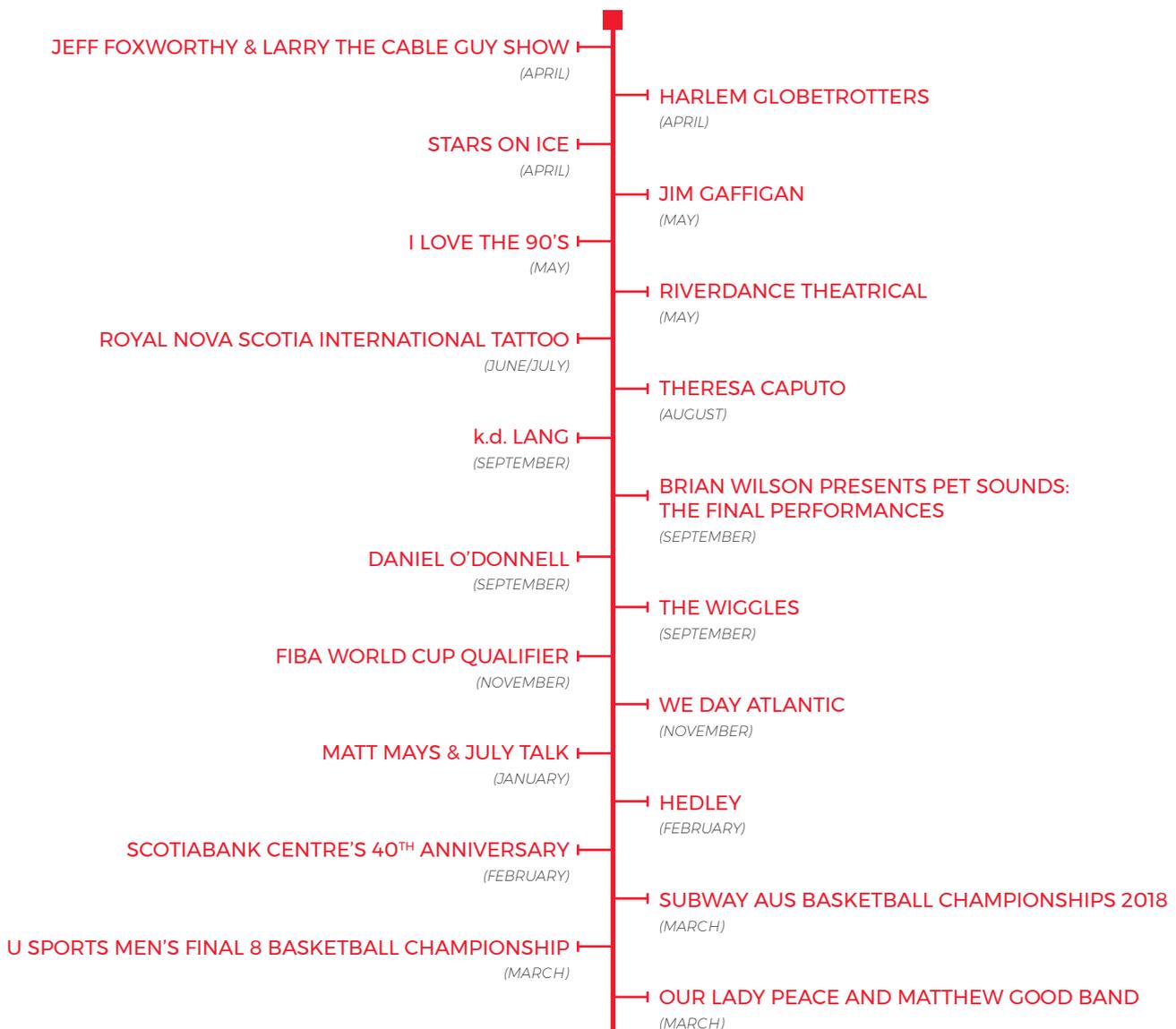
One singer in particular stole everyone's heart: Joshua Cochrane.

The 11-year-old from Yarmouth, who has autism spectrum disorder and was once non-verbal, wasn't shy about belting out *O Canada* at the start of the Blue Nose 5K run to everyone's delight.

Joshua wasn't the only one singing to celebrate Canada 150. Halifax Mooseheads' official anthem singer Peter Baylis was on a patriotic mission to sing *O Canada* 150 times before July 1, 2017, to raise money for Feed Nova Scotia. Along with Halifax Mooseheads games, Baylis sang at several Scotiabank Centre events, including AUS Basketball and hit his final goal at the Canada Day citizenship swearing-in ceremony on Citadel Hill. Baylis didn't stop there, though. At the December 30th Mooseheads game, he sang it for the 178th time.

YEAR IN REVIEW

SCOTIABANK CENTRE HOSTED OVER **400,000 PEOPLE** AT **111 EVENTS**, WITH **\$30.1 MILLION IN DIRECT EXPENDITURES**, INCLUDING:





k.d. LANG



BRIAN WILSON



HALIFAX HURRICANES



MATTHEW GOOD

MANAGEMENT

DISCUSSION & ANALYSIS

This review of our business activity for the period of April 1, 2017, to March 31, 2018, provides management's perspective of performance in key financial and operational outcome areas as outlined in the annual business plan. It is intended to provide a greater understanding of the organization's business strategy and serves as the annual public accountability statement.

PLANNING & OPERATING CONTEXT

Located in the heart of downtown Halifax, Scotiabank Centre is the largest multipurpose facility in Atlantic Canada, serving as the region's premier venue for major entertainment and sporting events. It is the hub of major event activity in Nova Scotia. With a seating capacity of more than 10,000 and the versatility to accommodate a range of events, Scotiabank Centre offers a diverse lineup of event experiences. It remains a critical piece of major event infrastructure and is essential to event success in Nova Scotia.

Scotiabank Centre is owned by Halifax Regional Municipality (HRM) and until the end of fiscal 2016-17, it was operated by Trade Centre Limited (TCL), a provincial Crown corporation. Effective April 1, 2017, management of the operations transitioned to Events East Group. Scotiabank Centre's focus is on ensuring the professional and effective delivery of events that drive community and economic impact. All operating income or losses generated by Scotiabank Centre accrue to HRM and all capital improvements are funded by the municipality.

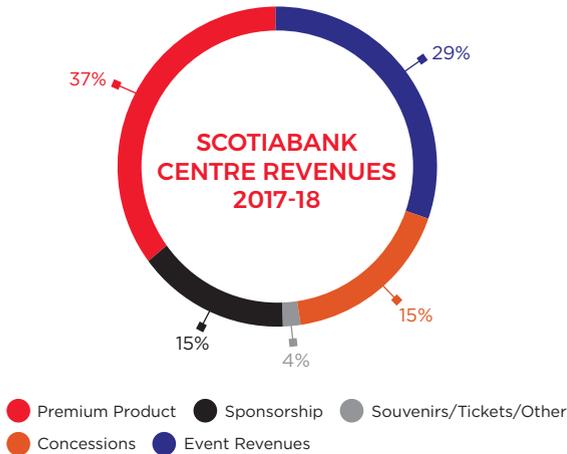
PERFORMANCE ANALYSIS

FINANCIAL PERFORMANCE

Scotiabank Centre is focused on delivering a strong, diverse mix of events throughout the year that align with customer and community expectations and add to the vibrancy of downtown Halifax. Meeting customer expectations while ensuring operational efficiency are the underpinnings of Scotiabank Centre's financial performance.

In 2017-18, Scotiabank Centre's income from operations was \$7,962 compared to a budget of \$10,000 and prior year of \$102,032. Revenues for the year were \$6.9 million compared to budget of \$7.0 million and last year of \$7.1 million. Of the total, event revenue was \$3.3 million compared to \$3.6 million in 2016-17. Revenue from sponsorship was slightly higher than last year (\$1.1 million vs. \$1.0 million) and premium products (suites and skyboxes) for both years was \$2.5 million.

The percentage provided by each major revenue category is depicted below.



Expenses totalled \$6.9 million compared to budget of \$7.0 million and last year of \$7.0 million, which includes event expenses of \$2.9 million. The event expense ratio was 42.1 per cent, consistent with budget and lower than prior year of 45.2 per cent, reflecting lower concession expenses and change in event mix. Indirect expenses included \$121,000 related to a one-time service award payout under the Public Service Award program.

Looking to 2018-19, replacement of the 40-year-old ice slab, a major capital project funded by HRM, will result in the closure of the building from July to October. The impact of the closure on major tenants has been substantially mitigated through discussions and planning with Halifax Mooseheads and the Royal Nova Scotia International Tattoo. While there will be an impact on revenues, careful expense management will offset some of this impact.

EVENT MIX & ECONOMIC IMPACT

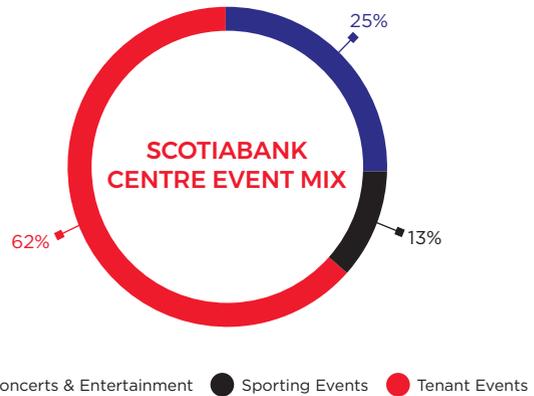
During 2017-18, Scotiabank Centre hosted 111 events and 403,547 attendees. The total number of events was consistent with the target and previous fiscal and attendance was up by 6 per cent over the previous year with Halifax Mooseheads driving the increase.

	2017-18 TARGET	2017-18 ACTUAL	2016-17 ACTUAL
Total Events	110	111	109
Total Attendance	410,000	403,547	381,241
Total Direct Expenditures	\$34 million	\$30.1 million	\$28.6 million

27 per cent of Scotiabank Centre direct expenditures are incremental. Incremental expenditures are those that would not have taken place in the absence of our facilities and activities.

NOTE: Developed in consultation with Nova Scotia Department of Finance.

The event mix for Scotiabank Centre was similar to the previous fiscal with tenant events making up 62 per cent of total events hosted while all other events made up 38 per cent.



Scotiabank Centre event highlights for 2017-18 included Jeff Foxworthy & Larry the Cable Guy Show, Harlem Globetrotters, IMG Stars on Ice, Jim Gaffigan, *I Love the 90's*, *Riverdance*, Theresa Caputo, k.d. Lang, Brian Wilson Presents Pet Sounds, Danielle O'Donnell, The Wiggles, FIBA World Cup Qualifier, WE Day Atlantic, Matt Mays & July Talk, Hedley, Subway AUS Basketball Championships 2018, U Sports Men's Basketball Championship, Our Lady Peace and Matthew Good Band.

Scotiabank Centre promotes economic growth and community vibrancy by attracting and hosting events. As such, our business and success is reflected not only in the mix of events and number of attendees, but through the economic impact generated.

Economic impact measures the benefit of new money being spent in the Nova Scotia economy as a result of events hosted at Scotiabank Centre. When visitors from outside of Halifax spend time in Nova Scotia, they spend money on accommodations, transportation, restaurants, shopping and local attractions and often extend their stay to visit other regions of the province. We measure economic impact on an annual basis, compiling attendee and event promoter spending. Due to many of Scotiabank Centre's attendees originating from within the Halifax region, 27 per cent of impacts associated with the arena are considered incremental. Incremental impacts are those that would not have taken place in the absence of the facility and its events.

Total direct expenditures resulting from Scotiabank Centre events in 2017-18 were up 5 per cent from the previous year at \$30.1 million. Of the total direct expenditures, \$10.5 million are considered incremental expenditures. Additional economic impacts include 739 person years of employment, \$2.5 million in provincial government tax revenue and \$24.1 million in additions to household income. These impacts do not include the direct spending by Scotiabank Centre.

GUEST EXPERIENCE

An increased focus on guest experience influenced planning throughout the year for short-term and long-term facility upgrades and programs that will enhance the in-venue experience we deliver.

CONCESSIONS

Based on customer research conducted in the previous year, we worked closely with our concessions partner, Centerplate, to deliver a concessions menu focused on consistency of product, as well as value and healthy options.

Proactive communication and special promotions were introduced to highlight concessions offerings prior to events. This included the creation of a new concessions map and an updated facilities map, which was shared with Halifax Mooseheads season ticket holders and displayed within the venue. Promotional programs throughout the year highlighted these offerings, including coupons for season ticket holders. This resulted in positive feedback from customers and an overall increase in concessions sales at Halifax Mooseheads games throughout the year.

SECURITY

We continued to review our security and emergency response measures to ensure alignment with evolving industry best practices. This resulted in preliminary testing and assessment of security gates with a goal for full implementation in 2018-19.

Additionally, there was an increased focus on emergency preparedness training across the organization. In collaboration with Halifax Police, we delivered training on the incident command system, including roles and responsibilities and a simulation exercise. Regular meetings of the Emergency Preparedness Committee took place throughout the year to assess areas of risk and opportunities for enhancements.

We also continued to look at further improvements that align with the evolution of the events industry and the security environment in which we operate.

GUEST SERVICES

In an effort to enhance communication and feedback with our guests, we introduced a new, on-site Guest Services booth at all Scotiabank Centre events. Designed to supplement the existing Ushering Program, this service complements the role of ushers and helps enhance interactions with our guests by providing facility information, wayfinding and timely issues resolution.

Introduction of the Guest Services booth also helped facilitate improved collaboration between Scotiabank Centre staff and suppliers throughout the year and resulted in a noticeable decrease in post-event feedback as issues were handled on-site in a timely and efficient manner.

TECHNOLOGY IMPROVEMENTS

This year, we began initial planning for key in-venue technology enhancements, including completion of a high-level needs assessment. Development of the full approach was deferred to 2018-19 to coincide with long-term strategy planning for Scotiabank Centre.

Preliminary work on a new digital presence was completed over the past year with a focus on enhancing user experience, brand positioning and content strategy development, as well as integration with the in-venue experience. A new Scotiabank Centre website will rollout in 2018-19.

Planning for our new Scheduling, Time and Attendance system continued this year with ongoing collaboration and testing with the supplier. Implementation of the system has been deferred to 2018-19 to align with organizational stability and resource availability.

COMMUNITY CONNECTION

COMMUNITY RELATIONS

Ongoing discussions during the year helped shape our approach to community relations. In keeping with our commitment to enhance our community impact through the events we host, we continued our Charitable Ticketing Program in support of local charitable organizations and fundraising initiatives by donating 170 tickets in 2017-18. Through this program, we support a variety of fundraising initiatives and ensure broad-based access to our facility and events.

This year, we developed a new, signature partnership with Kids Up Front Atlantic, a national non-profit organization that provides access through tickets to arts, culture, sports and recreation events to children who otherwise would not have the opportunity. To support the newly formed Atlantic chapter, Scotiabank Centre committed to donating 1,000 tickets during year one as the premier venue sponsor. At year-end, a total of 1,016 tickets were donated, providing access to youth via local non-profit groups including Adsum for Women & Children, Boys & Girls Clubs of Greater Halifax, Make-A-Wish Atlantic Provinces, Ronald McDonald House, YMCA of Greater Halifax/Dartmouth and many others. Through ongoing assessment, this partnership is expected to continue.

BRAND POSITION & STRATEGY

Throughout the year, we continued our proactive publicity and promotions program to highlight the impact of our business and effectively position the role of Scotiabank Centre in our community.

Defining our brand position and strategy is the next evolution of this program; planning for this project began late in the year and will continue to be a core focus in 2018-19. Customer research planned in spring 2018 will help inform our strategy as well as our future communications and engagement approach.

BUSINESS GROWTH

EVENTS STRATEGY

Work continued on the development of our multi-year event attraction strategy with emphasis on marquee events and alignment with key partners. The strategy is rooted in relationship development and research to target event opportunities that align with our facility's size, capacity and schedule. This includes events that have a proven record of success in Halifax and will help ensure we continue to meet community and stakeholder expectations.

Results throughout the year included the successful bids to host the 2020 North American Indigenous Games, the 2019 and 2021 U SPORTS Men's Final 8 Basketball Championships, the 2020 U SPORTS University Cup National Hockey Championship, and the 2019 Mastercard Memorial Cup, a collaboration with the Halifax Mooseheads.

CORPORATE PARTNERSHIPS

Corporate partnership activity was strong throughout the year and included new agreements with Atlantic Lottery, True North Seafood, Wilson's Go Stores, Wilson's Home Heating & Security, Eastside Mario's, NSGEU and Full Throttle Power Sports.

Agreements were also renewed with Grant Thornton, Battlefield Equipment Rentals (the Cat Rental store), Newcap Broadcasting, The Printing House, Office Interiors and Casino Nova Scotia.

TALENT & CULTURE

ENGAGEMENT & TRAINING

Through a year of significant transition for our organization, we maintained our focus on employees and internal culture through a series of communications and engagement activities. This included continued work with cross-departmental committees to address feedback and identification of opportunities for enhanced communication.

Work to define our corporate culture and values was completed throughout the year. Organization-wide roll-out will take place in 2018-19.

Following the development and roll-out of new corporate policies, we held a series of manager and employee training sessions focused on our new Drug & Alcohol and Respect in the Workplace policies. Additional training included First Aid, CPR and programs that support a culture of safety. Training and communication on our corporate policies will continue to be a priority in the upcoming year.

ACCOUNTABILITY & SUSTAINED PERFORMANCE

GOVERNANCE

With the approval of HRM Regional Council and at the direction of the Events East Board of Directors, the Scotiabank Centre Operating Agreement was extended for one year and assigned to Events East. We continue to operate Scotiabank Centre in compliance with the existing operating agreement and will work with HRM in 2018-19 on the development of a new long-term operating agreement.

Effective April 9, 2018, the World Trade & Convention Centre (WTCC) and Office Tower complex was sold to Armco Capital Inc. Scotiabank Centre shares some facilities and the physical plant with this adjoining complex.

In preparation for the sale of WTCC and Office Tower, we worked closely with HRM and the Province of Nova Scotia to document current building operations practices to support a smooth transition to Armco. This included input and collaboration on the development of a Shared Services and Facilities Agreement, which guides the use of the plant and facilities shared by Scotiabank Centre and Armco.

CAPITAL PRIORITIES

Over the past few years, we have put increasing emphasis on significant capital projects that improve the overall venue experience and ensure our 40-year-old facility continues to deliver at a high standard. Our 10-year naming rights partnership with Scotiabank allows for ongoing capital investment in Scotiabank Centre, with

\$5.3 million to fund key facility upgrades. Consistent with our multi-year capital priorities plan, work throughout the year focused on facility enhancements that impact operations and guest experience.

Deficiencies identified in the roof replacement project in 2017-18 were addressed early in the year and the project was successfully completed in November 2017. Continued installation of grab bars helped to enhance safety and experience for our guests in the lower bowl. This project will continue in 2018-19, as timing and budget allows.

Planning for the ice slab replacement project, which is the ice-making system, was also a key priority. In collaboration with HRM, planning for the ice slab replacement was ongoing with a supplier selected and a schedule in place by year-end. Work is planned to begin following the Royal Nova Scotia International Tattoo in July 2018 and is expected to be complete by mid-October.

Key performance and operational outcome areas include:

STRATEGIC GOAL	MEASURE	2017-18 TARGET	2017-18 ACTUAL	NOTES
Business Growth	Total direct spending and economic benefit	Generate direct spending of approximately \$34 million as a result of the events we host	\$30.1 million	The difference from target to actual direct expenditures targets can be attributed to the event mix, including smaller concerts and fewer marquee events, which resulted in fewer attendees.
Business Growth	Number of events and attendees hosted	Host 110 events with total projected attendance of 410,000	111 events; 403,547 attendees	Event target was met, however total attendance was lower than anticipated.
Financial Performance	Financial performance	Generate revenue of \$7 million manage event expense ratio to no more than 42%	\$6.9 million; 42.1% event expense ratio	Financial targets were met for Scotiabank Centre.
Accountability & Sustained Performance	Shareholder compliance	Compliance with operating agreement	Scotiabank Centre operated in compliance with the current operating agreement	<ul style="list-style-type: none"> Scotiabank Centre's Operating Agreement was extended for one year and assigned to Events East. Work on a long-term operating agreement with HRM will take place in 2018-19. Supported development of the Shared Services and Facilities Agreement with HRM.

FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

The financial statements have been prepared by management of Halifax Convention Centre Corporation [operating as Events East Group] based on the financial reporting provisions prescribed in the Interim Agreement [the "Agreement"], between Halifax Regional Municipality and Halifax Convention Centre Corporation dated November 15, 2017. Management has applied the principles of Canadian Public Sector Accounting Standards, and the integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

The Board of Directors [the "Board"] are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

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

On behalf of Events East Group:



Carrie Cussons
President & CEO

June 27, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Events East Group

We have audited the financial statements of **Scotiabank Centre**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Events East Group based on the financial reporting provisions prescribed in the Interim Agreement [the "Agreement"], between Halifax Regional Municipality and Halifax Convention Centre Corporation dated November 15, 2017.

Management's responsibility for the financial statements

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

Auditors' 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 auditors' 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 auditors consider 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 **Scotiabank Centre** as at March 31, 2018, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with the financial reporting provisions of the Agreement between Halifax Regional Municipality and Halifax Convention Centre Corporation.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Halifax, Canada
June 27, 2018

STATEMENT OF FINANCIAL POSITION

As at March 31

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	1,008,474	894,923
Accounts receivable	1,093,271	976,273
Total financial assets	2,101,745	1,871,196
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	540,960	758,686
Due to Halifax Regional Municipality <i>[note 4]</i>	254,759	222,541
Due to Trade Centre Limited <i>[note 4]</i>	133,964	389,862
Due to Events East Group <i>[note 4]</i>	496,956	—
Unearned revenue	723,753	527,363
Total financial liabilities	2,150,392	1,898,452
Net debt	(48,647)	(27,256)
NON-FINANCIAL ASSET		
Prepaid expenses	48,647	27,256
Accumulated surplus	—	—

See accompanying notes

On behalf of the Board:

 Director

 President

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31

	2018 \$	2018 \$	2017 \$
	[budget - unaudited]	[actual]	[actual]
REVENUE	7,043,900	6,877,944	7,120,485
EXPENSES			
Events	2,946,300	2,894,168	3,218,957
Salaries and administration [note 3]	2,449,600	2,612,805	2,391,864
Maintenance	616,800	528,770	487,408
Energy	586,000	503,841	559,712
Operations	189,800	162,625	187,097
Advertising and marketing	245,400	167,773	173,415
	7,033,900	6,869,982	7,018,453
	10,000	7,962	102,032
Transfers to Halifax Regional Municipality [note 4]	(10,000)	(7,962)	(102,032)
Annual surplus	—	—	—
Accumulated surplus, beginning of year	—	—	—
Accumulated surplus, end of year	—	—	—
Related party transactions [note 4]			
See accompanying notes			

STATEMENT OF CHANGES IN NET DEBT

Year ended March 31

	2018 \$	2018 \$	2017 \$
	[budget - unaudited]	[actual]	[actual]
Annual surplus	—	—	—
Increase in prepaid expenses	—	(21,391)	(7,128)
Increase in net debt	—	(21,391)	(7,128)
Net debt, beginning of year	(27,256)	(27,256)	(20,128)
Net debt, end of year	(27,256)	(48,647)	(27,256)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Net change in non-cash working capital balances		
Accounts receivable	(116,998)	(12,894)
Accounts payable and accrued liabilities	(217,726)	82,144
Due to Halifax Regional Municipality	32,218	85,937
Due to Trade Centre Limited	(255,898)	291,238
Due to Events East Group	496,956	—
Unearned revenue	196,390	(201,218)
Prepaid expenses	(21,391)	(7,128)
Cash provided by operating activities	113,551	238,079
Net increase in cash during the year	113,551	238,079
Cash, beginning of year	894,923	656,844
Cash, end of year	1,008,474	894,923

See accompanying notes

1. NATURE OF OPERATIONS

Scotiabank Centre [the “Centre”] is a sports and entertainment complex owned by the Halifax Regional Municipality [“HRM”]. The Centre is an asset of HRM and is not a separate legal entity. The Centre’s operations are financed by HRM and all profits from the Centre accrue to the account of HRM.

Effective April 1, 2017, the Halifax Convention Centre Corporation was assigned the Interim Agreement to manage the Centre, on behalf of HRM. The Halifax Convention Centre Corporation operates under the name “Events East Group” [“Events East”] and is owned jointly by Halifax Regional Municipality and the Province of Nova Scotia.

The Interim Agreement [the “Agreement”] between Events East and HRM which outlines Events East’s management of the Centre was extended by one year on November 15, 2017, and expires November 14, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Centre’s management has prepared these financial statements by applying the principles of the Chartered Professional Accountants of Canada [“CPA Canada”] Public Sector Accounting Standards [“PSAS”] for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

These financial statements were prepared in accordance with the significant accounting policies described below to comply with the financial reporting provisions prescribed in the Interim Agreement between HRM and Events East dated November 15, 2017.

Accordingly, these financial statements include only the operating results of the Centre as managed by Events East as an agent for HRM. The basis of accounting used in these financial statements materially differs from Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board because the financial statements include only the operating net assets of the Centre.

These financial statements do not include the assets [including the original cost of the property] and liabilities related to the property that are controlled by HRM, the property owner. The assets of the Centre are available for the satisfaction of debts, contingent liabilities and commitments of HRM and not just those liabilities

presented in the accompanying statement of financial position.

CASH

Cash is comprised of cash on hand and balances held at financial institutions.

TANGIBLE CAPITAL ASSETS

The land, building and equipment utilized and operated by the Centre are owned by HRM and are not included in these financial statements. The cost of the debt and depreciation related to these assets are not recorded in these financial statements. HRM includes these assets in its financial statements and will capitalize betterments to the facility based on its own accounting policies. Any betterment made to the facility and paid for by the Centre that is not reimbursed by HRM is expensed as the Centre does not control any expected benefits as a result of such expenditures. Such items are included in “Maintenance” on the statement of operations and accumulated surplus.

PREPAID EXPENSES

Prepaid expenses include costs incurred prior to major events and conferences and are charged to expense over the periods expected to benefit from it.

REVENUE

Revenue is recognized when the item has an appropriate basis of measurement, a reasonable estimate can be made of the amount involved, and for an item that involves obtaining or giving up future economic benefits, it is expected that such benefits will be obtained or given up. Event deposits are recorded as a liability until the event occurs and the revenue recognition criteria are met. Funds received when these criteria have not been met are recorded as unearned revenue.

EXPENSES

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

3. EMPLOYEE FUTURE BENEFITS

PENSION PLAN

Employees of the Centre participate in the Public Service Superannuation Fund [the “Plan”], a contributory defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Inc., which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total employer contributions for 2018 were \$152,992 [2017 - \$158,445] and were recorded in salaries and administration expense during the year. Total employee contributions

for 2018 amounted to \$153,030 [2017 - \$158,645]. The Centre is not responsible for any underfunded liability, nor does the Centre have any access to any surplus that may arise in this Plan and, accordingly, no liability associated with this Plan has been recognized in the financial statements.

LONG-TERM SERVICE AWARDS

Up until April 1, 2015, upon retirement, employees were eligible for a public service award ["PSA"] equal to one week's salary per year of service to a maximum of 26 weeks' salary. The accrued benefit liability is recorded in the financial statements of Trade Centre Limited, and a portion of the changes in the benefit is allocated to the Centre.

Effective April 1, 2015, the Treasury and Policy Board of the Province of Nova Scotia issued an Administrative Directive permanently curtailing accumulation of service award years for non-bargaining unit employees. In February, 2018, eligible employees were offered a one-time option to receive an early payout of the PSA, called a "Service Payout", in place of the PSA that is currently available upon retirement. Approximately 91% of eligible employees elected to take the service payout which is effective March 31, 2018. The remaining individuals will continue to be eligible to receive their PSA payment upon retirement, based on their salary at retirement date. The public service award valuation performed as at March 31, 2018 reflects the service payout.

During the year, the Centre expensed \$121,190 [2017 - \$18,680] reflecting the Service Payout under the PSA program. This expense is included in salaries and administration expense in the statement of operations and accumulated surplus.

4. RELATED PARTY TRANSACTIONS

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

	2018 \$	2017 \$
Energy recoveries received from Trade Centre Limited ^[1]	433,713	448,886
Payroll recoveries paid to Trade Centre Limited ^[2]	(2,855,776)	(3,158,783)
Commissions received from Trade Centre Limited ^[3]	70,408	74,387
Net transfers to Halifax Regional Municipality ^[4]	(55,660)	(163,420)
Interest revenue from Halifax Regional Municipality ^[5]	14,958	9,182
Net amount owing to Events East Group ^[6]	(496,956)	—

- [1] Electricity expenses of the shared facility.
- [2] Payroll and related costs of the Centre to February 28, 2018, were paid by Trade Centre Limited on behalf of the Centre.
- [3] Commissions earned on ticket sales purchased through Ticket Atlantic, a division of Trade Centre Limited.
- [4] The Centre does not maintain each year's surplus, or fund each year's deficit, as it is transferred to HRM; in addition, transfers include payment for services rendered by HRM.
- [5] Interest earned on cash deposits held on behalf of the Centre by HRM as part of their pooling arrangement with the bank.
- [6] The Centre's portion of March, 2018 payrolls owing to Events East Group and some small miscellaneous allocation charges.

Trade Centre Limited is a related party of Scotiabank Centre as both entities are operated by Events East Group. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. Amounts due to/from related parties are without payment terms and are non-interest bearing.

5. FINANCIAL INSTRUMENTS

The Centre's financial instruments are recorded at cost or amortized cost. Financial assets consist of assets that could be used to settle existing liabilities or fund future activities, and include cash and accounts receivable. Financial liabilities consist of the Centre's accounts payable and accrued liabilities, and payables due to HRM, Trade Centre Limited and Events East Group. The carrying value of the Centre's financial instruments approximates their fair value. Transaction costs are expensed when incurred.

RISKS AND UNCERTAINTIES

The Centre's management recognizes the importance of managing significant risks including policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks currently managed by the Centre include liquidity risk, capital risk, and credit risk.

Liquidity risk

Liquidity risk is the risk that the Centre will be unable to meet its contractual obligations and financial liabilities. The Centre manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its obligations and liabilities.

Capital risk

The main objective of the Centre is to promote, manage, develop, and administer the facility on behalf of HRM. The Centre does not maintain any permanent capital as each year's surplus is transferred to HRM.

Credit risk

The Centre's assets are primarily exposed to credit risk, which is the risk that a debtor may be unable or unwilling to pay amounts owing, thus resulting in a loss. To mitigate this risk, the Centre requires deposits for events where collectability is uncertain.

6. BUDGETED FIGURES

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

7. SUBSEQUENT EVENTS

Effective April 9, 2018, a Shared Services and Facilities Agreement ("SSFA") was signed between HRM and Trade Centre Limited ["TCL"]. The agreement directs the shared operation of the World Trade and Convention Centre ["WTCC"] building and the Scotiabank Centre building, who share common spaces and facilities which are integral to the operation of both the WTCC building and the Centre.

The WTCC building was sold on April 9, 2018 to an external third party. At that time, the SSFA was assigned to the external party, resulting in the SSFA being between HRM and the external third party. Scotiabank Centre (as operated by Events East) was assigned by HRM as operator of the SSFA on HRM's behalf. All shared facilities operations, expenses and recoveries from the third party will be recognized in the Centre's financial statements in the future.

WE DAY





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