

2018 Annual Report

calgary TELUS convention
centre
be part of the energy™

Who We Are

Established in 1974 as Canada's first purpose-built convention centre, the Calgary TELUS Convention Centre (CTCC) continues to deliver unparalleled service to its clients on a local, national and international scale.

Each and every day, we strive to host unique experiences to more than 175,000 guests who walk through our doors every year. We focus on hospitality, prosperity and enlightened growth so that each guest leaves with an appreciation for the experience they just had. Whether they come for a small business meeting or attend a 3,000 person keynote speaking event, each of our guests can revel in our space in which we take pride in.

Located in downtown Calgary, we are proud ambassadors of our city and can often be found partnering with local establishments to give our guests the chance to experience local surroundings.

This Annual Report delivers our latest year in review. It serves as an opportunity for us to look back on all of our successes we have accomplished as a team. While we reflect back on 2018, we also look ahead to the many events and opportunities we have yet to accomplish in the years to come.





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Message from the Chair

What 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 have been encouraged by the elevated awareness and commitment to this critical cog in Calgary's economic wheel.

Meetings Mean Business Canada (MMB Canada) endorsed a report by Oxford Economics that pegged Canada's Meetings and Convention industry at US\$33.1 Billion in economic impact. This report demonstrates the significance of the industry while highlighting the impact on the lives of Canadians. 229,000 jobs are attributed to the industry from coast to coast to coast.

In a report by Business Events Sydney, it was clear that the convention industry drives significant visitor engagement. According to the study, 69% of delegates interviewed would not have visited Sydney, Australia had it not been for a convention, and 72% of those who attended, planned to return for a leisure or business visit. This demonstrates the importance of bringing international delegates to a city through meetings and conventions.

Closer to home, we are proud to say we have an effective volunteer board of directors who work tirelessly for Calgary. These professionals come from various backgrounds

to advise and guide the CCCA and the Calgary TELUS Convention Centre operations to extract maximum economic impact from the activities of the organization.

We are pleased to deliver in this report a more fulsome view on our economic impact numbers and the stories behind them. The Calgarians that benefit from the work of the CCCA and the CTCC is significant and sheds light on the importance of our downtown core, historic and now urban Stephan Avenue and Canada's first purpose-built convention centre.

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

I hope you enjoy this read. It has been a fantastic year!



Tom Bornhorst

Chair, Board of Directors

Calgary Convention Centre Authority

Message from the CEO

2018 was a whirlwind of change and re-invention for the CTCC. Growing beyond ourselves to embrace the downtown core in new and unique ways has been, and continues to be, a focus of the CTCC. Through the trusted relationships with our key stakeholders in the district, we create an amazing and vibrant atmosphere that provides a dynamic experience our clients and delegates are seeking.

Since our re-visioning in 2017, we have certainly transformed many aspects of the organization with an eye on our client and their delegates guiding us every day. This is what we do. Work with those event designers and professional conference organizers to imagine and create their special and often personal vision of an event experience.



Clark Grue

President & CEO

Calgary TELUS Convention Centre

Driven by our clients in Calgary, Canada and around the world, we have worked hard 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 lens” is a constant focal point to allow us to “wow” our guests.

Many may not be aware that we have an economic development mandate. This is a key to our renewed focus. For us, this means 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. This year, our total economic impact for Calgary reached \$133.8 Million.

This broad view on our mission is important for Calgarians to understand and embrace. The meetings and convention industry is a US\$1 Trillion industry globally. Calgary has an opportunity to attract a far greater share of this economy-stimulating industry as we work to regain our economic prominence within the Canadian landscape.

We are excited for 2019 and what it will bring: continued rejuvenation of the Centre, working closely with our neighbours to create a joint offering of space and experience, and welcoming more global visitors to our centre, neighbourhood and city.

We invite you to come and see what’s new at the Calgary TELUS Convention Centre.

Calgary Convention Centre Authority (CCCA)

Board of Directors



Tom Bornhorst
Chair, Board of Directors



Georgine Ulmer
*Chair, Governance &
Human Resources Committee*



Levonne Louie
Director



Wellington Holbrook
Director



Gillian Basford
Director



Greg Yont
Director



Diane Colley-Urquhart
*Council Member,
The City of Calgary*



Robert Palmer
*Chair, Audit &
Finance Committee*



David Duckworth
*General Manager,
The City of Calgary*



Leslie Weekes
Vice Chair



Mayor Naheed Nenshi
The City of Calgary

Board Notes

- Added one new dynamic Board member
- Continued to strengthen our governance functionality
- Implemented an Enterprise Risk Management system; building on our Operational Risk Management system already in place
- Increased our forward-looking strategic planning



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
- Assign exclusive rights for all food and beverage services in the CTCC to the attached hotel, currently the Calgary Marriott Downtown
- Manage Meetings + Conventions Calgary; with Calgary Hotel Association
- Assign naming rights to CTCC; with TELUS

Partners

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

- Calgary Downtown Marriott Hotel
- FMAV
- St. George Show Services
- Calgary Hotel Association
- Calgary Economic Development
- Calgary Downtown Association
- Travel Alberta
- Tourism Calgary
- Business Events Canada/ Destination Canada
- Canada/UK Chamber
- 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
- Canada/UK Chamber
- Risk Management Society International Leaders Association



CTCC Overview & 2018 Accomplishments

Over the last year, we continued to implement our strategic plan: setting and achieving our goals for revenue, operational efficiencies, energy savings, rejuvenations, occupancy, event development, staff development, community engagement, and partnerships.

Here are some of our key highlights from 2018 that represent our growth as an organization and our continued focus areas for the future.

Building Our Brand

- Activated the public areas with music, art and unique furnishings
- Delivered new and relevant on-brand collateral
- Implemented an internal “You are the Brand” initiative
- Created our Brand Promise: “We Host Professional, Personalized, Customized Experiences All Ways”
- Refined the joint marketing strategy with BMO and CTCC to sell Calgary first. “One Great City, Two Great Venues.”

Building Our Community

- Engaged our neighbourhood in a new more meaningful way through the convention district initiative.
- Collaborated with civic partners to develop a successful downtown
- Continued work experience programs for post-secondary students
- Executed an event development program for new events at the Centre

Building Our People

- Established KPIs throughout the organization tied to the strategic plan
- Created cross-departmental training to ensure efficiencies and succession planning
- Established leadership training for all management to ensure development
- Initiated an Enterprise Risk Management system into the organization
- Began update of the Respectful Workplace Policies

Building Our Business

- Established a representative in London, UK
- Elevated our standards for in-house vendors
- Rebuilt our sales team and marketing direction to meet the changing convention planner market



Strengthening Our Financials

- Total economic impact from events was \$133.8 million
- 2018 CTCC total revenue of \$22,979,195
- Achieved > \$100,000 in savings from new and improved client survey process
- Hosted 303 events including corporate town halls, local meetings, fundraising galas, and international and national conventions and conferences
- Brought in 175,192 delegates, including 25,578 non-residents, to the Centre and Calgary's downtown Convention District
- 28,721 total hotel nights booked from event delegates



Strengthening Our Operations

- Implemented Enterprise Risk Management System
- Improved operational safety standards while reducing crime, loss of life, capital and asset damage, and third party claims
- Improved efficiencies by redistributing operation standards and staffing ratio times
- Responded to market demand for more collaborative and productive space based on face-to-face interaction
- Implemented capital projects and rejuvenations such as Building Conditions Assessment and Edon report
- Conducted 3rd party assessments of operations
- Conducted best-in-class security training, upgraded security camera systems that enables increased building activations
- Overall client satisfaction in using the CTCC and its services is 97%; clients said they would come back and refer others to host an event with us

Meetings + Conventions Calgary Successes

- In partnership with BMO and CTCC secured Calgary as the Canadian bid destination to compete to host the 2023 World Petroleum Congress
- Secured the 2022 International Pediatric Nephrology Association Congress
- Secured the 2022 North American Lions Forum
- Continued our Destination sales focus under the “One Destination, Two Great Venues” campaign partnering marketing dollars with BMO, CTCC and MCC
- Partnering with Business Events Canada in national campaign promoting Calgary’s strength in CleanTech, Natural Resources and Agribusiness
- Increased our Calgary Champion Program by 10 Champion-lead conferences

Independent Auditor's Report

TO THE DIRECTORS OF THE
CALGARY CONVENTION CENTRE AUTHORITY

Opinion

We have audited the financial statements of The Calgary Convention Centre Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues, expenses and operating reserve, changes 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, 2018, and the results of its operations, changes in its net financial liabilities, 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

Financial Statements

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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:

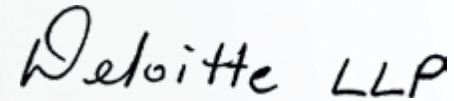
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

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 image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Calgary, Alberta
May 8, 2019

"Always deliver more than expected."

— Larry Page




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

Statement of Financial Position

December 31, 2018	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash & cash equivalents	104,394	2,290,446
Restricted cash (Note 12)	127,646	106,313
Accounts receivable	3,061,112	1,658,257
Due from The City of Calgary – major replacement reserve	200,029	194,941
Investments (Note 5)	1,184,785	1,160,627
	4,677,966	5,410,584
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Notes 8 & 12)	3,473,562	3,246,098
Client deposits	1,933,470	1,822,965
Lease obligations (Note 14)	373,722	-
	5,780,754	5,069,063
Net Financial (Liabilities) Assets	(1,102,788)	341,521
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	5,917,789	4,645,167
Prepaid expenses	477,414	97,097
	6,395,203	4,742,264
ACCUMULATED SURPLUS IS REPRESENTED BY		
Major replacement reserve (Note 4)	200,030	20,030
Operating reserve	5,092,385	5,063,755
	5,292,415	5,083,785

Approved by the Board

 Director

 Director

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

Statement of Revenue, Expense & Operating Reserve

Year ended December 31, 2018	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
	\$	\$	\$
	(Note 11)		
REVENUE			
Operating (Note 12)	21,058,691	21,037,886	19,145,823
Grants from The City of Calgary	1,941,309	1,941,309	1,878,171
	23,000,000	22,979,195	21,023,994
EXPENSES			
Administrative and general	1,833,749	2,103,092	1,993,086
Amortization	700,000	1,303,606	734,704
Marketing	1,924,860	1,585,125	1,346,395
Operations and maintenance (Note 12)	18,087,967	17,778,742	16,345,994
	22,546,576	22,770,565	20,420,179
Operating surplus before the undernoted	453,424	208,630	603,815
Major replacement reserve (Notes 4 & 10)	-	(180,000)	(5,088)
Loss on disposal of tangible capital assets	-	-	(1,962)
Operating surplus for the year	453,424	28,630	596,765
OPERATING RESERVE, BEGINNING OF YEAR	5,063,755	5,063,755	4,466,990
OPERATING RESERVE, END OF YEAR	5,517,179	5,092,385	5,063,755

Statement of Cash Flows

Year ended December 31, 2018

2018

2017

\$

\$

OPERATING ACTIVITIES

Operating surplus for the year 28,630 596,765

Items not affecting cash and equivalents

Amortization 1,303,606 734,704

Loss on disposal of tangible capital assets - 1,962

1,332,236 1,333,431

Changes in non-cash working capital

Accounts receivable (1,402,855) 573,280

Accounts payable and accrued liabilities (251,380) (1,752,325)

Client deposits 110,505 (383,019)

Lease obligations (53,393) -

Prepaid expenses (380,317) (15,880)

Major replacement reserve 180,000 5,088

(465,204) (239,425)

INVESTING ACTIVITIES

Purchases of tangible capital assets (2,149,113) (3,176,650)

Proceeds from disposal of tangible capital assets - 69,803

Change in restricted cash (21,333) (38,872)

Purchases of short-term investments (2,431,891) (1,919,166)

Proceeds from disposal of short-term investments 2,407,733 5,907,758

Changes in non-cash working capital

Due from The City of Calgary -
major replacement reserve (5,088) 46,836

Accounts payable and accrued liabilities 478,844 292,155

(1,720,848) 1,181,864

Net (decrease) increase in cash and cash equivalents (2,186,052) 942,439

Cash and cash equivalents, beginning of year 2,290,446 1,348,007

Cash and Cash equivalents, end of year 104,394 2,290,446

REPRESENTED BY

(Cheques issued in excess of cash on hand) Cash (1,173,682) 401,776

Cash equivalents 1,278,076 1,888,670

104,394 2,290,446

Statement of Change in Net Financial Liabilities

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

Year ended December 31, 2018	2018	2017
	\$	\$
OPERATING SURPLUS FOR THE YEAR	28,630	596,765
Amortization	1,303,606	734,704
Write-off of tangible capital assets	-	1,962
Proceeds from disposal of tangible capital assets	-	69,803
Change in prepaid expenses	(380,317)	(15,880)
Allocation to major replacement reserve	180,000	180,000
Usage of major replacement reserve	-	(174,912)
Lease of tangible capital assets	(427,115)	-
Purchases of tangible capital assets	(2,149,113)	(3,176,650)
Decrease in net financial assets	(1,444,309)	(1,784,208)
Net financial assets, beginning of year	341,521	2,125,729
NET FINANCIAL (LIABILITIES) ASSETS, END OF YEAR	(1,102,788)	341,521

Notes to the Financial Statements

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 adopted the following standards with an effective date of January 1, 2018: PS 2200 Related Party Disclosures, PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 3420 Inter-entity Transactions. The adoption of the new standards resulted in additional note disclosures in the financial statements.

PS 2200 Related Party Disclosures, a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions. The adoption of this standard did not have an impact on the financial statements.

NOTE 2 • SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PS 3210 Assets, a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets. The adoption of this standard did not have an impact on the financial statements.

PS 3320 Contingent Assets, a new standard defining and establishing guidance on disclosure requirements for contingent assets. The adoption of this standard did not have an impact on the financial statements.

PS 3380 Contractual Rights, a new standard defining and establishing a guidance on disclosure requirements for contractual rights. This standard resulted in additional disclosure in the financial statements (see Note 15).

PS 3420 Inter-Entity Transactions, a new standard defining and establishing guidance on the accounting and disclosure requirements for inter-entity transactions. The Authority does not have any unallocated or nominal value inter-entity transactions as such this standard did not have a material impact on the financial statements. All inter-entity transactions are in the normal course of operations and are settled under normal trade terms.

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, 2018

PS 3430 – Restructuring Transactions establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

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

PS 3250 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

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.

NOTE 3 • CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and short-term GICs with original maturities of 90 days or less at the date of acquisition and are recorded at cost plus interest earned. The effective interest rate on the GICs held during the year was 1.77% (1.57% in 2017) per annum. As at December 31, 2018, the Authority held \$1,278,076 (\$1,888,670 at 2017) in short-term GICs and \$1,184,785 (\$1,160,627 in 2017) in longterm GICs (Note 5).

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, 2018, the balance of the facility was \$nil (2017 – \$nil).

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 (\$180,000 in 2017).

	2018	2017
	\$	\$
Balance, beginning of year	20,030	14,942
Increase in provision for the year	180,000	180,000
Major replacement expenditures (Note 10)	-	(174,912)
Balance, end of year	200,030	20,030



NOTE 5 • INVESTMENTS

Investments consist of GICs with a maturity date not greater than five years from December 31, 2018 bearing interest from 1.50% to 2.65% (1.10% to 2.00% in 2017) per annum.

The fair value of the investments has been determined to be the principal plus interest earned to date.

	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

	2017		
	Cost	Accrued interest	Fair value
	\$	\$	\$
Rate Riser Plus GIC 0037	597,500	32,352	629,852
Rate Riser Plus GIC 0038	506,250	24,525	530,775
	1,103,750	56,877	1,160,627



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 \$427,115 are included in other equipment.

	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

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

NOTE 7 • EMPLOYEE BENEFITS

The Authority participates in the Local Authorities Pension Plan ("LAPP"), which is a multi-employer benefit plan. This plan is governed by the Public Sector Pension Plans Act. Based on the latest information available (December 31, 2017 audited financial statements), in total, the LAPP had an actuarial surplus of \$4.835 million (deficit of \$637 million in 2016).

The Authority is required to make current service contributions to the LAPP of 11.39% of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE"), and 15.84% thereafter.

NOTE 7 • EMPLOYEE BENEFITS (CONTINUED)

Employees of the Authority are required to make current service contributions of 10.39% of pensionable salary up to the YMPE, and 14.84% thereafter. Contributions for current services are recorded as expenditures in the year in which they become due.

Total current service contributions, as reflected in the administrative and general, marketing and operations and maintenance expenses in the statement of revenue, expenses and operating reserve by the Authority to the LAPP during the year, were \$497,178 (\$592,119 in 2017). Total current service contributions by the employees of the Authority to the LAPP for the year were \$435,775 (\$544,579 in 2017).

NOTE 8 • ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In accordance with the Meetings, Conventions and Incentive Travel ("MC&IT") marketing funding and management agreement (the "Agreement") between the Calgary Hotel Association and the Authority, the Calgary Hotel Association advances funds to the Authority to fund incentive payments for future events through Meetings & Conventions Calgary as well as to cover operating expenses incurred by the Authority. As at December 31, 2018, an amount of \$111,557 (\$221,472 at 2017) advanced by the Calgary Hotel Association is included in

accounts payable and accrued liabilities as well as in cash and cash equivalents and investments to be used by the Authority in accordance with the Agreement as described above. Of the funds held, the amount held by the Authority for incentive funding is \$90,975 (\$182,094 in 2017) and the amount held by the Authority for future operating expenses is \$20,582 (\$39,378 in 2017).

During the year, the Authority disbursed from the incentive funds \$779,312 (\$753,714 in 2017) to events held in the city, returned \$0 (\$800,000 in 2017) to the Calgary Hotel Association and earned \$2,192 (\$9,312 in 2017) in interest on the funds held. The Authority has committed on behalf of the Calgary Hotel Association a total of \$2,413,037 (\$2,741,695 in 2017) for future events to be paid out over the years 2018 to 2025. Funding for the commitments that have been made on behalf of the Calgary Hotel Association for future events that are to be paid in 2019 until the November 1, 2019 termination date of the agreement will be funded on an as needed basis. Surplus funds, if any, will be returned to the Calgary Hotel Association.

NOTE 9 • FINANCIAL INSTRUMENTS

The Authority's financial instruments are cash and cash equivalents, accounts receivable, due from The City of Calgary — major replacement reserve, investments, accounts payable and accrued liabilities, and client deposits.

The carrying values of these items approximate their fair values due to their short-term nature.

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

NOTE 10 • MAJOR CAPITAL ADDITIONS

During the year, the Authority incurred \$2,576,228 (\$3,176,650 in 2017) in expenditures for major capital additions, which have been capitalized as renovations, building enhancements and equipment. Of this amount, \$1,195,317 (\$1,665,022 in 2017) was funded by the Authority's operating reserve and \$0 (\$174,912 in 2017) was funded by the Authority's major replacement reserve. \$953,796 (\$1,336,716 in 2017) was applied for and funded through The City's CPRiiP (Culture Parks Recreation Infrastructure Investment Fund) Program for the capital additions made in 2018. \$427,115 (\$0 in 2017) was funded by capital lease (see Note 14).

NOTE 11 • 2018 BUDGET

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



NOTE 12 • CALGARY CONVENTION CENTRE AUTHORITY RESPONSIBILITIES

The following cost sharing arrangements were considered in the PSAS memo, but were determined that these were not abnormal in relation to the financial position or usual business operations.

Glenbow Museum

Through an agreement with The City, the Authority provides maintenance, engineering, housekeeping and capital project supervision for the Glenbow Museum. Expenses of \$1,548,677 (\$1,289,330 in 2017) 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 (\$87,000 in 2017) totaling \$1,635,677 (\$1,375,980 in 2017) are included in operating revenue of the Authority. Capital projects supervised by the Authority totaled \$312,410 (\$7,880 in 2017) 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 \$452,805 (\$418,271 in 2017) incurred in provision of these services are included in the expenses of the Authority. Recovery of the expenses plus a management fee \$490,771 (\$455,655 in 2017) are included in operating revenue of the Authority.

Meetings + Conventions Calgary

Through an agreement with the Calgary Hotel Association, the Authority provides management and operation of destination sales and marketing for MC&IT.

Expenses of \$3,161,134 (\$2,904,914 in 2017) incurred in provision of these services are included in the expenses of the Authority. Funding to cover these expenses \$3,161,134 (\$2,904,914 in 2017) is reported net of expenses. Pursuant to the agreement, effective January 1, 2014 the Authority charges an administration/marketing fee for management and operation of the program. The fee of \$185,964 (\$185,964 in 2017) is included in the operating revenue of the Authority.

The agreement has been terminated effective November 1, 2019. Unused funds at the termination of the agreement will be returned to the Calgary Hotel Association.

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, 2018, an amount of \$97,626 (\$67,246 at 2017) is included in accounts payable and accrued liabilities as well as restricted cash. The funds will be transferred to and administered by the office of the executive director of the Convention Centres of Canada in 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, 2018, an amount of \$9,437 (\$9,689 at 2017) is included in accounts payable and accrued liabilities as well as restricted cash. The funds will be transferred to and administered by one of the other members of the marketing partnership in 2019.

NOTE 13 • COMMITMENTS

As of December 31, 2018, 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.

	\$
2019	320,173
2020	309,593
2021	300,837
2022	162,488
2023	69,227
	<u>1,162,318</u>

NOTE 14 • CAPITAL LEASE OBLIGATIONS

As of December 31, 2018 the Authority has the following capital lease obligations.

	2018	2017
	\$	\$
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	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	54,690	-
Obligation under capital lease for floor scrubber with interest at a rate of 6.990%, maturing on July 1, 2023	41,367	-
	<u>373,722</u>	-
Less current portion	88,800	-
	<u>284,922</u>	-



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

	\$
2019	111,380
2020	111,380
2021	111,380
2022	82,300
2023	9,086
-----	-----
	425,526

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

NOTE 15 • 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, 2018 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
	\$	\$	\$
2019	20,000	231,006	251,006
2020	20,000	171,774	191,774
2021	8,333	171,774	180,107
2022	-	171,774	171,774
2023	-	99,194	99,194
Thereafter	-	800,000	800,000
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	48,333	1,645,522	1,693,855



In Closing

Calgary TELUS Convention Centre continually strives to facilitate and host events that connect people in meaningful ways. Our people continue to go beyond expectation to give our clients professional, personalized and customized experiences. As we reflect on this past year in review, it is important to highlight our biggest achievements that will continue to define our performance above the competition:

- Develop strategic markets
- Drive economic impact
- Activate Convention District
- Deliver customized client experiences
- Develop additional lines of revenue

Overall, the Calgary TELUS Convention Centre will continue to thrive within the 2019 fiscal year while continuing to lead Calgary to increase the economic impact of conventions and meetings in our city.





calgary TELUS convention
centre
be part of the energy™

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