Financial Statements

# Trade Centre Limited

March 31, 2016

Building a better working world

# MANAGEMENT'S REPORT

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedule A, 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"] is 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 frequently and external audited financial statements annually.

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

On behalf of Trade Centre Limited:

Carrie Cussons
Chief Financial Officer

Scott Ferguson
Chief Executive Officer

June 28, 2016

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
**Trade Centre Limited**

We have audited the accompanying financial statements of **Trade Centre Limited**, which comprise the statement of financial position as at March 31, 2016 and the statements of operations and accumulated (deficit) surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**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 in our audit 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 **Trade Centre Limited** as at March 31, 2016, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Halifax, Canada,
June 28, 2016

Chartered Accountants

**Trade Centre Limited**

# STATEMENT OF FINANCIAL POSITION

As at March 31

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash | **1,925,759** | 1,602,589 |
| Restricted cash | **2,456,431** | 2,506,880 |
| Accounts receivable | **469,254** | 993,922 |
| Due from Scotiabank Centre *[note 9]* | **98,624** | 168,806 |
| Due from Halifax Regional Municipality *[note 9]* | **1,139,500** | 630,680 |
| Inventory held for resale | **83,231** | 141,461 |
| | **6,172,799** | 6,044,338 |
| **FINANCIAL LIABILITIES** | | |
| Accounts payable and accrued liabilities | **1,075,650** | 1,279,202 |
| Deferred revenue | **197,227** | 97,717 |
| Event deposits | **335,928** | 465,664 |
| Due to the Province of Nova Scotia *[note 9]* | **5,748,578** | 4,212,963 |
| Advance ticket sales | **2,495,878** | 2,539,832 |
| Long-term service awards *[note 6]* | **751,000** | 779,600 |
| Other liabilities *[note 6]* | **827,600** | 814,200 |
| | **11,431,861** | 10,189,178 |
| **Net debt** | **(5,259,062)** | (4,144,840) |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets, net *[note 3 and 4]* | **2,542,620** | 4,290,152 |
| Prepaid expenses | **497,247** | 511,922 |
| | **3,039,867** | 4,802,074 |
| **Accumulated (deficit) surplus** *[note 7]* | **(2,219,195)** | 657,234 |

*See accompanying notes*

On behalf of the Board:

W Chawley

______ Director ______ Director

**Trade Centre Limited**

# STATEMENT OF OPERATIONS
# AND ACCUMULATED (DEFICIT) SURPLUS

Years ended March 31

| | 2016<br>$<br>[budget – unaudited] | 2016<br>$<br>[actual] | 2015<br>$<br>[actual] |
|---|---|---|---|
| **REVENUE** | | | |
| Convention Centre | 6,220,000 | 5,510,637 | 6,079,895 |
| Office Tower | 2,481,800 | 2,388,433 | 2,425,578 |
| Exhibition Park *[note 4]* | 1,482,000 | 447,771 | 1,662,865 |
| Ticket Atlantic | 1,376,900 | 1,390,573 | 1,380,537 |
| Government transfers *[note 8]* | 629,000 | 633,833 | 830,680 |
| Investment income | 25,000 | 24,877 | 23,897 |
| | 12,214,700 | 10,396,124 | 12,403,452 |
| **EXPENSES** | | | |
| Event expenses | 5,450,200 | 5,179,471 | 5,892,222 |
| Salaries and benefits *[note 6]* | 3,018,700 | 3,216,356 | 3,132,709 |
| Maintenance | 1,395,500 | 1,217,394 | 1,463,738 |
| Taxes and insurance | 917,800 | 875,639 | 946,856 |
| Energy | 1,000,000 | 836,168 | 970,654 |
| Administration | 435,700 | 436,261 | 413,427 |
| Advertising and marketing | 133,800 | 94,052 | 135,991 |
| | 12,351,700 | 11,855,341 | 12,955,597 |
| | (137,000) | (1,459,217) | (552,145) |
| **Halifax Convention Centre** | | | |
| Government Transfers *[note 8]* | 1,598,000 | 1,637,658 | 1,567,283 |
| Expenses | 1,446,000 | 1,552,959 | 1,331,662 |
| | 152,000 | 84,699 | 235,621 |
| | 15,000 | (1,374,519) | (316,524) |
| **Exhibition Park** | | | |
| Gain on Sale *[note 4]* | — | 1,780,274 | — |
| Transfer of proceeds to Province *[note 4]* | — | 1,780,274 | — |
| | — | — | — |
| Depreciation of tangible capital assets | 1,545,000 | 1,501,910 | 2,128,844 |
| **Annual deficit** | (1,530,000) | (2,876,429) | (2,445,368) |
| Accumulated surplus, beginning of year | | 657,234 | 3,102,602 |
| **Accumulated (deficit) surplus, end of year** | | (2,219,195) | 657,234 |

*See accompanying notes*

**Trade Centre Limited**

# STATEMENT OF CHANGES IN NET DEBT

Years ended March 31

| | 2016<br>$<br>[budget – unaudited] | 2016<br>$<br>[actual] | 2015<br>$<br>[actual] |
|---|---|---|---|
| **Annual deficit** | (1,530,000) | (2,876,429) | (2,445,368) |
| | | | |
| Acquisition of tangible capital assets | | (255,195) | (549,498) |
| Disposal of tangible capital assets | | 500,816 | — |
| Depreciation of tangible capital assets | 1,545,000 | 1,501,910 | 2,128,844 |
| Decrease in prepaid expenses | | 14,676 | 65,880 |
| **Increase in net debt** | 15,000 | (1,114,222) | (800,142) |
| | | | |
| Net debt, beginning of year | | (4,144,840) | (3,344,698) |
| **Net debt, end of year** | | (5,259,062) | (4,144,840) |

*See accompanying notes*

**Trade Centre Limited**

# STATEMENT OF CASH FLOWS

Years ended March 31

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Annual deficit | **(2,876,429)** | (2,445,368) |
| Add items not affecting cash | | |
| Depreciation of tangible capital assets | **1,501,910** | 2,128,844 |
| Long-term service awards | **(28,600)** | (122,400) |
| Net changes in working capital: | | |
| Accounts receivable | **524,668** | 781,355 |
| Inventory held for resale | **58,230** | (47,783) |
| Due from Scotiabank Centre | **70,182** | 77,658 |
| Due from Halifax Regional Municipality | **(508,820)** | (630,680) |
| Accounts payable and accrued liabilities | **(203,552)** | 173,997 |
| Event deposits | **(129,736)** | 201,916 |
| Deferred revenue | **99,510** | 92,717 |
| Due to the Province of Nova Scotia | **1,535,615** | 1,015,495 |
| Advance ticket sales | **(43,954)** | 149,499 |
| Other liabilities | **13,400** | (3,800) |
| Prepaid expenses | **14,675** | 65,880 |
| **Cash provided by operating activities** | **27,099** | 1,437,330 |
| **CAPITAL ACTIVITIES** | | |
| Cash paid on acquisition of tangible capital assets | **(255,194)** | (549,498) |
| Net proceeds from sale of tangible assets *[note 4]* | **2,281,089** | — |
| Cash paid to Province of Nova Scotia *[note 4]* | **(1,780,273)** | — |
| **Cash provided by/(used in) capital activities** | **245,622** | (549,498) |
| **Net increase in cash during the year** | **272,721** | 887,832 |
| Cash, beginning of year | **4,109,469** | 3,221,637 |
| **Cash, end of year** | **4,382,190** | 4,109,469 |
| **Cash is comprised of:** | | |
| Cash | **1,925,759** | 1,602,589 |
| Restricted cash | **2,456,431** | 2,506,880 |
| | **4,382,190** | 4,109,469 |

*See accompanying notes*

# NOTES TO FINANCIAL STATEMENTS

March 31, 2016

## 1. NATURE OF OPERATIONS

Trade Centre Limited's [the "Company"] mandate is to create economic and community benefits by bringing people together in Halifax and Nova Scotia. The Company's principal business operations comprise of a trade and convention centre, the provision of marketing and promotion services, the leasing of office and commercial space, and the management and operation of Ticket Atlantic and Exhibition Park, which ceased operations on November 16, 2015. The Company also manages and operates Scotiabank Centre, previously operated as the Halifax Metro Centre, on behalf of Halifax Regional Municipality ["HRM"].

The Company is incorporated under the laws of the Province of Nova Scotia ["the Province" or the "PNS"]. The Company is a governmental unit as set out in the consolidated financial statements of the Province and reports to the Legislative Assembly through the Department of Business. As an agency of the Province, the Company is not subject to income taxes pursuant to the *Income Tax Act 149(1)(d)*. However, since the Company is a corporation, it is still required to file a corporate T2 income tax return annually.

The Company provides marketing and business development activities for, and is actively preparing to operate the Halifax Convention Centre [the "HCC"] pursuant to the *Halifax Convention Centre Act* [the "Act"] dated May 2014. The Act establishes the Halifax Convention Centre Corporation, enacts the corporation's by-laws and defines the objective of the new entity. The Act defines the conditions by which the Company's employees will become employees of the Halifax Convention Centre Corporation upon completion of the new HCC.

On March 17, 2016 the Design and Construction Agreement for the Halifax Convention Centre was executed. This triggers a process to sell the World Trade and Convention Centre building; the sales process will be managed by the department of Transportation and Infrastructure Renewal. The impact of this sale is not yet quantifiable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by the Company's management in accordance with the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

### Basis of presentation

The Company consists of four divisions: the Convention Centre, the Office Tower, Ticket Atlantic and Exhibition Park, which ceased operations on November 16, 2015. These financial statements also include the marketing, business development, and operational readiness activities for the HCC. Scotiabank Centre's operations are not reflected in these financial statements as the facility is owned by HRM and operated by the Company through a management agreement.

# NOTES TO FINANCIAL STATEMENTS

March 31, 2016

## Cash

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

## Restricted cash

Restricted cash represents cash received for advance ticket sales.

## Inventory held for resale

Inventory held for resale consists of food and beverage supplies and is recorded at the lower of cost or net realizable value.

## Advance ticket sales

Advance ticket sales are recorded as a liability on the statement of financial position until the event is held and amounts settled with third parties. Amounts received are segregated as restricted cash and are not available to fund the Company's operations.

## Tangible capital assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives using the following terms:

| | |
|---|---|
| Building | 10-30 years |
| Furniture and equipment | 3-5 years |
| Leasehold improvements | Lease term |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Company's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

## Prepaid expenses

Prepaid expenses include costs incurred prior to the periods expected to benefit from them, including maintenance and software agreements, property taxes, and insurance.

## Employee future benefits

Employee future benefits include the Company's participation in the Public Service Superannuation Fund [the "Plan"], long-term service awards and a supplemental pension arrangement with a former executive. A liability for employee future benefits has been included in the financial statements for the long-term service awards and the supplemental pension arrangement. The Company is not responsible for any underfunded liability, nor does the Company have any access to any surplus that may arise, in the Plan and accordingly, no liability associated with this plan has been recognized in the financial statements.

## 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.

Transfers (revenue from non-exchange transactions) are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received, but not all eligibility criteria have been met.

## Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

## Measurement uncertainty

The preparation of the Company's financial statements in conformity with Canadian Public Sector Accounting Standards ["PSAS"] requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include the useful life of tangible capital assets and employee future benefits.

Estimates are based on the best information available at the time of the preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

## 3. TANGIBLE CAPITAL ASSETS

| | Land | Building | Furniture and equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Cost, beginning of year | 213,113 | 46,837,683 | 5,573,307 | 1,536,606 | 54,160,709 |
| Additions | — | — | 255,194 | — | 255,194 |
| Disposals | (213,112) | (2,360,505) | (412,494) | — | (2,986,111) |
| **Cost, end of year** | 1 | 44,477,178 | 5,416,007 | 1,536,606 | 51,429,792 |
| Accumulated depreciation, beginning of year | — | 43,335,275 | 5,004,094 | 1,531,188 | 49,870,557 |
| Disposals | — | (2,146,251) | (339,044) | — | (2,485,295) |
| Depreciation expense | — | 1,334,891 | 164,057 | 2,962 | 1,501,910 |
| Accumulated depreciation, end of year | — | 42,523,915 | 4,829,107 | 1,534,150 | 48,887,172 |
| **Net book value, end of year** | 1 | 1,953,263 | 586,900 | 2,456 | 2,542,620 |

## 4. SALE OF EXHIBITION PARK

On July 23, 2015 the Province of Nova Scotia announced it would discontinue operations of Exhibition Park during fiscal 2016 and sell the building and land used in its operations. Transportation and Infrastructure Renewal (TIR), a department of the Province of Nova Scotia, was directed to manage negotiations on behalf of TCL. The final Purchase and Sale Agreement was executed effective January 2016. As such, the cost of all assets related to Exhibition Park have been removed from TCL assets along with the associated accumulated depreciation (refer to note 3).

In accordance with Section 16 of the *Finance Act* funds resulting from the sale of real property by a Government Reporting Entity must be deposited into the Province's General Revenue Fund. This transfer of funds has been recorded as an operating expense in the statement of operations and accumulated (deficit) surplus. Adjustments to the proceeds of $2,500,000 included the net book value of the assets of $500,816 and expenses related to the Purchase and Sale Agreement of $218,910. Total funds transferred to the Province's General Revenue Fund were $1,780,274.

## 5. CONTRACTUAL OBLIGATIONS

The Company has entered into a number of multiple-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

| | |
|---|---|
| 2016 | $155,200 |
| 2017 | $155,200 |
| 2018 | $60,400 |
| 2019 | $27,100 |

## 6. EMPLOYEE FUTURE BENEFITS

### Pension costs

Employees of the Company participate in the Public Service Superannuation Fund [the "Plan"], a contributory defined benefit pension plan administrated 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 2016 amounted to $369,577 [2015 – $348,687] and are recognized as an expense during the year. Total employee contributions for 2016 amounted to $370,710 [2015 – $348,845]. The Company is not responsible for any underfunded liability, nor does the Company have any access to any surplus that may arise in this Plan.

### Long-term service awards

Upon retirement, employees are eligible for a public service award equal to one week's salary per year of service to a maximum of 26 week's salary. 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. A curtailment triggers an immediate recognition of unamortized losses as of the beginning of the year. In addition, the calculation of the public service award is now determined by using the member's total serviceable years (instead of using the member's total credited service for pension purposes as was previously the case). As per PSAS guidance, a curtailment triggers an immediate recognition of unamortized losses as of the beginning of the year.

The accrued benefit liability also represents employees of Scotiabank Centre and a portion of the changes in the benefit are allocated to Scotiabank Centre.

A full valuation of the public service award, reflecting the curtailment, was performed as at March 31, 2016. The following outlines details of the accrued benefit obligation:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **Accrued benefit obligation, beginning of year** | **830,100** | 975,300 |
| Add: current period benefit cost | **—** | 64,800 |
| Less: plan amendment | **(2,500)** | — |
| Add: interest on accrued benefit obligation | **31,700** | 36,600 |
| Less: benefit payments | **(108,300)** | (231,200) |
| Actuarial loss (gain) | **131,700** | (15,400) |
| **Accrued benefit obligation, end of year** | **882,700** | 830,100 |
| Unamortized net actuarial loss, end of year | **(131,700)** | (50,500) |
| **Net liability, end of year** | **751,000** | 779,600 |

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligation are as follows: discount rate – 4.1% [2015 – 4.1%]; rate of compensation increase – scale ranging from 4.50% [2015 – 4.50%] at age 25 to 2.00% [2015 – 2.0%] at age 50; rate of inflation – 2.0% [2015 – 2.0%]. Actuarial gains and losses are amortized over the expected average remaining service lifetime of 10 years. Amortization of actuarial gains and losses reflected in the current year expense related to the public service award is a loss of $50,500 [2015 – loss of $7,400]. The amount for fiscal 2016 corresponds to the unamortized loss at the beginning of the year, as a result of the curtailment at April 1, 2015.

## Other liabilities

The Company has a supplemental pension arrangement with a former President and Chief Executive Officer to provide post-employment benefits. The cost of the post-retirement pension obligation has been accrued over the estimated remaining service life of the individual who retired on April 1, 2009.

As the individual has retired, there is no benefit expense. A full valuation of the arrangement was performed as at March 31, 2016. The following outlines details of the accrued benefit obligation:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **Accrued benefit obligation, beginning of year** | **814,200** | 818,000 |
| Add: interest on accrued benefit obligation | **33,500** | 32,400 |
| Add: Plan amendment | **31,800** | — |
| Less: benefit payments | **(56,300)** | (55,500) |
| Actuarial loss | **4,400** | 19,300 |
| **Accrued benefit obligation, end of year** | **827,600** | 814,200 |

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligation are as follows: discount rate – 4.1% [2015 – 4.1%]; rate of inflation – 2.0% [2015 – 2.0%].

Actuarial gains and losses related to the supplemental pension arrangement are recognized immediately in the current year expense as the only plan member is inactive. The actuarial loss for the year ended March 31, 2016 is $4,400 [2015 – loss of $19,300].

Effective January 1, 2016, the Nova Scotia Pension Services Corporation assessed a cost of living adjustment of 0.85% per year for five years. This value is recognized as a plan amendment above.

## 7. ACCUMULATED (DEFICIT) SURPLUS

The accumulated surplus is consists of the following:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Accumulated (deficit) surplus | (2,219,295) | 657,134 |
| Share capital | | |
| Authorized: 1,000,000 common shares without par value | | |
| Issued and outstanding: 100 common shares | 100 | 100 |
| | (2,219,195) | 657,234 |

## 8. GOVERNMENT TRANSFERS

Government transfers consist of the following:

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Transfers from Halifax Regional Municipality – WTCC[1] | 633,833 | 630,680 |
| Transfers from NS Department of Business – TCL[2] | — | 200,000 |
| Transfers from Halifax Regional Municipality – HCC[3] | 1,139,500 | 640,000 |
| Transfers from NS Department of Business – HCC[3] | 586,000 | 1,025,000 |
| Transfers to PNS General Revenue Fund [4] | (1,780,274) | |
| | 579,059 | 2,495,680 |

[1] Pursuant to the Financing Agreement dated May 14, 1982, HRM makes an annual contribution to the operating deficit of the Company.
[2] During fiscal 2015, $200,000 was transferred by the Department of Business for maintenance expenditures associated with Exhibition Park.
[3] During fiscal 2016, the Company continued marketing and business development activities for the HCC on behalf of its shareholders. Marketing and business development expenditures related to HCC of $1,060,517 [2015 – $1,107,283] were funded by transfers received from HRM and PNS and are

included in the Company's statement of operations. Additional funding of $430,700 (2015 - $127,500) was transferred from HRM and PNS to prepare to operate the HCC and $332,000 was received from HRM (2015 – $332,500 received from PNS) to complete the upgrade of event-related technology.
[4] Net proceeds from the sale of Exhibition Park were transferred to PNS General Revenue fund in accordance with Section 16 of the *Finance Act*.

## 9. RELATED PARTY TRANSACTIONS

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

| | **2016** | 2015 |
|---|---|---|
| | **$** | $ |
| Energy recoveries paid to Scotiabank Centre[1] | **500,207** | 490,402 |
| Payroll recoveries received from Scotiabank Centre[2] | **3,324,225** | 3,260,503 |
| Commissions paid to Scotiabank Centre[3] | **85,915** | 93,518 |
| Transfers from Halifax Regional Municipality[4] | **633,833** | 630,680 |
| Transfers from Halifax Regional Municipality - HCC[5] | **1,139,500** | 640,000 |
| Payments to Halifax Regional Municipality[6] | **760,935** | 833,797 |
| Rent revenue received from the Province of Nova Scotia[7] | **2,004,638** | 2,027,459 |
| Transfers from Nova Scotia Department of Business [8] | **586,000** | 1,225,000 |
| Transfers to PNS General Revenue Fund [9] | **1,780,274** | — |

[1] Electricity expenses of the shared facility.
[2] Payroll and related costs of Scotiabank Centre is paid by the Company on behalf of Scotiabank Centre.
[3] Commissions earned on ticket sales purchased through Ticket Atlantic.
[4] Pursuant to the Financing Agreement dated May 14, 1982, HRM makes an annual contribution to the operating deficit of the Company.
[5] HRM grants for HCC: sales and marketing $528,400; operational readiness $279,100; Event Management System $332,000. These amounts are receivable at March 31, 2016.
[6] Property taxes paid to HRM.
[7] The Company rents significant office tower space to departments and agencies of the Province. The amount represents rental revenue and tenant recoveries.
[8] Department of Business (previously ERDT) grant for sales and marketing of the new convention centre: $434,400 [2015 – $565,000]; Operational Readiness grant: $151,600 [2015 – $127,500]; Event Management System grant [2015 – $332,500]; Exhibition Park maintenance [2015 – $200,000].
[9] Net proceeds from the sale of Exhibition Park were transferred to PNS General Revenue fund in accordance with Section 16 of the *Finance Act*.

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.

## 10. FINANCIAL INSTRUMENTS

### Measurement of financial instruments

The Company'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 restricted cash, due from Halifax Regional Municipality, due from Scotiabank Centre and accounts receivable. Financial liabilities consist of the Company's accounts payable and accrued liabilities, due to the Province of Nova Scotia, long-term service awards, and other liabilities. The carrying value of the Company's financial instruments approximates its fair value. Transaction costs are expensed as incurred.

### Risks and uncertainties

The Company'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 Company include liquidity risk, credit risk, and capital risk.

#### Liquidity risk

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

#### Credit risk

The Company'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 Company requires deposits for events where collectability is uncertain.

#### Capital risk

The Company carries out its programs in conjunction with contributions from the three levels of government that have provided to programs over the years. In addition, it receives an operating subsidy from HRM on a yearly basis. The day-to-day operations are funded by the revenue received and amounts due to the Province of Nova Scotia.

## 11. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Province of Nova Scotia.

## 12. COMPENSATION DISCLOSURE

This Schedule of Payments *[Schedule A]* is published in compliance with the provisions of *The Public Sector Compensation Disclosure Act.*

*The Public Sector Compensation Disclosure Act* requires the publication of the names of every person who receives the amount of compensation of $100,000 or more in the fiscal year and the amount paid to each.

Compensation amount includes total base income before income taxes for fiscal 2016 as well as all overtime payments, retirement or severance payments, lump-sum payments and vacation payouts, payments made for exceptional benefits not provided to the majority of employees, and the value of the benefit derived from vehicles or allowances with respect to vehicles.

## 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

## 14. SUBSEQUENT EVENT

**Proclamation of Halifax Convention Centre Act**

On April 4, 2016, the Province of Nova Scotia proclaimed the Halifax Convention Centre Act. The Act results in the formal creation of the Halifax Convention Centre Corporation, the establishment of a board, and allows for employees to be designated to the new entity. Trade Centre Limited will continue to operate during fiscal 2017 and will transfer operations to the Halifax Convention Centre Corporation at a date to be determined, at which time TCL will commence wind-down activities.

**Trade Centre Limited** **Schedule A**

# SCHEDULE OF PAYMENTS

Year ended March 31, 2016

| Name | Compensation |
|---|---|
| Cussons, Carrie | 166,959 |
| Ferguson, Scott | 185,969 |
| Kanchuk, Robert | 101,523 |
| Logan, Robert | 125,428 |
| MacDonald, Gordon | 142,715 |
| Parsons, Shelly | 103,757 |
| Smith, Greg | 102,010 |