



2021-22 Annual Report

Accountability & Performance Analysis

Events East Group is a special purpose government agency that manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. We are known for attracting and hosting the best events in the region through our commitment to event excellence. Our facilities allow us to attract new visitors and opportunities to Nova Scotia, connecting us to the world and creating the backdrop for important conversations and community celebrations.

We were created in 2014 through the Halifax Convention Centre Act as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM), and we work in collaboration with them to manage our businesses in a responsible and transparent manner. Our **Board of Directors** oversees our strategic direction and ensures we carry out our mandate effectively. We manage Scotiabank Centre under a long-term management agreement with HRM, which was renewed and approved by Halifax Regional Council in February 2020.

This analysis is presented for the management and operations of Scotiabank Centre, providing management's perspective on 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.

We are focused on attracting and hosting a strong mix of marquee sporting, entertainment, cultural and tenant event activity that drives economic and community benefits for Nova Scotia. Scotiabank Centre is owned by HRM and is managed and operated on their behalf by Events East. All operating income or losses generated by Scotiabank Centre accrue to HRM and the municipality funds all significant capital improvements.

Planning & Operating Context

Scotiabank Centre is known as a community icon that serves as a platform for event excitement and vibrancy, driving community and economic impact. With a rich 40+ year history of hosting the best events in sports and entertainment, Scotiabank Centre is the largest multipurpose facility in Atlantic Canada. It serves as the region's premier venue for major entertainment and sporting events and the nucleus 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 creates a variety of event experiences that attract 100-120 events with over 500,000 fans in a typical year. Our anchor tenants include the Halifax Mooseheads, Halifax Thunderbirds and the Royal Nova Scotia International Tattoo.

In 2021-22, COVID-19 continued to impact the events industry and our business, with restrictions around public gathering limits fluctuating throughout the year causing ongoing impact to the operations of Scotiabank Centre.

The 2021-22 business plan and budget were developed under the assumption that:

- restrictions introduced in the Spring of 2021 associated with the third wave, including public gathering limits, would begin to ease by Summer 2021;
- COVID-19 vaccine roll-out would remain consistent with the Province of Nova Scotia's public roll-out plan and timeline; and
- border restrictions would begin to ease, with regional travel permitted by the Summer and domestic travel later in the year.

While vaccination roll-out and easing of border and travel restrictions did occur, capacity restrictions were in place for longer than anticipated. As a result, Scotiabank Centre event activity did not resume until late September. Further, in December 2021, a fourth wave of the pandemic triggered the introduction of restrictions and the temporary closure of the venue until late February. Restrictions were fully lifted on March 21, 2022.

As a result, event activity for the year was primarily limited to tenant sporting events at reduced capacity for the majority of the 2021-22 season, with most concerts and special events cancelled or postponed to a future date in 2022.

Despite these challenges, our team remained focused on collaborating with our government partners to align with Public Health expectations and continue to safely host events when possible. This included resumption of regular seasons for both the Halifax Mooseheads and Halifax Thunderbirds, with some modifications to schedules and decreased capacity in alignment with restrictions.

A strong event calendar is critical to ensure we continue to drive impact in our downtown. As such, significant focus was placed on relationship-building with key event organizers and partners to successfully secure a diverse mix of event activity for 2022 -23 and beyond.

PERFORMANCE ANALYSIS

Financial Performance

Revenues for 2021-22 were \$3.2M, lower than budget of \$4.7M but higher than prior year of \$1.5M. Revenue for 2021-22 reflects a partial year of event operations but progress towards returning to full event activity. Of the total revenue, event revenue was \$1.3M compared to budget of \$2.2M and prior year of \$213K. Premium product, which includes our suites and skyboxes, and corporate partnership revenues were \$1.3M and \$556K compared to budget of \$1.8M and \$698K, respectively. Based on the temporary closure of the facility, and in consultation with HRM, we implemented strategies for these long-term partner contracts to address the interruption, mitigate long-term impact and support client retention.

Operating expenses totaled \$3.8M compared to the budget of \$4.6M and prior year of \$3.2M, which includes event expenses of \$1.6M as compared with the budget of \$2.4M due to lower event activity as described above. Other operating expenses include salaries, administration, marketing, insurance, and rent, which totaled \$2.2M and are consistent with budget and lower than prior year of \$2.6M reflecting a full year's impact of cost mitigation strategies implemented during the prior year.

Shared facilities and building costs of \$1.8M against a budget of \$1.5M and prior year of \$1.5M reflect the expenses related to operating the Scotiabank Centre building and the Shared Services and Facilities Agreement between HRM and Armco Capital. Building costs include utilities, facility repair, maintenance, cleaning and security.

Scotiabank Centre's deficit for 2021-22 was \$2.4M compared to a planned deficit of \$1.4M, reflecting the impact of reduced event activity compared to budget and measures put in place, due to the closures during the year, to retain our long-term contracts for premium product and corporate partnership.

Economic Impact & Event Mix

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. In 2021-22, we were able to host 44 events and approximately 143,000 attendees against a target of 80 events. This included pre-season games, the return of regular seasons for the Halifax Mooseheads and Halifax Thunderbirds, 2022 AUS Basketball Championships, the SuperNova Celebration and the Blue Rodeo concert. Total direct expenditures resulting from these events was \$10.1M against a target of \$10-15M.

The difference from target to actual event numbers can be attributed to the impact of prolonged and renewed Public Health restrictions, which led to:

- lower than anticipated attendance for some events due to consumer confidence and capacity limitations;
- limited ability to host new events for the year; and
- event cancellations or postponements.

With a strong mix of concert, sporting and cultural events secured for 2022-23, we anticipate a return to historical direct expenditures of approximately \$35M in the upcoming year.

BUSINESS GROWTH

Partnerships & Premium Seating

Given the impact of evolving restrictions on event activity throughout the year, our focus remained on retention of our Premium Seating and corporate partners, who are critical to our business and future success. This included implementing strategies throughout the year to reflect the impact of limited event activity in the Spring 2021 events season, as well as the unplanned closure associated with the fourth wave of the pandemic in December.

To provide added value to our clients while event activity was limited, we created a series of special offers and programs to maintain engagement.

Enhancements to our premium product service model continued throughout the year to maintain a personalized experience for clients in advance of and during event days. This included optimization of the Premium Services Manager role and integration with the Centerplate food and beverage team to create unique menu offerings and a seamless ordering process.

Similarly, we continued to evolve our product offering for sponsors and corporate partners by investing in our digital advertising assets. This included an enhanced, more flexible platform for our digital television network located throughout the venue, as well as planning for the replacement of our outdoor digital board, which had reached end of life.

In planning for the future, we initiated a capital planning project to redesign and modernize key areas of the Premium Seating space. Preliminary design and costing were developed in consultation with HRM with project planning ongoing.

At year end, we had secured new partnerships with: Jono Developments, National Police Federation, Trampoline and Babe RTD and renewed partnerships with Killam Reit, King of Donair, Medavie Blue Cross, Canadian Tire, NSGEU, Stingray Radio Inc, Support 4 Sport and Support 4 Culture, as well as renewal of multi-year Premium Seating leases, consistent with target.

Club Seat In-Seat Service

In an effort to respond to customer needs and provide continued added value, this year we developed an in-seat service food and beverage strategy in collaboration with our partner, Centerplate. This included implementation of online ordering and delivery of select food and beverage offerings to club seat holders in their seats for sporting events.

The service model was designed and successfully piloted, incorporating feedback and key learnings throughout the year.

Long-Term Event Attraction Strategy

Recognizing our event mix at Scotiabank Centre is a key driver of customer satisfaction, value and community pride, this year we developed a new long-term event attraction strategy with a goal to:

- Restore and maximize our overall event mix;
- Leverage our historic reputation as an iconic host venue and destination; and
- Align our attraction efforts with strategies from other partner/ stakeholder organizations.

Development of the strategy included research of the competitive landscape, including prospective event opportunities, as well as consultation and input from clients and key stakeholders. Stakeholder alignment, including integration with the overall HRM Civic Events Strategy and Events Nova Scotia Strategy, was also a key component in the development of our strategy to ensure our focus and investment remain on the right event opportunities.

Our long-term event attraction strategy was finalized and presented to key stakeholders with implementation ongoing at year end, including the successful joint bid with Moncton to host the 2023 IIHF World Junior Championship. At the same time, we renewed multi-year partner agreements with Atlantic University Sport and the Royal Nova Scotia International Tattoo and prospected new event opportunities, solidifying a strong event mix and return to historical event volume for 2022-23.

GUEST EXPERIENCE

Safe Event Hosting

Getting back to hosting live events was our primary focus this year, working in close collaboration with our government partners to adhere to evolving health protocols. This included development of safe event plans for all events, incorporating Public Health guidelines in addition to tenant and event organizer requirements.

We worked closely with the Halifax Mooseheads and Halifax Thunderbirds to align with league and team protocols and ensure live games with fans in the stands could continue throughout the season.

This required development and implementation of several new processes to align with requirements and a resourcing model to support enhanced fan service and communication. The addition of preferred gates based on seating location in the venue helped manage flow of people and reduced wait times for fans.

Ensuring adherence to health and safety protocols was balanced by a focus on fan experience, which prompted implementation of an enhanced pre-event fan communication strategy and on-site customer service support.

Fan Experience

Given the focus on safe event hosting and requirements to align with evolving health and safety protocols, planned service enhancements to support our fan experience vision were deferred. With the resumption of event activity and stabilization of operating requirements, a renewed focus on evolving the fan experience will be a key priority in the upcoming year.

COMMUNITY CONNECTION

Community Relations Program

Our venue and the events we host play a key role in driving community vibrancy. As such, this year we conducted an audit of our existing community relations program, which includes charitable ticket donations, sponsorship and volunteer programs. This audit included an environmental scan of similar programs of tenants, corporate partners, industry leaders and other venues locally and across North America to identify trends, gaps and opportunities.

Recommended focus areas were identified through the audit with a redesigned program slated to launch in Fall 2022.

Community & Fan Engagement

This year we implemented a proactive community engagement strategy and promotional campaign to highlight the return of live events. Our *Come Together* advertising campaign focused on highlighting the variety of upcoming events to drive attendance. Similarly, enhanced digital communications tools provided a platform for us to engage with ticket holders in advance of their event, helping to build excitement and provide important information to maximize their experience on-site.

We also engaged with our neighbours, providing regular updates including a list of upcoming events to help prepare for a high volume of fans returning to the downtown core. This helped re-instill confidence in the business community that activity was resuming and helped us continue to build relationships with our neighbours to reinforce the value of events.

TALENT & CULTURE

Resourcing

While temporary resourcing strategies were in place at the beginning of the year, a significant focus on resourcing was implemented as restrictions were lifted and events resumed.

Resourcing and recruitment efforts were focused on ensuring appropriate staffing levels to meet event volumes and business needs, with an emphasis on event operational roles. By year end, all regularly scheduled hourly employees were recalled to support event delivery, re-establishing a stable workforce for our business.

As we continued to refine our service model, some changes were made to the structure of key operational teams to support delivery against our fan experience vision. Realignment of these core teams was supported by training and implementation of event delivery standards to ensure consistency of service by all staff, at every touchpoint with our guests.

Recognizing the challenges our business and the events and hospitality industry as a whole face regarding labour shortages, we worked closely with key partners to align recruitment activities and support the rebuilding of our industry's labour pool. This included participating in several job fairs with educational institutions and community organizations.

Training

Training efforts focused primarily on safe operations and enhanced protocols to align with the health and safety environment. All employees completed mandatory return-to-work training on cleaning protocols and office/workplace best practices regarding self-assessments, mask wearing, handwashing and routine safety check-ins.

New operationally focused employees participated in service standards training and onboarding, as well as Workplace Hazardous Materials Information System (WHMIS) training and certification and a Respect in the Workplace program provided by the Nova Scotia Human Rights Commission. All operationally focused employees were also provided a refresher on corporate policies, Occupational Healthy & Safety and emergency response procedures. Additionally, our third-party suppliers, Centerplate and Five Star Security, participated in Alcohol and Gaming Responsible Beverage Alcohol Service training to ensure a safe experience for our guests and staff.

ACCOUNTABILITY & SUSTAINED PERFORMANCE

Accessibility

Ensuring our venue is accessible to all continues to be a critical priority. With investment in prior years focused on the addition of handrails and increased access to accessible seating, future enhancements will require investment and capital planning.

This year we worked with HRM to identify accessibility enhancements as a priority, with a full accessibility audit of the venue planned for later in 2022.

We have also been actively participating in the Crowns Accessibility Committee, a group that is developing standards, commitments and priorities for an accessibility framework slated for development in March 2023 to align with the Nova Scotia Accessibility Act.

Events Recovery

At the onset of the pandemic in 2020, we formed an Events Industry Recovery Taskforce in collaboration with Discover Halifax to mitigate the short and long-term impact on the events industry. Participation included representatives from across the events and tourism sector.

This group continued to meet throughout the year to ensure alignment and coordination of messaging within the industry as well as key stakeholders and community. A series of engagement campaigns were executed at strategic times throughout the year to reinforce the value of live events and re-instill consumer confidence.

Community activations and programming, including HRM's Grand Oasis concert series, Patio Lanterns Festival and our *Events Are Back* local advertising campaign were initiated and promoted through this group to drive vibrancy in our downtown and support the recovery of our province.

OUTCOMES & PERFORMANCE MEASURES

Key performance and operational outcome areas against our 2021-22 Business Plan:

Strategic Goal	Measure	2021-22 Target	2021-22 Actual
Business Growth	Economic impact	Generate \$10-15M in direct expenditures through the events we host.	Generated \$10.1M* in direct expenditures driven by tenant events and concert activity.
Guest Experience	Number of events hosted at Scotiabank Centre	Safely and successfully host approximately 80 events.	Successfully hosted 44 events*, including the return of regular Halifax Mooseheads and Halifax Thunderbirds seasons.
Business Growth	Customer and partner retention	Redesign corporate partnership and Premium Seating strategy.	Planning and strategy development completed. Short-term strategies implemented to address retention; long-term strategy redesigned to include service and capital enhancements.
Community Connection	Community Relations Program framework in place	Develop redesigned Community Relations Program.	Audit completed; focus areas recommended with target program launch in Fall 2022.
Accountability & Sustained Performance	Financial performance	Meet approved budget targets.	Shareholder investment was \$2.4M*, an increase of \$948K from target, reflecting the financial impact of reduced event activity and the shareholder-approved client retention strategies put in place due to closures in the year.
Accountability & Sustained Performance	Confidence in live events	Event industry framework developed and implemented.	Framework developed and implemented in collaboration with Events Industry Taskforce partners.

*Planned event activity was impacted by temporary restrictions introduced in December 2021 associated with the Omicron variant.



2021-22 Annual Report

Financial Statements

March 31, 2022

MANAGEMENT'S REPORT

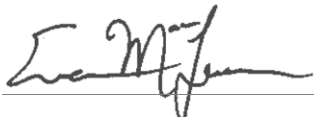
The financial statements of Scotiabank Centre have been prepared by management of Events East Group based on the financial reporting provisions prescribed in the Management Agreement [the "Agreement"], between Halifax Regional Municipality and Events East Group dated February 5, 2020. Management has applied the principles of Canadian public sector accounting standards, and the integrity and objectivity of these financial statements are management's responsibility. Management is 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"] 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 financial management of Scotiabank Centre and meet when required.

On behalf of **Events East Group**:



Evan MacLean, CPA, CA
Director of Finance & Corporate IT



Carrie Cussons, CPA, CA
President & CEO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Events East Group

Opinion

We have audited the financial statements of **Scotiabank Centre** [the "Centre"], which comprise the statement of financial position as at March 31, 2021, and the statement of operations and accumulated surplus (deficit), statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in all material respects, in accordance with the financial reporting provisions described in note 2 to meet the requirements of the Management Agreement dated February 5, 2020 [the "Agreement"] between Halifax Regional Municipality and Events East Group.

Basis of opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Centre 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.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Centre in complying with the financial reporting provisions as described in note 2 to meet the requirements of the Agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Centre, Halifax Regional Municipality and Events East Group and should not be used by parties other than the Centre, Halifax Regional Municipality or Events East Group. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises of the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions as described in note 2 to meet the requirements 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.

In preparing the financial statements, management is responsible for assessing the Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

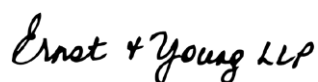
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 generally accepted auditing standards, 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 Centre'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 Centre'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 Centre to cease to continue as a going concern.

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.



Chartered Professional Accountants
Halifax, Canada
June 27, 2022

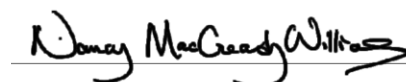
STATEMENT OF FINANCIAL POSITION

As at March 31

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	1,076,175	1,252,726
Due from Halifax Regional Municipality, net <i>[note 4]</i>	2,389,260	1,508,389
Accounts receivable	1,478,023	1,213,072
Total financial assets	4,943,458	3,974,187
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	629,994	610,039
Due to Events East Group <i>[note 4]</i>	3,597,046	2,966,734
Unearned revenue	776,116	468,962
Total financial liabilities	5,003,156	4,045,735
Net debt	(59,698)	(71,548)
NON-FINANCIAL ASSET		
Prepaid expenses	59,698	71,548
Accumulated surplus (deficit)	—	—

See accompanying notes

On behalf of the Board:

 Director

 President

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS/ (DEFICIT)

Year ended March 31

	2022 \$	2022 \$	2021 \$
	<i>[budget]</i>		
REVENUE [NOTE 4]	4,720,000	3,214,311	1,453,596
EXPENSES			
Events	2,378,000	1,578,837	645,962
Salaries <i>[notes 3 and 4]</i>	1,771,000	1,750,356	2,129,710
Administration and technology	157,000	149,247	177,751
Marketing and promotions	119,000	95,489	125,397
Operations	71,000	122,181	46,614
Insurance and rent	95,000	95,747	97,273
	4,591,000	3,791,857	3,222,707
Annual (deficit) surplus before shared facilities and building costs	129,000	(577,546)	(1,769,111)
Shared facilities and building costs, net <i>[note 1]</i>	1,539,000	1,780,917	1,530,643
Annual Deficit	(1,410,000)	(2,358,463)	(3,299,754)
Transfer from Halifax Regional Municipality <i>[note 4]</i>	1,410,000	2,358,463	3,299,754
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—	—
Accumulated surplus (deficit), beginning of year	—	—	—
Accumulated surplus (deficit), end of year	—	—	—

See accompanying notes

STATEMENT OF CHANGES IN DEBT

Year ended March 31

	2022 \$	2021 \$
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—
Decrease/(increase) in prepaid expenses	11,850	(32,911)
Decrease/(increase) in net debt	11,850	(32,911)
Net debt, beginning of year	(71,548)	(38,637)
Net debt, end of year	(59,698)	(71,548)

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended March 31

	2022 \$	2021 \$
OPERATING ACTIVITIES		
Annual surplus (deficit) after transfers from Halifax Regional Municipality	—	—
Net change in non-cash working capital balances		
Accounts receivable	(264,951)	203,523
Accounts payable and accrued liabilities	19,955	12,878
Increase in due from Halifax Regional Municipality	(880,871)	(1,474,959)
Increase/(decrease) in due to Events East Group	630,312	(276,149)
Increase/(decrease) in unearned revenue	307,154	(198,697)
Decrease/(increase) in prepaid expenses	11,850	(32,911)
Cash used in operating activities	(176,551)	(1,766,315)
 Net decrease in cash during the year	 (176,551)	 (1,766,315)
Cash, beginning of year	1,252,726	3,019,041
Cash, end of year	1,076,175	1,252,726

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

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. All operating surpluses or deficits generated by the Centre accrue to HRM and the municipality funds all significant capital improvements.

The Centre is operated by Events East Group ["Events East"] on behalf of HRM under a Management Agreement [the "Agreement"] dated February 5, 2020 which outlines Events East's management of the Centre. The Agreement is for a term of five years and may be renewed upon mutual agreement of Events East and HRM for two additional five-year terms.

Effective April 9, 2018, a Shared Services and Facilities Agreement ["SSFA"] was signed between HRM and an external third party. The agreement directs the shared operation of the former World Trade and Convention Centre ["WTCC"] building, including the Office Tower, and the Scotiabank Centre building, which share common spaces and facilities that are integral to the operation of both the former WTCC building and the Centre. Events East, as manager of the Centre, is assigned by HRM as operator of the SSFA on HRM's behalf. As such, all shared facilities operations, expenses and recoveries from the third party are recognized in the Centre's financial statements.

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 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.

These financial statements were prepared in accordance with the significant accounting policies described below to comply with the financial reporting provisions prescribed in the Agreement dated February 5, 2020 between HRM and Events East.

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 in the period they are incurred.

Prepaid expenses

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

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. 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 are expensed.

3. Employee future benefits

Pension plan

Employees of the Centre participate in the Public Service Superannuation Plan ["PSSP"], 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 2022 were \$187,801 [2021 – \$214,856] and were recorded in salaries during the year. Total employee contributions for 2022 amounted to \$187,801 [2021 – \$213,938]. The Centre is not responsible for any underfunded liability, nor does the Centre have 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.

4. Related party transactions

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

	2022 \$	2021 \$
Payroll recoveries paid to Events East ^[1]	(2,924,208)	(3,070,344)
Commissions received from Events East ^[2]	47,471	2,520
Net transfers from Halifax Regional Municipality ^[3]	2,324,818	1,281,667
Interest revenue from Halifax Regional Municipality ^[4]	11,127	15,393
Transactions with Events East ^[5]	(178,512)	(192,769)

- [1] Payroll and related costs of the Centre were paid by Events East on behalf of the Centre.
[2] Commissions earned on ticket sales purchased through Ticket Atlantic, a division of Events East.
[3] Transfers throughout the year include deficit funding net of payment for policing services rendered by HRM.
[4] Interest earned on cash deposits held on behalf of the Centre by HRM as part of their pooling arrangement with the bank.
[5] Events East and the Centre had a variety of intercompany transactions throughout the year related to allocation of general expenses, paid by Events East on behalf of the Centre.

These transactions are in the normal course of operations and are measured at the exchange amount which is the 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 and risk management

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, accounts receivable and due from Halifax Regional Municipality. Financial liabilities consist of the Centre's accounts payable and accrued liabilities, and due to 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 or deficit 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 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. COVID-19 impact

COVID-19 has had a substantial impact on the Company's operations for the year ended March 31, 2022. Public Health measures, including restrictions on public gatherings and travel restrictions have resulted in significant disruptions to the Company's operations. The Province of Nova Scotia has removed all restrictions as of March 21, 2022.

The Company has used the best information available as at March 31, 2022, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities. Actual results could differ from those estimates. Any resulting deficits in future periods due to the impact of the COVID-19 pandemic on operations will be fully funded by the Company's shareholder, the HRM.