



SASKATOON'S
ARTS & CONVENTION
CENTRE



April 10, 2018

Joanne Sproule
City Clerk
City of Saskatoon
222 – 3rd Avenue North
Saskatoon, SK S7K 0J5

Re: Centennial Auditorium & Convention Centre Corporation 2017 Audited Financial Statements

Enclosed please find a copy of the 2017 Audited Financial Statements for the Centennial Auditorium & Convention Centre Corporation. These were approved by the TCU Place Board of Directors during its regular business meeting on March 29, 2018.

Please feel free to contact me if there are any questions.

Sincerely,

A handwritten signature in black ink that reads 'Matt Petrow'.

Matt Petrow
Director of Finance
TCU Place

Cc: Bob Korol, Chief Executive Officer – TCU Place

**THE CENTENNIAL AUDITORIUM &
CONVENTION CENTRE CORPORATION**

FINANCIAL STATEMENTS

December 31, 2017



KPMG LLP
500-475 2nd Avenue South
Saskatoon Saskatchewan S7K 1P4
Canada
Tel (306) 934-6200
Fax (306) 934-6233

INDEPENDENT AUDITORS' REPORT

To the Member of The Centennial Auditorium & Convention Centre Corporation

We have audited the accompanying financial statements of The Centennial Auditorium & Convention Centre Corporation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we 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 of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Centennial Auditorium & Convention Centre Corporation as at December 31, 2017, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

March 29, 2018
Saskatoon, Canada


THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2017, with comparative information for 2016

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 5,149,102	\$ 4,160,456
Investments (note 3)	9,000,000	8,000,000
Accounts receivable (note 4 and 11)	<u>1,294,370</u>	<u>1,222,915</u>
	<u>\$ 15,443,472</u>	<u>\$ 13,383,371</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 11)	\$ 2,119,279	\$ 1,738,954
Rental deposits	521,577	449,730
Advance ticket sales (note 5)	1,289,327	512,000
Deferred revenue (note 6)	<u>1,851,080</u>	<u>2,072,120</u>
	<u>5,781,263</u>	<u>4,772,804</u>
NET FINANCIAL ASSETS	\$ 9,662,209	\$ 8,610,567
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	\$ 2,991,020	\$ 3,010,472
Inventory	94,828	98,601
Prepaid expenses and deferred charges	<u>58,088</u>	<u>48,274</u>
	<u>3,143,936</u>	<u>3,157,347</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 12,806,145</u>	<u>\$ 11,767,914</u>

Commitments to the City of Saskatoon (note 8)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved by the Board:

 Director

 Director

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF OPERATIONS
Year ended December 31, 2017, with comparative information for 2016

	Budget (Note 13)	2017	2016
OPERATING REVENUE			
Sales	\$ 11,035,780	\$ 10,327,706	\$ 10,198,539
Sponsorships	296,458	383,704	346,490
Interest income	<u>190,000</u>	<u>227,394</u>	<u>201,709</u>
	<u>11,522,238</u>	<u>10,938,804</u>	<u>10,746,738</u>
OPERATING EXPENDITURES			
Direct (Schedule 1)	\$ 6,371,054	\$ 5,862,700	\$ 5,740,261
Plant maintenance (Schedule 1)	2,048,002	2,090,599	1,998,835
Administration (Schedule 1)	1,395,480	1,347,312	1,299,461
Amortization	<u>460,648</u>	<u>374,496</u>	<u>418,579</u>
	<u>10,275,184</u>	<u>9,675,067</u>	<u>9,457,136</u>
OPERATING MARGIN	\$ 1,247,054	\$ 1,263,737	1,289,602
OTHER REVENUE AND EXPENDITURES			
Funding by City of Saskatoon	500,000	500,000	500,000
Reimbursement to City of Saskatoon (note 8 and 11)	<u>(725,506)</u>	<u>(725,506)</u>	<u>(726,351)</u>
SURPLUS OF REVENUE OVER EXPENDITURES	\$ 1,021,548	\$ 1,038,231	\$ 1,063,251
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,767,914</u>	<u>11,767,914</u>	<u>10,704,663</u>
ACCUMULATED SURPLUS, END OF YEAR (Schedule 2)	<u>\$ 12,789,462</u>	<u>\$ 12,806,145</u>	<u>\$ 11,767,914</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended December 31, 2017, with comparative information for 2016

	Budget (Note 13)	2017	2016
Surplus of revenue over expenditures	\$ 1,021,548	\$ 1,038,231	\$ 1,063,251
Acquisition of tangible capital assets	(415,803)	(355,044)	(130,837)
Amortization of tangible capital assets	460,648	374,496	418,579
Loss on disposal of tangible capital assets	<u>—</u>	<u>—</u>	<u>1,064</u>
	1,066,393	1,057,683	1,352,057
Use (acquisition) of inventory	—	3,773	(13,661)
Acquisition of prepaid expenses and deferred charges	—	(9,814)	17,147
CHANGE IN NET FINANCIAL ASSETS	1,066,393	1,051,642	1,355,543
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>8,610,567</u>	<u>8,610,567</u>	<u>7,255,024</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 9,676,960</u>	<u>\$ 9,662,209</u>	<u>\$ 8,610,567</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2017, with comparative information for 2016

	2017	2016
OPERATING ACTIVITIES		
Surplus of revenue over expenditures	\$ 1,038,231	\$ 1,063,251
Non-cash items included in surplus for the year		
Amortization	374,496	418,579
Loss on disposal of tangible capital assets	-	1,064
Changes in non-cash working capital relating to operations		
Accounts receivable	(71,455)	198,201
Inventory	3,773	(13,661)
Prepaid expenses and deferred charges	(9,814)	17,147
Accounts payable and accrued liabilities	380,325	(388,409)
Rental deposits	71,847	40,238
Advance ticket sales	777,327	(1,075,375)
Deferred revenue	(221,040)	(189,208)
	<u>2,343,690</u>	<u>71,827</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>\$ (355,044)</u>	<u>\$ (130,837)</u>
	<u>(355,044)</u>	<u>(130,837)</u>
INVESTING ACTIVITIES		
Purchases of investments	\$ (3,000,000)	\$ (5,000,000)
Investment maturities	<u>2,000,000</u>	<u>1,000,000</u>
	<u>(1,000,000)</u>	<u>(4,000,000)</u>
NET INCREASE (DECREASE) IN CASH	988,646	(4,059,010)
CASH POSITION, BEGINNING OF YEAR	<u>4,160,456</u>	<u>8,219,466</u>
CASH POSITION, END OF YEAR	<u>\$ 5,149,102</u>	<u>\$ 4,160,456</u>
CASH INTEREST INCLUDED IN SURPLUS OF REVENUE OVER EXPENDITURES		
Interest received	213,067	141,079
Interest paid to City of Saskatoon	(153,763)	(178,652)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

1. AUTHORITY AND PURPOSE

The Centennial Auditorium & Convention Centre Corporation (the “Corporation”) operates TCU Place, Saskatoon’s Arts and Convention Centre, on behalf of its sole member, the City of Saskatoon.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Corporation are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) for local governments.

Significant aspects of the accounting policies adopted by the Corporation are as follows:

Measurement Uncertainty

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect reported 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 expenditures during the year.

Items requiring the use of significant estimates include determination of uncollectible accounts receivable, useful lives of tangible capital assets and related amortization.

Estimates are based on the best information available at the time of 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.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, and highly liquid short-term investments that upon acquisition have a term to maturity of three months or less.

Investments

Investments consist of term deposits made to obtain a return on a temporary basis with maturity terms between one month and five years.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the asset.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Caretaking and Maintenance	5 to 20 years
Computer	5 to 15 years
Kitchen	8 to 40 years
Theatre	10 to 100 years
Sound	10 to 20 years
Lighting	10 to 40 years

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

The TCU Place Saskatoon's Arts and Convention Centre building is owned and maintained by the City of Saskatoon.

Inventory

Inventory consists of merchandise held for resale and are stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

Financial instruments

Financial instruments of the Corporation include cash, investments, accounts receivable and accounts payable and accrued liabilities. All financial instruments are measured at cost or amortized cost.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are assessed annually for impairment. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable are initially reported on the statement of financial position at cost. A valuation allowances is used to reflect receivables at the lower of cost and net recoverable value.

Revenue Recognition

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met and reasonable estimates of the amounts can be made except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specified purpose.

Unrestricted contributions and pledges are recognized as revenue when received. Gifts in kind are recorded at the fair market value on the date of their donations if they meet the Corporation's criteria for capitalization. Other in-kind donations of material and services are not recognized in these financial statements.

Revenue from events is recognized in the period that the event takes place, except for box office service charges that are recognized when tickets are sold. Sponsorship revenue is recognized on a straight line basis over the term of the contract. All other revenues are recognized in the period in which the underlying goods and services are delivered.

Employee Pension Plans

Employees of the Corporation participate in the City of Saskatoon's Superannuation Defined Benefit Pension Plan. The Corporation follows defined contribution accounting standards specific to a multi-employer plan for its participation in the plan whereby the Corporation's contributions are expensed when due.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves

The capital expansion reserve is used to accumulate funds for eligible capital expenditures which will enhance the Corporation's existing range and quality of services.

The equipment replacement reserve is used to accumulate funds for the purpose of equivalent replacement of programming equipment not covered under other reserves.

The stabilization reserve is used to accumulate funds for the purpose of offsetting any operating deficits of the Corporation to a maximum of 5% of sales with any excess being transferred to the capital expansion reserve.

Statement of Remeasurement Gains and Losses

The Corporation has not presented a statement of remeasurement gains and losses because it does not have financial instruments that give rise to remeasurement gains or losses.

New Accounting Standards

A number of new and revised accounting standards are not yet effective for the year ended December 31, 2017, and have not been applied in preparing these financial statements.

PS 2200, Related Party Transactions defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from what would have been recorded if the parties were not related, and the transactions could have a material impact on the financial statements. The standard is effective for fiscal periods beginning on or after April 1, 2017.

PS 3420, Inter-Entity Transactions specifies how to measure related party transactions between public sector entities within the same government reporting entity. The standard is effective for fiscal periods beginning on or after April 1, 2017.

PS 3210, Assets provides additional guidance on the definition of assets, and establishes disclosure requirements for assets not recognized within the entity's financial statements. The standard is effective for fiscal periods beginning on or after April 1, 2017.

PS 3320, Contingent Assets defines and establishes disclosure requirements for contingent assets. The existence of a contingent asset must be disclosed when the occurrence of the underlying confirming event is likely. The standard is effective for fiscal periods beginning on or after April 1, 2017.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PS 3380, Contractual Rights defines contractual rights to future assets and revenue, and establishes disclosure requirements for these transactions. The standard is effective for fiscal periods beginning on or after April 1, 2017.

These new and revised standards will be adopted by the Corporation as of January 1, 2018. Management anticipates that the adoption of these standards will not have a material impact on the Corporation's financial statements.

PS 3430, Restructuring Transactions establishes how to recognize and report restructuring transactions for both transferors and recipients. The standard is effective for fiscal periods beginning on or after April 1, 2018, and the Corporation does not intend to early adopt this standard. Management is currently evaluating the effect of this change on the Corporation's financial statements.

3. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Term Deposit 2.00% maturing February 28, 2022	\$ 1,000,000	\$ —
Term Deposit 1.75% maturing April 28, 2021	1,000,000	—
Term Deposit 1.75% maturing January 28, 2021	1,000,000	—
Term deposit, 1.80%, maturing April 28, 2020	1,000,000	1,000,000
Term deposit, 1.80%, maturing January 28, 2020	1,000,000	1,000,000
Term deposit, 2.15%, maturing April 5, 2019	1,000,000	1,000,000
Term deposit 1.65%, maturing January 28, 2019	1,000,000	1,000,000
Term deposit, 2.50%, maturing April 28, 2018	1,000,000	1,000,000
Term deposit 1.55%, maturing January 28, 2018	1,000,000	1,000,000
Term deposit 2.50%, maturing April 28, 2017	—	1,000,000
Term deposit 1.45%, maturing January 28, 2017	—	1,000,000
	<u>\$ 9,000,000</u>	<u>\$ 8,000,000</u>

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Trade receivables	\$ 832,402	\$ 802,676
Funding receivable from the City of Saskatoon	300,000	300,000
Interest receivable	136,399	122,071
Other receivables	33,793	6,195
Allowance for doubtful accounts	<u>(8,324)</u>	<u>(8,027)</u>
	<u>\$ 1,294,370</u>	<u>\$ 1,222,915</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

5. ADVANCE TICKET SALES

Advance ticket sales represent monies received in advance for events that have not yet taken place. Funds are held in trust by the Corporation and forwarded to the promoter upon settlement of the events. Contracts with promoters do not require the segregation of these monies from the on-going operating funds of the Corporation.

6. DEFERRED REVENUE

Deferred revenue represents funds received in advance for sponsorship contracts which will be recognized over terms of contracts ranging from 1 to 5 years. Funds received for naming rights will be recognized over 10 years.

	2017	2016
Sponsorship contracts	\$ 79,205	\$ 103,370
Naming rights	<u>1,771,875</u>	<u>1,968,750</u>
	<u>\$ 1,851,080</u>	<u>\$ 2,072,120</u>

7. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Caretaking and maintenance	\$ 193,872	\$ 109,714	\$ 84,158	\$ 100,103
Computers	625,013	535,081	89,932	129,625
Kitchen	978,689	469,808	508,881	547,994
Theatre	1,570,046	802,351	767,695	821,847
Sound	1,292,453	709,575	582,878	681,330
Lighting	779,406	529,779	249,627	300,821
Other	<u>1,339,931</u>	<u>632,082</u>	<u>707,849</u>	<u>428,752</u>
	<u>\$ 6,779,410</u>	<u>\$ 3,788,390</u>	<u>\$ 2,991,020</u>	<u>\$ 3,010,472</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

8. COMMITMENTS TO THE CITY OF SASKATOON

In connection with the productivity improvements and expansion done to the facility managed and operated by the Corporation, the Corporation agreed to reimburse the City of Saskatoon for a portion of the incurred costs. The reimbursement for these improvements to the facility, which is owned by the City of Saskatoon, are due in each of the next five years and thereafter are as follows:

2018	\$ 725,649
2019	726,038
2020	725,732
2021	725,270
2022	<u>87,423</u>
	<u>\$ 2,990,112</u>

9. PENSION

Employees of the Corporation participate in the City of Saskatoon's Superannuation Defined Benefit Pension Plan. The City of Saskatoon is responsible for the plan, and therefore the Corporation's obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to \$226,244 (2016 - \$230,956) and is included in salaries and benefits.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk, and market risk.

Credit risk

The Corporation is exposed to the risk resulting from the possibility that parties may default on their financial obligations. Credit risk related to investments is minimized by dealing with institutions that have strong credit ratings. Credit risk associated with potential non-payment of accounts receivable from customers is minimized by proactive credit and collections management. The Corporation does not have significant exposure to any one customer and bad debts have historically been minimal. Other receivables primarily represent annual funding amounts due from the City of Saskatoon and the risk associated with this is not considered to be significant.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk by maintaining adequate cash balances and implementing budgeting and monitoring processes.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

As at December 31, 2017, the Corporation had sufficient working capital to meet current obligations as they are due.

Market risk

Market risk consists primarily of interest rate risk and is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's interest rate risk exposure relates to cash and investments. The impact of changes in interest rates is mitigated by investing in term deposits for shorter terms at fixed interest rates. The contribution of investment income to the Corporation's overall revenue is not significant.

11. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with the City of Saskatoon (the sole member of the Corporation) as well as with SaskTel Centre, which is related to the Corporation by virtue of common control by the City of Saskatoon (collectively referred to as "related parties"). Routine operating transactions with related parties are settled on normal trade terms.

The transactions incurred during the year and amounts outstanding at December 31st are as follows:

	<u>2017</u>	<u>2016</u>
Accounts receivable from City of Saskatoon	\$ 311,450	\$ 321,274
Accounts payable and accrued liabilities to City of Saskatoon	1,200,650	940,517
Accounts payable to SaskTel Centre	6,112	967
Revenue from events held by City of Saskatoon	82,753	121,141
Utilities expenses charged by City of Saskatoon	658,886	608,056
Insurance expense charged by City of Saskatoon	102,100	110,861
Operating grant from City of Saskatoon	500,000	500,000
Reimbursement to the City of Saskatoon	725,506	726,351

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2017

12. RESERVES

Reserve balances at December 31st are as follows:

	<u>2017</u>	<u>2016</u>
Capital expansion	\$ 4,910,551	\$ 4,150,796
Equipment replacement	4,388,189	4,096,719
Stabilization	<u>516,385</u>	<u>509,927</u>
	<u>\$ 9,815,125</u>	<u>\$ 8,757,442</u>

13. BUDGETED FIGURES

Budgeted figures included in the financial statements were approved by the Board of Directors on October 27, 2016 and by the City of Saskatoon Council on November 30, 2016.

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF OPERATING EXPENDITURES
Year ended December 31, 2017, with comparative information for 2016

	Budget (Note 13)	2017	2016
DIRECT			
Cost of food and beverages	\$ 3,097,881	\$ 2,518,567	\$ 2,536,317
Salaries and benefits	1,993,123	1,926,132	1,977,978
Supplies	713,350	656,056	586,369
Theatre production costs	274,500	548,509	378,464
Credit card charges	138,000	92,466	135,081
Advertising and promotion	94,000	77,904	80,020
Telephone	25,400	21,656	22,913
Other	22,800	11,400	16,023
Equipment maintenance	7,000	7,745	9,397
Bad debts (recovery)	5,000	2,265	(2,301)
	<u>\$ 6,371,054</u>	<u>\$ 5,862,700</u>	<u>\$ 5,740,261</u>
PLANT MAINTENANCE			
Salaries and benefits	\$ 932,057	\$ 886,612	\$ 897,922
Utilities	687,230	759,290	705,552
Maintenance	291,600	302,660	247,016
Insurance	102,115	102,100	110,861
Service contracts	35,000	39,897	37,484
	<u>\$ 2,048,002</u>	<u>\$ 2,090,559</u>	<u>\$ 1,998,835</u>
ADMINISTRATION			
Salaries and benefits	\$ 1,176,679	\$ 1,152,391	\$ 1,103,138
Travel	46,860	38,309	45,002
Office supplies and equipment	42,450	19,486	37,599
Training and staff morale	39,866	34,037	10,568
IT consultant and support	22,375	18,488	31,728
Professional fees	23,200	32,449	22,100
Bank charges and interest expense	13,250	20,925	18,768
Memberships, subscriptions and licenses	12,500	11,251	10,837
Printing and postage	12,000	5,217	13,104
Board of directors	6,300	14,759	6,617
	<u>\$ 1,395,480</u>	<u>\$ 1,347,312</u>	<u>\$ 1,299,461</u>

THE CENTENNIAL AUDITORIUM & CONVENTION CENTRE CORPORATION
SCHEDULE OF RESERVES

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
CAPITAL EXPANSION RESERVE		
Balance, beginning of year	\$ 4,150,796	\$ 3,169,457
Allocation from operations	230,877	230,877
Transfer from stabilization reserve	550,382	683,960
Interest earned	81,335	66,502
Expenditures	<u>(102,839)</u>	<u>—</u>
Balance, end of year	<u>\$ 4,910,551</u>	<u>\$ 4,150,796</u>
EQUIPMENT REPLACEMENT RESERVE		
Balance, beginning of year	\$ 4,096,719	\$ 3,689,007
Allocation from operations	460,648	460,648
Interest earned	83,027	77,901
Expenditures	<u>(252,205)</u>	<u>(130,837)</u>
Balance, end of year	<u>\$ 4,388,189</u>	<u>\$ 4,096,719</u>
STABILIZATION RESERVE		
Balance, beginning of year	\$ 509,927	\$ 546,921
Allocation from operations	556,840	646,966
Transfer to capital expansion reserve	<u>(550,382)</u>	<u>(683,960)</u>
Balance, end of year	<u>\$ 516,385</u>	<u>\$ 509,927</u>
TOTAL RESERVES	\$ 9,815,125	\$ 8,757,442
INVESTMENT IN TANGIBLE CAPITAL ASSETS	<u>2,991,020</u>	<u>3,010,472</u>
ACCUMULATED SURPLUS	<u>\$ 12,806,145</u>	<u>\$ 11,767,914</u>