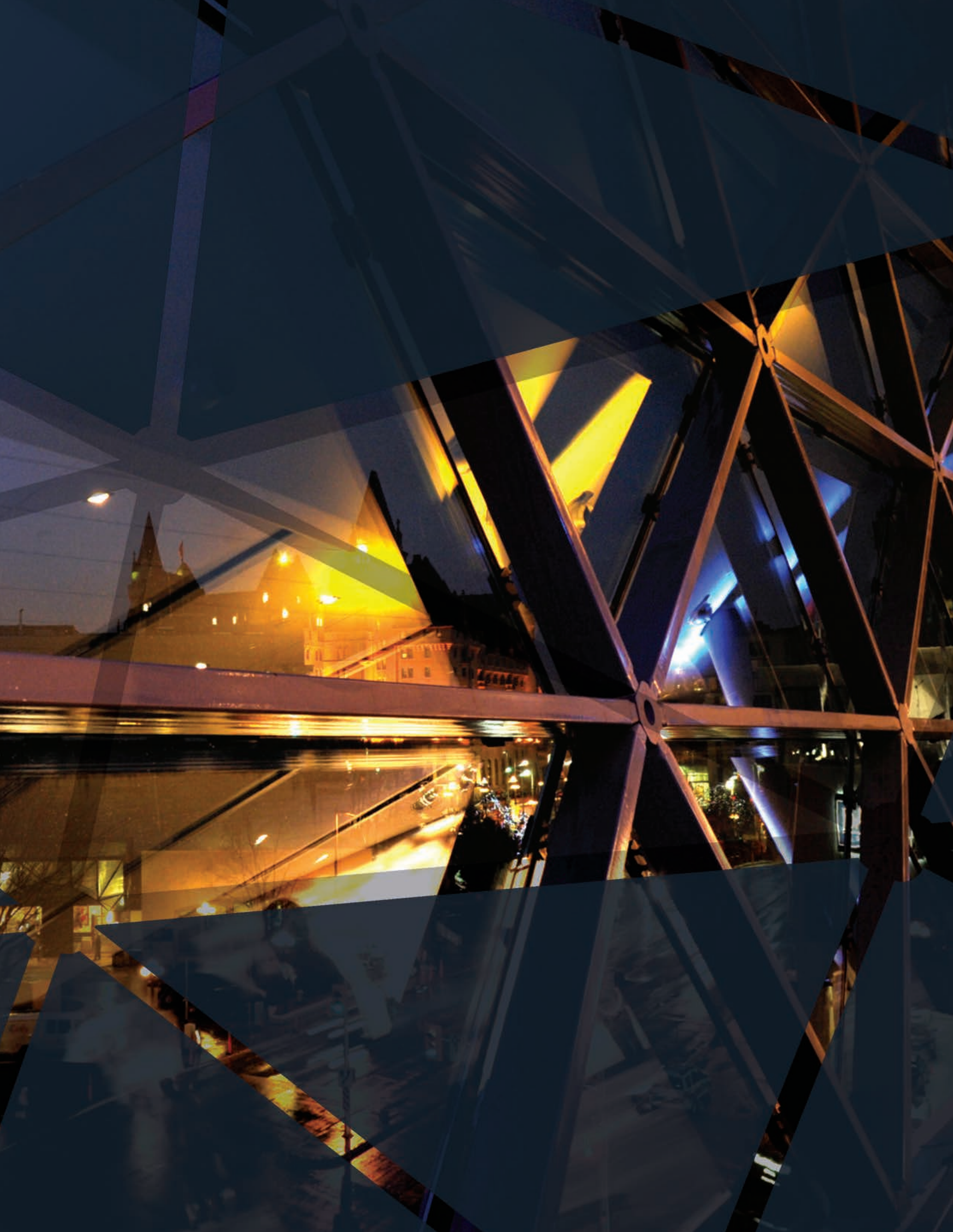
ANNUAL REPORT | 2016-2017

OTTAWA CONVENTION CENTRE

CENTRE DES CONGRÈS D'OTTAWA

An Agency of the Government of Ontario | Un organisme du gouvernement de l'Ontario



EXECUTIVE LEADERSHIP TEAM

Nina Kressler
President & CEO

Dan Young
Vice-President & COO

Loretta Briard
General Manager

OCC BOARD OF DIRECTORS

Marc Seaman
(Chair - December 13, 2013 to December 12, 2017)
August 20, 2012 to December 12, 2017

Dick Brown
December 11, 2013 to February 1, 2019

David Coletto
February 2, 2016 to November 30, 2018

Frank Colletti
May 6, 2015 to May 5, 2018

Mathieu Fleury
December 10, 2014 to November 30, 2018

Mona Fortier
December 11, 2013 to November 30, 2016

Annie Hillis
December 11, 2013 to December 10, 2019

Jean Lalande
September 8, 2014 to September 7, 2017

Richard Patten
April 16, 2014 to April 15, 2017

Maria Ricci
December 11, 2013 to December 10, 2019

Carolina Rivera Alvarez
December 14, 2016 to November 30, 2018

David W. Scott
December 11, 2013 to December 10, 2019

Shaw Centre
55 Colonel By Drive, Ottawa,
Ontario, Canada, K1N 9J2

Tel: 613-563-1984 or 1-800-450-0077
Fax: 613-563-7646
Email: info@shaw-centre.com

MESSAGE FROM THE CHAIR AND THE PRESIDENT

This new fiscal year brings to a close one of the Ottawa Convention Centre's most successful years. In 2016/17 record revenues and ongoing fiscal responsibility resulted in a surplus of $1.9 million. With heightened activity in sales and marketing, we attracted new international business and corporate conventions, and hosted many national association conventions with a trend in all markets of an increase in attendance.

A solid performance in 2016/17 resulted in food and beverage revenues of $ 10.3M, a 7% increase over the prior year, and $ 4.6M rental revenues, up from the previous year of $ 4.4M. OCC hosted 487 events in 2016/17, generating $ 86M in economic impact for the city and province and $ 32.2M in taxes for all three levels of government. In addition, our efforts to contain expenses have also contributed to the positive financial results.

OCC hosted a diverse range of important events in 2016/17. We are proud to have worked with start-up organizations such as L-Spark while they launched their first convention here in Ottawa, which drew more than 800 participants from the high-tech sector from across North America. We successfully hosted the Canadian Immunization Conference, UNESCO 2017 and the Canadian Labour Congress. Most notably, citizens of Ottawa, Ottawa Tourism and the OCC delivered an exceptional delegate experience when we opened our doors and welcomed One Young World in September. This city-wide international convention brought 1,300 delegates from over 196 countries to the pre-eminent global summit for young leaders, and provided a $2M economic impact to the city and province. With Prime Minister Justin Trudeau providing the keynote speech at the opening ceremony, Ottawa was on the world stage.

OCC is an integral player in our city and as such we continue to pay it forward and grow new initiatives that support our local community. Several new partnerships were struck in 2016/17, including becoming a founding partner of Mealshare Ottawa. OCC is the first convention centre in Canada to jump on board and offer our meeting planners the opportunity to add a very nominal charge to a meal, which is then collected by the centre and disbursed to a local charity. In our case, this charity is Operation Come Home whose mission is to prevent homeless youth from becoming homeless adults. We have also embarked on the Leave a Legacy program to relieve meeting planners of the cost of shipping leftover delegate bags, pens and pencils back to their respective cities, where they are likely to be discarded. In 2016/17, OCC increased its activity around this program by working with clients such as Pharmasave on a very generous donation to our local food bank and women's shelter as well as with a One Young World Ambassador to donate leftover supplies of delegate bags, pens, and t-shirts from the One Young World conference to a new school in Cameroon, Africa. What was a minimal donation of time and cost to the OCC made an incredible and life-long impact to young children.

As we celebrate Canada's 150th birthday in 2017 in the nation's capital, the Ottawa Convention Centre's calendar is well rounded, hosting 49 conventions in addition to other high-profile major events such as the Junos and the Grey Cup. In fact, we are continuing to place new convention business in the sales funnel for 2017, which is indicative of a shorter booking cycle and the momentum around the sesquicentennial celebrations. Working in partnership with Ottawa Tourism, our strategies remain focused on international, national corporate and national association conventions.

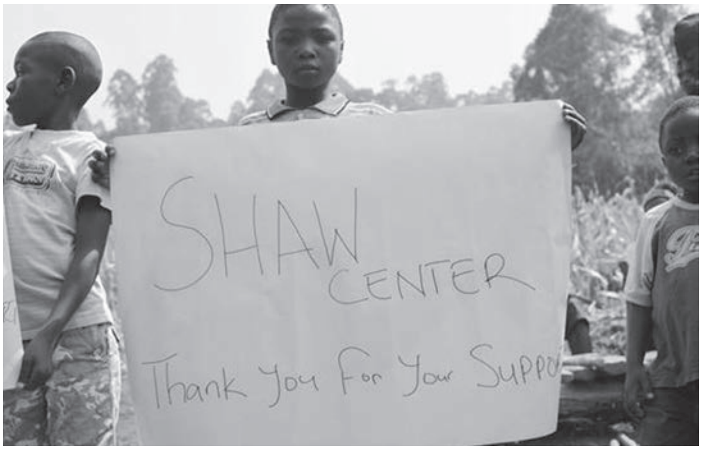
All of our success is contingent upon great partnerships and we want to thank and acknowledge the professional and committed colleagues of our two dedicated in-house service partners – Aramark Entertainment Services Canada Inc. and Freeman Audio-Visual/Freeman Electrical Services. We have many success stories as a team and we

are confident that this will continue well into the future. We are also humbly grateful to our dedicated team of Inspired people creating extraordinary events. Our colleagues' on-going commitment to customer service remains a focal point on a day-to-day basis and has resulted in enviable customer service scores, consistent year over year.

We are proud of the accomplishments of all our Ottawa Convention Centre colleagues and board of directors in 2016/17 and thank them all for their on-going commitment to striving to be the best convention centre in the world.

Marc Seaman
Chairman, Board of Directors

Nina Kressler
President & CEO



"The Canadian Association of Defence and Security Industries and our delegates were very pleased with the top-calibre attentive service, modern bright facility and ease of doing business at the Shaw Centre. Our event required detailed execution during the three days on site, and no matter what time of day, this brigade was engaged and in full force. Their team worked as our partners to achieve clear and realistic objectives of the event, and anticipated our needs very well. Our delegates made several positive mentions on the delicious food quality, especially the heavenly butter chicken! We would like to extend our recognition to the entire Shaw Centre crew from kitchen to housekeeping to admin, and we are enthusiastic about returning in 2018!"

Lesley Musker

Canadian Association of Defence
and Security Industries

CORPORATE GOALS

OCC's corporate goals are set annually by the Executive Leadership Team. In 2016/17, OCC's corporate goals focused on the following strategic priorities: financial sustainability, client satisfaction, colleague satisfaction, partner performance and corporate social responsibility.

Financial Sustainability

OCC's long range financial imperative is to generate revenues to support a surplus and maintain cash flows sufficient to provide for lifecycle requirements.

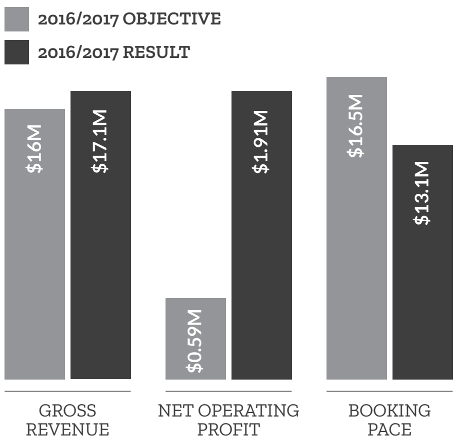
Economic Impact for 2016/17

In the 2016/17 fiscal year, OCC hosted 44 conventions and tradeshows that drew at least 25% of participants from outside the Ottawa-Gatineau area. This equalled over 43,500 out-of-town visitors who boosted Ottawa's economy by $ 86M in direct spending, including:

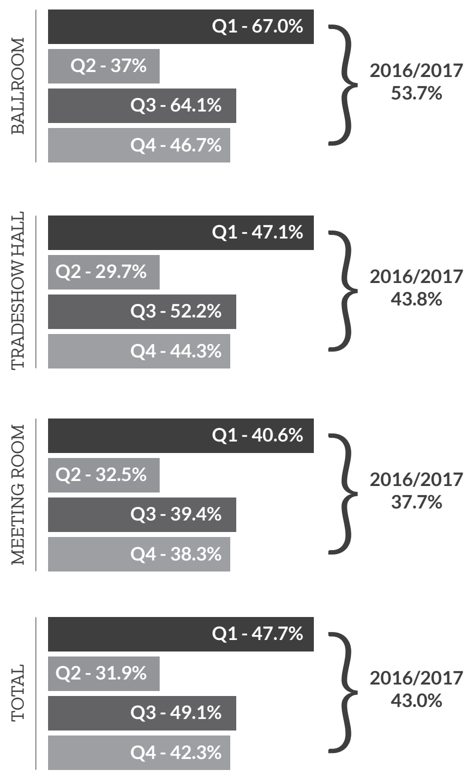
- $ 63.5M in attendee spending
- $ 16M in exhibitor spending
- $ 6.6M in production spending

This direct spending contributed approximately $ 71M to Ottawa's GDP and supported approximately 1,045 jobs, resulting in $ 50M in direct and indirect labour income. This includes $ 32M in labour income that stems from 770 jobs that are supported directly by events held at the Ottawa Convention Centre.

Financial Results



Occupancy



CORPORATE GOALS

Improving Client Satisfaction

OCC recognizes the paramount importance of client satisfaction and reflects this through systems and procedures that ensure superior customer service from initial contact through to final invoicing. In 2016/17, our client satisfaction scores remained high at 4.54 out of 5. We are, however, always striving for better and look forward to surpassing this year's score in 2017/18.

We remain confident in the knowledge that we have earned a strong reputation in both the convention and meetings market places for hosting outstanding events and providing exceptional customer service to our clients.

Colleagues & Partners

OCC recognizes the fundamental role of colleague and partner excellence in delivering a superior event experience and maintains a formal program to recruit, retain, recognize and train colleagues in all key areas of the organization, and maintain positive and mutually supportive partner relations.

Our colleagues have identified rewards and recognition as important to them. At OCC, we are focused on a culture of appreciation for our colleagues and clients; a culture where great work and results are noticed. To that end, we will continue to celebrate great work and encourage even better through programs like Encore! Encore! which gives us the vehicle to recognize colleagues who live our company values every day on the job. When our colleagues meet a milestone career anniversary, we honour their dedication with special recognition and rewards. Our goal is for our colleagues to know that each of them is a valued member of the OCC team and as such is responsible for our exceptional customer service scores.

OCC's primary service partners, Aramark Entertainment Services (Canada) Inc. and Freeman Audio-Visual/ Freeman Electrical Services, are a key ingredient of our operational product offerings and third party initiatives. OCC works very closely with our service partners to ensure customer service remains high and product quality exceeds industry standards and client demands.

CORPORATE GOALS

Corporate Social Responsibility

OCC recognizes the role we play in the life and economy of our host community and the role that the community plays in supporting and enhancing the event experience of our clients. In doing so, we undertake to demonstrate ongoing corporate responsibility and maintain a positive community interface.

At OCC we continuously strive to find strategies that will maximize the efficiency of our waste management system, with a long term diversion goal of at least 80%. In 2016/17, OCC successfully diverted 65.5% of waste from landfills, a significant increase from last year's 56% diversion rate. We expect this number to continue to grow in the coming years as our focus on energy savings and waste management increases. OCC participates in a rigorous food waste management program that consists of monthly food quality audits whereby the entire kitchen area is scored based on pre-determined values and then reviewed by senior executives.

While many companies now practice some form of social responsibility programs, we, at the Ottawa Convention Centre, have decided to make it a core of our operations. Undertaking socially responsible initiatives not only allows us to appeal to socially conscious consumers (and colleagues), but it also makes a tangible difference in the world. We also encourage our clients to give back to our community. We offer three flexible CSR programs that enable them to have a positive impact with minimal effort, all of which are facilitated by our team: Leave a legacy Program, Tablée des Chefs and Mealshare. This past year, many local and international charities benefited from our clients' generosity.

OCC colleagues also recognize the importance of giving back to the community, and as such have set a goal to participate in volunteer activities throughout the year. In 2016/17 OCC staff participated in a number of initiatives aimed at supporting various local community organizations and groups. In November, colleagues spent a day working with the team at the Snow Suit Fund, greeting and assisting clients and sorting donated items. After One Young World in September, OCC partnered with HOPE for Children Cameroon collecting supplies from the conference such as pens, pads and water bottles. In all, 4 large boxes of potential school supplies were sent to Cameroon for use in newly built schools by over 200 children. Colleagues also gave their time to ensure the materials donated by Pharmasave at the end of their conference made it to the food bank and a women's shelter. We will continue to look for partnership opportunities such as these in the hopes of ensuring all salvageable materials that are left behind are delivered to charities most in need.

2016/17 OPERATIONAL HIGHLIGHTS

In April, OCC hosted 600 delegates at Pharmasave's National Conference and Buying Show. Pharmasave chose Ottawa, our nation's capital, to celebrate its 35th anniversary as Canada's Community Pharmacy. The conference included a charitable component which saw Pharmasave making a very generous donation to the Ottawa Food Bank and Cornerstone Housing for Women. As part of our Leave a Legacy Program, OCC colleagues packaged up the equivalent of a 27-foot (8.2 metres) truck of household products, clothing, personal hygiene and toiletry items at the end of Pharmasave's Buying Show. OCC is proud to have partnered with Pharmasave to make such a positive impact in the city.

From September 28th to October 1st, Ottawa and the OCC were on the international stage, welcoming 1,300 delegates aged 18 to 30 from over 196 countries for the One Young World summit. The annual summit brought together the world's most valuable young talent — backed by the One Young World Counsellors, such as Kofi Annan, Bob Geldof, Professor Muhammed Yunnus, Mary Robinson, Cher, Emma Watson, Mark Tewksbury and many more — to debate, formulate and share innovative solutions to the pressing issues the world faces. Over 200 national and international media outlets attended and brought worldwide attention our city and the delegates as they highlighted and tackled urgent global issues.

On April 11th OCC was given the unique opportunity to host Dr. Jane Goodall, the renowned primatologist, ethologist, anthropologist and UN Messenger of Peace. Dr. Goodall took guests on a journey through the forests of Gombe where her groundbreaking research on chimpanzees helped her become a household name. Over 3,100 attendees no doubt left inspired by Dr. Goodall's wisdom and her hope for the future.

OPERATING STATISTICS 2016/2017

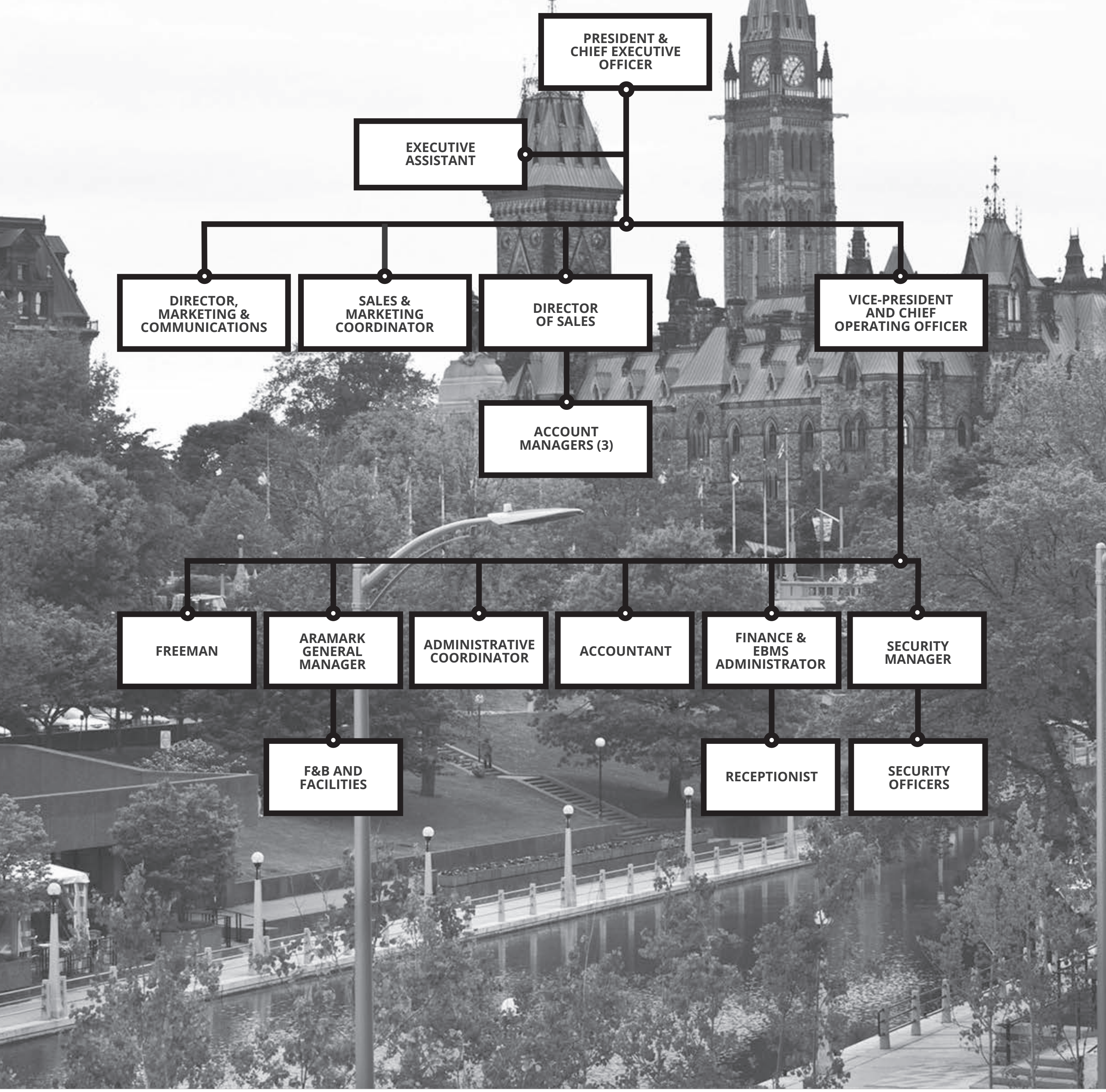
NUMBER OF EVENTS	487
NUMBER OF CONVENTIONS	30
NUMBER OF TRADE & CONSUMER SHOWS	19
NUMBER OF MEETINGS	286
OTHER EVENTS	152
REVENUE	17.1M
OPERATING SURPLUS	1.9M

DISCLOSURE OF REMUNERATION

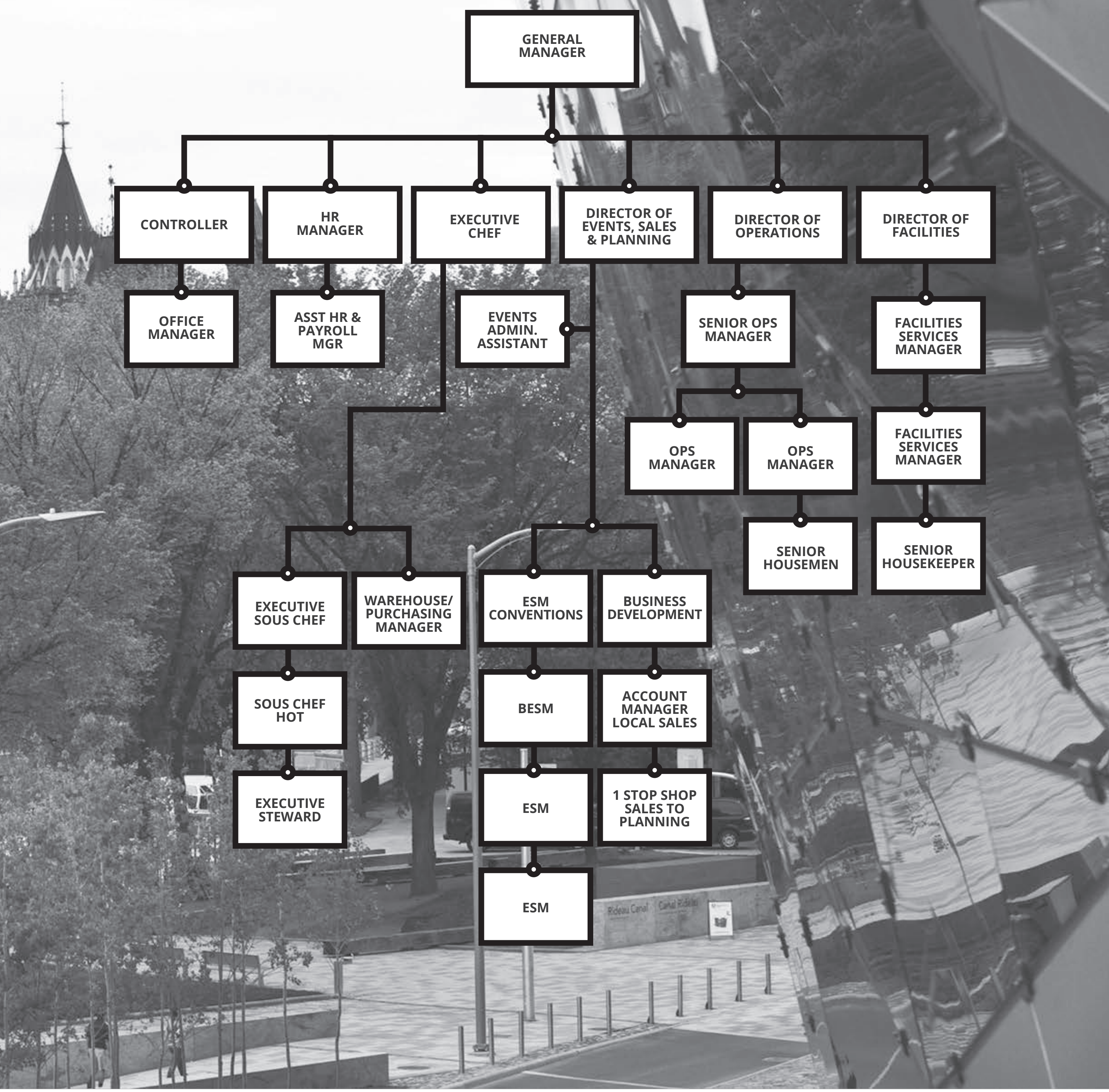
Except for the City of Ottawa representative, each member of Ottawa Convention Centre's Board of Directors is paid for his or her attendance at board, committee and other meetings as required. Outlined below is the total remuneration paid to each director for fiscal 2016/17.

Marc Seaman	Chair	$ 3,000
Carolina Alvarez	Director	$ 0
Dick Brown	Director	$ 1,250
David Coletto	Director	$ 250
Mathieu Fleury	Director	$ 0
Mona Fortier	Director	$ 375
Annie Hillis	Director	$ 500
Frank Colletti	Director	$ 250
Jean Lalande	Director	$ 1,500
Richard Patten	Director	$ 750
Maria Ricci	Director	$ 875
David W. Scott	Director	$ 1,000

OTTAWA CONVENTION CENTRE ORGANIZATIONAL STRUCTURE



OCC FACILITY SERVICES PROVIDER ORGANIZATIONAL STRUCTURE



Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

Financial Statements
March 31, 2017

June 22, 2017

Independent Auditor's Report

To the Members of
Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

We have audited the accompanying financial statements of Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets (liabilities) and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's 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 auditor's 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 auditor considers 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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963

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 Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa as at March 31, 2017 and the results of its operations, changes in its net assets (liabilities) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

Statement of Financial Position

As at March 31, 2017

	2017 $	2016 $
Assets		
Current		
Cash	4,601,176	1,236,744
Accounts receivable	685,474	1,191,548
Prepaid expenses	86,949	82,150
	5,373,599	2,510,442
Property, plant and equipment (note 3)	150,905,133	156,179,744
	156,278,732	158,690,186
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	2,164,402	1,804,663
Deferred revenue and deposits	2,992,013	2,451,315
Current portion of long-term debt (note 4)	154,451	147,414
	5,310,866	4,403,392
Deferred revenue and deposits	786,394	477,739
Long-term debt (note 4)	50,857,196	48,810,329
Deferred contributions related to property, plant and equipment (note 5)	103,822,979	107,035,910
	160,777,435	160,727,370
Net liabilities	(4,498,703)	(2,037,184)
	156,278,732	158,690,186

Commitments and contingencies (note 9)

Approved by the Board of Directors

_______________ Director _______________ Director

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

Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa
Statement of Operations
For the year ended March 31, 2017

	2017 $	2016 $
Revenue		
Food and beverage	10,255,778	9,553,086
Space rental	4,555,652	4,374,680
Commissions	1,752,922	1,529,300
Advertising	492,119	608,893
Other	75,204	104,414
Interest earned	16,108	14,075
	17,147,783	16,184,448
Expenses (note 6)		
Direct	7,443,951	6,994,047
Facilities	5,214,272	5,048,796
Selling, general and administrative	2,605,495	3,013,055
	15,263,718	15,055,898
Excess of revenue over expenses before undernoted items	1,884,065	1,128,550
Interest on long-term debt	(2,283,904)	(2,198,235)
Amortization of deferred contributions related to property, plant and equipment	3,212,931	3,212,931
Amortization of property, plant and equipment	(5,274,611)	(5,287,897)
Excess of expenses over revenue for the year	(2,461,519)	(3,144,651)

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

Statement of Changes in Net Assets (Liabilities)

For the year ended March 31, 2017

	2017 $	2016 $
Net assets (liabilities) - Beginning of year	(2,037,184)	1,107,467
Excess of expenses over revenue for the year	(2,461,519)	(3,144,651)
Net liabilities - End of year	(4,498,703)	(2,037,184)

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

Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

Statement of Cash Flows

For the year ended March 31, 2017

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(2,461,519)	(3,144,651)
Items not affecting cash -		
Amortization of property, plant and equipment	5,274,611	5,287,897
Amortization of deferred contributions related to property, plant and equipment	(3,212,931)	(3,212,931)
Capitalization of interest to long-term debt	2,201,318	2,108,932
	1,801,479	1,039,247
Net change in non-cash working capital balances (note 7)	1,710,367	(851,439)
	3,511,846	187,808
Capital activity		
Purchase of property, plant and equipment	-	(721,142)
Financing activity		
Repayment of long-term debt	(147,414)	(140,698)
Increase (decrease) in cash during the year	3,364,432	(674,032)
Cash - Beginning of year	1,236,744	1,910,776
Cash - End of year	4,601,176	1,236,744
Supplementary information		
Interest paid	82,586	89,303

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

1 Nature of organization

The Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa ("the Centre") was incorporated by a special Act of the Ontario Provincial Legislature. The mandate of the Centre is to operate, maintain and manage an international class convention centre facility in the City of Ottawa in a manner that will promote and develop tourism and industry in Ontario. The Centre is exempt from income taxes.

2 Summary of significant accounting policies

Basis of presentation

The financial statements of the Centre are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations.

Revenue recognition

Revenue from food, beverage, space rental and other is recognized when the related goods or services are provided to the customer. Advertising revenue is recognized in the year in which the advertising is provided to the client. Commission revenue is recognized in the year in which the related event is held.

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

From time to time, the Centre may receive contributed materials and services. Since these materials and services are either not normally purchased by the Centre or the fair value of the materials or services cannot be reasonably estimated, contributed materials and services are not recognized in these financial statements.

Use of estimates

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in the preparation of these financial statements include the useful lives of property, plant and equipment, and commission revenues earned. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful lives of the various classes of assets, except in the year of acquisition when a pro-rated share of the year's amortization is recorded based on the fiscal quarter in which the asset is acquired. Amortization is calculated at the following rates.

Building	40 years straight-line
Software	5 years straight-line
Furniture, equipment and fixtures	10 years straight-line
Technology network	15 years straight-line

The Centre reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Centre. The impairment loss, if any, is the excess of the carrying value over any residual value. Impairment losses are not reversed in future periods.

Deferred revenue and deposits

Deferred revenue and deposits represent amounts received in advance from customers in relation to services to be rendered in future periods.

Deferred contributions related to property, plant and equipment

Deferred contributions represent amounts received from various levels of government as well as one of the Centre’s significant partners, to be used towards the construction and purchase of property, plant and equipment.

Deferred contributions are recognized as revenue on the same basis as the amortization of property, plant and equipment.

Employee future benefits

All full-time employees of the Centre are eligible to be members of the Centre’s defined contribution pension plan which offers employees a pension benefit, upon retirement or termination, based on the accumulated contributions made by the individual employee and by the Centre, on their behalf, plus any investment earnings on these contributions. Contributions required to be made by the Centre are recorded in the period in which employee services are rendered.

During the year, the Centre recorded an expense of $71,171 (2016 - $81,023) for contributions made to the defined contribution pension plan, which is included in selling, general and administrative expenses.

Financial instruments

The Centre's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt.

The Centre has classified its financial instruments as follows.

Asset / liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

The carrying amount of these financial assets and financial liabilities approximates their fair values unless otherwise disclosed.

3 Property, plant and equipment

			2017
	Cost $	Accumulated amortization $	Net carrying amount $
Building	170,840,512	25,553,080	145,287,432
Software	274,577	274,577	-
Furniture, equipment and fixtures	8,394,470	5,016,179	3,378,291
Technology network	2,476,912	990,765	1,486,147
Land	753,263	-	753,263
	182,739,734	31,834,601	150,905,133

			2016
	Cost $	Accumulated amortization $	Net carrying amount $
Building	170,840,512	21,282,067	149,558,445
Software	274,577	274,577	-
Furniture, equipment and fixtures	8,394,470	4,177,708	4,216,762
Technology network	2,476,912	825,638	1,651,274
Land	753,263	-	753,263
	182,739,734	26,559,990	156,179,744

4 Long-term debt

On November 2, 2012, the Centre was granted an amendment to the financing agreement with the Ontario Financing Authority. As a result of the amendment, the Centre will not be required to pay any annual instalments of principal or interest on this loan for a period of up to five years (“Stalled Repayment Period”), during which interest expense will continue to accrue. At the discretion of the Ontario Financing Authority but no later than September 2018, the Centre is required to resume blended interest and principal repayments, based on an adjusted loan amortization schedule which will be provided by the Ontario Financing Authority, at the end of the Stalled Repayment Period. The loan has been presented as a long-term liability on the assumption that the Ontario Financing Authority will not request early repayment.

	2017 $	**2016 $**
Loan payable from the Ontario Financing Authority, bearing interest at the province's cost of funds plus 0.525% (2016 - 0.525%), compounded annually, including $2,201,318 (2016 - $2,108,932) of capitalized interest. As at March 31, 2017, the interest rate amounted to 4.7% (2016 - 4.7%).	49,324,395	47,123,077
Debt related to acquisition of technology services network, bearing interest at 4.7% per annum and requiring blended monthly payments of $19,167 (2016 - $19,167) from April 2011 through March 2026.	1,687,252	1,834,666
	51,011,647	48,957,743
Less: Current portion	154,451	147,414
	50,857,196	48,810,329

Long-term debt, excluding the loan payable to the Ontario Financing Authority, matures over the next five years as follows.

	$
Year ending March 31, 2018	154,451
2019	161,823
2020	169,548
2021	177,641
2022	186,120

5 Deferred contributions

	2017 $	2016 $
Balance - Beginning of year	107,035,910	110,248,841
Amortization	(3,212,931)	(3,212,931)
Balance - End of year	103,822,979	107,035,910

6 Expenses

Expenses presented by function are represented as follows.

	2017 $	2016 $
Direct	7,443,951	6,994,047
Facilities	10,488,883	10,336,693
Selling, general and administrative	2,605,495	2,993,690
Financial	2,283,904	2,198,235
	22,822,233	22,522,665

The above presentation of expenses by function excludes the amortization of deferred contributions related to property, plant and equipment, as these are considered revenue in accordance with the Centre's accounting policies described in note 2.

7 Net change in non-cash working capital balances

The net change in non-cash working capital balances consists of the following changes in current assets and liabilities.

	2017 $	2016 $
Accounts receivable	506,074	(907,263)
Prepaid expenses	(4,799)	(1,062)
Accounts payable and accrued liabilities	359,739	(207,702)
Deferred revenue and deposits - Current	540,698	194,758
Deferred revenue and deposits - Long-term	308,655	69,830
	1,710,367	(851,439)

8 Financial instruments and risk management

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Cash, being the only financial instrument measured at fair value, was measured as a Level 1 financial instrument.

Credit risk

Credit risk refers to the risk resulting from the possibility that parties may default on their financial obligations to the Centre. The Centre's booking policies are designed to minimize the amounts due from customers upon the conclusion of their event and thereby reduce their credit risk exposure. Further, the Centre's management performs regular reviews of the credit worthiness of its customers and has collection policies that management feels are adequate to minimize losses in this area. The Centre does not consider its accounts receivable as presenting any significant credit risk.

As at March 31, 2017, based on their invoice date, the following accounts receivable were past due but not impaired.

	31 - 60 days $	61 - 90 days $	91 - 120 days $	Over 120 days $
Accounts receivable	3,792	-	-	-

Liquidity risk

Liquidity risk refers to the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its loan payable. In November 2012, the Centre successfully renegotiated its long-term debt agreement with the Ontario Financing Authority (note 4). As at March 31, 2017, the Centre owes $49,324,395 to the Ontario Financing Authority (OFA). The OFA requires that a payment of $4,048,240 be made on September 1, 2018. While the Centre is expected to be able to meet its obligations relating to its ongoing operations as they come due, the Centre does not expect to have sufficient cash on hand to make this payment in addition to meeting its other liabilities.

In recognition of these circumstances, management has been in discussions with the OFA to negotiate alternative terms of repayment. The OFA is reviewing the situation and has maintained that while it does not anticipate calling the loan before the first payment comes due in September 2018, the OFA's current expectation continues to be that the Centre will fulfill its requirements under the Loan Agreement and successfully pay the required amount on September 1, 2018.

The table below is a maturity analysis of the Centre's financial liabilities as at March 31, 2017, excluding the loan payable to the Ontario Financing Authority (note 4).

	Up to 6 months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	More than 5 years $	Total $
Accounts payable and accrued liabilities	2,000,760	41,812	60,915	60,915	2,164,402
Long-term debt (excluding non-capitalized interest)	76,321	78,130	890,136	642,665	1,687,252
	2,077,081	119,942	951,051	703,580	3,851,654

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Centre has $49,324,395 (2016 - $47,123,077) in debt bearing interest at the Province of Ontario's cost of funds plus 0.525 % annually (note 4). Management does not consider the Centre to be exposed to significant interest rate risk, other than on its loan payable.

As at March 31, 2017, the Centre's total exposure to interest rate risk is $49,324,395. The Centre's estimate of the effect on net assets, as at March 31, 2017, of a one percent increase or decrease in the interest rate on the loan payable, with all other variables held constant, would amount to an approximate increase or decrease of $493,239. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Financing available

The Centre had available as at March 31, 2017, a line of credit for the amount of $3,000,000, with interest charged at prime.

Sensitivity analysis

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

9 Commitments and contingencies

The Centre has entered into facility services and technology services agreements related to the operation of the new facility, both expiring in 2026. Under the facility services agreement, among other terms, the Centre will pay a facility management fee of $250,000 (2016 - $240,000) with annual escalations of $10,000 thereafter. Under the technology services agreement, the Centre will make annual payments of $296,130 (2016 - $293,000) attributable to the ongoing service agreement. All figures exclude applicable taxes.

The Centre is involved in various claims and litigation that arise in the normal course of business. During the year ended March 31, 2016, a statement of claim in the amount of $9,600,000 was issued against the Centre related to an alleged breach of contract by the plaintiff. The Centre does not agree with the claim. At this time, the outcome of these proceedings cannot be determined. No amounts have been recorded related to this claim.

10 Capital management

The Centre's objective when managing capital is to maintain its ability to continue as a going concern in order to execute its mandate to operate a world class convention facility. The Centre's capital structure is comprised of its net assets, long-term debt and deferred contributions related to property, plant and equipment. The Centre's objective in management of its capital structure is to ensure access to sufficient cash flow to carry out its ongoing operations and service the debt obligations.