

Financial Statements of

**MANITOBA CENTENNIAL
CENTRE CORPORATION**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Manitoba Centennial Centre Corporation

Opinion

We have audited the financial statements of Manitoba Centennial Centre Corporation (the "Entity"), which comprise the statement of financial position as at March 31, 2020, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019-20".

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019-20" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Winnipeg, Canada

June 17, 2020

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 398,955	\$ 626,228
Term deposits - Province of Manitoba	969,775	503,312
Short term investments	-	1,262,535
Accounts receivable	406,234	441,673
Capital grant receivable - Province of Manitoba (note 11)	408,646	199,883
Inventory	43,643	40,674
Prepaid expenses	21,715	33,865
Vacation pay recoverable from the Province of Manitoba (note 5)	199,964	199,964
Other investments (note 10)	107,257	105,414
	<u>2,556,189</u>	<u>3,413,548</u>
Amounts recoverable - Province of Manitoba:		
Severance (note 5)	307,561	307,561
Pension (note 6)	6,166,000	6,310,000
Capital assets (note 7)	565,054	697,800
	<u>\$ 9,594,804</u>	<u>\$ 10,728,909</u>

	2020	2019
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 796,612	\$ 686,278
Accrued vacation liability (note 5)	260,971	240,749
Advance ticket sales	318,628	1,500,324
Rental deposits	82,051	51,906
	<u>1,458,262</u>	<u>2,479,257</u>
Accrued severance pay (note 5)	286,057	244,902
Accrued sick leave (note 5)	36,369	29,821
Pension liability (note 6)	6,166,000	6,310,000
Deferred contributions related to capital assets (note 8)	294,447	391,608
Fund balances:		
Invested in capital assets (note 9)	270,607	306,192
Internally restricted funds (note 10)	162,261	529,736
Unrestricted funds:		
General fund	920,801	437,393
	<u>1,353,669</u>	<u>1,273,321</u>
	<u>\$ 9,594,804</u>	<u>\$ 10,728,909</u>

Continuity of operations and subsequent events (note 3[b])

See accompanying notes to financial statements.

On behalf of the Board:

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Director

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Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	General	Capital	Internally restricted	2020 Total	2019 Total
Revenue:					
Concert Hall	\$ 1,703,160	\$ -	\$ -	\$ 1,703,160	\$ 1,933,354
Rental fees	382,623	-	-	382,623	290,624
Concession sales	536,254	-	-	536,254	521,461
Parking fees	1,397,436	-	-	1,397,436	1,347,726
Miscellaneous	139,818	-	-	139,818	85,957
	4,159,291	-	-	4,159,291	4,179,122
Province of Manitoba grants:					
Operating	2,495,800	-	-	2,495,800	2,495,800
Amortization of deferred contributions (note 8)	-	97,161	-	97,161	172,690
Province of Manitoba - pension, net (note 6)	(294,246)	-	-	(294,246)	(210,075)
	2,201,554	97,161	-	2,298,715	2,458,415
Recoveries of expenses	237,267	-	-	237,267	224,822
Investment income (note 10)	-	-	1,847	1,847	1,697
Total revenues, grants and recoveries	6,598,112	97,161	1,847	6,697,120	6,864,056
Expenses:					
Administration and general	681,349	-	-	681,349	741,750
Amortization of capital assets	-	170,063	-	170,063	241,264
Concession operations	335,294	-	-	335,294	315,670
Box office	123,736	-	-	123,736	159,206
Building services and maintenance	1,437,395	-	-	1,437,395	1,337,252
Host services and special projects	538,888	-	-	538,888	484,706
Manitoba Production Centre	258,708	-	-	258,708	243,331
Parking services	168,597	-	-	168,597	107,019
Pension (note 6)	191,441	-	-	191,441	261,475
Promoted events	-	-	-	-	252,720
Security services	498,647	-	-	498,647	530,676
Stage operations	492,568	-	-	492,568	457,733
	4,726,623	170,063	-	4,896,686	5,132,802
Expenses incurred on behalf of The Manitoba Museum (note 12)	1,720,086	-	-	1,720,086	1,672,696
Total expenses (schedule - operating expenses)	6,446,709	170,063	-	6,616,772	6,805,498
Excess (deficiency) of revenue over expenses	\$ 151,403	\$ (72,902)	\$ 1,847	\$ 80,348	\$ 58,558

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2020, with comparative information for 2019

	General	Capital	Internally restricted	2020 Total	2019 Total
Fund balances, beginning of year	\$ 437,393	\$ 306,192	\$ 529,736	\$ 1,273,321	\$ 1,214,763
Excess (deficiency) of revenue over expenses	151,403	(72,902)	1,847	80,348	58,558
Transfer of funds related to internally funded capital asset additions	(37,317)	37,317	–	–	–
Transfer to (from) internally restricted funds (note 10)	369,322	–	(369,322)	–	–
Fund balances, end of year	\$ 920,801	\$ 270,607	\$ 162,261	\$ 1,353,669	\$ 1,273,321

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 80,348	\$ 58,558
Adjustments for:		
Amortization of deferred contributions	(97,161)	(172,690)
Amortization of capital assets	170,063	241,264
	<u>153,250</u>	<u>127,132</u>
Change in other investments	(1,843)	3,303
Change in accrued severance pay	41,155	(14,482)
Change in accrued sick leave	6,548	(2,274)
Change in non-cash working capital balances:		
Accounts receivable	35,439	3,793
Inventory	(2,969)	14,786
Prepaid expenses	12,150	(617)
Accounts payable and accrued liabilities	110,334	(202,658)
Accrued vacation liability	20,222	3,433
Advance ticket sales	(1,181,696)	1,187,547
Rental deposits	30,145	4,583
	<u>(777,265)</u>	<u>1,124,546</u>
Financing:		
Capital grant receivable - Province of Manitoba	(208,763)	(25,816)
Investing:		
Purchase of capital assets	(37,317)	(61,165)
Short term investments	1,262,535	(1,061,949)
	<u>1,225,218</u>	<u>(1,123,114)</u>
Increase (decrease) in cash and cash equivalents	239,190	(24,384)
Cash and cash equivalents, beginning of year	1,129,540	1,153,924
Cash and cash equivalents, end of year	<u>\$ 1,368,730</u>	<u>\$ 1,129,540</u>
Cash and cash equivalents consist of:		
Cash	\$ 398,955	\$ 626,228
Term deposits - Province of Manitoba	969,775	503,312
	<u>\$ 1,368,730</u>	<u>\$ 1,129,540</u>

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements

Year ended March 31, 2020

1. Nature of the Corporation's operations:

Manitoba Centennial Centre Corporation (the "Corporation") was established in 1968 for the development and management of a permanent arts centre in the City of Winnipeg as the principal memorial in the Province to the centennial anniversaries of the Confederation of Canada and the inclusion of Manitoba as a Province. Its aim and objectives are to maintain and enhance the properties and facilities available to organizations and individuals involved in various elements of the visual and performing arts. The Corporation is exempt from income taxes under Sub-section 149(1) of the *Income Tax Act*.

2. Properties of the Corporation:

The Corporation oversees properties on behalf of the Province of Manitoba (the Province). At March 31, 2020, registered titles to these properties, being the Centennial Centre for the Arts, Manitoba Production Centre (MPC), parkade, parking lots and other buildings, are held by the Province of Manitoba. These properties are made available at no direct charge to the Corporation.

The Corporation has included the financial results of the Manitoba Production Centre within its financial statements as per Letters of Understanding/Agreement between Manitoba Culture, Heritage and Tourism and Manitoba Centennial Centre Corporation dated December 14, 2005 in which the Corporation agreed to manage this property for the Province.

3. Basis of presentation:

(a) Financial statement presentation:

The financial statements have been prepared by management in accordance with Canadian public sector (PS) accounting standards including PS 4200 standards for government not-for-profit organizations.

(b) Continuity of operations and subsequent events:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread of the virus. In response to these measures, on March 16, 2020, public access to the Centennial Centre for the Arts was restricted and all performances in the Centennial Concert Hall and attendance at the Manitoba Museum were suspended. As of the reporting date, although Public Health Act restrictions have been relaxed, the Centennial Centre for the Arts remains closed, however, the Manitoba Museum has reopened.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Basis of presentation (continued):

In an effort to mitigate the financial impact to the Corporation caused by the Concert Hall's closure, temporary layoffs to certain staff have been issued, voluntary reduced workdays for other staff have been implemented, and expenses have been reduced where possible. The Corporation continues to manage liquidity risk by updating forecasts and assessing cash flow frequently. Approximately one third of the Corporation's revenue comes from provincial funding. The Corporation is economically dependent on funding received from the Province of Manitoba. The Province has communicated that the funding commitment for fiscal 2021 will not be impacted by COVID-19 and is expected to be at a level consistent with the current (fiscal 2020) year.

At the reporting date, the Corporation has determined that the COVID-19 situation had no impact on its significant accounting policies, timing of revenue recognition, or assessment of contingent liabilities, contract and agreements.

The COVID-19 situation is dynamic and there is significant uncertainty over when entertainment facilities will be allowed to re-open. The duration and magnitude of the financial impact on the Corporation's future revenues, operating results and financial performance is not known at this time; however the impact could be material. Management believes that future cash flows from operations and existing cash reserves will be sufficient to enable the Corporation to meet its operating requirements for at least the next twelve months. However, future funding requests of the Province could be necessary to cover cash flow deficits and funding of payroll related liabilities guaranteed by the Province. There is no assurance that such funding will be available as and when needed by the Corporation.

4. Significant accounting policies:

(a) Fund accounting:

The Corporation's financial statements have been prepared on a fund basis.

The General fund is used to account for the operations of the Corporation.

Internally restricted funds consist of the Foundation of the Future Fund which is to be used towards funding of youth based arts and culture, Manitoba Production Centre Fund which is to be reinvested in that facility, an Equipment Purchases Fund which is used to acquire capital equipment and a Special Projects Fund to support significant one-time expenditures as approved by the Board from time to time. Internally restricted funds cannot be expended without the approval of the Board of Directors.

The invested in capital assets fund reports the assets, liabilities, revenues and expenses related to capital assets other than assets that are funded by the Province of Manitoba (notes 2, 3[b], 4[e]).

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Significant accounting policies (continued):

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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.

Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis corresponding with the amortization rate for the related capital assets.

Revenue from ticket sales, fees contracts and sales of goods is recognized when the services are provided or the goods are sold.

Advance ticket sales comprises proceeds from advance ticket sales collected by the Corporation for certain Centennial Concert Hall events. These proceeds will either be paid to the event promoters or, when the Corporation is self-promoting the event, recognized in revenue when the event occurs.

(c) Inventory:

Inventory is valued at the lower of cost, using the first-in, first-out basis, and net replacement cost.

(d) Cash:

Cash includes cash on hand and cash balances held with financial institutions.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Significant accounting policies (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	20%
Concert hall and museum refurbishments	10%
Concrete replacement	8%
Equipment and furnishings	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Parkade equipment	10%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

Assets under construction are included in the appropriate asset category. Assets under construction are not amortized until asset construction is complete.

The financial statements of the Corporation exclude capital assets that are recorded as capital assets in the accounts of the Province of Manitoba. Expenditures on these excluded assets, and the related advances from the Province of Manitoba, are presented in note 11. Effective April 1, 2006, the Corporation began reflecting all other capital asset expenditures in its financial statements. Such assets are accounted for in accordance with the requirements of PS 4230.

(f) Financial instruments:

Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Investments consist of term deposits, and are recorded at cost plus accrued interest, which approximates fair value.

Unrealized changes in fair value, if any, are recognized in the statement of re-measurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Significant accounting policies (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

The Corporation did not incur any re-measurement gains and losses during the year ended March 31, 2020 (2019 - nil) and therefore a statement of re-measurement gains and losses is not required to be included in these financial statements.

All financial instruments recognized at fair value are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(g) Employee benefits:

The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees. A provision for employee severance pay is recognized based on the number of eligible employees and years of service.

Pension payments are recognized as operating expenses as payments are made under provisions of *The Manitoba Civil Service Superannuation Act*. The provisions of this Act require the Corporation to contribute 50 percent of the pension payments being made to retired employees. In addition, a provision has been recorded in the accounts of the Corporation for the employer's share of current and past service pension obligations.

The accumulated non-vested sick leave benefits is calculated annually utilizing an internally developed valuation method which takes into account the average usage of sick days used in excess of the annual sick days earned, average employee service time to date and average employee compensation per day.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

4. Significant accounting policies (continued):

(h) Use of estimates:

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

5. Employee benefits:

(a) Accrued vacation pay:

The Province of Manitoba funds a portion of the vacation pay benefits of the Corporation, which is limited to the amount estimated at March 31, 1995. Accordingly, the Corporation has recorded a recoverable in the amount of \$199,964 from the Province of Manitoba which reflects the estimated liability for accumulated vacation pay benefits at March 31, 1995. Each year the Corporation is expected to fund the change in the liability from annual funding provided by the Province of Manitoba. At March 31, 2020, the Corporation has an accrued vacation liability of \$260,971 (2019 - \$240,749).

(b) Accrued severance pay:

Effective April 1, 1998, the Corporation commenced recording the estimated liability for accumulated severance pay benefits for its employees. At March 31, 2020, based on an actuarial estimate, the obligation for accrued severance pay is \$286,057 (2019 - \$244,902).

The significant actuarial assumptions include an interest rate of 5.75 percent (2019 - 6.0 percent). Severance pay, at the employee's date of retirement, will be determined by multiplying the eligible employee's years of service (to a maximum of 23 years per collective agreement) by the employee's weekly salary at the date of retirement.

Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the Corporation.

The amount of funding which will be provided by the Province of Manitoba for severance pay benefits of \$307,561, represents the amount accumulated to March 31, 1998 by the employees of the Corporation, and is recorded as amounts recoverable - Province of Manitoba on the statement of financial position. This receivable from the Province of Manitoba has no specified terms of repayment. The Corporation is responsible for funding liabilities for severance pay benefits accumulated after March 31, 1998 through its operating grants from the Province of Manitoba. As a result, the change in the accrued severance pay liability, including the interest accretion, is reflected in the funding for severance expense.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

5. Employee benefits (continued):

(c) Sick leave:

The Corporation provides accumulating sick leave benefits to employees. These benefits accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. The significant assumptions adopted in measuring the Corporation's accumulated non-vested sick leave benefits include a discount rate of 6.0 percent (2019 - 6.0 percent) and a rate of salary increase of 1.0 percent (2019 - 1.0 percent). At March 31, 2020, the Corporation has an accrued sick leave obligation of \$36,369 (2019 - \$29,821).

6. Pension liability:

The Corporation records the pension liability and the related pension expense, including an interest component, in its financial statements. Based on extrapolation from the most recent actuarial report as at December 31, 2018, the Corporation has recorded an amount of \$6,166,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2020 (2019 - \$6,310,000).

Total pension expense of \$321,412 (2019 - \$388,280) has been recorded in the statement of operations (see schedule - operating expenses), or \$191,441 (2019 - \$261,475) net of expenses incurred on behalf of Manitoba Museum.

The Province of Manitoba has accepted responsibility for the pension liability and the related expense. The Corporation has therefore recorded an amount recoverable from the Province of Manitoba of \$6,166,000 (2019 - \$6,310,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of \$294,246 (2019 - \$210,075) in the statement of operations.

The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation.

Provision for employer's share of employees' pension plan:

	2020	2019
Balance, beginning of year	\$ 6,310,000	\$ 6,375,000
Decrease (increase) in trust account held by the Province of Manitoba	(40,733)	3,365
Benefits accrued	172,516	184,046
Interest accrued (5.75 percent; 2019 - 6.0 percent)	423,597	438,195
Benefits paid	(799,603)	(752,366)
Actuarial losses ¹	100,223	61,760
Balance, end of year	\$ 6,166,000	\$ 6,310,000

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Pension liability (continued):

¹The actuarial valuation as at December 31, 2018 was completed in 2019. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years. Assumed salary rate increases are 3.50 percent (2017 - 3.75 percent).

7. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 178,154	\$ 133,113	\$ 45,041	\$ 50,017
Concert hall refurbishments	309,879	276,925	32,954	45,938
Concrete replacement	10,060	10,060	–	402
Equipment and furnishings	303,317	242,540	60,777	62,007
Office renovations	593,028	581,829	11,199	12,692
Courtyard vestibule	250,017	225,016	25,001	50,003
Parkade equipment	244,957	36,522	208,435	230,606
Stage equipment	909,563	856,781	52,782	108,499
Security equipment	504,031	482,688	21,343	30,114
Assets under construction	107,522	–	107,522	107,522
	\$ 3,410,528	\$ 2,845,474	\$ 565,054	\$ 697,800

8. Deferred contributions:

Deferred contributions represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2020	2019
Balance, beginning of year	\$ 391,608	\$ 364,415
Capital grants received and receivable (note 11)	–	199,883
Less amortized to revenue	(97,161)	(172,690)
Balance, end of year	\$ 294,447	\$ 391,608

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

9. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2020	2019
Capital assets (note 7)	\$ 565,054	\$ 697,800
Amounts financed by deferred contributions (note 8)	(294,447)	(391,608)
	\$ 270,607	\$ 306,192

10. Internally restricted funds and other investments:

a) Internally restricted funds:

	2020	2019
Foundation of the Future Fund:		
Balance, beginning of year	\$ 105,414	\$ 108,717
Excess (deficiency) of revenue over expenses	1,847	(3,303)
Balance, end of year	\$ 107,261	\$ 105,414
Manitoba Production Centre Fund:		
Balance, beginning of year	\$ 55,000	\$ 30,000
Transfer from the General Fund	–	25,000
Balance, end of year	\$ 55,000	\$ 55,000
Equipment Purchases Fund:		
Balance, beginning of year	\$ 169,322	\$ 169,322
Transfer to the General Fund	(169,322)	–
Balance, end of year	\$ –	\$ 169,322
Special Projects Fund:		
Balance, beginning of year	\$ 200,000	\$ 200,000
Transfer to the General Fund	(200,000)	–
Balance, end of year	\$ –	\$ 200,000
Total internally restricted funds, end of year	\$ 162,261	\$ 529,736

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

10. Internally restricted funds and other investments (continued):

In March 2020, the Board of Directors approved a transfer of \$200,000 from the Special Projects Fund to the General Fund and \$169,322 from the Equipment Purchase Fund to the General Fund to be utilized to sustain operations during COVID-19 (note 3[b]).

Foundation of the Future funds are held in term deposits in the amount of \$107,257 (2019 - \$105,414) with the Province of Manitoba maturing within twelve months of the fiscal year end.

11. Capital advances:

Changes in capital funds on projects awarded by the Province of Manitoba during fiscal 2020 and the remaining advances not yet undertaken at March 31, 2020 were as follows:

	2020	2019
Capital advances - Province of Manitoba:		
Funded during the year/awarded and received	\$ 107,139	\$ 222,251
Funding receivable	408,646	199,883
	<u>515,785</u>	<u>422,134</u>
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 4[e]):		
Stage hydraulics	—	123,882
HVAC	—	98,369
Handrail upgrades	431,146	—
Sewage pump	80,874	—
Fire alarm	3,765	—
	<u>515,785</u>	<u>222,251</u>
Capital expenditures reflected in the Corporation's financial statements (note 4[e])	—	199,883
<u>Advances carried forward to future years</u>	<u>\$ —</u>	<u>\$ —</u>

12. Grant of service:

The Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to \$1,720,086 for the year ended March 31, 2020 (2019 - \$1,672,696). Included in these expenses is \$220,514 (2019 - \$232,529) of administration and general expenses of the Corporation that are allocated to The Manitoba Museum proportionately on a predetermined basis.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

13. Financial risk and concentration of credit risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, capital grant receivable - Province of Manitoba, amounts recoverable - Province of Manitoba for severance and pension, cash, term deposits - Province of Manitoba and short term investments.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at March 31, 2020 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The Corporation has recorded an allowance for doubtful accounts in the amount of nil at March 31, 2020 (2019 - \$1,488).

There have been no significant changes to the credit risk exposure from 2019, other than potential impacts from the COVID-19 situation (note 3[b]).

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2019, other than the potential impacts from the COVID-19 situation (note 3[b]).

14. Capital management:

The Corporation's objective when managing its capital is to maintain sufficient capital to cover its costs of operations, while fulfilling its mandate under the *Manitoba Centennial Centre Corporations Act*. The Corporation's capital consists of unrestricted funds, internally restricted funds and funds invested in capital assets.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2020

14. Capital management (continued):

The Corporation's ability to meet its capital objectives is dependent on its cash flows, including operating and capital grants received from the Province of Manitoba.

The Corporation is not subject to externally imposed capital requirements.

The Corporation manages financial risk by maintaining a minimum balance of approximately one month of salary and benefits in its unrestricted funds.

There were no other changes in the Corporation's approach to capital management during the period, other than the potential impacts from the COVID-19 situation (notes 3[b] and note 10).

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Administration and general:		
Salaries and employee benefits	\$ 621,730	\$ 593,395
Audit and legal	21,856	24,815
Insurance	64,288	71,781
Telephone and fax	28,596	27,186
Other	155,473	223,367
Marketing	9,917	28,735
	<u>901,860</u>	<u>969,279</u>
Box office expenses	123,736	159,206
Building services and maintenance:		
Salaries and employee benefits	1,411,928	1,337,093
Repairs, maintenance and supplies	435,457	386,936
Utilities	890,084	858,317
	<u>2,737,469</u>	<u>2,582,346</u>
Concession operations:		
Salaries and employee benefits	136,228	113,738
Cost of goods sold	182,383	186,693
Other	16,684	15,239
	<u>335,295</u>	<u>315,670</u>
Host services and special projects:		
Salaries and employee benefits	504,686	457,554
Other	34,202	27,152
	<u>538,888</u>	<u>484,706</u>
Manitoba Production Centre:		
Salaries and employee benefits	12,511	3,627
Administration costs	66,105	73,078
Repairs, maintenance and supplies	48,420	28,957
Property taxes	73,954	73,165
Utilities	57,719	64,504
	<u>258,709</u>	<u>243,331</u>
Parking services:		
Salaries and employee benefits	30,027	31,277
Agency fees and expenses	92,265	53,323
Other	46,305	22,419
	<u>168,597</u>	<u>107,019</u>
Pension	321,412	388,280
Security services:		
Salaries and employee benefits	541,667	581,541
Other	26,508	17,403
	<u>568,175</u>	<u>598,944</u>
Promoted event expenses:		
Advertising	–	53,465
Artist fees	–	98,160
Other	–	101,095
	<u>–</u>	<u>252,720</u>
Stage operations:		
Salaries and employee benefits	413,687	415,962
Repairs, supplies and equipment	78,881	41,771
	<u>492,568</u>	<u>457,733</u>
Total expenses of general fund	<u>\$ 6,446,709</u>	<u>\$ 6,559,234</u>