

Financial Statements of

**MANITOBA CENTENNIAL
CENTRE CORPORATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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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, 2021, 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, 2021, 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 2020-21".

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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

May 19, 2021

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 350,277	\$ 398,955
Term deposits - Province of Manitoba	1,421,409	969,775
Accounts receivable	91,996	406,234
Capital grant receivable - Province of Manitoba (note 11)	302,610	408,646
Inventory	29,805	43,643
Prepaid expenses	22,988	21,715
Vacation pay recoverable from the Province of Manitoba (note 5)	199,964	199,964
Other investments (note 10)	107,522	107,257
	<u>2,526,571</u>	<u>2,556,189</u>
Amounts recoverable - Province of Manitoba:		
Severance (note 5)	307,561	307,561
Pension (note 6)	6,240,000	6,166,000
Capital assets (note 7)	321,981	565,054
	<u>\$ 9,396,113</u>	<u>\$ 9,594,804</u>

	2021	2020
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 619,936	\$ 796,612
Accrued vacation liability (note 5)	233,238	260,971
Advance ticket sales	135,471	318,628
Rental deposits	81,999	82,051
	<u>1,070,644</u>	<u>1,458,262</u>
Accrued severance pay (note 5)	337,147	286,057
Accrued sick leave (note 5)	36,676	36,369
Pension liability (note 6)	6,240,000	6,166,000
Deferred contributions related to capital assets (note 8)	227,860	294,447
Fund balances:		
Invested in capital assets (note 9)	94,121	270,607
Internally restricted funds (note 10)	162,526	162,261
Unrestricted funds:		
General fund	1,227,139	920,801
	<u>1,483,786</u>	<u>1,353,669</u>
	<u>\$ 9,396,113</u>	<u>\$ 9,594,804</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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MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	General	Capital	Internally restricted	2021 Total	2020 Total
Revenue:					
Concert Hall	\$ 96,825	\$ -	\$ -	\$ 96,825	\$ 1,703,160
Rental fees	294,619	-	-	294,619	382,623
Concession sales	789	-	-	789	536,254
Parking fees	480,907	-	-	480,907	1,397,436
Miscellaneous	27,104	-	-	27,104	139,818
	900,244	-	-	900,244	4,159,291
Province of Manitoba grants:					
Operating (note 3b)	3,495,800	-	-	3,495,800	2,495,800
Amortization of deferred contributions (note 8)	-	66,587	-	66,587	97,161
Province of Manitoba - pension, net (note 6)	(28,261)	-	-	(28,261)	(294,246)
	3,467,539	66,587	-	3,534,126	2,298,715
Recoveries of expenses	92,346	-	-	92,346	237,267
Investment income (note 10)	-	-	265	265	1,847
Total revenues, grants and recoveries	4,460,129	66,587	265	4,526,981	6,697,120
Expenses:					
Administration and general	516,547	-	-	516,547	681,349
Amortization of capital assets (note 7)	-	251,470	-	251,470	170,063
Concession operations	10,613	-	-	10,613	335,294
Box office	5,305	-	-	5,305	123,736
Building services and maintenance	905,706	-	-	905,706	1,437,395
Host services and special projects	248,845	-	-	248,845	538,888
Manitoba Production Centre	181,375	-	-	181,375	258,708
Parking services	55,920	-	-	55,920	168,597
Pension (note 6)	401,345	-	-	401,345	191,441
Security services	399,254	-	-	399,254	498,647
Stage operations	175,328	-	-	175,328	492,568
	2,900,238	251,470	-	3,151,708	4,896,686
Expenses incurred on behalf of The Manitoba Museum (note 12)	1,245,156	-	-	1,245,156	1,720,086
Total expenses (schedule - operating expenses)	4,145,394	251,470	-	4,396,864	6,616,772
Excess (deficiency) of revenue over expenses	\$ 314,735	\$ (184,883)	\$ 265	\$ 130,117	\$ 80,348

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	General	Capital	Internally restricted	2021 Total	2020 Total
Fund balances, beginning of year	\$ 920,801	\$ 270,607	\$ 162,261	\$ 1,353,669	\$ 1,273,321
Excess (deficiency) of revenue over expenses	314,735	(184,883)	265	130,117	80,348
Transfer of funds related to internally funded capital asset additions	(8,397)	8,397	–	–	–
Fund balances, end of year	\$1,227,139	\$ 94,121	\$ 162,526	\$ 1,483,786	\$ 1,353,669

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 130,117	\$ 80,348
Adjustments for:		
Amortization of deferred contributions	(66,587)	(97,161)
Amortization of capital assets	251,470	170,063
	315,000	153,250
Change in other investments	(265)	(1,843)
Change in accrued severance pay	51,090	41,155
Change in accrued sick leave	307	6,548
Change in non-cash working capital balances:		
Accounts receivable	314,238	35,439
Inventory	13,838	(2,969)
Prepaid expenses	(1,273)	12,150
Accounts payable and accrued liabilities	(176,676)	110,334
Accrued vacation liability	(27,733)	20,222
Advance ticket sales	(183,157)	(1,181,696)
Rental deposits	(52)	30,145
	305,317	(777,265)
Financing:		
Capital grant receivable - Province of Manitoba	106,036	(208,763)
Investing:		
Purchase of capital assets	(8,397)	(37,317)
Short term investments	-	1,262,535
	(8,397)	1,225,218
Increase in cash and cash equivalents	402,956	239,190
Cash and cash equivalents, beginning of year	1,368,730	1,129,540
Cash and cash equivalents, end of year	\$ 1,771,686	\$ 1,368,730
Cash and cash equivalents consist of:		
Cash	\$ 350,277	\$ 398,955
Term deposits - Province of Manitoba	1,421,409	969,775
	\$ 1,771,686	\$ 1,368,730

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements

Year ended March 31, 2021

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, 2021, 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Basis of presentation (continued):

During fiscal 2021, the Centennial Centre for the Arts has experienced closure for periods of time and reopening at reduced capacity based on public health restrictions. In fiscal 2021, the Corporation received an additional \$1,000,000 from the Province of Manitoba to help mitigate the Corporation's loss of revenue due to the pandemic, which is included in Province of Manitoba grants - operating in the statement of operations. At the reporting date, public access to both the Centennial Concert Hall and the Manitoba Museum are restricted and all performances in the Centennial Concert Hall and attendance at the Manitoba Museum are suspended.

In an effort to mitigate the financial impact to the Corporation caused by the Centennial Concert Hall's closure during fiscal 2021, temporary layoffs to certain staff were issued, voluntary reduced workdays for other staff were implemented, and expenses were reduced where possible. The Corporation continues to manage liquidity risk by updating forecasts and assessing cash flow frequently.

The Corporation is economically dependent on funding received from the Province of Manitoba, with approximately one third of the Corporation's annual revenue coming from provincial funding during pre-pandemic years. The Province has communicated that an operating grant of \$2,495,800 has been approved for the Corporation for the fiscal 2022 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 fully. 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 employee related liabilities that are recoverable from 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Significant accounting policies (continued):

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]).

(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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Significant accounting policies (continued):

(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.

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%
Equipment and furnishings	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Parkade equipment	10%
Stage equipment	20%
Security equipment	20%

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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Significant accounting policies (continued):

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.

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, 2021 (2020 - 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Significant accounting policies (continued):

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.

(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, 2021, the Corporation has an accrued vacation liability of \$233,238 (2020 - \$260,971).

(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, 2021, based on the extrapolation of an actuarial estimate, the obligation for accrued severance pay is \$337,147 (2020 - \$286,057).

The significant actuarial assumptions include an interest rate of 5.75 percent (2020 - 5.75 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

5. Employee benefits (continued):

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.

(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 (2020 - 6.0 percent) and a rate of salary increase of 1.0 percent (2020 - 1.0 percent). At March 31, 2021, the Corporation has an accrued sick leave obligation of \$36,676 (2020 - \$36,369).

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, 2019, the Corporation has recorded an amount of \$6,240,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2021 (2020 - \$6,166,000).

Total pension expense of \$529,031 (2020 - \$321,412) has been recorded in the statement of operations (see schedule - operating expenses), or \$401,345 (2020 - \$191,441) 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 \$6,240,000 (2020 - \$6,166,000) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of \$28,261 (2020 - \$294,246) 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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Pension liability (continued):

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

	2021	2020
Balance, beginning of year	\$ 6,166,000	\$ 6,310,000
Decrease (increase) in trust account held by the Province of Manitoba	(29,078)	(40,733)
Benefits accrued	127,555	172,516
Interest accrued (5.75 percent; 2020 - 5.75 percent)	414,305	423,597
Benefits paid	(574,866)	(799,603)
Actuarial losses ¹	136,084	100,223
Balance, end of year	\$ 6,240,000	\$ 6,166,000

¹The actuarial valuation as at December 31, 2019 was completed during fiscal 2021. Actuarial gains and losses are recognized over the estimated average remaining service life (EARSL) of the plan members of 9 years (2020 - 9 years). Assumed salary rate increases are 3.50 percent (2020 - 3.50 percent).

7. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 178,154	\$ 148,733	\$ 29,421	\$ 45,041
Concert hall refurbishments	309,879	284,910	24,969	32,954
Equipment and furnishings	311,714	267,935	43,779	60,777
Office renovations	593,028	583,322	9,706	11,199
Courtyard vestibule	250,017	250,017	–	25,001
Parkade equipment	244,957	61,018	183,939	208,435
Stage equipment	909,563	891,969	17,594	52,782
Security equipment	504,031	491,458	12,573	21,343
Assets under construction	–	–	–	107,522
	\$ 3,301,343	\$ 2,979,362	\$ 321,981	\$ 565,054

During 2021, the organization recorded a write-down of \$107,522 (2020 - nil) on assets under construction, which has been included in amortization of capital assets on the statement of operations.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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.

	2021	2020
Balance, beginning of year	\$ 294,447	\$ 391,608
Less amortized to revenue	(66,587)	(97,161)
Balance, end of year	\$ 227,860	\$ 294,447

9. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2021	2020
Capital assets (note 7)	\$ 321,981	\$ 565,054
Amounts financed by deferred contributions (note 8)	(227,860)	(294,447)
	\$ 94,121	\$ 270,607

10. Internally restricted funds and other investments:

a) Internally restricted funds:

	2021	2020
Foundation of the Future Fund:		
Balance, beginning of year	\$ 107,261	\$ 105,414
Excess of revenue over expenses	265	1,847
Balance, end of year	\$ 107,526	\$ 107,261
Manitoba Production Centre Fund:		
Balance, beginning of year	\$ 55,000	\$ 55,000
Balance, end of year	\$ 55,000	\$ 55,000
Equipment Purchases Fund:		
Balance, beginning of year	\$ –	\$ 169,322
Transfer to the General Fund	–	(169,322)
Balance, end of year	\$ –	\$ –

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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

	2021	2020
Special Projects Fund:		
Balance, beginning of year	\$ –	\$ 200,000
Transfer to the General Fund	–	(200,000)
Balance, end of year	\$ –	\$ –
Total internally restricted funds, end of year	\$ 162,526	\$ 162,261

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 \$107,522 (2020 - \$107,257) 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 2021 and the remaining advances not yet undertaken at March 31, 2021 were as follows:

	2021	2020
Capital advances - Province of Manitoba:		
Funded during the year/awarded and received	\$ 137,317	\$ 107,139
Funding receivable	302,610	408,646
	439,927	515,785
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 4[e]):		
Washroom upgrades	280,189	–
Handrail upgrades	159,738	431,146
Sewage pump	–	80,874
Fire alarm	–	3,765
	439,927	515,785
Advances carried forward to future years	\$ –	\$ –

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

12. Grant of service:

The Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to \$1,245,156 for the year ended March 31, 2021 (2020 - \$1,720,086). Included in these expenses is \$175,215 (2020 - \$220,514) of administration and general expenses of the Corporation that are allocated to The Manitoba Museum proportionately on a predetermined basis.

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, 2021 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 no allowance for doubtful accounts as at March 31, 2021 and March 31, 2020.

There have been no significant changes to the credit risk exposure from 2020, other than potential impacts from the on-going 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 2020, other than the potential impacts from the ongoing COVID-19 situation (note 3[b]).

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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.

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, under normal operating circumstances.

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 (note 3[b]).

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Administration and general:		
Salaries and employee benefits	\$ 477,936	\$ 621,730
Audit and legal	32,483	21,856
Insurance	75,624	64,288
Telephone and fax	12,121	28,596
Other	89,868	155,473
Marketing	3,730	9,917
	<u>691,762</u>	<u>901,860</u>
Box office expenses	5,305	123,736
Building services and maintenance:		
Salaries and employee benefits	883,510	1,411,928
Repairs, maintenance and supplies	223,659	435,457
Utilities	672,834	890,084
	<u>1,780,003</u>	<u>2,737,469</u>
Concession operations:		
Salaries and employee benefits	348	136,228
Cost of goods sold	9,766	182,383
Other	498	16,684
	<u>10,612</u>	<u>335,295</u>
Host services and special projects:		
Salaries and employee benefits	246,616	504,686
Other	2,229	34,202
	<u>248,845</u>	<u>538,888</u>
Manitoba Production Centre:		
Salaries and employee benefits	16,093	12,511
Administration costs	12,903	66,105
Repairs, maintenance and supplies	22,192	48,420
Property taxes	88,520	73,954
Utilities	41,668	57,719
	<u>181,376</u>	<u>258,709</u>
Parking services:		
Salaries and employee benefits	1,265	30,027
Agency fees and expenses	52,820	92,265
Other	1,835	46,305
	<u>55,920</u>	<u>168,597</u>
Pension	529,031	321,412
Security services:		
Salaries and employee benefits	455,705	541,667
Other	11,507	26,508
	<u>467,212</u>	<u>568,175</u>
Stage operations:		
Salaries and employee benefits	145,828	413,687
Repairs, supplies and equipment	29,500	78,881
	<u>175,328</u>	<u>492,568</u>
Total expenses of general fund	<u>\$ 4,145,394</u>	<u>\$ 6,446,709</u>