

MANITOBA
CENTENNIAL CENTRE
CORPORATION



Annual Report 2016-17
For the period ending March 31, 2017

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Message from the Chair



On behalf of the Board of Directors, I am pleased to present the 2016/2017 Manitoba Centennial Centre Corporation (MCCC) annual report.

Having accepted the responsibility of chairing the board of directors in December 2016, I would like to take this opportunity to thank the previous Board for its commitment to the corporation, our resident organizations, and the art and culture community throughout Manitoba.

Our new board held their first meeting in January 2017 and have since been diligently engaged with the staff of MCCC and its many important resident organizations to understand the role MCCC plays in supporting our arts, culture and heritage community in Manitoba.

In 1968 legislation was passed amending our Act to include facility management responsibility for the Centennial Centre and direct operational management of the concert hall. An operating grant was negotiated with the Province in lieu of rental revenue recoverable from The Manitoba Museum and Royal Manitoba Theatre Centre. As a crown corporation, MCCC is required to generate earned revenue to supplement the operating grant in order to operate the centre.

The corporation has had a recent history of generating sufficient earned revenue to offset costs however the last three years have been particularly challenging. Competition from the private sector, expansion of Manitoba Casinos to include a 1,400 seat venue, a commitment to subsidize concert hall operating cost for our resident companies and a stagnant operating grant have required the corporation to focus on earned revenue and reduction of services to balance their operating statements. As a new board, our commitment to the corporation going forward will be centered on earned revenue, finding operational efficiencies and movement toward self-sustainability.

I want to recognize our CEO Robert Olson and his staff for the significant efforts made in reorganizing, and taking on the financial challenges that we face in today's economy.

I also want to recognize my new colleagues on the board of directors that bring a wealth of experience in the business and arts community. I look forward to working with them to achieve the goals set out in our Strategic and Master Plans.

As previously announced, the corporation engaged Public City Architecture Inc. to develop a corporate master plan. The plan reviewed the physical assets of the centre, proposed development of new infrastructure to support the arts and reviewed the organizational structure of the corporation. The plan has been accepted by the board and management has been instructed to work with our resident organizations to grow and improve the arts district in Winnipeg and beyond.

This plan includes a major reinvestment in all our facilities, including expanding our services and bringing our concert hall back to a world class venue. The major assets of the Centennial Centre are now 50 years old and it is time to address these deficiencies and restore the complex to the state of the art facility it was when opened in 1968. The board will prioritize the plan and actively pursue the investments that provide for the best interest of the community and resident tenants.

In order to achieve this, we will engage the support of the private and public sector to help us renovate and build. This will take time, and we are committed and prepared to get there.

I want to personally thank the Department of Sport, Culture and Heritage for providing us with the annual operating grant, and Minister Ron Schuler of Crown Services, for the support to our corporation. I look forward to working with the Minister to achieve the goals we identified in our Master Plan.

A handwritten signature in blue ink, appearing to read 'Karl Loep', with a stylized flourish at the end.

Karl Loep
Chair, Board of Directors

Message from the Chief Executive Officer



In 2016/17 the Province of Manitoba acknowledged a long standing anomaly in the castings of the Manitoba Centennial Centre Corporation (MCCC) by repositioning the corporation under the newly created Department of Crown Services. In the 48 years prior to this move MCCC was positioned under the Ministry of Sport, Culture, and Heritage (SCH).

The Manitoba Centennial Centre Corporation Act governs the corporation in conjunction with a Board of Directors. The Act identifies the corporation as a commercial Crown Corporation with authority to generate earned revenue to offset its operating costs. What has connected MCCC to the Ministry of SCH is a commitment by the Province to support the infrastructure costs of the Centennial Centre with an annual “operating grant” allowing MCCC to suppress the rental rates and lease agreements it has with our resident tenants (Manitoba Museum and Royal Manitoba Theatre Centre) and resident companies (Winnipeg Symphony Orchestra, Royal Winnipeg Ballet and Manitoba Opera). In recent years the annual operating grant has declined as the government wrestles with a burdening provincial deficit. In 2012/13 the annual operating grant was reduced \$250,000 from the previous years’ allocation of \$2,993,900. In 2013/14 the operating grant was restored less \$60,000. The operating grant was subsequently capped at \$2,932,800 through to the 2016/17 fiscal year.

With a reduced and subsequently fixed operating grant over the last 5 years the Centennial Centre Corporation has had to rely on its ability to generate earned revenue from the operation of the Centennial Concert Hall, Parking and to a lesser extent the Manitoba Production Centre to fulfill its commitment to our Resident Organizations.

The 33 year lease agreement for example between the Manitoba Centennial Centre Corporation and The Manitoba Museum requires the MCCC to pay for Museum costs such as utilities, cleaning, snow removal, general infrastructure maintenance and repairs and supplemental 24 hour security coverage. Inflation and an expanded Museum has required MCCC to dedicate a greater percentage of the overall grant to account for fixed operational costs. Harmoniously the other assets of the Centennial Centre have received less attention to infrastructure deficiencies.

MCCC was informed in December 2016 that a new Board of Directors had been appointed by the Province of Manitoba to govern the affairs of the corporation. I would like to welcome Mr. Karl Loepp, Chair of the Board of Directors, Vice Chair, Ms. Kirsten Albo, Mr. Cameron Hay, Ms. Cindy Carswell, Ms. Mercedes Caron, Mr. Garry Swampy and Ms. Jennifer Moncrieff to the corporation. Collectively they bring a wealth of knowledge in business and the arts and I look forward to working with them to advance our mandate and build on our 50 year history of supporting the Arts.

MCCC continues to be challenged financially by our obligation to support the Arts with subsidized rental and lease rates. The reduction and stagnation of our operating grant, particularly in the past 5 years, the unavailability of acceptable commercial dates in the concert hall and an aging workforce has strained the corporation's ability to balance our operating statements. 2016/17 will show a net loss of \$110,963.00 for the fiscal year ending March 31, 2017. This represents a significant recovery from the operating loss of \$397,944.00 in 2015/16 and is a testament to the diligent management of our financial obligations and the buy in of all employees to find efficiencies in the workplace.

Once again our pension obligation has strained our cash flow. We have initiated conversations with the Superannuation Pension Plan and the Province's Supervisor of Pensions to determine how we may be able to activate the pension allowance the Province of Manitoba is accepting responsibility for. Prior to 2002 MCCC did not match the employee contribution to the pension plan. The Province accepted responsibility for the employer portion of the obligation. After 2002, MCCC as a sole entity, is matching employee contributions and can fiscally account for our pension obligation.

I am immensely proud of the effort our team has made to develop a Centennial Centre Master Plan. Fifty (50) years after the original concept of developing an Arts Centre for Manitoba in the City of Winnipeg was completed, we have undertaken a consultative process to determine the future physical needs of our campus as well as the organizational structure of our corporation to meet the burgeoning demands of our Arts and Cultural community. The plan has taken eighteen (18) months to develop with the help of our consultant Public City Architecture Inc. This plan will transform the East Exchange and clearly define the area as the hub of the Arts and Cultural community in Manitoba. It will also rehabilitate the fifty (50) year old Centennial Concert Hall ensuring it remains a signature piece of our arts industry for decades to come. The plan includes eight (8) transformative projects that will be developed in strategic phases. Having the largest singular footprint in the historic East Exchange District of Winnipeg, Manitoba, the Centennial Centre will engage the public and private sector to participate in the redevelopment of our centre. Phase 1 will be the construction of a parking complex to address the primary requirement identified by our tenants and the more than one million patrons who visit our campus each year.

Finally I'd like to acknowledge and thank the previous members of our Board of Directors, Chair, Ms. Angela Mathieson, Vice Chair, Mr. Daniel Boucher, long standing board members, Mr. Paul Huntington, Ms. Devon Towers, Ms. Rita Chahal, Ms. Sandra Hardy, Ms. Jeri Kostyra, Mr. Albert Plamondon and Ms. Judy Murphy who served on our board until December 2016.



Robert Olson
Chief Executive Officer

2016 – 2017 Corporate Highlights

Governance:

- MCCC, as an entity, was repositioned under the newly created ministry of Crown Services in April 2016.
- A new MCCC Board of Directors was appointed by the Government of Manitoba in December 2016.

Human Resources:

- Mr. Bill Nuhn, General Manager of CCH and MPC resigned effective February 17, 2017.
- Mr. Martin Kull was promoted from his former position as House Manager to Acting General Manager of the CCH and MPC effective February 18, 2017.
- Ms. Cindy Friesen joined the corporation as Manager, Security and Parking, effective March 6, 2017.
- Ms. Karen Lim accepted an acting position as House Manager.
- Mr. Edwin Cavanaugh retired on July 26, 2016 after 35 years of service. Mr. Cavanaugh was a Tradeshelper and also served on the Board of MCCC.

Branding/Marketing:

- MCCC in collaboration with the department of Accommodation Services replaced the Exterior digital marquee. The marquee is a critical form of advertisement that promotes the upcoming events of the centre.
- MCCC promoted 3 shows this past year. This is a first for MCCC, fulfilling a commitment made in their strategic plan to increase the number of stage performances in the concert hall by promoting (buying) entertainment and assuming the risk to recover the cost through ticket and ancillary sales.

Facility Improvement:

- Completed:
 - Alloway Hall Expansion and Renewal. Re-opening celebrations were held on March 23, 2017.
 - Upgraded Centre's surfaces adjacent to City of Winnipeg's Lily Streetscaping works.
 - Centennial Concert Hall (CCH) backstage 3rd level hallway and doors repainted.
 - Steinkopf Gardens plantings regeneration and water feature improvements.
 - Added traction grooves to surface of underground parkade vehicle ramps.
 - CCH stage acoustic enhancement system upgraded.
 - Steinkopf Gardens courtyard storm sewer upgrade.
 - CCH sewer pipe foundation connection replaced.

- Multi-year in progress:
 - Centennial Center Fire Alarm System Upgrade.
 - CCH Building Envelope Restoration.
 - CCH Marquee digital board replacement.
 - Gault building (Artspace) windows restoration.
 - Complete restoration of the Concert Hall Orchestra Shell.

Community and Resident Partner Support:

- Red Carpet Gala at the CCH for the movie “Lovesick” (movie premier held April 19, 2017).

Performances:

- Sons of the Pioneers (MCCC promoted).
- The Barra MacNeils (MCCC promoted).
- National Geographic Live Spinosaurus: Lost Giant of the Cretaceous (co-promoted).



Mission

Manitoba Centennial Centre Corporation is an effective and responsible steward of physical, human, financial and technological resources to advance arts, culture and heritage for the benefit of all Manitobans.

Vision

The MCCC is a principal resource and partner supporting a vibrant and sustainable arts, cultural, and heritage community in Manitoba. As an active and collaborative organization, we operate and provide state of the art facilities, supports, and services that enhance industry and audience experience.

Values

- ◆ Respect – honouring the cultural diversity of our population
- ◆ Collaboration – we work together for the benefit of all
- ◆ Integrity – being true to our commitments
- ◆ Accountability – accepting responsibility
- ◆ Transparency – doing business in an honest, visible and open manner
- ◆ Inclusiveness – communicating effectively to include all relevant parties
- ◆ Sustainability – minimizing environmental impact and being socially responsible
- ◆ Innovation – researching and analyzing new and creative ways of supporting our community

Board of Directors



From left to right: Jennifer Moncrieff, David Martin, Karl Loepp (Chair), Kirsten Albo (Vice-Chair), Garry Swampy, Cameron Hay, Mercedes Caron, Cindy Carswell.



Karl Loepp, Board Chair
Chair, Executive Committee
Member, Audit/Finance Committee



Kirsten Albo, Board Vice-Chair
Chair, Audit/Finance Committee
Vice-Chair, Executive Committee



Mercedes Caron, Board Member
Member, Audit/Finance Committee



Cindy Carswell, Board Member
Vice-Chair, Audit/Finance Committee
Member, Development Committee



Cameron Hay, Board Member
Chair, Development Committee
Member, Executive Committee



David Martin, Board Member



Jennifer Moncrieff, Board Member
Vice-Chair, Development Committee



Garry Swampy, Board Member
Chair, Foundation of the Future
Committee

Executive Management Team



Robert Olson
Chief Executive Officer



Candace Trussler
Director, Finance & Administration



Norbert Schuster
Director, Capital Development
and Physical Plant



Martin Kull
Acting General Manager, Centennial
Concert Hall and Manitoba
Production Centre

Management Team

David Martin
Manager, Stage Services

Lawren Bate
Operations Manager, Facility Services

Gerry McDougal
Manager, Marketing and IT

Cindy Friesen
Manager, Security and Parking

Organization/Operations

The Manitoba Centennial Centre Corporation's (MCCC) mandate under its enabling legislation "The Manitoba Centennial Centre Corporation Act" includes the administration of the Centennial Concert Hall and its related services, as well as the maintenance and development of the buildings and properties of the Centennial Centre.

Properties of the Manitoba Centennial Centre include: The Manitoba Museum (TMM), Planetarium, Royal Manitoba Theatre Centre (RMTC), Tom Hendry (Warehouse) Theatre, Artspace, Extension Services Building (11 Lily Street) and three surface parking lots and one indoor parking garage. The MCCC directly manages the operations of the Centennial Concert Hall and Manitoba Production Centre which offer a variety of programs and presentations in the visual and performing arts.

The facilities' operating program continues to strive for a high standard of building services and maintenance. Preventative plant maintenance programs are ongoing and new programs for better services and cost effectiveness, particularly in areas involving energy costs, are emphasized wherever possible. In compliance with a Government of Manitoba directive, the MCCC has adopted a Sustainable Development Policy for its operations. Liaison with various departments and agencies of the provincial government continues to assist in the operation of the Corporation.

MCCC Direct Operations:



RESIDENT TENANTS of the Centennial Centre:



Centennial Concert Hall

The Centennial Concert Hall accommodated 224 theatre rentals during the 2016-17 Season.

Performance highlights included:

Commercial Events

- Koba's Great Big Live Show (April 2016)
- Sons of the Pioneers (April 2016)
- The Piano Guys (May 2016)
- Negev Gala (May 2016)
- Britt Floyd (July 2016)
- Chris Cornell (July 2016)
- Canadian Institute for Theatre Technology Conference (August 2016)
- '72 Summit Series (September 2016)
- Rodriguez (September 2016)
- Tegan and Sara (September 2016)
- Hillsong Young & Free (September 2016)
- Book of Mormon (September 2016)
- Danny Bhoy (October 2016)
- Just for Laughs Tour-Dane Cook (November 2016)
- The Barra MacNeils (November 2016)
- Natalie MacMaster (December 2016)
- National Geographic Live: Spinosaurus (February 2017)
- Banff Mountain Film Festival (February 2017)
- The Arkells (February 2017)

Community Events

- Winnipeg Youth Orchestra (April 2016)
- Law Society Call to the Bar (June 2016)
- Royal Canadian Air Force Band (December 2016)
- Manitoba Choral Association (November 2016)
- College and High School Convocations (16)
- School Concerts (3)
- Dance Recitals (19)



Resident Companies

The Corporation's three resident companies, Manitoba Opera, Royal Winnipeg Ballet and the Winnipeg Symphony Orchestra, presented a full season of concerts and performances.

Manitoba Opera captivated audiences with powerful performances of *Falstaff* and *Of Mice and Men*.

Royal Winnipeg Ballet delighted audiences with a season of magical performances including *Love Lies Bleeding*, *The Nutcracker*, *Dracula* and *Peter Pan*.

Winnipeg Symphony Orchestra continued its fine tradition of inspiring and entertaining patrons with their varied series, including: Masterworks, Pops, Soundbytes, Concerts for Kids and numerous special concerts. They also offered five concerts during their "New Music Festival" in January/February 2017.

Piano Nobile Gallery

The Manitoba Society of Artists continued to curate the Piano Nobile Gallery in 2016/2017. The Gallery feature varied works by celebrated Manitoba artists:

- Liv Valmestad's "The Northern Line";
- Manitoba Society of Artists' Summer and September Shows featuring 20 of its most active artists including Rosella Farmer, Terry Mellway, Jane Gateson, Faye Hall, Jayne Nixon, Luba Olesky, Kathleen Crosby, Kathleen Black, Heather Boyd, Sheldon Dawson, Eleanor Esau, Naomi Gerrard, Genevie Henderson, Lois Hogg, Ruth Kamenev, Lily Lim, Christine Marek-Matejka, Pat McCullough, Bonnie Taylor and Paul Toews;
- Angela Lillico and Genevie Henderson's "Color Distinctive: Hearth and Mind";
- Eleanor Esau's "Symphony of Colour, Texture, Diversity";
- Plug In Institute of Contemporary Art's exhibit in conjunction with the Winnipeg Symphony Orchestra's New Music Festival; and
- Paul Towes' & Lily Lim's "Playing with Fire".

In conjunction with the Manitoba Opera's production *Of Mice and Men*, select works of America's most revered documentary photographer Dorothea Lange were on display.

The Foundation of the Future Fund

The Manitoba Centennial Foundation of the Future Fund was founded in 1969 as a way to honour arts and culture in Manitoba. The funding of projects began in 2003. In recent years the fund has provided bursaries to Manitoba schools to promote education in the Performing Arts.

The Maitland Steinkopf Youth Fund was established in 1972 to provide scholarships for talented young Manitobans who required help furthering their experience and training in specific arts projects. This fund provided funding to reduce the Centennial Concert Hall rental rates of deserving eligible organizations. Throughout the history of the fund, several youth based arts organizations have directly benefited.

As both Funds had similar objectives, during the year ended March 31, 2009, the Manitoba Centennial Foundation of the Future Fund and the Maitland Steinkopf Youth Fund were combined into one fund which was entitled The Foundation of the Future Fund. The Foundation of the Future Fund will maintain the youth based cultural and art related goals of the previous funds. A Committee has been established which is comprised of MCCC Board members, a member of the "Centennial Babies" and management which will determine the recipient of the award.

The Fund had a balance of \$107,901 as of March 31, 2017.



Manitoba Production Centre

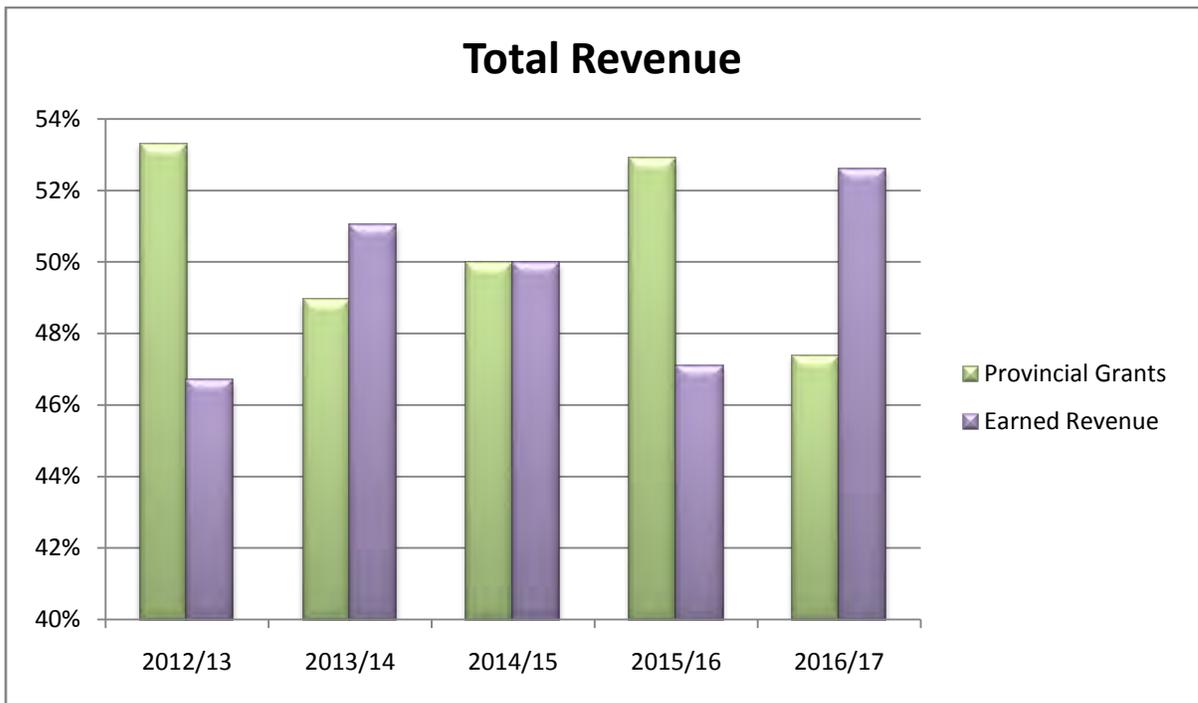
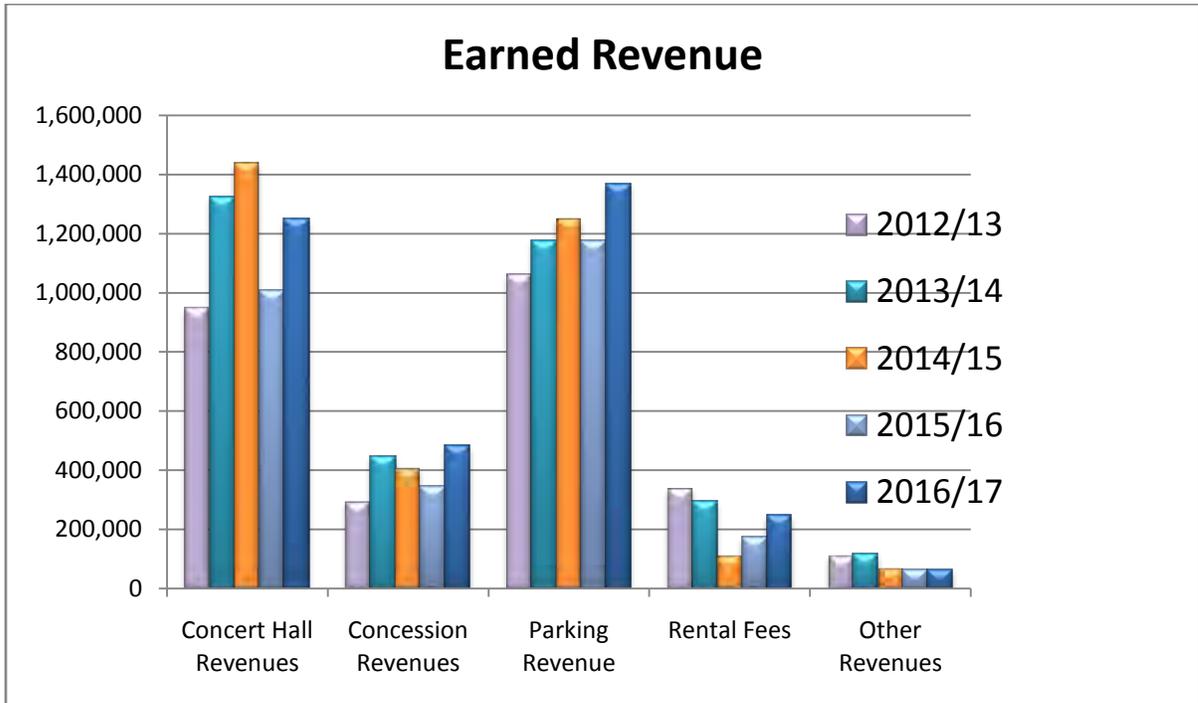
The Manitoba Production Centre is Manitoba's only purpose built movie production facility with a 15,000 square foot clear-span sound stage. The facility was designed to meet overall production requirements and offers a great deal of flexibility and provides several multi-use space capabilities. Amenities include two floors of office space with internet and phone system, green room, eight dressing rooms, make-up room, wardrobe room, dye room, large cafeteria, 5,000 square foot carpentry shop and loading docks. All areas are fully furnished.

The facility was used significantly during the 2016-17 fiscal year and clients included:

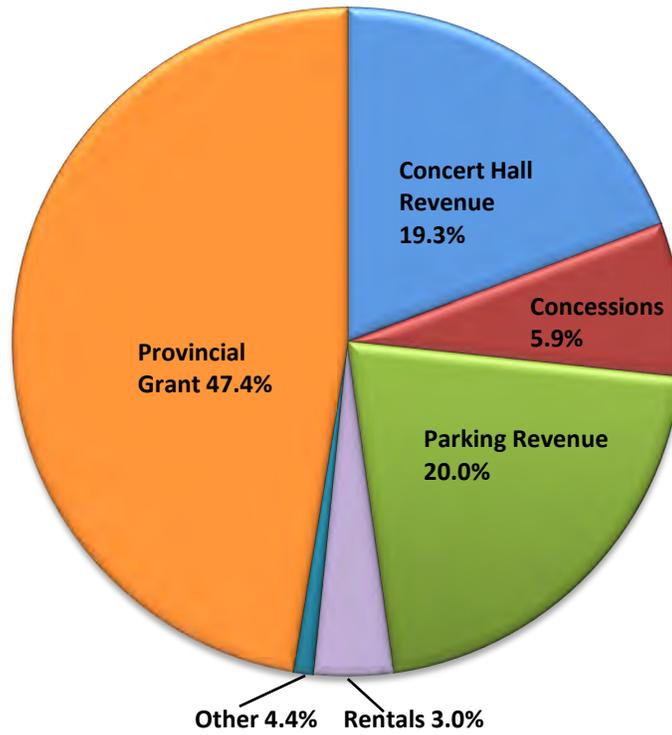
- GEP CZ Inc. c/o Universal Studios Canada
- Doll Face Productions c/o Universal Studios Canada
- Break My Heart Productions Inc.



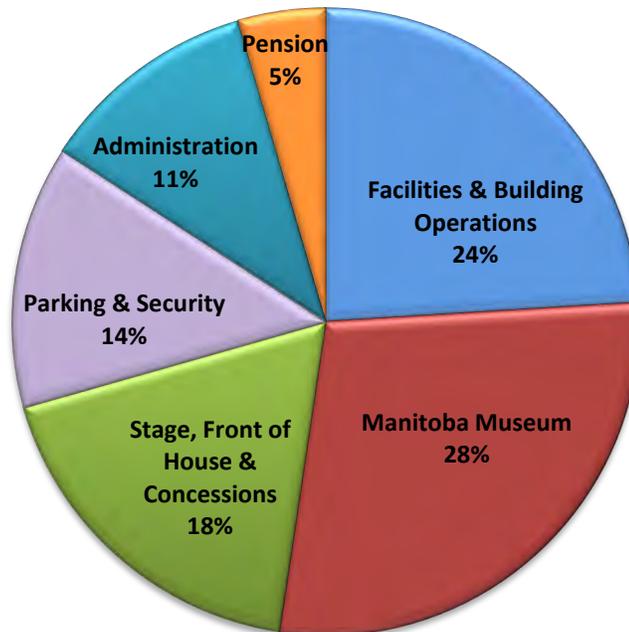
Centennial Centre Corporation



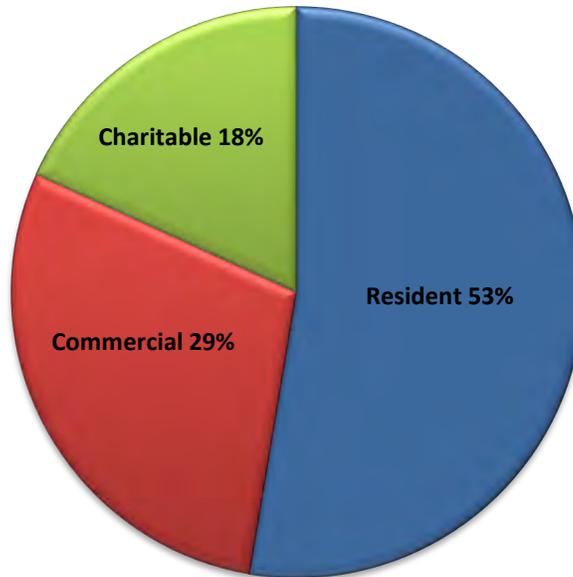
Total Revenue by % 2016/17



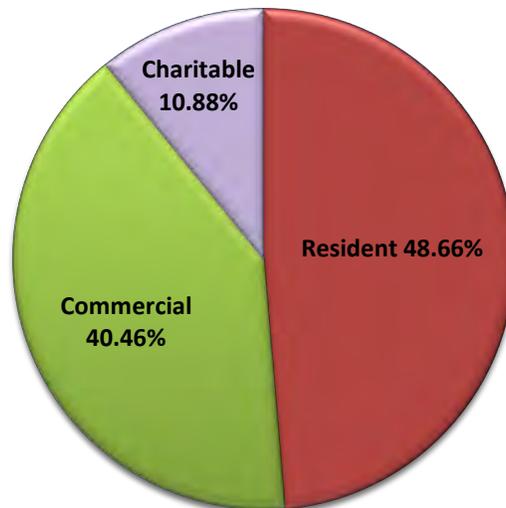
Expenses 2016-2017



Concert Hall Use by Client Type 2015-2016



Concert Hall Revenue by Client Type 2016-2017



Management Report

The accompanying financial statements of the Manitoba Centennial Centre Corporation (the "Corporation") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards. We understand that fair presentation of these financial statements includes: providing sufficient information about certain transactions, or events having an effect on the Corporation's financial position; results of operations and cash flows for the periods presented that are of such size, nature and incidence that their disclosure is necessary to understand that effect on the Corporation's financial statements; and providing information in a manner that is clear and understandable.

Management are responsible for the design, implementation and operation of internal controls to safeguard the assets of the corporation and to prevent, deter and detect fraud and error, including internal controls over the financial reporting process.

The responsibility of KPMG is to express an independent, professional opinion on whether the financial statements of the Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Auditors' Report outlines the scope of the audit examination and provides their opinion.

On behalf of Management,



Robert Olson
Chief Executive Officer



Candace Trussler
Director, Finance & Administration

Financial Statements of

**MANITOBA CENTENNIAL
CENTRE CORPORATION**

Year ended March 31, 2017



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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Manitoba Centennial Centre Corporation

We have audited the accompanying financial statements of Manitoba Centennial Centre Corporation which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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.

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 Manitoba Centennial Centre Corporation as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

June 21, 2017

Winnipeg, Canada

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 544,624	\$ 578,696
Term deposits - Province of Manitoba	202,036	413,448
Accounts receivable	394,823	333,112
Capital grant receivable - Province of Manitoba	2,473	164,424
Inventory	52,508	50,556
Prepaid expenses	52,024	37,995
Vacation pay recoverable from the Province of Manitoba (note 4)	199,964	199,964
Other investments	107,897	107,294
	<u>1,556,349</u>	<u>1,885,489</u>
Amounts recoverable - Province of Manitoba:		
Severance (note 4)	307,561	307,561
Pension (note 5)	6,403,000	6,442,829
Capital assets (note 6)	769,542	852,639
	<u>\$ 9,036,452</u>	<u>\$ 9,488,518</u>

2017

2016

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities	\$ 280,232	\$ 469,616
Accrued vacation liability (note 4)	256,497	251,616
Capital advances (note 10)	-	48,434
Deferred income and rental deposits	87,654	79,554
	<u>624,383</u>	<u>849,220</u>
Accrued severance pay (note 4)	322,835	308,480
Accrued sick leave (note 4)	42,635	40,574
Pension liability (note 5)	6,403,000	6,442,829
Deferred contributions related to capital assets (note 7)	601,920	694,773
Fund balances		
Invested in capital assets (note 8)	167,622	157,866
Internally restricted funds (note 9)	427,223	426,620
Unrestricted funds:		
General fund	446,834	568,156
	<u>1,041,679</u>	<u>1,152,642</u>
	<u>\$ 9,036,452</u>	<u>\$ 9,488,518</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Operations

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

	General	Capital	Internally restricted	2017 Total	2016 Total
Revenue:					
Concert Hall	\$ 1,250,788	\$ -	\$ -	\$ 1,250,788	\$ 1,007,543
Rental fees	247,040	-	-	247,040	174,088
Concession sales	473,461	-	-	473,461	345,977
Parking fees	1,369,770	-	-	1,369,770	1,177,963
Miscellaneous	73,060	-	-	73,060	64,554
	<u>3,414,119</u>	<u>-</u>	<u>-</u>	<u>3,414,119</u>	<u>2,770,125</u>
Province of Manitoba grants:					
Operating	2,999,585	-	-	2,999,585	3,054,698
Amortization of deferred contributions (note 7)	-	258,847	-	258,847	257,842
Province of Manitoba - pension, net (note 5)	(182,922)	-	-	(182,922)	(167,885)
	<u>2,816,663</u>	<u>258,847</u>	<u>-</u>	<u>3,075,510</u>	<u>3,144,655</u>
Recoveries of expenses	225,098	-	-	225,098	246,206
Investment income (note 9)	-	-	603	603	442
Total revenues, grants and recoveries	6,455,880	258,847	603	6,715,330	6,161,428
Expenses:					
Administration and general	735,817	-	-	735,817	630,584
Amortization of capital assets	-	330,322	-	330,322	341,201
Concession operations	280,273	-	-	280,273	229,400
Building services and maintenance	1,307,023	-	-	1,307,023	1,363,298
Host services and special projects	464,053	-	-	464,053	436,415
Manitoba Production Centre	253,234	-	-	253,234	225,274
Parking services	292,981	-	-	292,981	287,184
Pension (note 5)	292,754	-	-	292,754	260,301
Security services	588,016	-	-	588,016	562,605
Stage operations	441,321	-	-	441,321	414,700
	<u>4,655,472</u>	<u>330,322</u>	<u>-</u>	<u>4,985,794</u>	<u>4,750,962</u>
Expenses incurred on behalf of The Manitoba Museum (note 11)	1,840,499	-	-	1,840,499	1,808,410
Total expenses (schedule - operating expenses)	6,495,971	330,322	-	6,826,293	6,559,372
Excess (deficiency) of revenue over expenses	\$ (40,091)	\$ (71,475)	\$ 603	\$ (110,963)	\$ (397,944)

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Changes in Fund Balances

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

	General	Capital	Internally restricted	2017 Total	2016 Total
Fund balances, beginning of year	\$ 568,156	\$ 157,866	\$ 426,620	\$ 1,152,642	\$ 1,550,586
Excess (deficiency) of revenue over expenses	(40,091)	(71,475)	603	(110,963)	(397,944)
Transfer of funds related to internally funded capital asset additions	(81,231)	81,231	–	–	–
Fund balances, end of year	\$ 446,834	\$ 167,622	\$ 427,223	\$ 1,041,679	\$ 1,152,642

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (110,963)	\$ (397,944)
Adjustments for:		
Amortization of deferred contributions	(258,847)	(257,842)
Amortization of capital assets	330,322	341,201
	(39,488)	(314,585)
Change in other investments	(603)	(438)
Change in accrued severance pay	14,355	(35,289)
Change in accrued sick leave	2,061	(1,260)
Change in non-cash working capital balances:		
Accounts receivable	(61,711)	90,902
Inventory	(1,952)	(777)
Prepaid expenses	(14,029)	53,483
Accounts payable and accrued liabilities	(189,384)	(116,130)
Accrued vacation liability	4,881	(20,728)
Deferred income and rental deposits	8,100	514
	(277,770)	(344,308)
Financing:		
Capital assets grants and advances - Province of Manitoba	279,511	77,152
Investing:		
Purchase of capital assets	(247,225)	(24,427)
Decrease in cash and cash equivalents	(245,484)	(291,583)
Cash and cash equivalents, beginning of year	992,144	1,283,727
Cash and cash equivalents, end of year	\$ 746,660	\$ 992,144
Cash and cash equivalents consist of:		
Cash	\$ 544,624	\$ 578,696
Term deposits - Province of Manitoba	202,036	413,448
	\$ 746,660	\$ 992,144

See accompanying notes to financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements

Year ended March 31, 2017

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. At March 31, 2017 registered titles to these properties, being the Manitoba Centennial Centre, Manitoba Production Centre, 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. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including PS4200 standards for government not-for-profit organizations.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

3. Significant accounting policies (continued):

(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 Capital Asset 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[e] and 8).

(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 fees contracts and sales of goods is recognized when the services are provided or the goods are sold.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

3. Significant accounting policies (continued):

(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 balances with banks.

(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%
Concrete replacement	8%
Equipment and furnishings	20%
Marquee	20%
Office and building renovations	5% - 10%
Courtyard vestibule	2.5%
Physical plant and building controls	10%
Stage equipment	20%
Security equipment	20%
System and motor controls	10%

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

3. Significant accounting policies (continued):

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 10. 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 Canadian public sector accounting standards section 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 remeasurement 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.

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 remeasurement gains and losses.

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

The Corporation did not incur any remeasurement gains and losses during the year ended March 31, 2017 (2016 - nil) and therefore a statement of remeasurement gains and losses is not required to be included in these financial statements.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

3. Significant accounting policies (continued):

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 year 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.

(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.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

4. 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, 2017, the Corporation has an accrued vacation liability of \$256,497 (2016 - \$251,616).

(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, 2017, based on an actuarial estimate, the obligation for accrued severance pay is \$322,835 (2016 - \$308,480). The significant actuarial assumptions include an interest rate of 6.0 percent (2016 - 6.5 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.

(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 (2016 - 6.0 percent) and a rate of salary increase of 1 percent (2016 - 3.75 percent).

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

5. 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, 2015, the Corporation has recorded an amount of \$6,403,000 in its financial statements, representing the estimated unfunded liability for the Corporation's employees as at March 31, 2017 (2016 - \$6,442,829). Total pension expense of \$470,900 (2016 - \$413,057) has been recorded in the statement of operations (see schedule - operating expenses), or \$292,754 (2016 - \$260,301) 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 \$6,403,000 (2016 - \$6,442,829) equal to the estimated value of its actuarially determined liability in its financial statements, and has recorded the associated net deficit of \$182,922 (2016 - \$167,885) 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:

	2017	2016
Balance, beginning of year	\$ 6,442,829	\$ 6,490,000
Decrease (increase) in trust account held by the Province of Manitoba	(13,880)	(18,730)
Benefits accrued	193,796	159,668
Interest accrued (6.0 percent; 2016 - 6.5 percent)	431,898	394,398
Benefits paid	(670,045)	(590,479)
Actuarial (gains) losses ¹	18,402	7,972
Balance, end of year	\$ 6,403,000	\$ 6,442,829

¹The actuarial valuations as at December 31, 2015 and 2014 were completed in 2017 and 2016, respectively. 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 1 percent (2015 - 3.75 percent).

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

6. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 106,188	\$ 100,670	\$ 5,518	\$ 8,089
Concert hall refurbishments	309,879	237,971	71,908	94,303
Concrete replacement	10,060	8,048	2,012	2,817
Equipment and furnishings	234,024	162,675	71,349	32,495
Marquee	382,230	382,230	–	–
Office renovations	578,096	526,009	52,087	150,881
Courtyard vestibule	250,017	150,010	100,007	125,008
Physical plant and building controls	235,031	193,674	41,357	7,479
Stage equipment	909,563	625,767	283,796	202,085
Security equipment	465,066	361,882	103,184	190,824
System and motor controls	71,158	64,043	7,115	14,231
Assets under construction	31,209	–	31,209	24,427
	\$ 3,582,521	\$ 2,812,979	\$ 769,542	\$ 852,639

7. 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.

	2017	2016
Balance, beginning of year	\$ 694,773	\$ 952,615
Capital grants received and receivable (note 10)	165,994	–
Less amortized to revenue	(258,847)	(257,842)
Balance, end of year	\$ 601,920	\$ 694,773

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

8. Invested in capital assets:

Amounts invested in capital assets are as follows:

	2017	2016
Capital assets (note 6)	\$ 769,542	\$ 852,639
Amounts financed by deferred contributions (note 7)	(601,920)	(694,773)
	\$ 167,622	\$ 157,866

9. Internally restricted funds and other investments:

a) Internally restricted funds:

	2017	2016
Foundation of the Future Fund:		
Balance, beginning of year	\$ 107,298	\$ 106,856
Investment income	603	442
Balance, end of year	\$ 107,901	\$ 107,298
Manitoba Production Centre Fund:		
Balance, beginning and end of year	\$ 30,000	\$ 30,000
Equipment Purchases Fund:		
Balance, beginning of year	\$ 169,322	\$ 177,267
Transferred to general fund	-	(7,945)
Balance, end of year	\$ 169,322	\$ 169,322
Special Projects Fund:		
Balance, beginning and end of year	\$ 120,000	\$ 120,000
Total internally restricted funds, end of year	\$ 427,223	\$ 426,620

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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

(b) Other investments:

Foundation of the Future funds are held in term deposits with the Province of Manitoba maturing within twelve months of the balance sheet date.

10. Capital advances:

Changes in capital funds on projects awarded by the Province of Manitoba during fiscal 2017 and the remaining advances not yet undertaken at March 31, 2017 were as follows:

	2017	2016
Capital advances - Province of Manitoba:		
Advances brought forward from previous years	\$ 48,434	\$ 48,434
<u>Funded during the year / awarded and receivable</u>	<u>165,994</u>	<u>1,096,345</u>
	214,428	1,144,779
Capital expenditures recorded as capital assets in the accounts of the Province of Manitoba (note 3[e]):		
Tenant improvements	48,434	604,579
<u>Lamp Retrofit</u>	<u>–</u>	<u>491,766</u>
	48,434	1,096,345
Funded capital expenditures reflected in the Corporation's financial statements (note 3e)	165,994	–
<u>Advances carried forward to future years</u>	<u>\$ –</u>	<u>\$ 48,434</u>

11. Grant of service:

Manitoba Centennial Centre Corporation incurs expenses such as cleaning, utilities and maintenance on behalf of The Manitoba Museum. These expenses amounted to \$1,840,499 for the year ended March 31, 2017 (2016 - \$1,808,410). Included in these expenses is \$231,103 (2016 - \$205,198) 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, 2017

12. 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 and term deposits - Province of Manitoba.

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, 2017 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. There was no allowance for doubtful accounts at March 31, 2017 and 2016. As at March 31, 2017 and 2016, there were no accounts receivable past due.

There have been no significant changes to the credit risk exposure from 2016.

(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 2016.

13. Economic dependence:

The Corporation is economically dependent on funding received from the Province of Manitoba.

MANITOBA CENTENNIAL CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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 manages financial risk by maintaining a minimum balance of approximately three months of salary and benefits in its unrestricted funds.

The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period.

MANITOBA CENTENNIAL CENTRE CORPORATION

Schedule - Operating Expenses

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

	2017	2016
Administration and general:		
Salaries and employee benefits	\$ 549,072	\$ 529,548
Audit and legal	16,625	26,922
Insurance	77,292	78,634
Telephone and fax	30,247	31,780
Other	240,529	152,849
Marketing	53,153	16,050
	<u>966,918</u>	<u>835,783</u>
Building services and maintenance:		
Salaries and employee benefits	1,404,999	1,472,067
Repairs, maintenance and supplies	510,969	479,466
Utilities	756,654	795,057
	<u>2,672,622</u>	<u>2,746,590</u>
Concession operations:		
Salaries and employee benefits	112,133	95,127
Cost of goods sold	161,356	120,136
Other	6,784	14,137
	<u>280,273</u>	<u>229,400</u>
Host services and special projects:		
Salaries and employee benefits	438,014	409,990
Other	26,039	26,425
	<u>464,053</u>	<u>436,415</u>
Manitoba Production Centre:		
Salaries and employee benefits	1,950	4,397
Administration costs	56,211	52,159
Repairs, maintenance and supplies	33,335	19,227
Property taxes	102,367	99,087
Utilities	59,371	50,404
	<u>253,234</u>	<u>225,274</u>
Parking services:		
Salaries and employee benefits	189,227	192,711
Agency fees and expenses	85,919	76,867
Other	17,835	17,606
	<u>292,981</u>	<u>287,184</u>
Pension	470,900	413,057
Security services:		
Salaries and employee benefits	628,874	592,248
Other	24,795	37,520
	<u>653,669</u>	<u>629,768</u>
Stage operations:		
Salaries and employee benefits	360,573	326,930
Repairs, supplies and equipment	80,748	87,770
	<u>441,321</u>	<u>414,700</u>
Total expenses of general fund	<u>\$ 6,495,971</u>	<u>\$ 6,218,171</u>

