



2007-2008  
**Annual Report**  
OTTAWA CONGRESS CENTRE



An Agency of the Government of Ontario



## Executive Leadership Team

PATRICK KELLY  
President

PAUL KEOGH  
Senior Vice-President,  
Redevelopment and Client Services

ALLISON GEORGE  
Director, Human Resources

FIONA LIVINGSTONE  
Vice-President, Operations  
and Quality

PETER SEGUIN  
Vice-President, Food and Beverage  
(retired December 7, 2007)

MARC-ANDRÉ VARIN  
Vice-President, Marketing and  
Revenue Generation

DAN YOUNG  
Vice-President, Finance

## Board of Directors

JIM DURRELL  
October 25, 2006 to October 24, 2009

GEORGES BÉDARD  
March 28, 2007 to March 27, 2010

DICK BROWN  
April 11, 2006 to April 10, 2009

DALE CRAIG  
April 18, 2007 to April 17, 2010

CYRIL LEEDER  
March 28, 2007 to March 27, 2010

JOANNE LEFEBVRE  
May 17, 2006 to May 16, 2009

CHARLES MEROVITZ  
November 15, 2006 to November 14, 2009

BILL MILLIKEN  
May 17, 2006 to May 16, 2009

LARRY O'BRIEN  
December 1, 2006 to November 30, 2009

PATRICIA PARULEKAR  
May 9, 2007 to May 8, 2010

MARY PITT  
October 11, 2006 to October 10, 2009



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[www.ottawacongresscentre.com](http://www.ottawacongresscentre.com)



# Message from the Chair



The fiscal year 2007-08 was a turning point for the Ottawa Congress Centre. There was a return to profitability with the declaration of a modest operating surplus. The Board of Directors was fully reconstituted. Senior Management was renewed and restructured. Labour relations were much improved.

The viability of the OCC's case for expansion was finally determined following an in-depth analysis which resulted in the Board's recommendation to demolish the existing building and redevelop a state-of-the-art Tier II convention facility on the current site.

The redeveloped Ottawa Congress Centre will offer approximately 200,000 square feet of rentable space in its prime location located within walking distance of hotels, shopping, restaurants and bars, entertainment, cultural and historical attractions including Parliament Hill and the Rideau Canal, a UNESCO World Heritage Site. The new OCC will serve as a gateway to the core of Canada's capital and will offer a welcoming and pedestrian-friendly environment for visitors and citizens alike. The improved Centre will elevate Ottawa's status as a G8 capital city and be a catalyst for other development in the downtown core.

As a result of the ongoing support from funding partners and key stakeholders, commitments and financial resources for the project were secured. Thank you to the Government of Ontario for its \$50 million contribution, the Government of Canada for its \$50 million contribution and the City of Ottawa for its \$40 million contribution. We were also pleased to finalize an 80-year long-term lease agreement with the OCC's landlord, Viking Rideau Corporation. The National Capital Commission has also worked very closely with us and in December, approved the design features of the new landmark facility.

For a major project like the expansion of the Congress Centre to occur, the business community and key industry stakeholders need to be involved. In May 2007, I formed the Chairman's Council on Expansion and invited key business, tourism and industry leaders to bring their insight to the planning table. As a result of these consultations we were able to improve communications and solidify the important support amongst partners that will both use the facility and benefit from it.

This coalition played an extremely important role in the establishment of the Ottawa Tourism Industry Task Force. In early 2008, the Task Force was formed to develop a financial model to assist with the funding of OCC's life cycle and debt financing costs in the years to come. Thanks to the Ottawa Gatineau Hotel Association, Ottawa Tourism, the Ottawa International Airport, Downtown Rideau Business Improvement Area, Byward Market Business Improvement Area and Coventry Connections representing the taxi industry for taking on this leadership role.

I look forward to a continued cooperative relationship as we forge ahead with the expansion of the Ottawa Congress Centre, one of the most important economic development projects for Ottawa's tourism industry in the last 25 years.

Finally, I'd like to recognize and commend the Centre's Board of Directors, Senior Management, employees and our clients for meeting the enormous challenges that we faced in 2007-08. Everyone demonstrated professionalism, long-term thinking and patient understanding as the year unfolded and the plans for the future were realized.

Thanks to each of you for your contribution to our collective success.

A handwritten signature in cursive script that reads "Jim Durrell".

**Jim Durrell**  
Chairman

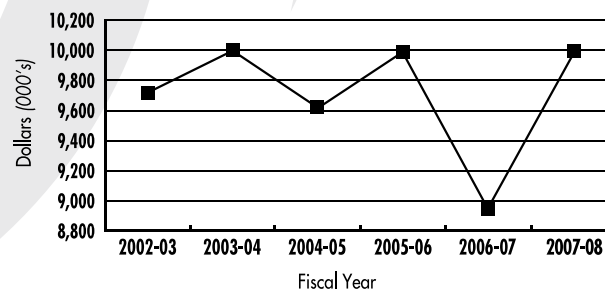
# President's Report



As I look back on the fiscal year that ended on March 31, 2008, I'm very pleased to report we achieved \$10 million in annual revenues resulting in a \$137,000 operating surplus. While the global tourism industry faced some challenges as a result of financial uncertainty, high energy costs and international security risks, we were able to maintain our competitive position. Even with our 25 year old building we were able, through a strong commitment to customer service and sensible financial management, to end the 2007-08 year in a positive position.

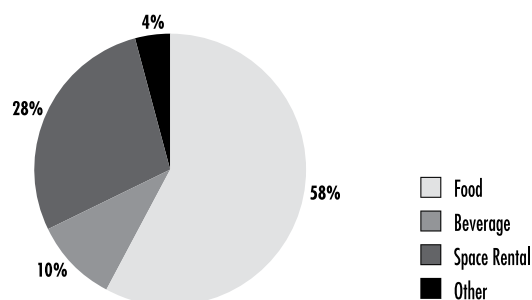
First quarter sales were unexpectedly slower than the previous year and did not meet targeted budgets. As a result, a contingency plan which reduced full-time labour costs and streamlined expenses was implemented in order to maintain a positive operating surplus. At the same time, costs for food and beverage and part-time labour were maintained at traditional margins. While utility costs were higher than anticipated, the contingency plan took that into consideration.

## Revenue Trend Analysis



As a result of the redevelopment announcement, short-term sales activities decreased over previous years. Concurrent with the announcement of redevelopment the Sales team started on the process of working with clients who would be impacted by the closing of the operation. Within months, we had successfully relocated and made alternate arrangements for those clients. In the latter part of the year, Sales started to identify new market opportunities and began converting them into prospects for the new facility. At the end of the fiscal year, sixteen clients had signed a memorandum of understanding, a non-binding commitment to hold their events at the new Ottawa Congress Centre.

## Revenue Mix 2007-2008



In light of the decision to proceed with the redevelopment plan, the \$7 million capital refurbishment plan that was approved by the Board of Directors in January 2007 was scaled back. By the end of March 2008, the centre contracted \$1.1 million of the \$7 million capital refurbishment budget. These purchases were for furnishings, fixtures and equipment that were necessary to service clients' needs through to the close of operations. Most of the purchases were moveable assets that will be put to use in the redeveloped Centre when it opens in April 2011.

This fiscal year was a remarkable year given the corporate restructuring and the resolution of the question of the expansion of the Ottawa Congress Centre as the capital's only dedicated meeting and convention facility. One of my first priorities was to review the management structure of the Centre and in so doing, we undertook a restructuring which streamlined the core areas of business into key operational, financial and marketing sectors.

All of the services that have a direct impact on the quality of the client service experience, from pre-planning to the execution of events, were consolidated under the Client Service department. This includes: food and beverage product and service, housekeeping, housemen, stewarding and cashiers. The Operations and Quality department focuses on the physical building and its assets, and oversees the following areas: engineering, purchasing and receiving, food and beverage control, emergency preparedness and security, capital renovations and quality programming. The Finance department continues to focus on financial analysis, accounts payable and receivable and other ongoing day-to-day financial operations, including redevelopment financial management. The Human Resources Department encompasses employee and labour relations, health and safety, training and development, and payroll. The Marketing & Revenue Management department was re-aligned to concentrate on all matters pertaining to sales, marketing, branding, revenue generation and development of new revenue streams.

Ongoing training for frontline staff during 2007-08 contributed to the overall success of the fiscal year. The Convention Services department's Catering College provided training in customer service delivery for the Centre's servers, housemen and housekeeping staff. Of the 75 staff trained, 80% rated the standards, training and trainers as very good or excellent. Further training in materials handling, materials handling equipment, forklift and tow motor training, crisis management, emergency response and harassment training were also offered to staff.

This fiscal year saw a vast improvement in labour relations with our union. With the announcement of redevelopment and its impact on employees, the OCC and the union representing Security and Service staff, agreed on the conditions for the cessation of work and re-establishment of work upon re-opening. The Memorandum of Agreement was ratified by the union membership in November 2007 and by the OCC Board in December 2007. The union has also agreed to extend the term of the existing collective agreement to September 2012.

Given the significant impact that the redevelopment plan has had on human resources, staff communications has been a priority. Since the redevelopment announcement there have been ongoing individual meetings, regular monthly staff meetings and an employee newsletter has been instituted. Employees were all advised individually about the closure and how it would impact them. Further plans are in place to offer job search and outplacement services to assist employees in finding new employment opportunities when the Centre closes in September 2008.

In closing, I would like to thank the Chair and Board of Directors for their support in my first year as President of the Ottawa Congress Centre and for their leadership in making complex decisions that will have an impact on the nation's capital for years to come.

Finally, I would like to thank management and employees of the Ottawa Congress Centre whose sense of professionalism and loyalty to the Centre and its clients remained their priority during very exciting, yet challenging times.



**Patrick Kelly**  
President

# TABLE 1

## Taxes Generated Through Ottawa Congress Centre Operations

(Unaudited)

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<b>Provincial Taxes Generated</b>						
Employee Income Tax	\$252,713	\$278,834	\$281,862	\$308,027	\$299,056	\$335,224
Employer Health Tax	113,094	126,034	109,360	123,214	118,377	137,570
PST (Revenues)	418,219	439,191	451,318	508,872	468,289	511,547
Alcohol Tax (purchases)	153,696	163,650	178,304	189,971	171,694	161,285
<b>Total Provincial Taxes</b>	<b>\$937,722</b>	<b>\$1,007,708</b>	<b>\$1,020,844</b>	<b>\$1,130,084</b>	<b>\$1,057,415</b>	<b>\$1,145,627</b>
<b>Federal Taxes Generated</b>						
EI (employee)	\$108,278	\$107,431	\$97,264	\$101,075	\$88,945	\$99,384
EI (employer)	141,819	140,335	126,150	130,254	124,522	139,137
CPP (employee)	191,654	210,149	202,758	215,924	202,715	234,498
CPP (employer)	191,654	210,149	202,758	215,924	202,715	234,498
Employee Income Tax	656,982	630,861	677,505	740,398	718,833	805,770
Goods & Services Tax (Net)	560,374	612,843	555,195	527,668	419,097	414,928
Alcohol Tax (purchases)	59,154	62,985	68,625	73,115	66,080	62,075
<b>Total Federal Taxes</b>	<b>\$1,909,914</b>	<b>\$1,974,753</b>	<b>\$1,930,255</b>	<b>\$2,004,357</b>	<b>\$1,822,907</b>	<b>\$1,990,289</b>
<b>Other Taxes Generated</b>						
RMOC - Water	\$43,653	\$41,993	\$38,914	\$44,033	\$43,193	\$59,196
<b>Annual Total Taxes</b>	<b>\$2,891,290</b>	<b>\$3,024,454</b>	<b>\$2,990,013</b>	<b>\$3,178,474</b>	<b>\$2,923,515</b>	<b>\$3,195,112</b>

**OTTAWA CONGRESS CENTRE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2008**





**Newton & Co.**  
Chartered Accountants

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Manotick, ON K4M 1A8

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To the Chairman and Directors of:  
Ottawa Congress Centre

### AUDITORS' REPORT

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We have audited the balance sheet of **Ottawa Congress Centre** as at March 31, 2008 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2008 and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants  
Licensed Public Accountants

Ottawa, Ontario  
July 31, 2008

Philip A. Byrne CA  
E. Jane Francis CA, CMA  
Andrew K. Misener CA  
Kevin R. Vroom CA  
David L. Brown B.A., CA (Retired)

**OTTAWA CONGRESS CENTRE**

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**FINANCIAL STATEMENTS**

**MARCH 31, 2008**

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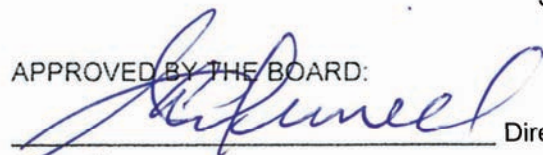
## OTTAWA CONGRESS CENTRE

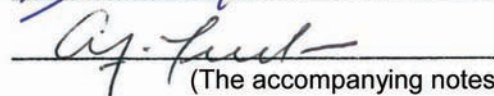
## BALANCE SHEET

AS AT MARCH 31, 2008

	Operating Fund	Capital Fund	Total 2008	Total 2007
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents (note 5)	\$ 82,905	\$ 44,027,105	\$ 44,110,010	\$ 28,342,948
Accounts receivable	712,350	-	712,350	757,515
Interest receivable	2,363	234,383	236,746	435,882
Inventory	149,589	-	149,589	178,233
Prepaid expenses	86,768	-	86,768	100,784
	<u>1,033,975</u>	<u>44,261,488</u>	<u>45,295,463</u>	<u>29,815,362</u>
<b>Property, plant and equipment (note 6)</b>	<b>1,454,476</b>	<b>944,017</b>	<b>2,398,493</b>	<b>2,140,822</b>
<b>Deferred charges (note 3)</b>	<b>-</b>	<b>4,942,424</b>	<b>4,942,424</b>	<b>467,699</b>
	<u>\$ 2,488,451</u>	<u>\$ 50,147,929</u>	<u>\$ 52,636,380</u>	<u>\$ 32,423,883</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 607,946	\$ 1,331,620	\$ 1,939,566	\$ 2,014,522
Customer deposits	975,044	-	975,044	1,092,384
	<u>1,582,990</u>	<u>1,331,620</u>	<u>2,914,610</u>	<u>3,106,906</u>
<b>Deferred contributions related to property, plant and equipment and capital expansion (note 7)</b>	<b>318,670</b>	<b>20,000,000</b>	<b>20,318,670</b>	<b>345,587</b>
	<u>1,901,660</u>	<u>21,331,620</u>	<u>23,233,280</u>	<u>3,452,493</u>
<b>Contingent liabilities (note 11)</b>				
<b>NET ASSETS</b>				
<b>Invested in property, plant and equipment (note 12)</b>	<b>1,135,806</b>	<b>944,017</b>	<b>2,079,823</b>	<b>1,795,235</b>
<b>Unrestricted operating fund</b>	<b>(549,015)</b>	<b>-</b>	<b>(549,015)</b>	<b>(299,892)</b>
<b>Internally restricted capital fund (note 8)</b>	<b>-</b>	<b>27,872,292</b>	<b>27,872,292</b>	<b>27,476,047</b>
	<u>586,791</u>	<u>28,816,309</u>	<u>29,403,100</u>	<u>28,971,390</u>
	<u>\$ 2,488,451</u>	<u>\$ 50,147,929</u>	<u>\$ 52,636,380</u>	<u>\$ 32,423,883</u>

APPROVED BY THE BOARD:

 Director

 Director

(The accompanying notes are an integral part of these financial statements)



## OTTAWA CONGRESS CENTRE

## STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2008

	Operating Fund	Capital Fund	Total 2008	Total 2007
<b>Revenue</b>				
Food	\$ 5,765,960	\$ -	\$ 5,765,960	\$ 4,785,483
Space rental	2,812,595	-	2,812,595	2,667,459
Interest	22,798	1,196,353	1,219,151	1,181,459
Beverage	1,041,682	-	1,041,682	1,119,720
Customer service	344,581	-	344,581	376,296
	<u>9,987,616</u>	<u>1,196,353</u>	<u>11,183,969</u>	<u>10,130,417</u>
<b>Expenses - Schedule 1 and 2</b>				
Direct	5,147,771	-	5,147,771	4,557,108
Facilities	2,338,708	-	2,338,708	2,138,077
Selling, general and administrative	2,364,198	554,502	2,918,700	3,925,111
	<u>9,850,677</u>	<u>554,502</u>	<u>10,405,179</u>	<u>10,620,296</u>
<b>Operating excess of revenue over expenses (expenses over revenue) before undernoted items</b>	136,939	641,851	778,790	(489,879)
<b>Contributions related to capital expansion</b>	-	-	-	(2,023,923)
<b>Impairment of deferred charges related to capital expansion</b>	-	-	-	2,023,971
<b>Amortization of property, plant and equipment</b>	(227,073)	(146,924)	(373,997)	(227,764)
<b>Amortization of deferred contributions related to property, plant and equipment (note 7)</b>	26,917	-	26,917	309,998
<b>Loss on disposal of property, plant and equipment</b>	-	-	-	(280,337)
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>\$ (63,217)</u>	<u>\$ 494,927</u>	<u>\$ 431,710</u>	<u>\$ (688,030)</u>

(The accompanying notes are an integral part of these financial statements)



## OTTAWA CONGRESS CENTRE

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2008

	Invested in PP&E	Operating Fund	Capital Fund	Total 2008	Total 2007
Balance, April 1	\$ 1,795,235	\$ (299,892)	\$ 27,476,047	\$ 28,971,390	\$ 29,659,420
Excess of revenue over expenses (expenses over revenue)	-	(63,217)	494,927	431,710	(688,030)
Net additions to property, plant and equipment	631,668	-	(631,668)	-	-
Amortization of property, plant and equipment	(373,997)	227,073	146,924	-	-
Amortization of deferred contributions related to property, plant and equipment	26,917	(26,917)	-	-	-
Interfund transfer (note 8)	-	(386,062)	386,062	-	-
<b>Balance, March 31</b>	<b>\$ 2,079,823</b>	<b>\$ (549,015)</b>	<b>\$ 27,872,292</b>	<b>\$ 29,403,100</b>	<b>\$ 28,971,390</b>

(The accompanying notes are an integral part of these financial statements)



## OTTAWA CONGRESS CENTRE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,

2008

2007

Net inflow (outflow) of cash related  
to the following activities

## Operating Activities

## Operations

Excess of revenue over expenses (expenses over revenue)	\$	431,710	\$	(688,030)
Add back non-cash outlays:				
Amortization of property, plant and equipment		373,997		227,764
Loss on disposal of property, plant and equipment		-		280,337
Amortization of deferred contributions related to property, plant and equipment		(26,917)		(309,998)
		<u>778,790</u>		<u>(489,927)</u>
Net change in non-cash working capital balances (note 9)		94,666		28,671,436
		<u>873,456</u>		<u>28,181,509</u>

## Investing Activities

Purchase of property, plant and equipment		(631,668)		(494,579)
Expansion and deferred costs (net)		(4,474,726)		(467,651)
		<u>(5,106,394)</u>		<u>(962,230)</u>

## Financing Activities

Contributions related to property, plant and equipment		20,000,000		-
		<u>20,000,000</u>		<u>-</u>

## Net cash inflow

		15,767,062		27,219,279
Cash and cash equivalents, April 1		28,342,948		1,123,669
Cash and cash equivalents, March 31	\$	<u>44,110,010</u>	\$	<u>28,342,948</u>

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less.

(The accompanying notes are an integral part of these financial statements)



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**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2008**

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**1. DESCRIPTION OF BUSINESS**

The Ottawa Congress Centre was incorporated by a special Act of the Ontario Provincial Legislature. The mandate of the Centre is to operate, maintain and manage an international class convention centre facility in the City of Ottawa in a manner that will promote and develop tourism and industry in Ontario. The Centre is exempt from income taxes.

**2. CHANGES IN ACCOUNTING POLICIES**

On April 1, 2007, the Centre adopted the new Sections on Financial Instruments of the Canadian Institute of Chartered Accountants Handbook. These new Handbook Sections provide comprehensive requirements for the recognition, measurement, disclosure and presentation of financial instruments.

Financial instruments categorized as "Loans and Receivables" and "Other Financial Liabilities" will continue to be recorded at amortized cost and those categorized as "Held-for-Trading Financial Assets and Liabilities" will now be recorded at fair value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Ottawa Congress Centre follows the deferral method of accounting for contributions.

**Fund Accounting**

Activities related to food, beverage, service delivery and administrative activities are reported in the Operating Fund.

Activities related to an expanded or retrofitted facility are reported in the Capital Fund as well as property, plant and equipment acquired after 2006.

**Revenue Recognition**

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Use of Estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.



## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Inventory**

The inventory is valued at the lower of cost and replacement cost. Cost is determined using weighted average cost method.

**Property, Plant and Equipment**

The original facility and pre-operating costs were financed by other entities and were acquired April 1, 1984 from the Regional Municipality of Ottawa-Carleton for \$1.

Property, plant and equipment are recorded at cost. Amortization is recorded using the following annual rates and methods:

Building	35 years straight line
Computer hardware and software	3 years straight line
Furniture, equipment and fixtures	5 to 10 years straight line

Amortization of assets under construction begins when they are ready for their intended use.

**Deferred Charges**

Deferred charges relate to costs pertaining directly to the expansion of the Centre's facility but are not part of actual building construction. These costs will be deferred until the expanded facility is ready for productive use at which point they will be amortized over the expected future period of benefit.

**Deferred Contributions Related to Property, Plant and Equipment and Capital Expansion**

Deferred contributions represent the unamortized amounts which are recognized as revenue on the same basis as the amortization of property, plant and equipment, and capital expansion costs.

**Financial Instruments**

The Centre has elected to classify its financial assets and liabilities in the following manner.

*Loans and receivables*

Accounts receivables are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial assets are recognized in the statement of operations in the period in which they arise.

*Held-for-trading financial assets and liabilities*

Cash and cash equivalents are measured at fair value using the market price method. Gains and losses are recognized in the statement of operations in the period in which they arise.



## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)***Other financial liabilities*

Accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial liabilities are recognized in the statement of operations in the period in which they arise.

**4. NEW ACCOUNTING STANDARDS***Accounting changes*

The Canadian Institute of Chartered Accountants issued Section 1506 entitled "Accounting Changes" that includes changes to the previous standard. Entities will only be permitted to change an accounting policy when it is required by a primary source of Canadian generally accepted accounting principles, or when it results in a more reliable and relevant presentation in the financial statements. Also, changes in accounting policy should be applied retroactively and additional information should be disclosed. This Section applies to financial years beginning on or after January 1, 2007. The adoption of this standard did not have an impact on the financial statements.

*Inventories*

The Canadian Institute of Chartered Accountants issued a new accounting standard, Section 3031 "Inventories", which replaces the existing standard for inventories. The main features of the new Section are as follows:

- Measurement of inventories at the lower of cost and net realizable value.
- Consistent use of either first-in, first-out or a weighted average cost formula to measure cost.
- Reversal of previous write-downs to net realizable value when there is a subsequent increase to the value of inventories.

The new Section will apply to financial years beginning on or after January 1, 2008.

**5. CASH AND CASH EQUIVALENTS**

Included in cash are the following cash equivalents:

<u>Cost</u>	<u>Description</u>	<u>Maturity Date</u>
\$ 21,999,786	Bank of Nova Scotia Bankers Acceptance at 4.48%	April 10, 2008
<u>19,999,317</u>	Bank of Nova Scotia Bankers Acceptance at 3.51%	July 2, 2008
<u><u>\$ 41,999,103</u></u>		



## OTTAWA CONGRESS CENTRE

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

## 6. PROPERTY, PLANT AND EQUIPMENT

	2008		2007	
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building	\$ 1,434,963	\$ 412,493	\$ 1,022,470	\$ 1,063,469
Computer hardware and software	382,862	177,568	205,294	276,517
Furniture, equipment and fixtures	4,288,731	3,118,002	1,170,729	800,836
	<u>\$ 6,106,556</u>	<u>\$ 3,708,063</u>	<u>\$ 2,398,493</u>	<u>\$ 2,140,822</u>

## 7. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY, PLANT AND EQUIPMENT AND CAPITAL EXPANSION

Deferred contributions consist of amounts received for the purchase of property, plant and equipment, and capital expansion. They are credited to revenue as the assets are amortized. During the year deferred contributions of \$26,917 (2007 - \$309,998) were recognized as revenue.

## 8. INTERNALLY RESTRICTED CAPITAL FUND

During the 2006 fiscal year, \$28,000,000 was committed by the Province of Ontario and received on April 3, 2006. It is the intention of the Ottawa Congress Centre to use these funds for a capital expansion or retrofit of the existing facility. As such, the Board of Directors has internally restricted these funds for this purpose and any interest earned thereon.

## 9. STATEMENT OF CASH FLOWS

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

	2008	2007
Contribution receivable	\$ -	\$ 28,000,000
Accounts receivable	45,165	3,875
Interest receivable	199,136	(435,882)
Inventory	28,644	(2,299)
Prepaid expenses	14,016	19,648
Accounts payable and accrued liabilities	(74,955)	1,229,814
Customer deposits	(117,340)	(143,720)
	<u>\$ 94,666</u>	<u>\$ 28,671,436</u>



## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments of the Centre consist mainly of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The carrying value of these financial instruments approximate their fair value, given their short-term maturities.

**Credit Risk**

The Centre provides credit to its customers in the normal course of business. The Centre performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses which, to date, have been within the range of management's expectations.

The Centre is exposed to credit risk in the event of non-performance by counterparties. The Centre's activities have a large number of diverse customers which minimizes concentration of credit risk.

**Financing Available**

The Centre has an unused line of credit of \$200,000. Interest is charged at prime plus 0.5%.

**11. CONTINGENT LIABILITY**

A lawsuit was settled during the year regarding a statement of claim issued August 2005 relating to costs and expenses incurred in responding to a proposal. A settlement of \$135,000 was reached. As at March 31, 2008 no further contingent liability related to this item remains.

**12. NET ASSETS INVESTED IN PROPERTY, PLANT AND EQUIPMENT**

Net assets invested in property, plant and equipment consist of the following:

	Operating Fund	Capital Fund	Total
Property, plant and equipment	\$ 1,454,476	\$ 944,017	\$ 2,398,493
Less: Deferred contributions related to property, plant and equipment	318,670	-	318,670
	<u>\$ 1,135,806</u>	<u>\$ 944,017</u>	<u>\$ 2,079,823</u>

**13. EXPANSION INITIATIVE**

On September 18, 2007, the Board of Directors approved a plan of redevelopment for the Centre. The plan calls for the demolition of the existing building and the redevelopment of a state-of-the-art convention facility on the existing site. This will require the current operations to shut down commencing August 31, 2008 and undergo a 6 month demolition followed by a 2 year construction period. The Centre will only be operational for a 5 month period during fiscal year 2008-2009.



## Schedule 1

## OTTAWA CONGRESS CENTRE

## DIRECT EXPENSES

FOR THE YEAR ENDED MARCH 31,	2008	2007
Part-time labour	\$ 1,705,058	\$ 1,330,063
Food and beverage	1,618,884	1,449,063
Full-time salaries	1,484,711	1,445,643
Laundry and linen	135,104	116,491
China/glassware and cutlery	95,670	120,057
Flowers and decorations	64,496	57,777
Dishwashing products	19,028	15,210
Credit card commissions	15,159	14,293
Uniforms	4,733	4,017
Equipment rentals	1,986	2,450
Ticket printing	1,637	-
Liquor delivery	1,305	2,044
	<u>\$ 5,147,771</u>	<u>\$ 4,557,108</u>

## OTTAWA CONGRESS CENTRE

## FACILITIES EXPENSES

FOR THE YEAR ENDED MARCH 31,	2008	2007
Full-time salaries	\$ 622,673	\$ 583,911
Utilities	563,285	464,700
Housekeeping	377,237	317,545
Maintenance contracts	264,476	276,384
Security	241,611	254,280
Part-time labour	151,418	124,244
Maintenance supplies	58,318	66,745
Uniforms	38,600	31,177
Licences and permits	7,423	5,331
Meeting materials	7,413	4,777
Equipment rentals	6,254	8,083
Consulting fees	-	900
	<u>\$ 2,338,708</u>	<u>\$ 2,138,077</u>



## Schedule 2

## OTTAWA CONGRESS CENTRE

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31,

2008

2007

Salaries and benefits	\$ 1,570,164	\$ 2,432,240
Advertising and promotion	342,353	351,749
Office expenses	150,545	200,223
Insurance	100,180	107,704
Professional fees	50,857	173,820
Telephone	38,395	43,611
Bank charges and interest	21,691	21,000
Directors' fees	21,525	21,350
Travel	19,873	37,900
Associations and memberships	17,374	35,853
Postage and delivery	15,223	12,759
Consulting fees	9,698	62,471
Bad debts	6,320	9,132
Labour disruptions	-	415,299
	<u>\$ 2,364,198</u>	<u>\$ 3,925,111</u>

