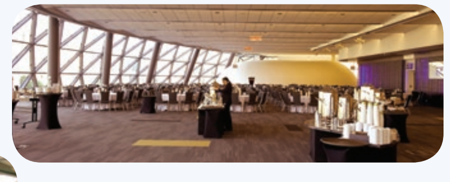
OTTAWA CONVENTION CENTRE

CENTRE DES CONGRÈS D'OTTAWA

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



ANNUAL REPORT 2011/2012

Executive Leadership Team

PATRICK KELLY
PRESIDENT

PAUL KEOGH
SENIOR VICE-PRESIDENT,
SALES AND CLIENT SERVICE

DAN YOUNG
VICE-PRESIDENT,
FINANCE AND ADMINISTRATION

JENNIFER MCCRARY
GENERAL MANAGER

ANDREW BEATTIE
VICE-PRESIDENT,
SALES AND MARKETING
(APRIL 1 – FEBRUARY 6)

Board of Directors

JIM DURRELL (CHAIR)
OCTOBER 25, 2006 – OCTOBER 24, 2012

BERNIE ASHE
OCTOBER 23, 2008 –
DECEMBER 31, 2013

DICK BROWN
APRIL 11, 2006 – APRIL 10, 2012

DALE CRAIG
APRIL 18, 2007 – APRIL 17, 2013

CYRIL LEEDER
MARCH 28, 2001 – DECEMBER 31, 2013

JOANNE LEFEBVRE
MAY 17, 2006 – MAY 16, 2012

CHARLES MEROVITZ
NOVEMBER 15, 2006 –
NOVEMBER 14, 2012

BILL MILLIKEN
MAY 17, 2006 – MAY 16, 2012

PATRICK W. MURRAY
APRIL 16, 2008 – APRIL 15, 2014

PATRICIA PARULEKAR
MAY 9, 2007 – MAY 8, 2013

MARY PITT
OCTOBER 11, 2006 –
OCTOBER 10, 2012

JIM WATSON
JANUARY 26, 2011 –
DECEMBER 31, 2013

OTTAWA CONVENTION CENTRE | CENTRE DES CONGRÈS D'OTTAWA
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Tel. (613) 563-1984; 1-800-450-0077; Fax (613) 563-7646
www.ottawaconventioncentre.com

Ontario

Message from the Chair

The new Ottawa Convention Centre (OCC) opened its doors in April 2011, and immediately raised the Capital's profile and delivered on the promise of hosting more and larger events. The Centre was built thanks to the cooperative efforts of, and investment from, the Province of Ontario, the City of Ottawa, and the Government of Canada. All realized significant direct returns on that investment during the Centre's first year of operation – and will continue to in the years and decades ahead.

Everyone at the Ottawa Convention Centre–the Executive Leadership Team, colleagues, and our partners–deserves congratulations for bringing this splendid new venue to life and making memorable moments for the almost quarter of a million people who attended conventions and events at OCC in 2011/2012. Included among that number were close to 34,000 out-of-town delegates who attended 40 national and international conventions at OCC – and spent an estimated $78 million while in the Capital. Total direct spending on events at OCC was an estimated $83 million, with close to $32 million of that going to the three levels of government as tax revenue.

By all measures, OCC's first year of operation was an unqualified success for the city, the province, and the nation. Nevertheless, challenges remain. Chief among these is the clear need for the addition of one more downtown hotel. While the Centre is fortunate to have about 6,000 hotel rooms within easy walking distance of its doors, the first year of operation demonstrated the need for another large hotel to meet peak demand. The Ottawa Convention Centre also remains committed to the installation of an 'art wall' on its east side.

The year also saw the completion of the Crichton Street project, started while the OCC was being redeveloped. Also known as a Collective Act of Kindness, the project brought together building and trades unions working for PCL Constructors, GB Associates, BBB Architects, Ottawa Building and Construction Trades Council, the OCC and many others to demolish a collapsing building at 245 Crichton Street and replace it with a modern, accessible apartment building. The building was completed and is now available to accommodate up to six families in need.

In conclusion, I would like to personally acknowledge and thank members of the Board of Directors for their service and invaluable guidance during this exciting and eventful year.

Jim Durrell
Chair

www.ottawaconventioncentre.com | CANADA'S MEETING PLACE

Message from the President

Did the new Ottawa Convention Centre live up to its potential during its first year of operation? The numbers tell the story. The new OCC hosted 562 events that attracted 240,000 people. Those events included 40 national and international conventions that were attended by 33,850 delegates and over 1000 exhibitors. Events of note included the national conventions of the Conservative Party of Canada and the Liberal Party of Canada, Northern Lights 2012, the 2012 Juno Awards Gala Dinner, the NHL All Star Weekend, plus many popular events including the Ottawa Gatineau International Auto Show and the Ottawa Wine and Food Festival. More than 900 jobs were directly and indirectly supported by the Centre, resulting in over $30 million in wages and salaries. Total direct spending on events at the Centre was $83 million. Tax revenue generated was close to $18 million for the federal government and $13 million for the province of Ontario.

The numbers were indeed impressive. But they only tell part of the story. Of equal importance was the performance of our Executive Leadership Team, our colleagues, and OCC's principal service partners– ARAMARK, Freeman and AVW TELAV Audio Visual Services. All OCC service partners are held to performance and service level standards that meet stringent OCC and client expectations. These standards include providing products and services in both official languages while conforming to LEED environmental standards and AODA Customer Service standards.

As our facility service partner, ARAMARK continues to meet our clients' demanding program schedules and intricate food and beverage requirements while maintaining exceptional service levels. During our first year of operation, OCC has continually met the challenge of multifaceted national and international events, many of which could not have been hosted in Ottawa prior to the redevelopment of OCC due to size and production constraints. ARAMARK, as a seamless and integral partner of OCC, is completely aligned with the Centre's strategic objectives, pricing and service competitiveness.

OCC's reputation as a technologically advanced facility has been strengthened with our technology service partnership with AVW TELAV. As our technology service partner, AVW TELAV provides the Centre and our event producers exciting and vivid audio visual presentation solutions, Internet, Wi-Fi connectivity and communication devices for large and small delegate bases.

During the year, OCC continued to work closely with our destination partners at Ottawa Tourism, Ottawa International Airport Authority and the Ottawa Gatineau Hotel Association. Together, we are committed to raising the destination's profile and winning business from the highly competitive conventions marketplace in Canada, North America and beyond.

The new OCC was many years in the making. But its first year of operation clearly demonstrated that it was well worth the wait, as illustrated by the client comments below:

The Ottawa Convention Centre was a beautiful building aesthetically and technically to hold the 2012 Scotiabank NHL Fan Fair event. AVW-TELAV's key internal knowledge of the OCC really helped make this signature NHL event a success.

Nicholas Gennarelli,
Senior Manager, NHL Events

We would definitely use OCC again should the opportunity arise: they provide a high level of service and are committed to being a top location for booking events.

Martine Pigeon,
BDO Canada LLP/s.r.l.

During a convention I attended in your facility I was impressed with the cleanliness of the building and the attitude of your staff – from housekeeping to servers to security personnel, everyone was very helpful and attentive. It is the little things that make a person's visit to this City and to the Convention Centre memorable, and you certainly succeeded. Thank you.

Norma Lamont,
Biennial Liberal Convention Delegate

Patrick Kelly
President

2011/12 Operational Highlights

At the close of 2011/2012, convention booking pace and associated revenues for the upcoming five-year period (2012/2013 – 2016/17) were on target with 95 conventions already confirmed. Of particular note, the upcoming year is looking very favourable, as we have already exceeded convention booking goals for 2012/2013.

Just weeks after opening, OCC welcomed 2,500 Conservative Party convention delegates and we never looked back. In January 2012 (typically an off-peak month), OCC hosted the Liberal Party Convention as well as the NHL All Star Weekend. None of these events could have met in the Nation's Capital without the redeveloped OCC, so the positive impact of our new facility was felt immediately and in tangible ways. But we know that there is room for improvement, and we are committed to acting on the feedback we have received to further enhance our products and services, and to improve upon our already impressive convention booking pace performance for future years.

To that end, as we approached the conclusion of the first operational year in the new building, we took stock and reviewed our organizational structure to ensure our clients' needs were being met in an efficient and effective way. Adjustments were made to support our goal of seamless service delivery, and we are well positioned to forge ahead and refine our processes and procedures as we move into year two.

Corporate Goals

OCC's corporate goals are set annually and focus on four strategic imperatives: The Owner, The Client, The Colleague & Partner and The Community.

The Owner

Recognizing the important role played by OCC in generating broad economic benefits throughout the community, we will maintain a system for calculating and documenting economic benefits arising from our activities and how these benefits are distributed throughout the community.

2011/12 Economic Impact Numbers

- 562 events
- 240,000 attendees
- 40 national and international conventions
- 33,850 convention delegates and over 1000 non local exhibitors
- The direct spending on convention centre events including out-of-town delegates, exhibitors and production is estimated at $83 million
- $15.2 million gross revenue
- $70,000 net operating profit
- ($1.4 million) operating loss after interest
- $6.6 million booking pace

During the 2011 fiscal year, Ottawa Convention Centre held 40 events that drew at least 25% non-local attendance. These events attracted approximately 33,850 delegates/attendees from outside of Ottawa, and over 1,000 non-local exhibitors (represented by over 4,000 staff members). The total direct spending by these non-local visitors is estimated at approximately $78 million ($65 million in delegate/attendee spending and $13 million in exhibitor spending). When the production costs of the convention centre are included, the direct spending on convention centre events that draw out-of-town delegates and exhibitors is estimated at just over $83 million. The $83 million in direct spending contributes approximately $67 million to Ottawa's GDP. Specifically, this includes $45 million in GDP that comes directly from companies providing goods and services, $11 million that is generated indirectly from related supplier industries and $11 million that is induced from employees spending their earnings. Approximately 1,171 jobs are supported, resulting in $43.5 million in labour income. This includes $30 million in labour income that stems from 907 jobs that are supported directly.

In our inaugural year, our goal was to achieve just over $17 million in gross revenues, with an operating loss of $525,000 after interest expense. As the attached financial statements illustrate, we achieved gross revenue of just over $15 million (87% of target), a net operating profit of $70,000 and an operating loss after interest expense of $1.4 million. Although we did not achieve our initial financial goals, we have remained cash positive for the entire operating year. Our results nonetheless compared very well against convention centres within our competitive set, suggesting that our first year financial targets may have been overly ambitious.

Our convention booking pace target for the period 2012/13 to 2016/17 was set at $6.4 million. Our actual result was $6.58 million in future convention business, or 103% of our goal.

The Client

OCC recognizes the paramount importance of client satisfaction and reflects this through systems and procedures that ensure superior customer service from initial contact through to final invoicing. As we went into our first year of operations, we implemented a Client Satisfaction Survey, which is sent to each and every one of our clients. Our goal was an overall satisfaction rate of 4.3/5 and a response rate of 40%. Our response rate was 45% and our overall satisfaction score was 4.1/5. Our top score was in the category of Customer Service from our staff (4.3/5); areas for improvement were within the sales process and the event planning process.

We also set a goal for ourselves to develop and implement standards and processes necessary for the successful application for AIPC Gold Certification. In May 2012, OCC achieved AIPC Quality Standards Gold Certification with the successful completion of an audit by the designated external auditor for AIPC (International Association of Congress Centres).

As the Ottawa Convention Centre is an operational agency of the government of Ontario, and as such is guided by the Accessibility for Ontarians with Disabilities Act (AODA), we set a goal for the first year of operation to ensure that the facility and operating standards meet or exceed AODA requirements. We are proud to confirm that OCC meets the most stringent technical accessibility requirements of the guiding building codes and standards used in the redevelopment project, including the Ontario Building Code, the CSA B651 Accessibility of the Built Environment Standard, the Americans with a Disability Act Accessibility Guidelines, and the AODA Accessible Environment Standard.

Colleagues & Partners

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

In 2011/12, our first year of operations, our goal was to develop and implement a colleague satisfaction survey and use our first year's results as our base level. We successfully developed the survey and conducted our first survey in February. The overall survey results were 2.89/4. We received the highest results for treating colleagues with respect, making them feel welcomed and treating them fairly. Areas for improvement are to provide more team-building activities, provide more on-going training and communicate company information on a more regular basis.

OCC's partners were selected based on their professionalism, experience, reputation and value for money in order to maintain client satisfaction and industry standards. OCC will ensure our partners adhere to the same operating standards as OCC staff themselves. OCC's goal was to ensure that

OCC service culture was incorporated into all service partners' training programs and we can report that all vision, values and shared commitments have been communicated to and agreed to by our service partners. Service partner personnel sign our Shared Commitments document.

The Community

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

OCC had a goal to develop a program of showcasing the new iconic building to the public. Shortly after we opened our doors, we hosted a community day whereby the public was invited to tour the facility and learn about the building. Going forward, OCC has implemented twice-monthly public tours.

OCC recognizes the importance of environmental responsibility for major facilities and as such set goals to develop procedures and systems that minimize the impacts of our business activity on the environment, including waste management, energy conservation and recycling. Our goals in 2011/12 were to establish a colleague Green Team, establish waste and utility management policies and practices to ensure compliance with LEED and our Environmental Charter. We are pleased to report that Green Team members have been identified and that waste management data is being collected on a monthly basis and goals are being set for the upcoming year. OCC remains on track to receive LEED Silver Certification.

Operating statistics 2011/2012

Number of Events	562
Number of Conventions	40
Number of Trade and Consumer Shows	11
Number of Meetings	321
Revenue	$15,180,833

Occupancy 2011/2012

	1ST Qrt	2nd Qrt	3rd Qrt	4th Qrt	TOTAL
Exhibit Hall	59%	17%	56%	60%	47%
Ballroom	67%	18%	70%	34%	46%
Meeting Rooms	50%	23%	55%	48%	43%
Total Occupancy	57%	19%	58%	51%	45%

Mandate

The Ottawa Convention Centre (OCC) is an agency of the Government of Ontario and is governed by the Ottawa Convention Centre Corporation Act (1988).

The OCC is an Operational Enterprise Agency with a mandate, as provided in the Act, 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 OCC opened in 1983 and is operated by a twelve member Board of Directors with nine provincial and three municipal appointees.

Vision and Core Purpose Statement

CORE PURPOSE

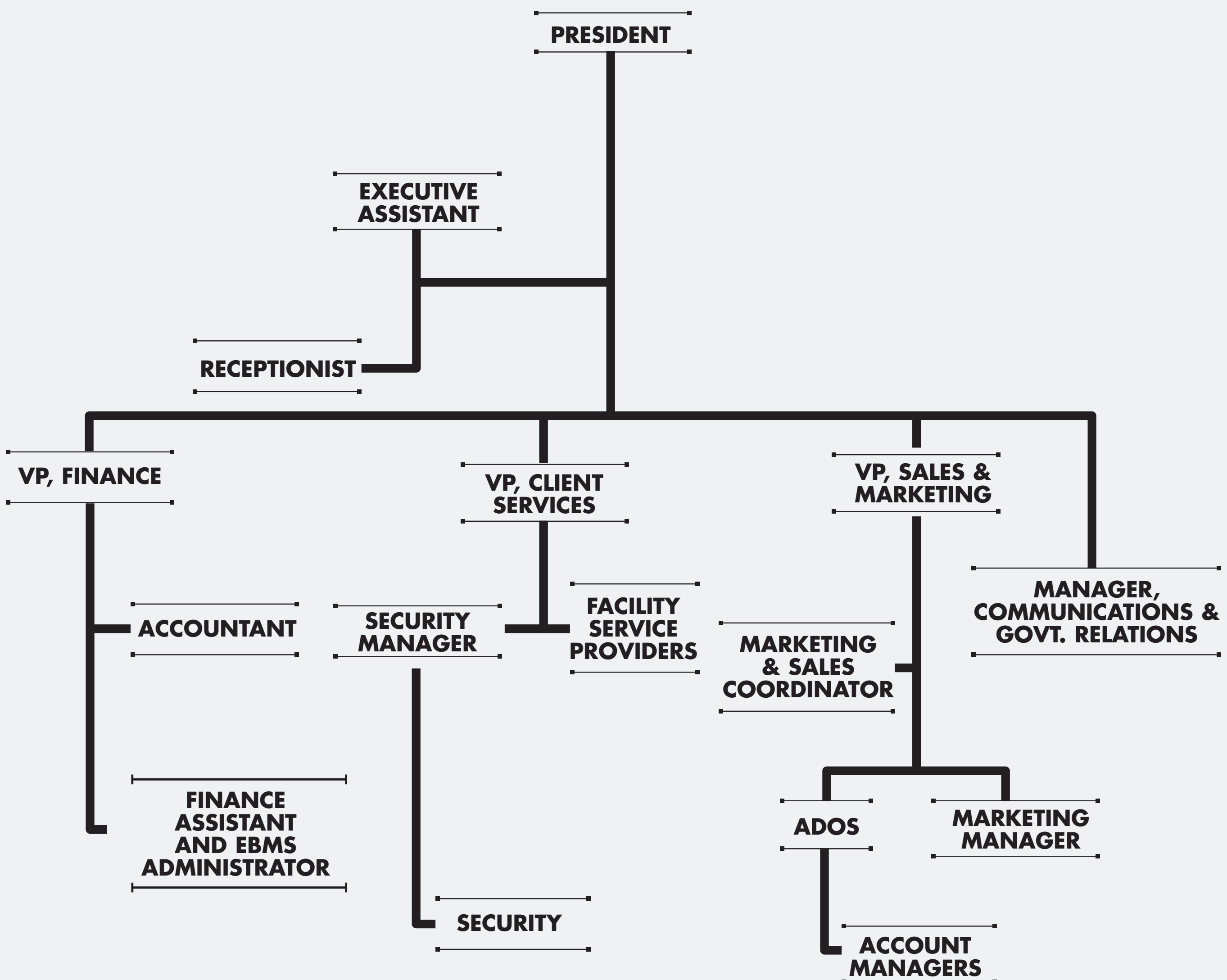
We are Canada's Meeting Place.

We provide the stage where Canadians and guests from around the world come together in Ottawa, our capital, to learn and grow by sharing their knowledge, views and practices.

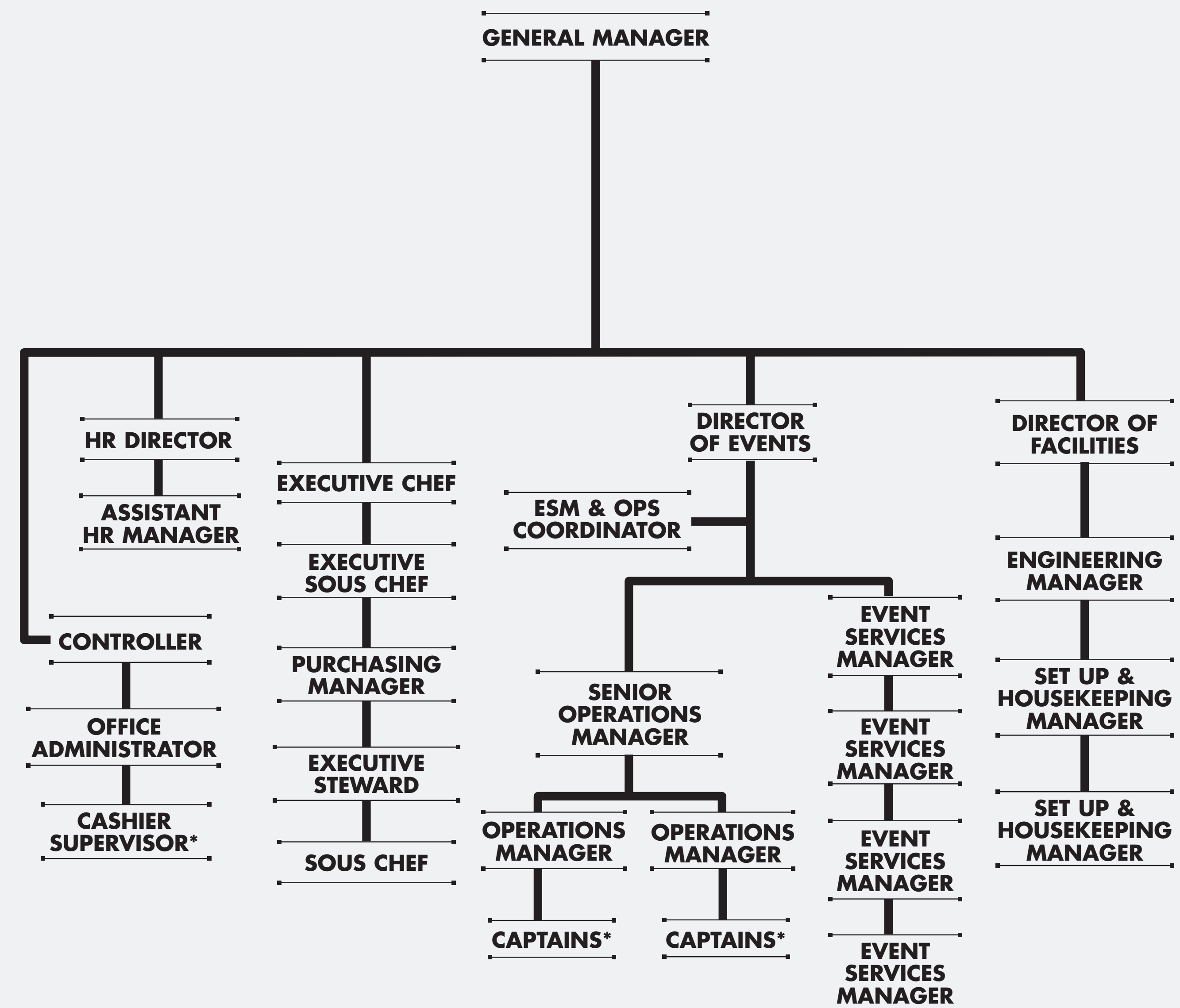
VISION

Inspired People Creating Extraordinary Events

Ottawa Convention Centre Organization Structure 2011/12



OCC – Facility Services Organization Chart 2011/12



*HOURLY POSITION

Ottawa Convention Centre Corporation Financial Statements

For the year ended March 31, 2012

Ottawa Convention Centre Corporation
Financial Statements
For the year ended March 31, 2012

Contents

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BDO Canada LLP
1730 St-Laurent Boulevard
Suite 100
Ottawa ON K1G 5L1 Canada

Independent Auditor's Report

To the Members of
Ottawa Convention Centre Corporation

We have audited the accompanying financial statements of Ottawa Convention Centre Corporation, which comprise the balance sheet as at March 31, 2012, and the statement of revenues and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Convention Centre Corporation as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Ottawa, Ontario
July 18, 2012

Ottawa Convention Centre Corporation
Balance Sheet

March 31,	2012	2011
Assets		
Current		
Cash	$ 3,324,256	$ 2,835,736
Accounts receivable	1,297,568	1,367,209
Prepaid expenses	87,438	18,074
	4,709,262	4,221,019
Property, plant and equipment (Note 1)	175,936,970	160,327,805
Deferred charges	-	1,205,049
	$ 180,646,232	$ 165,753,873
Liabilities and Net Assets		
Current		
Loans payable	$ -	$ 6,000,000
Accounts payable and accrued liabilities	3,273,919	6,503,386
Deferred revenue and deposits	1,601,837	1,042,098
Current portion of long-term debt (note 4)	122,331	-
	4,998,087	13,545,484
Construction holdback payable	251,500	14,216,973
Deferred revenue and deposits	266,473	140,000
Long-term debt (note 4)	42,237,824	-
Deferred contributions related to property, plant and equipment	119,817,402	120,137,970
Deferred contributions related to deferred charges	-	512,032
	167,571,286	148,552,459
Commitments and contingent liability (notes 5 and 6)		
Net assets	13,074,946	17,201,414
	$ 180,646,232	$ 165,753,873

APPROVED BY THE BOARD:

_______________ Director _______________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation
Statement of Revenues and Expenses

For the year ended March 31,	2012	2011
Revenue		
Food and beverage	$ 10,163,145	$ -
Space rental	3,272,212	-
Commissions	1,461,726	5,000
Advertising	181,835	-
Other	70,683	6,878
Interest earned	31,232	53,706
	15,180,833	65,584
Expenses		
Direct (Schedule 1)	7,201,441	-
Facilities (Schedule 2)	4,829,587	75,295
Selling, general and administrative (Schedule 3)	3,079,552	4,004,258
	15,110,580	4,079,553
Operating excess of expenses over revenue before undernoted items	70,253	(4,013,969)
Interest on long-term debt	(1,210,577)	-
Interest on loans payable	(254,713)	(143,995)
Amortization of deferred contributions related to property, plant and equipment	3,283,164	-
Amortization of deferred contributions related to deferred charges	549,435	-
Amortization of property, plant and equipment	(5,258,078)	(61,502)
Amortization of deferred charges related to redevelopment	(1,305,952)	-
Loss on disposal of property, plant and equipment	-	(127,131)
Excess of expenses over revenue	$ (4,126,468)	$ (4,346,597)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation
Statement of Changes in Net Assets

For the year ended March 31,	2012	2011
Balance, April 1	$ 17,201,414	$ 21,548,011
Excess of expenses over revenue	(4,126,468)	(4,346,597)
Balance, March 31	$ 13,074,946	$ 17,201,414

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation
Statement of Cash Flows

For the year ended March 31,	2012	2011
Net inflow (outflow) of cash related to the following activities		
Operating Activities		
Excess of expenses over revenue	$ (4,126,468)	$ (4,346,597)
Add back non-cash outlays:		
Amortization of property, plant and equipment	5,258,078	61,502
Amortization of deferred charges related to redevelopment	1,305,952	-
Loss on disposal of property, plant and equipment	-	127,131
Amortization of deferred contributions related to property, plant and equipment	(3,283,164)	-
Amortization of deferred contributions related to deferred charges	(549,435)	-
	(1,395,037)	(4,157,964)
Net change in non-cash working capital balances (note 2)	(2,542,978)	(3,624,061)
	(3,938,015)	(7,782,025)
Investing Activities		
Purchase of property, plant and equipment	(20,867,243)	(47,043,880)
Increase (decrease) in construction holdback payable	(13,965,473)	4,201,590
Redevelopment and deferred costs	(100,903)	(161,928)
	(34,933,619)	(43,004,218)
Financing Activities		
Increase in (repayment of) loans payable	(6,000,000)	6,000,000
Increase in long-term debt	42,486,236	-
Repayment of long-term debt	(126,081)	-
Contributions related to property, plant and equipment	2,962,596	32,543,293
Contributions related to deferred charges	37,403	118,444
	39,360,154	38,661,737
Net cash inflow (outflow)	488,520	(12,124,506)
Cash, April 1	2,835,736	14,960,242
Cash, March 31	$ 3,324,256	$ 2,835,736
Supplemental Cash Flow Information		
Interest paid	$ 1,352,048	$ 143,995

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Description of Business

The Ottawa Convention Centre Corporation 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 was closed from September 2008 to April 2011 as it underwent a redevelopment plan. The Centre is exempt from income taxes.

Revenue Recognition

The Centre follows the deferral method of accounting for contributions.

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

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

Contributed Materials and Services

The Centre receives contributed materials and services. Since these materials and services are either not normally purchased by the Centre or the fair value of the materials or services can not be reasonably estimated, contributed services and materials are not recognized in these financial statements.

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

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Amortization is recorded using the following annual rates and methods, except in the year of acquisition when a pro-rated share of the year's amortization is recorded based on the fiscal quarter in which the asset is acquired:

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

Deferred Charges

Deferred charges represent pre-operating costs pertaining to the redevelopment initiative with future benefit, but not part of the construction of the new convention facility. These charges were fully amortized during the 2012 fiscal year upon the opening of the new facility and conclusion of the pre-operating period.

Deferred Contributions Related to Property, Plant and Equipment and Deferred Charges

Deferred contributions represent the unamortized amounts which are recognized as revenue on the same basis as the amortization of property, plant and equipment. Deferred contributions related to deferred charges were recognized upon the amortization of those charges.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Centre’s designation of such instruments. Settlement date accounting is used.

The Centre has classified its financial instruments as follows:

Asset/Liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Construction holdback payable	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

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

March 31, 2012

Impairment of Long-Lived Assets

Long-lived assets including property, plant and equipment, and deferred charges are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized of the amount by which the carrying amount of the asset exceeds its fair value.

New Accounting Standards

In December 2010, the Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs) as follows:

Government (public sector) NPOs have a choice of:

1. Public Sector Accounting Standards with the current series of NPO-specific standards added with some minor changes; or

2. Public Sector Accounting Standards.

PSAB requires NPOs to adopt their standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting Part V - Pre-Changeover Standards. The Centre has determined they should follow Public Sector Accounting Standards with the government not-for-profit organization specific standards (PS 4200 - PS 4270).

March 31, 2012

1. Property, Plant and Equipment

	2012			2011
	Cost	**Accumulated Amortization**	**Net Carrying Amount**	Net Carrying Amount
Building	**$ 169,833,716**	**$ 4,245,843**	**$ 165,587,873**	$ -
Software	**274,577**	**134,592**	**139,985**	122,327
Furniture, equipment and fixtures	**7,984,385**	**840,321**	**7,144,064**	6,535,465
Technology network	**2,476,912**	**165,127**	**2,311,785**	-
Land	**753,263**	**-**	**753,263**	753,263
Construction-in-progress (not amortized)	**-**	**-**	**-**	152,916,750
	$ 181,322,853	**$ 5,385,883**	**$ 175,936,970**	$ 160,327,805

2. Net Change in Non-Cash Working Capital Balances

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

	2012	2011
Accounts receivable	**$ 69,641**	$ (1,219,542)
Prepaid expenses	**(69,364)**	11,212
Accounts payable and accrued liabilities	**(3,229,467)**	(3,358,533)
Deferred revenue and deposits - current	**559,739**	1,042,098
Deferred revenue and deposits - long-term	**126,473**	(99,296)
	$ (2,542,978)	$ (3,624,061)

3. Financial Instruments and Risk Management

Credit Risk

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

3. Financial Instruments and Risk Management (cont'd)

Liquidity Risk

Liquidity risk refers to the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its long-term debt. During fiscal 2012 the Centre was in compliance with loan covenants and was able to discharge its liabilities, and the Centre expects to continue to do so during fiscal 2013. However, in the longer range the Centre continues to forecast operating losses after interest expense and as such is forecasting that it will be unable to meet the debt service requirements in fiscal 2014 and beyond. The Company's ability to discharge its liabilities in fiscal 2014 and beyond depends upon management successfully renegotiating its long-term debt.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Centre has $40,000,000 in debt bearing interest at the Province of Ontario's cost of funds plus 0.525% annually. Management does not consider the Centre to be exposed to significant interest rate risk.

Financing Available

The Centre has an unused line of credit of $5,000,000. Interest is charged at prime.

4. Long-term Debt

	2012	2011
Loan payable from the Ontario Financing Authority, interest charged at the province's cost of funds plus 0.525%, compounded annually. Interest-only payment due September 2012, with interest plus principal payments of $2,807,047 due in September annually from 2013 through 2036.	$ 40,000,000	$ -
Debt related to acquisition of technology services network. Interest imputed at the Centre's borrowing rate of 4.7%. Blended monthly payments of $19,167 due beginning April 2011 through March 2026.	2,360,155	-
	42,360,155	-
Less current portion	122,331	-
	$ 42,237,824	$ -

Long-term debt matures over the next five years as follows:

Fiscal year ended:	
March 31, 2013	$ 122,331
March 31, 2014	$ 1,066,417
March 31, 2015	$ 1,116,370
March 31, 2016	$ 1,168,663
March 31, 2017	$ 1,223,406

5. Commitments

The Centre has entered into facility services and technology services agreements related to the operation of the new facility, both elapsing in 2026. Under the facility services agreement, among other terms, the Centre will pay a facility management fee of $200,000 in the first year with annual escalations of $10,000 thereafter. Under the technology services agreement, the Centre will make annual payments of $276,000 attributable to the ongoing service agreement. All figures are excluding applicable taxes.

6. Contingent Liability

The Centre has an outstanding standby letter of credit of $44,500 (2011 - $444,500) at March 31, 2012. The letter is with regard to works and services pursuant to a road modification agreement with the City of Ottawa.

March 31, 2012

7. Capital Management

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

8. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the 2012 financial statement presentation.

Ottawa Convention Centre Corporation
Schedule 1 - Direct Expenses

For the year ended March 31,	2012	2011
Food and beverage	$ 7,275,510	$ -
Labour (recovery)	(74,069)	-
	$ 7,201,441	$ -

Ottawa Convention Centre Corporation
Schedule 2 - Facilities Expenses

For the year ended March 31,	2012	2011
Labour	$ 2,557,917	$ -
Utilities	930,997	-
Facility maintenance	494,421	7,668
Network management	296,000	-
Facility management fees	200,000	-
Maintenance supplies	151,211	-
Equipment rentals	102,215	-
Workers' compensation	39,254	67,627
Uniforms	33,875	-
Laundry	23,697	-
	$ 4,829,587	$ 75,295

Ottawa Convention Centre Corporation
Schedule 3 - Selling, General and Administrative Expenses

For the year ended March 31,	2012	2011
Salaries, benefits, and subcontractors	**$ 1,586,161**	$ 2,323,935
Advertising and promotion	**782,245**	712,574
Insurance	**211,889**	40,715
Telephone	**106,705**	50,561
Office expenses	**103,428**	184,880
Professional fees	**81,100**	113,895
Bank charges	**73,016**	16,184
Bad debts	**58,778**	-
Directors' fees	**58,070**	64,177
Associations and memberships	**38,087**	37,271
Consulting fees	**23,558**	20,381
Travel	**10,579**	15,606
Postage and delivery	**6,761**	7,780
Opening Ceremony	**1,033**	-
Moving and lease costs (recovery)	**(61,858)**	416,299
	$ 3,079,552	$ 4,004,258