2015|2016

ANNUAL REPORT

OTTAWA CONVENTION CENTRE
CENTRE DES CONGRÈS D'OTTAWA

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

EXECUTIVE LEADERSHIP TEAM

Nina Kressler
President & CEO

Dan Young
Vice-President & COO

Paul Keogh
Senior Vice-President,
Sales and Client Service

Loretta Briard
General Manager

Ontario

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OCC BOARD OF DIRECTORS

Marc Seaman
(Chair - December 13, 2013 to December 12, 2017)
August 20, 2012 to December 12, 2017

Bernie Ashe
October 23, 2008 to November 12, 2015

Dick Brown
December 11, 2013 to December 10, 2016

David Coletto
February 2, 2016 to November 30, 2016

Frank Colletti
May 6, 2015 to May 5, 2018

Mathieu Fleury
December 10, 2014 to November 30, 2018

Mona Fortier
December 11, 2013 to November 30, 2016

Annie Hillis
December 11, 2013 to December 10, 2016

Jean Lalande
September 8, 2014 to September 7, 2017

Richard Patten
April 16, 2014 to April 15, 2017

Maria Ricci
December 11, 2013 to December 10, 2016

David W. Scott
December 11, 2013 to December 10, 2016

MESSAGE FROM CHAIR AND PRESIDENT

The Ottawa Convention Centre (OCC) is proud to have completed its first five years of operations welcoming guests from across the nation and around the globe and generating significant economic impact for the City of Ottawa and the Province of Ontario. This past year the OCC hosted 437 events generating $75M in economic impact and more than $31M in taxes for all three levels of government. Since re-opening in 2011, the OCC has generated a total economic impact of $417M and over $158M in taxes. In the fall of 2015, the OCC welcomed Nina Kressler as our new President and CEO. With a new CEO at the helm the OCC's board and management team used this transition opportunity to review the Centre's vision for the future. As an organization we remain dedicated to our vision of being *Inspired People Creating Extraordinary Events*, and our colleagues are committed and enthusiastic about our future.

During the 2015/16 business planning process we forecasted a decrease in convention business for the year that would result in the Centre's most challenging operational year since reopening in 2011. As such, in a concentrated and collaborative approach, management reduced operational expenses and aggressively drove sales throughout the year. This focused and proactive approach enabled the OCC to not only achieve its financial objectives, but also to exceed budgeted revenues by over $1.1M and reduce expenses against budget by $200,000, delivering OCC's best bottom line performance to date.

In 2015/16 OCC played host to a number of important events that raised the Centre's profile and enhanced its reputation while demonstrating the breadth and depth of its capabilities. In June we were proud to welcome the Truth and Reconciliation Commission of Canada for their final report event and press conference. In July, OCC welcomed the 7th Education International World Congress which ran for 10 days with attendees from 171 countries. In December, we hosted the Federal Liberal Party dinner for 2,700 guests, our largest sit-down dinner since re-opening in 2011. And in February 2016, OCC was the host venue for the Loblaw 2016 National Kick-Off event, our largest convention to date with over 2,000 delegates and vendors generating 3,500 room nights for the city. This event included a charitable component which involved donations to the two local food banks, the size of which has never before been seen in the city. The success of these events and all the others this past year is attributable to the hard work of our colleagues who truly are *Inspired People Creating Extraordinary Events*.

The Ottawa Convention Centre has a bright future. Working in tandem with our strategic partner, Ottawa Tourism, we have begun to gain traction in the international congress sector as well as the national corporate meetings sector. Traditionally soft occupancy months, such as July and August, are now being populated with international conferences such as the Institute of Electrical and Electronics Engineers International Symposium in July 2016 and the Global 4-H Summit in July 2017. With Canada celebrating its 150th birthday in 2017, our booking pace for that year has been strong with 34 confirmed conventions so far. The implementation of a more strategic and focused sales approach is resulting in a strong booking pace for future years, with 98 confirmed conventions for the periods of 2016/2017 – 2020/2021, as of March 31, 2016.

Giving back to our community has become a priority for the staff and will continue to be a focus in the future. To that end, in February we announced the *"Leave a Legacy Program"* which encourages corporations to leave behind items for those most vulnerable in our city. Rather than ship tradeshow items and product back to their destination of origin, food products, personal hygiene items and much more are packaged up by a team of OCC volunteers and distributed with the help of our partners at Freeman to local food banks, women's shelters and other agencies that provide support to those in need. As an example, this past year, close to 20,000 square feet of gently-used carpeting from the Ottawa Gatineau Auto Show was donated to Habitat for Humanity and 47,471 kg of food was delivered to two local food banks from the Loblaw

National Kick-off meeting in February. The momentum is growing with our *"Leave a Legacy Program"* and we are proud to be able to support our local community in this way.

We are extremely proud of our consistently strong customer service scores of 4.6 out of 5 for overall satisfaction, and the high level of repeat business that speaks to these scores. We are appreciative of our loyal client base and are delighted to share just a few of the many testimonials we receive each year.

"I have had the "experience" of embedded departmental hierarchies in other centres and hotels which does not permit effective communication, but requires multiple calls to get simple tasks accomplished. The Shaw Centre has flattened this process with great success. It is reassuring to know that calling one number means action will be taken on requests made."

Jay Moor - The Canadian Council of The Canadian Labour Congress

"The staff were TRULY accommodating to our event which has not been matched anywhere I've planned an event previously. Great Job!"

Kalene Debaeremaeker - Impact Canada (Champions of Mental Health Awards)

Success isn't derived on a solo mission. With our professional and dedicated in-house partners—Aramark Entertainment Services (Canada) Inc., and Freeman Audio-Visual/Freeman Electrical Services—we continue to grow our business and celebrate our successes together. We do not take for granted our partnership with our destination marketing partner, Ottawa Tourism and wish to acknowledge their strong leadership in promoting Ottawa as a global city in which to meet, work and play! Thank you to our partners for their on-going commitment to our vision of ***Inspired People Creating Extraordinary Events***.

We are proud of the accomplishments of our Ottawa Convention Centre management team, colleagues, service partners and board of directors in 2015/2016. Together we are stronger!

Marc Seaman
Chair, Board of Directors

Nina Kressler
President & CEO

CORPORATE GOALS

OCC's corporate goals are set annually by the Executive Leadership Team. In 2015/16, OCC's corporate goals focused on the following strategic priorities: financial sustainability, client satisfaction, colleague satisfaction, partner performance and corporate social responsibility.

Financial Sustainability

OCC's long range financial imperative is to generate revenues to support a surplus sufficient to provide for lifecycle requirements and debt servicing repayments while maintaining a positive cash flow.

Economic Impact for 2015/16

In the 2015/16 fiscal year, OCC hosted 39 conventions and tradeshows that drew at least 25% of participants from outside the Ottawa-Gatineau area. This equalled over 41,500 out-of-town visitors who boosted Ottawa's economy by $81M in direct spending, including:

- $62M in attendee spending
- $14M in exhibitor spending
- $5M in production spending

This direct spending contributed approximately $67M to Ottawa's GDP and supported approximately 975 jobs, resulting in $47M in direct and indirect labour income. This includes $31M in labour income that stems from 724 jobs that are supported directly by events held at the Ottawa Convention Centre.

Financial Results

Goal	2015|16 Objective	2015|16 Result
Gross Revenue	$15.4M	$16.2M
Operating Surplus	$0.01M	$1.1M
Booking Pace	$16.6M	$15M

Occupancy

	Q1	Q2	Q3	Q4	Total
Ballroom	68.1%	29.3%	48.9%	47.3%	48.4%
Tradeshow Hall	61.1%	17.5%	38.8%	43.9%	40.3%
Meeting Room	45.7%	21.0%	31.8%	41.0%	34.7%
Total	56.2%	21.2%	37.6%	43.3%	39.4%

Improving Client Satisfaction

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. In 2015/16 our client satisfaction scores remained high, as we again outperformed our target for overall satisfaction of 4.5 out of 5, with a year-end score of 4.6 out of 5.

As we complete our fifth year of operations, we are confident in the knowledge that we have earned a strong reputation in both the convention and meetings market places for hosting outstanding events and providing exceptional customer service to our clients.

Colleagues & Partners

OCC recognizes the fundamental role of colleague and partner excellence in delivering a superior event experience and maintains 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.

OCC colleagues continually provide exceptional customer service which is evidenced through our client satisfaction scores. Our colleague satisfaction score for 2015/16 exceeded our goal of 19 out of 24; however our target for response rate was not attained. OCC is committed to working with our colleagues to provide the best work environment and tools necessary to help them succeed within their roles. Going forward management will be looking at ways of making the process of the colleague survey easier for staff in an effort to bring up the response rate.

OCC's primary service partners, Aramark Entertainment Services (Canada) Inc. and Freeman Audio-Visual/Freeman Electrical Services, are a key ingredient of our operational product offerings and third party initiatives. OCC works very closely with our service partners to ensure customer service remains high and product quality exceeds industry standards and client demands.

Corporate Social Responsibility

OCC recognizes the role we play in the life and economy of our host community and the role 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.

At OCC we continuously strive to find strategies that will maximize the efficiency of our waste management system, with a long term diversion goal of at least 80%. In 2015/16, OCC successfully diverted 56% of waste from landfills. We expect this number to grow in the coming years with assistance from the newly formed Sustainability Committee. The goals of this committee are: communication and education, accountability and actionable recommendations. OCC has also put in place a *recycle wall* which makes the recycling process more visible to guests and staff and allows the Centre to track recycling accurately. Our long term goal is a diversion rate of at least 80%.

OCC colleagues also recognize the importance of giving back to the community, and as such we have set a goal for ourselves to participate in volunteer activities throughout the year. In 2015/16 OCC staff participated in a number of initiatives aimed at supporting various local community organizations and groups. In November, colleagues spent a day working with the team at the Snow Suit Fund, greeting and assisting clients and sorting donated items. During the Loblaw National Kick Off event in February, over a number of days OCC volunteers packed up enough perishable and non-perishable food items to fill four 53-foot trailers. We are very proud to have played a part in this very generous gift to the people of Ottawa and Gatineau. In late February, OCC formally announced the *Leave a Legacy program* whereby clients are invited to leave a legacy for the community after their event is over. OCC volunteers work to ensure that whatever salvageable materials are left behind are delivered to local charities.

2015|2016 OPERATIONAL HIGHLIGHTS

1

On June 2, the Truth and Reconciliation Commission of Canada (TRC) presented their summary report and findings at a very special ceremony held at the OCC. The ceremony included spiritual advisors, TRC commissioners, the Prime Minister of Canada and most importantly, residential school survivors. We were honoured to host such an important event.

2

From July 21-26, OCC and Ottawa played host to 2,000 delegates from around the world who were here to attend the Education International 7th World Congress. Education International has 30 million members from 402 organizations, including ones from Canada. The theme of the congress, *"Better Education for a Better World,"* provided the framework for the discussions. OCC's partner, Freeman, facilitated the ease of communication with multilingual simultaneous interpretation and audio visual support for nine breakout pre-conferences requiring just over 1,600 translation receivers. The 130'x20' screen in the main plenary room just may have been the biggest screen ever installed in a convention centre!

3

During the first week of February, OCC hosted the Loblaw National Kick Off meeting, our largest event to date. This event utilized the entire convention centre for three days and much of the centre for ten days, welcomed 2,000 delegates from across the country. It included a charitable component which involved donations to the two local food banks, the size of which had never before been seen in the city. OCC volunteers spent several days packaging up enough perishable and non-perishable food to fill four 53-foot trailers. The 104,437 pounds (47,471 kg) of food delivered to the Ottawa Food Bank and Gatineau's Moisson Outaouais represented the single biggest donation ever received by area food banks. In addition to the truckloads of food, Loblaw's discount division had earlier donated 7,500 bags of most-needed items to the local food banks. OCC staff were proud to participate in this amazing donation to the city.

OPERATING STATISTICS 2015|2016

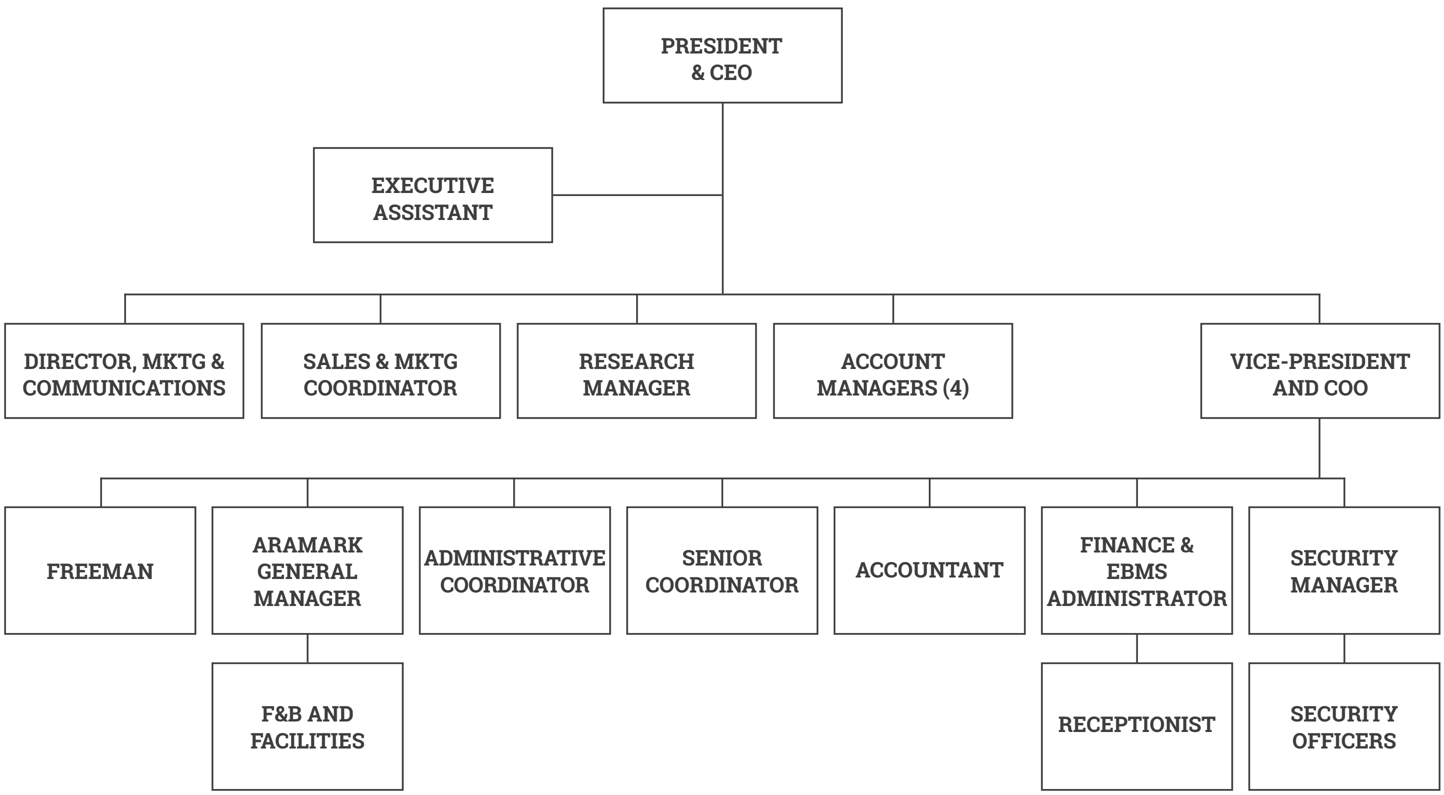
Number of events:	**437**
Number of conventions:	**30**
Number of trade and consumer shows:	**24**
Number of meetings:	**243**
Other Events:	**140**
Revenue:	**16.2M**
Operating Surplus:	**1.1M**

DISCLOSURE OF REMUNERATION

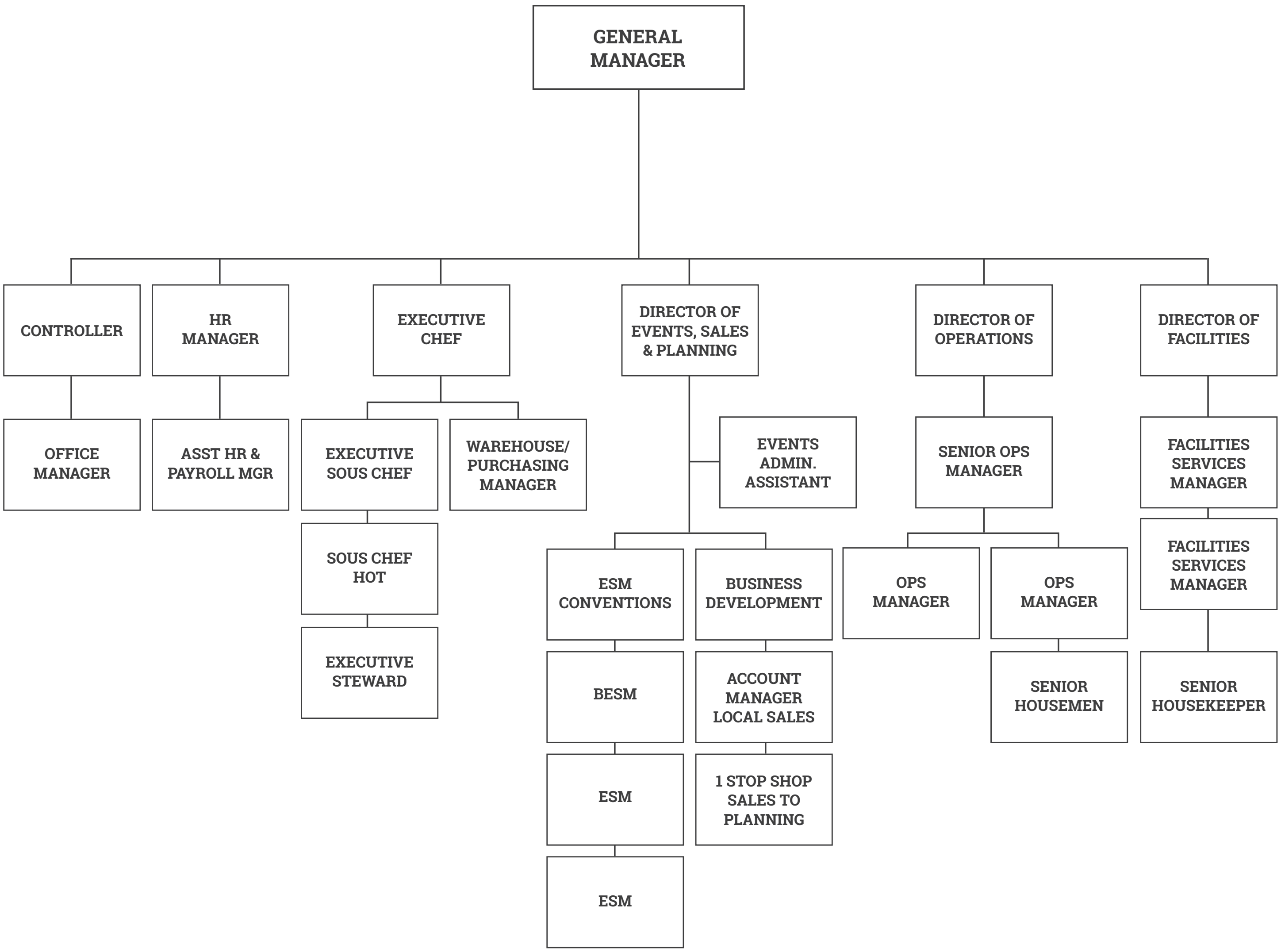
Ottawa Convention Centre's Board of Directors are paid for their attendance at Board, Committee and other meetings as required. Outlined below is the total remuneration paid to each of the members for fiscal 2015/16.

Marc Seaman	Chair	$5,400.00
Bernie Ashe	Director	$1,350.00
Dick Brown	Director	$1,650.00
David Coletto	Director	$150.00
Mathieu Fleury	Director	$0.00
Mona Fortier	Director	$2,925.00
Annie Hillis	Director	$1,200.00
Frank Colletti	Director	$600.00
Jean Lalande	Director	$1,500.00
Richard Patten	Director	$1,350.00
Maria Ricci	Director	$1,200.00
David W. Scott	Director	$2,100.00

OTTAWA CONVENTION CENTRE ORGANIZATIONAL STRUCTURE



OCC FACILITY SERVICES PROVIDER ORGANIZATIONAL STRUCTURE



Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

Financial Statements
March 31, 2016

June 23, 2016

Independent Auditor’s Report

To the Members of
Ottawa Convention Centre / Société du Centre des Congrès d’Ottawa

We have audited the accompanying financial statements of Ottawa Convention Centre / Société du Centre des Congrès d’Ottawa, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets (liabilities) and cash flows for the year then ended, and the related notes, which comprise 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.

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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
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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 / Société du Centre des Congrès d'Ottawa as at March 31, 2016 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa

Statement of Financial Position

As at March 31, 2016

	2016 $	2015 $
Assets		
Current		
Cash	1,236,744	1,910,776
Accounts receivable	1,191,548	284,285
Prepaid expenses	82,150	81,088
	2,510,442	2,276,149
Property, plant and equipment (note 3)	156,179,744	160,746,499
	158,690,186	163,022,648
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	1,804,663	2,012,365
Deferred revenue and deposits	2,451,315	2,256,557
Current portion of long-term debt (note 4)	147,414	140,698
	4,403,392	4,409,620
Deferred revenue and deposits	477,739	407,909
Long-term debt (note 4)	48,810,329	46,848,811
Deferred contributions related to property, plant and equipment (note 5)	107,035,910	110,248,841
	160,727,370	161,915,181
Net assets (liabilities)	(2,037,184)	1,107,467
	158,690,186	163,022,648

Commitments and contingencies (note 9)

Approved by the Board of Directors

__________________ Director __________________ Director

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre / Société du Centre des Congrès d’Ottawa
Statement of Operations
For the year ended March 31, 2016

	2016 $	2015 $
Revenue		
Food and beverage	9,553,086	9,804,603
Space rental	4,374,680	3,789,362
Commissions	1,529,300	1,356,986
Advertising	608,893	340,998
Other	104,414	74,413
Interest earned	14,075	21,947
	16,184,448	15,388,309
Expenses (note 6)		
Direct	6,994,047	7,141,871
Facilities	5,048,796	5,143,894
Selling, general and administrative	3,013,055	3,052,611
	15,055,898	15,338,376
Excess of revenue over expenses before undernoted items	1,128,550	49,933
Interest on long-term debt	(2,198,235)	(2,112,530)
Amortization of deferred contributions related to property, plant and equipment	3,212,931	3,212,931
Naming rights contract costs	-	(296,655)
Amortization of property, plant and equipment	(5,287,897)	(5,282,669)
Excess of expenses over revenue for the year	(3,144,651)	(4,428,990)

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre / Société du Centre des Congrès d'Ottawa
Statement of Changes in Net Assets (Liabilities)
For the year ended March 31, 2016

	2016 $	2015 $
Net assets - Beginning of year	1,107,467	5,536,457
Excess of expenses over revenue for the year	(3,144,651)	(4,428,990)
Net assets (liabilities) - End of year	(2,037,184)	1,107,467

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre / Société du Centre des Congrès d’Ottawa

Statement of Cash Flows

For the year ended March 31, 2016

	2016 $	2015 $
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(3,144,651)	(4,428,990)
Items not affecting cash -		
Amortization of property, plant and equipment	5,287,897	5,282,669
Amortization of deferred contributions related to property, plant and equipment	(3,212,931)	(3,212,931)
Capitalization of interest to long-term debt	2,108,932	2,016,819
	1,039,247	(342,433)
Net change in non-cash working capital balances (note 7)	(851,439)	985,609
	187,808	643,176
Capital activity		
Purchase of property, plant and equipment	(721,142)	(21,047)
Financing activity		
Repayment of long-term debt	(140,698)	(134,288)
Increase (decrease) in cash during the year	(674,032)	487,841
Cash - Beginning of year	1,910,776	1,422,935
Cash - End of year	1,236,744	1,910,776
Supplementary information		
Interest paid	89,303	95,712

The accompanying notes are an integral part of these financial statements.

1 Nature of organization

The Ottawa Convention Centre Corporation ("the 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 Summary of significant accounting policies

Basis of presentation

The financial statements of the Centre are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations.

Revenue recognition

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 in which the related event is held.

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 recognized. 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.

Contributed materials and services

From time to time, 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 cannot be reasonably estimated, contributed materials and services are not recognized in these financial statements.

Use of estimates

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

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 less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful lives of the various classes of assets, 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. Amortization is calculated at the following rates.

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

The Centre reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Centre. The impairment loss, if any, is the excess of the carrying value over any residual value. Impairment losses are not reversed in future periods.

Deferred revenue and deposits

Deferred revenue and deposits represent amounts received in advance from customers in relation to services to be rendered in future periods.

Deferred contributions related to property, plant and equipment

Deferred contributions represent amounts received from various levels of government as well as one of the Centre's significant partners, to be used towards the construction and purchase of property, plant and equipment.

Deferred contributions are recognized as revenue on the same basis as the amortization of property, plant and equipment.

Employee future benefits

All full-time employees of the Centre are eligible to be members of the Centre's defined contribution pension plan which offers employees a pension benefit, upon retirement or termination, based on the accumulated contributions made by the individual employee and by the Centre, on their behalf, plus any investment earnings on these contributions. Contributions required to be made by the Centre are recorded in the period in which employee services are rendered.

During the period, the Centre recorded an expense of $81,023 (2015 - $86,609) for contributions made to the defined contribution pension plan, which is included in selling, general and administrative expenses.

Financial instruments

The Centre's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt.

The Centre has classified its financial instruments as follows.

Asset/liability	**Measurement**
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

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

3 Property, plant and equipment

			2016
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
Building	170,840,512	21,282,067	149,558,445
Software	274,577	274,577	-
Furniture, equipment and fixtures	8,394,470	4,177,708	4,216,762
Technology network	2,476,912	825,638	1,651,274
Land	753,263	-	753,263
	182,739,734	26,559,990	156,179,744

			2015
	Cost	**Accumulated amortization**	**Net carrying amount**
	$	**$**	**$**
Building	170,119,370	17,011,053	153,108,317
Software	274,577	260,662	13,915
Furniture, equipment and fixtures	8,394,470	3,339,869	5,054,601
Technology network	2,476,912	660,509	1,816,403
Land	753,263	-	753,263
	182,018,592	21,272,093	160,746,499

4 Long-term debt

On November 2, 2012 the Centre was granted an amendment to the financing agreement with the Ontario Financing Authority. As a result of the amendment, the Centre will not be required to pay any annual instalments of principal or interest on this loan for a period of up to five years ("Stalled Repayment Period"), during which interest expense will continue to accrue. At the discretion of the Ontario Financing Authority but no later than September 2018, the Centre is required to resume blended interest and principal repayments, based on an adjusted loan amortization schedule which will be provided by the Ontario Financing Authority, at the end of the Stalled Repayment Period. The loan has been presented as a long-term liability on the assumption that the Ontario Financing Authority will not request early repayment.

	2016 $	2015 $
Loan payable from the Ontario Financing Authority, bearing interest at the province's cost of funds plus 0.525% (2015 - 0.525%), compounded annually, including $2,108,933 (2015 - $2,016,819) of capitalized interest. As at March 31, 2016, the interest rate amounted to 4.7% (2015 - 4.7%).	47,123,077	45,014,144
Debt related to acquisition of technology services network, bearing interest at 4.7% per annum and requiring blended monthly payments of $19,167 (2015 - $19,167) from April 2011 through March 2026.	1,834,666	1,975,365
	48,957,743	46,989,509
Less: Current portion	147,414	140,698
	48,810,329	46,848,811

Long-term debt, excluding the loan payable to the Ontario Financing Authority, matures over the next five years as follows.

	$
Year ending March 31, 2017	147,414
2018	154,451
2019	161,823
2020	169,548
2021	177,641

5 Deferred contributions

	2016 $	2015 $
Balance - Beginning of year	110,248,841	113,461,773
Amortization	(3,212,931)	(3,212,932)
Balance - End of year	107,035,910	110,248,841

6 Expenses

Expenses presented by function are represented as follows.

	2016 $	2015 $
Direct	6,994,047	7,141,871
Facilities	10,336,693	10,426,563
Selling, general and administrative	2,993,690	3,349,266
Financial	2,198,235	2,112,530
	22,522,665	23,030,230

The above presentation of expenses by function excludes the amortization of deferred contributions related to property, plant and equipment, as these are considered revenue in accordance with the Centre's accounting policies described in note 2.

7 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.

	2016 $	2015 $
Accounts receivable	(907,263)	45,946
Prepaid expenses	(1,062)	1,334
Accounts payable and accrued liabilities	(207,702)	343,703
Deferred revenue and deposits - Current	194,758	488,931
Deferred revenue and deposits - Long-term	69,830	105,695
	(851,439)	985,609

8 Financial instruments and risk management

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Cash, being the only financial instrument measured at fair value, was measured as a Level 1 financial instrument.

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's management performs regular reviews of the credit worthiness of its customers and has collection policies that management feels are adequate to minimize losses in this area. The Centre does not consider its accounts receivable as presenting any significant credit risk.

As at March 31, 2016, based on their invoice date, the following accounts receivable were past due but not impaired.

	31 - 60 days $	61 - 90 days $	91 - 120 days $	Over 120 days $
Accounts receivable	85,163	-	600	-

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 loan payable. As at March 31, 2016, the Centre was in compliance with loan covenants and was able to discharge its liabilities. In November 2012, the Centre successfully renegotiated its long-term debt agreement with the Ontario Financing Authority (note 4), and as a result, the Centre expects to continue to be in compliance with loan covenants and be able to discharge its liabilities in fiscal 2017.

The table below is a maturity analysis of the Centre's financial liabilities as at March 31, 2016 excluding the loan payable to the Ontario Financing Authority (note 4).

	Up to 6 months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	More than 5 years $	Total $
Accounts payable and accrued liabilities	1,648,300	36,758	59,803	59,802	1,804,663
Long-term debt (excluding non-capitalized interest)	72,848	74,566	849,584	837,667	1,834,665
	1,721,148	111,324	909,387	897,469	3,639,328

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 $47,123,077 (2015 - $45,014,144) in debt bearing interest at the Province of Ontario's cost of funds plus 0.525 % annually (note 4). Management does not consider the Centre to be exposed to significant interest rate risk, other than on its loan payable.

As at March 31, 2016, the Centre's total exposure to interest rate risk is $47,123,077. The Centre's estimate of the effect on net assets, as at March 31, 2016, of a one percent increase or decrease in the interest rate on the loan payable, with all other variables held constant, would amount to an approximate increase or decrease of $471,231. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Financing available

The Centre had available as at March 31, 2016, a line of credit for the amount of $5,000,000, with interest charged at prime. This line of credit has expired and the Centre is in the process of re-negotiating its line of credit for an amount of $3,000,000 with similar terms and would be available until March 2018.

Sensitivity analysis

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

9 Commitments and contingencies

The Centre has entered into facility services and technology services agreements related to the operation of the new facility, both expiring in 2026. Under the facility services agreement, among other terms, the Centre will pay a facility management fee of $240,000 (2015 - $230,000) with annual escalations of $10,000 thereafter. Under the technology services agreement, the Centre will make annual payments of $293,000 (2015 - $290,000) attributable to the ongoing service agreement. All figures exclude applicable taxes.

The Centre is involved in various claims and litigation that arise in the normal course of business. During the year ended March 31, 2016, a statement of claim in the amount of $9,600,000 was issued against the Centre related to an alleged breach of contract by the plaintiff. The Centre does not agree with the claim. At this time, the outcome of these proceedings cannot be determined. No amounts have been recorded related to this claim.

10 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, long-term debt 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.