

Financial Statements of

**THE LONDON CONVENTION CENTRE  
CORPORATION**

Year ended December 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
140 Fullarton Street Suite 1400  
PO Box 2305  
London ON N6A 5P2  
Canada

Telephone (519) 672-4880  
Fax (519) 672-5684  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Chair and Members of The London Convention Centre Corporation

We have audited the balance sheet of The London Convention Centre Corporation as at December 31, 2008 and the statements of operations, and cash flows for the year then ended. These financial statements are the responsibility of 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 London Convention Centre Corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

London, Canada

February 27, 2009

# THE LONDON CONVENTION CENTRE CORPORATION

## Balance Sheet

December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Financial Assets</b>		
Cash and short-term deposits	\$ 1,258,467	\$ 814,738
Accounts receivable	430,831	777,974
Inventory (note 2)	48,219	53,869
	<b>\$ 1,737,517</b>	<b>\$ 1,646,581</b>

## Liabilities and Fund Balances

Accounts payable and accrued liabilities	\$ 544,114	\$ 381,404
Payable to The City of London	227,968	330,912
Accrued sick and vacation (note 3)	48,784	41,488
Advance deposits	350,653	467,678
	<b>1,171,519</b>	<b>1,221,482</b>
Fund balances:		
Amount to be recovered from reserve funds	(48,784)	(41,488)
Reserve funds (note 3)	614,782	466,587
	<b>565,998</b>	<b>425,099</b>
	<b>\$ 1,737,517</b>	<b>\$ 1,646,581</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE LONDON CONVENTION CENTRE CORPORATION

## Statement of Operations

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited)	2008	2007
<b>Revenue:</b>			
Food and beverage	\$ 2,915,000	\$ 3,236,547	\$ 2,921,953
Space rental	700,000	675,948	625,007
Parking	385,000	347,070	346,670
Technical	205,600	235,620	215,514
Other	98,200	152,677	141,637
	<u>4,303,800</u>	<u>4,647,862</u>	<u>4,250,781</u>
<b>Cost of goods sold:</b>			
Food and beverage	765,953	814,797	725,244
Technical	11,750	11,170	14,636
Other	15,593	11,256	42,782
	<u>793,296</u>	<u>837,223</u>	<u>782,662</u>
	3,510,504	3,810,639	3,468,119
<b>Expenditures:</b>			
Event services and culinary	1,063,095	1,058,747	1,001,660
Corporate services	753,105	679,154	626,043
Facility services	472,936	463,919	440,306
Energy	466,500	458,903	447,165
Sales and catering	622,161	597,869	597,472
Cleaning	139,192	139,361	124,137
Technical	37,013	32,648	32,680
Parking	42,502	36,935	40,523
Other	24,000	7,126	38,439
	<u>3,620,504</u>	<u>3,474,662</u>	<u>3,348,425</u>
Operating results	(110,000)	335,977	119,694
Increase in amounts to be recovered from reserve funds (held by The London Convention Centre Corporation) (note 3)	-	(148,195)	(18,259)
Excess (deficiency) of expenditures over revenue	(110,000)	187,782	101,435
City appropriation	600,000	600,000	685,000
Transfer to reserve funds:			
The City of London (note 4)	(490,000)	(795,077)	(770,395)
Held by The London Convention Centre Corporation (note 3)	-	148,195	18,259
	<u>\$ -</u>	<u>\$ 140,900</u>	<u>\$ 34,299</u>

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Operating results	\$ 335,977	\$ 119,694
City appropriation	600,000	685,000
Transfer to reserve fund, The City of London	(795,077)	(770,395)
	140,900	34,299
Changes in non-cash operating working capital:		
Accounts receivable	347,143	(367,747)
Inventory	5,650	(8,181)
Accounts payable and accrued liabilities	162,709	2,157
Accrued sick and vacation	7,296	(16,041)
Payable to The City of London	(102,944)	298,155
Advance deposits	(117,025)	94,977
	302,829	3,320
Net change in cash and short-term deposits	443,729	37,619
Opening cash and short-term deposits	814,738	777,119
Closing cash and short-term deposits	\$ 1,258,467	\$ 814,738

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

## Notes to Financial Statements

Year ended December 31, 2008

---

### 1. Significant accounting policies:

The financial statements of The London Convention Centre Corporation are prepared in accordance with Canadian generally accepted accounting principles as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook.

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Capital assets:

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. The cost of acquiring capital assets is reported as an expenditure on the statement of operations.

(c) Revenue recognition:

Revenue from events is recorded in the statement of operations in the year in which the event is held.

(d) Inventory:

Inventory is valued at the lower of cost being laid down cost and net realizable value.

(e) Use of estimates:

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

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

## 2. Inventory:

At December 31, inventory consists of:

	2008	2007
Food	\$ 10,627	\$ 16,372
Beverages	37,592	37,497
	\$ 48,219	\$ 53,869

## 3. Reserves:

(a) Reserve funds held and maintained by The London Convention Centre Corporation:

	2008	2007
Special projects reserve	\$ 65,998	\$ -
Vacation pay	48,240	40,521
Lieu time	544	967
Operating reserve	500,000	425,099
	\$ 614,782	\$ 466,587

(b) Continuity of reserve funds:

	2008	2007
Opening balance of reserve funds	\$ 466,587	\$ 448,328
Vacation and sick reserves	7,719	(5,835)
Reserve amounts paid during the year	-	(8,619)
Lieu time reserve	(422)	(1,587)
Operating reserve	74,900	34,300
Special projects reserve	65,998	-
Closing balance of reserve funds	\$ 614,782	\$ 466,587

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

## 4. Capital reserve:

A capital reserve is managed by The City of London to finance future capital expenditures. The fund has not been recognized in these financial statements and will be accounted for as the funds are received and expended.

	2008	2007
Opening balance	\$ 2,199,036	\$ 1,663,069
Contribution during the year	795,077	770,395
Interest	79,074	82,382
Expenditures	(460,582)	(316,810)
Closing balance	\$ 2,612,605	\$ 2,199,036

## 5. Tangible capital assets:

### (a) Transitional provisions:

Effective January 1, 2007, The London Convention Centre Corporation adopted Accounting Guideline (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009. These provisions require local government to capitalize assets at historical cost and amortize these assets over their estimated useful life.

The London Convention Centre Corporation has inventoried and valued its tangible capital assets as of December 31, 2008 the following asset categories:

	Cost	Net book value
General:		
Land	\$ 6,068,010	\$ 6,068,010
Building and building improvements	28,435,716	17,405,508
Vehicles	41,217	17,328
Equipment	1,273,414	445,981
Furniture	645,879	485,752
Technology	738,341	383,192
	\$ 37,202,577	\$ 24,805,771

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

---

## 5. Tangible capital assets (continued):

- (b) Methods used for determining the cost of each major category of tangible capital assets:

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The London Convention Centre Corporation applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset.

- (c) Amortization:

Amortization has been calculated on a straight-line basis over the asset's expected useful life for all classes except land. Land has been considered to have an infinite life.

- (d) Assets under construction:

Assets under construction as of December 31, 2008 have not been disclosed as these assets have not been audited.

- (d) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution.

- (f) Interest capitalization:

The Region's draft tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

## 6. Pension agreement:

The London Convention Centre Corporation contributes to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2008 was \$114,659 (2007 - \$106,369) for current service.