Municipality of Chatham-Kent
AUDIT & RISK COMMITTEE MEETING
Tuesday, November 30, 2021 @ 12:00 PM
M I N U T E S

Committee Members:

- Mayor Darrin Canniff
- Councillor Melissa Harrigan
- Councillor Karen Kirkwood-Whyte
- Councillor Brock McGregor
- Councillor Doug Sulman, Chair

Administration:

- Don Shropshire, Chief Administrative Officer
- Gord Quinton, Chief Financial Officer
- Matt Torrance, Director, Financial Services
- Brock Priddle, Manager, Corporate Accounting
- Kate Fishleigh, Executive Assistant

Other:

- Dale Zorgdrager, Deloitte
- Francesca Liberatore, Deloitte
- Andy Davidson, General Manager, John D. Bradley Convention Centre

1. Call to Order – Chair

The Mayor called the meeting to order at 12:03 PM.

2. Approval of Minutes – Chair

<u>MOTION:</u> That the minutes of the November 25, 2021 meeting be approved.
Moved by Cl. Harrigan / Seconded by Cl. Kirkwood-Whyte. Carried.

3. Presentation of 2022 Audit Service Plan – Deloitte

The Committee was provided the Audit Service Plan in advance of the meeting.
Deloitte has had healthy discussions on fraud risk with staff over recent years and have determined their risk assessment will remain consistent with what has been recommended in the past. Deloitte posed two questions to the committee:

1. Are you aware of any known or alleged fraud affecting Chatham-Kent so far during your 2021 fiscal year?
2. Would you describe any significant changes in internal controls specifically related to managing the risk of fraud?

Committee members answered no in response to these questions.

Cl. Sulman joined the call at 12:08 PM and the Mayor passed the chair to him.

Administration pointed out that in addition to Covid, the Municipality has experienced gas emissions in Wheatley and the risk of flooding. These emergencies require an urgent and agile response with a need to have increased vigilance in how they are monitored, which are often not budgeted, but need to be reflected or considered as well. There are also challenges surrounding obtaining cyber risk insurance.

Despite operational challenges, no significant changes are required to the overall approach of the main financial statements, and the audit plan will remain consistent with what has been done in the past.

Deloitte has been engaged to assist administration in decision making and recommendations made to Council in regards to the Greenfield Global and CK Waste to Energy project.

4. **John D. Bradley Convention Centre – Andy Davidson and Gord Quinton**

The Committee was provided the presentation and CFO's report in advance of the meeting. Andy Davidson joined the call at 12:28 PM to present the Q2, Q3 Business Review and Q4 projections. The convention centre was mainly unused due to Covid-19 provincial restrictions, with the vaccination clinic as the main user and a welcome revenue source.

Upgrades were made to the audio/visual equipment that included cameras, drop-down screens and projectors to better allow virtual meetings to take place.

It is suspected that the vaccination clinic will be vacating the centre at the end of December and a farm show is booked to take place in January 2022. It is anticipated that the first quarter will begin a return to normal, but it may take until 2023 to return to pre-pandemic levels of use.

5. Environmental Property – Matt Torrance

The Report to Council re: Environmental Property – 189 Elm Street, Bothwell was shared with the Committee. Administration outlined a change to the action plan and a potential for increased costs. The MOECP is aware of the changes and are in agreement with the approach. Work is scheduled to begin January 10 and should last 4-5 days.

6. Employee Fraud (standing item) **– Matt Torrance**

The Director of Financial Services advised there was nothing to report.

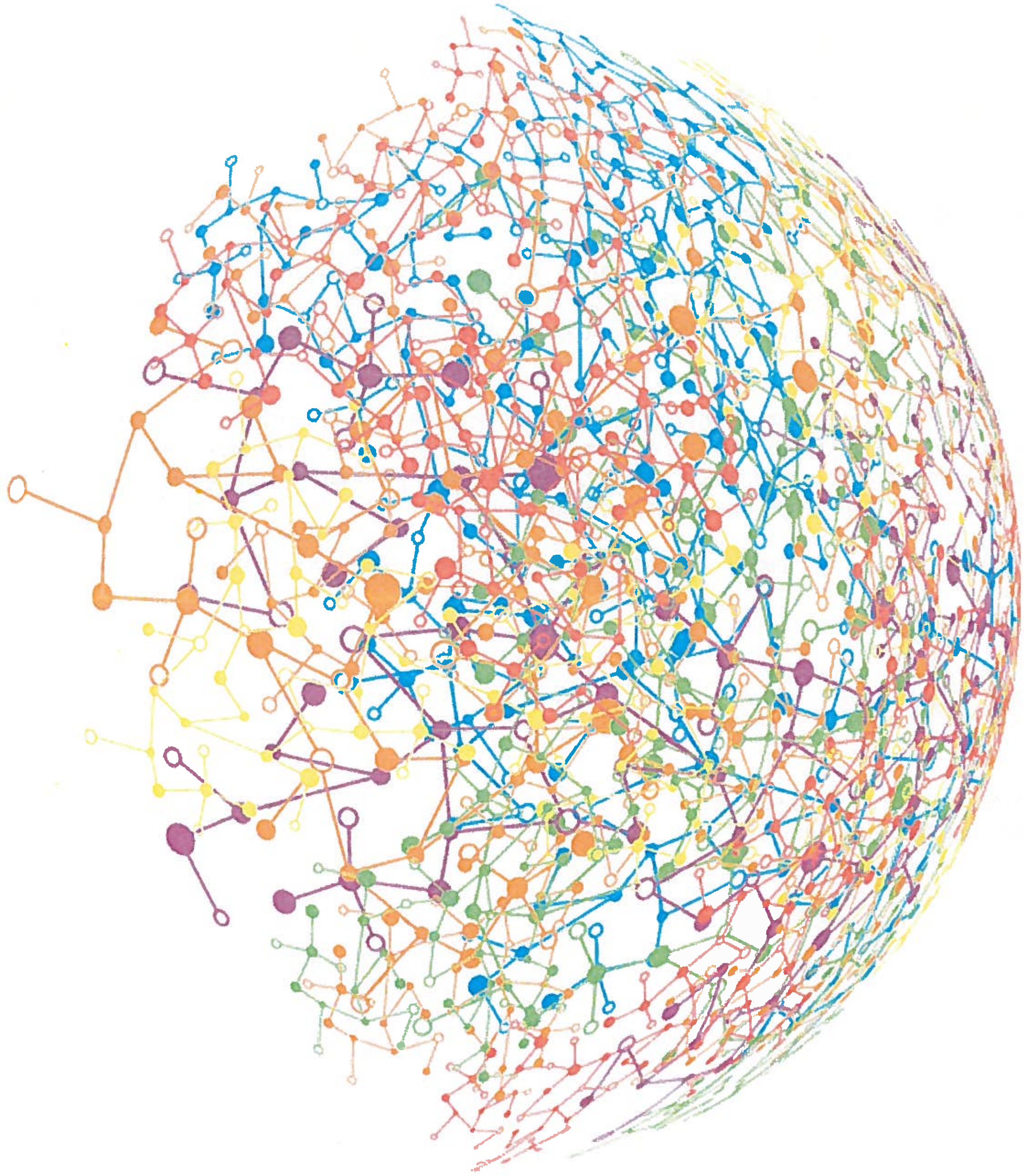
7. Next Meeting

The next meeting will take place prior to the December 6 Council meeting with the exact time to be determined. An invite will be sent closer to the date.

8. Adjournment

The meeting adjourned at 12:45 PM.

Deloitte.



Municipality of Chatham-Kent

2021 Audit service plan

For the year ended December 31, 2021
Presented to The Audit Committee
November 30, 2021

Deloitte LLP
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November 30, 2021

To the Audit Committee of Municipality of Chatham-Kent

2021 Audit service plan

Dear Audit Committee Members:

We are pleased to provide you with our audit service plan for Municipality of Chatham-Kent ("the Municipality") for the year ending December 31, 2021. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, and an estimate of our fees.

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by companies like the Municipality.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

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Executive summary

Audit scope and terms of engagement

We have been asked to perform an audit of the Municipality's financial statements (the "financial statements") in accordance with Public Sector Accounting Standards ("PSAS") as at and for the year ending December 31, 2021. Our audit will be conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the engagement letter, which will be sent separately in the near future. Our engagement letter should be signed on behalf of the board and management.

Significant risks

	Significant risks	Status
1	Management override of controls	...
2	Presumed risk of fraud relating to revenue recognition	...
3	Council & senior management expenses	...
	Areas of Focus	
1	Covid-19 Impacts	...

New from prior year

... Continued from prior year

Removed from prior year

Materiality

$9.6M — Preliminary materiality

$480K — Clearly trivial threshold

Our preliminary estimate of materiality for the year ending December 31, 2021 has been set at $9,600,000 (2020 - $9,500,000). We will report to you any uncorrected misstatements greater than our current year clearly trivial amount of $480,000 (2020 – $475,000).

Fraud risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Asking people involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to management estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask Those charged with governance for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Municipality and their role in the oversight of management's antifraud programs.

If we suspect fraud involving management, we will immediately inform Those charged with governance of our suspicions and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

Significant audit risks

During our risk assessment, we identified some significant audit risks that will require special audit consideration. These risks, together with our planned responses, are described below

The following tables set out the significant audit risks that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of the Municipality.

Significant risk dashboard

Legend

Significant level of management judgment involved

Minimal/No management judgment involved

D+I: Planned testing of the design and implementation of key controls

OE: Planned testing of the operating effectiveness of key controls

Management override of controls

Fraud Risk	YES
Control Testing Planned	**D+I**
Level of management judgement	
Specialist, Expert or Innovation Involvement	Not Applicable

Analysis of risk	Planned audit response
• Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. • Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.	• We will discuss fraud with management • We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. • We will evaluate the business rationale for any significant unusual transactions. • We will determine whether the judgments and decisions related to management estimates indicate a possible bias, which will include performing retrospective analysis of significant accounting estimates.

Revenue recognition

Fraud Risk	YES	Analysis of risk	Planned audit response
Control Testing Planned	D+I	• Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions, and we have concluded that the significant risk is that revenue may have been recorded in the incorrect period. Specifically, the calculation of deferred revenue and the timing of revenue recognition • This represents a fraud risk for the 2021 audit.	• We will evaluate the design and implementation of the internal controls that address this risk. We will not rely on controls. • We will review grant charges, contributions or other monies received during the year and determine if the amount should be recorded as revenue or as deferred revenue.
Level of management judgement			
Specialist, Expert or Innovation Involvement	Not Applicable		

Council and senior management expenses

Fraud Risk	Yes	Analysis of risk	Planned audit response
Control Testing Planned	D+I	• Council and senior management may expense items not in line with the Municipality of Chatham-Kent's expense policy.	• Review of sample of expense reports for validity and proper approval.
Level of management judgement			
Specialist, Expert or Innovation Involvement	Not applicable.		

Other Area of Focus (not a Significant Risk) COVID-19 Impacts

Fraud Risk	Yes
Control Testing Planned	**D+I**
Level of management judgement	
Specialist, Expert or Innovation Involvement	Not applicable.

Analysis of risk	Planned audit response
• There is a risk that COVID-19 could have an impact on expenditures, funding sources, impairment considerations and other disclosures	• We will work with management to discuss and monitor this situation on an ongoing basis to continue to determine the impacts on the 2021 financial statements and audit thereon as it relates to consideration of reduced expenditures and decrease in potential funding sources, impairment consideration and disclosures aspects.

Appendix 1 – Audit approach

Deloitte's audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing the Municipality

Delivering professional excellence

Focus area	
Risk based audit	• Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the Municipality.
Confidential Information	• Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day. • Deloitte employs technical, physical, and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during, and after the course of the engagement.
Professional skepticism	• Obtain a thorough understanding of the relevant facts and information available, analyze reasonable alternatives, apply a questioning mindset and challenge management's assumptions. • Perform a more rigorous review of potential contradictory evidence.

Initial Planning

- Understanding your current business and its structure
- Understanding your accounting processes and internal controls
- Understanding your IT systems
- Identifying potential engagement risks and planning control testing and substantive procedures directly related to the risks

Assessing and responding to engagement risk

- Consideration of the risk of fraud
- Inquiring directly of Those charged with governance about fraud risk
- Assessing risks and controls relating to information technology
- Incorporate an element of unpredictability when selecting the nature, timing and extent of our audit procedures.

Developing and executing the audit plan

- Evaluating the design and determining the implementation of internal controls relevant to the audit
- Consider revisiting planned audit approach where necessary
- Performing substantive audit procedures

Reporting and assessing performance

- Prior to rendering our report, we will conclude whether:
  - The scope of the audit was sufficient to support our opinion, and
  - The misstatements identified during the audit do not result in the financial statements being materially misstated.
- Reconfirming our independence

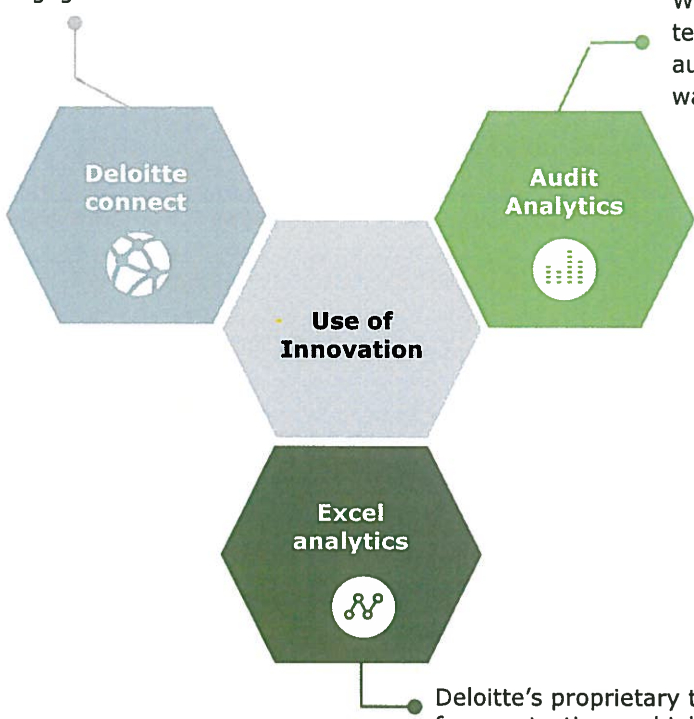
Innovating our audit approach

Focus area

Audit technology	• Deloitte Connect – Use Deloitte's secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and the Municipality team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status.

Deloitte's secure, online collaboration site that facilitates a two-way dialogue between the Deloitte team and client team to effectively manage engagement coordination.

We are leveraging specialists and technology-powered solutions in our audit delivery model to transform the way we plan and execute our audits.



Deloitte's proprietary tool, focuses testing on high-risk transactions and streamline common audit test procedures.

Focus area	
Processes	• **Optimizing interim** - Proactively shift work forward from peak periods, including control testing and income statement items to our interim visit. • **Project management** - Enhance project management oversight and effective communications between the audit team and management, as audit will be conducted remotely due to COVID-19.
The Audit Committee reporting	• **The Audit Committee communications** – Dale Zorgdrager and Francesca Liberatore to meet with the Audit Committee to discuss audit approach.

Appendix 2 – Communication requirements

Required communication	Reference
Audit Service Plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS[1] 260.14
2. An overview of the overall audit strategy, addressing: a. Timing of the audit b. Significant risks, including fraud risks, Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
Enquiries of those charged with governance	
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21
5. Any known suspected or alleged fraud affecting the Municipality	CAS 240.22
6. Whether the Municipality is in compliance with laws and regulations	CAS 250.15
Year-end communication	
7. Modification to our audit plan and strategy	CAS 260.A26
8. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
11. Matters related to going concern	CAS 570.25
12. Management judgments and accounting estimates	CAS 260.16 a.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.
14. Material written communications between management and us, including management representation letters	CAS 260.16 c.
15. Circumstances that affect the form and the content of the auditor's report	CAS 260.16d.
16. Modifications to our opinion(s)	CAS 260.A21
17. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A22
18. Significant matters discussed with management	CAS 260.A.22

[1] CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference
Year-end communication	
19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including Illegal or possibly illegal acts that come to our attention	CAS 250.23
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265
21. Uncorrected misstatements and disclosure items	CAS 450.12-13,
22. Any significant matters arising during the audit in connection with the Municipality's related parties	CAS 550.27

Appendix 3 – New and Revised Accounting and Auditing Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in **2021** and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped Standard section of iasplus.com.

Public Sector Accounting Standards

Title	Description	Effective Date
Section PS 1201 - Financial Statement Presentation	This Section establishes general reporting principles and standards for the disclosure of information in government financial statements.	It is effective for (i) government organizations for fiscal years beginning on or after April 1, 2012; and (ii) governments for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted. The amendments to the effective date for governments are for fiscal years beginning on or after April 1, 2022. The amendments Amendment regarding purchased intangibles are for fiscal years beginning on or after April 1, 2023. Earlier application permitted. The amendments are effective for fiscal years beginning on or after April 1, 2022, with earlier application permitted. Transitional provisions have also been introduced in Section PS 2601.
Section PS 2601 - Foreign Currency Translation	This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	Effective (i) Government organizations – April 1, 2012; and (ii) Governments – April 1, 2021. The amendments are effective for fiscal years beginning on or after April 1, 2022, earlier adoption is permitted. The amendments are effective for fiscal years beginning on or after April 1, 2022, with earlier application permitted. Transitional provisions have also been introduced in Section PS 2601.

Title	Description	Effective Date
Section PS 3041 - Portfolio investments	This Section establishes standards on how to account for and report portfolio investments in government financial statements.	Effective in the period that Section PS 2601, Foreign Currency Translation, and Section PS 3450, Financial Instruments, are adopted. The transitional provisions have been amended to extend the effective date for governments by two years to fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted. The amendments are effective for fiscal years beginning on or after April 1, 2022, earlier adoption is permitted.
Section PS 3280 - Asset retirement obligations	This Section establishes standards on how to account for and report a liability for asset retirement obligations.	Effective April 1, 2022, earlier application is permitted.
Section PS 3400 - Revenue	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective April 1, 2023, earlier application is permitted.
Section PS 3450 - Financial Instruments	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.	Effective (i) Government organizations – April 1, 2012; and (ii) Governments – April 1, 2021. The amendments are effective for fiscal years beginning on or after April 1, 2022, earlier adoption is permitted. The amendments are effective for fiscal years beginning on or after April 1, 2022, with earlier application permitted. Transitional provisions have also been introduced in Section PS 2601.
Guideline PSG 8 - Purchased intangibles	This Guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.
Section PS 1000 - Financial statement concepts	This Section describes the concepts underlying the development and use of accounting principles in government financial statements. Such financial statements are designed to meet the common information needs of external users of financial information about a government.	Effective January 1, 2005. The amendments are effective for fiscal years beginning on or after April 1, 2023, with earlier application permitted. Retroactive or prospective application is allowed.

Title	Description	Effective Date
Section PS 1150 - Generally accepted accounting principles	This Section establishes standards for financial reporting in accordance with generally accepted accounting principles, describes what constitutes generally accepted accounting principles, and their sources and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures, when a matter is not dealt with explicitly in the primary sources of generally accepted accounting principles.	Effective April 1, 2005. The amendments are effective for fiscal years beginning on or after April 1, 2021
Section PS 3160 - Public Private Partnerships	This Section establishes standards on how to account for public private partnership arrangements.	This Section applies to fiscal years beginning on or after April 1, 2023. Early adoption is encouraged.

Appendix 4 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

Register here to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

Canada's Best Managed Companies (www.bestmanagedcompanies.ca) **Target audience** Directors and CEO/CFO	The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.
Centre for financial reporting (https://www.iasplus.com/en-ca/standards) **Target audience** • Directors and CEO/CFO • Controller and Financial reporting team	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
Deloitte Viewpoints (https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints) **Target audience** • CFO • Controller and Financial reporting team	Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
CFO's corner (https://www.iasplus.com/en-ca/cfos-corner) **Target audience** • CFO and VP Finance • Controller and Financial reporting team	Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.
Deloitte Dbriefs (https://www.iasplus.com/en-ca/dbriefs/webcasts) **Targeted audience** • CFO and VP Finance • Controller and Financial reporting team	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business. **Recent publications (ASPE)** • Revenue (Jan 13, 2020) • Accounting for shares issued in tax planning arrangements (ROMRS) (Dec, 18, 2019) • Agriculture (Dec 18, 2019)

Municipality of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Information Report

To:	Members of Audit & Risk Committee
From:	Gord Quinton, Chief Financial Officer / Treasurer / GM, Finance, Budget, Information Technology & Transformation
Date:	November 19, 2021
Subject:	Chatham-Kent John D. Bradley Convention Centre Update 2021 Q2 and Q3 Business Review and 4th Quarter Projections

This report is for the information of the Audit & Risk Committee.

Background

Details of the 2021 second and third quarter and projections of the fourth quarter were provided to municipal representatives on November 1, 2021 through the General Manager of the Convention Centre, Andy Davidson.

At the September 28, 2015 Council meeting, it was resolved to present the results of the Bradley Centre to the Audit Committee twice a year, to provide for more detailed information available and detailed discussion. It was also determined that having open invitations to Council at any Quarterly Business Review (QBR) would be a welcome addition, along with open meetings during the budget review at the Bradley Centre and also for the Audit Committee meetings.

Comments

The Convention Centre's client mix is very diverse with participation from the agriculture, health care, financial and not-for-profit sectors:

- Corporate (industrial, commercial, financial, agriculture, marketing, law firms): Training, Mediation and Negotiations, Recognition and Appreciation, Board Retreats, Seminars, Corporate Parties & Meetings, Trade Shows
- Associations: Regional Meetings, Regional Conferences, Training, Planning Sessions
- Social: Weddings, New Year's Eve, Festival of Giving, Graduations
- Non-Profit: Brainstorming Sessions, Board Meetings
- Government (all levels): Provincial, Municipal
- Consumer Shows: Shop Local, Wedding Show, New Car Expo, Boat, Powersports & RV Show, Hunting & Outdoor Show, Farm Shows

2020 Year End

The 2020 Budget approved a $350,000 base budget similar to 2019.

The 2020 Budget also has a lifecycle base budget of $88,374 from the savings realized when the final debenture was issued in 2013. Beginning in 2014, the funds are allocated to the facility's lifecycle reserve. A further review of the facility's lifecycle needs were part of the 2017 Asset Management Plan (AMP). Based on the historical cost, annual lifecycle replacement is estimated at $300,000. The requirements have been identified in the 2017 Asset Management Plan with future funding being part of the financing plan for the AMP.

Compass Group had a $519,556 operating loss for 2020, or a $169,556 deficit to the budget, directly related to the Covid-19 pandemic and restrictions on gatherings. While hosting the shelter had a positive boost to operations, the continued pandemic has resulted in very low levels of rentals.

2021 Second and Third Quarter Results

The operating contingency is to meet the ongoing operations of the Convention Centre, in support of the over $850,000 annual economic spin off on a non-Covid-19 year created by the out of town visitors alone to the Convention Centre. In addition, there are economic benefits generated by local attendees to the conventions and conferences.

Additional benefits achieved are to local vendors from increased products and services used at the Centre. In addition there are:

- Sales increases achieved by local businesses that run events at the Centre
- Impacts of having the employees generating income and their spending in the community
- Benefits from the taxes to the Provincial and Federal governments from all employees (income tax or on sales tax) for both local and non-local spending

The second quarter results are a $125,030 operating subsidy. This is a $23,054 increase compared to 2020 actuals as the building was mainly not used due to Covid-19 Provincial restrictions and the vaccination clinic was the main user. With convention centers having been closed to public rentals, the vaccination center was a welcome revenue source for the majority of 2021.

The third quarter results are a $141,206 operating subsidy. This is approximately the same loss as 2020 with the vaccination clinic replacing the homeless shelter of the previous year.

2021 Cash Outlay Related To Bradley Centre

Significant upgrades in the audio / video equipment have been made recently by Compass Group as part of their $100,000 commitment in the terms of the five year contract.

Also, the balanced scorecard information is on hold until the pandemic is over.

Consultation

The municipal representatives of the Convention Centre Joint Operations Committee were provided this information on November 1, 2021.

Financial Implications

Council approved a 2021 operating budget of $350,000 for the Convention Centre; the final projection is a large operating deficit due to Covid-19 or $165,459 to budget, which will be incorporated into the 2021 corporate results of the Municipality upon the final audited results. The 2021 corporate deficit, including the Convention Centre, will be covered by the Safe Restart Funds provided by the Federal and Provincial Government.

For planning purposes, it is anticipated that the first quarter of 2022 will begin to return to normal with the vaccination center closing and regular events returning under Covid-19 protocols. It is anticipated that it may take until 2023 to return to the levels of use of 2019.

Prepared by:

____

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Attachments: None

C General Manager, John D. Bradley Convention Centre

JOHN D BRADLEY
CHATHAM-KENT
CONVENTION CENTRE

Quarterly Business Review Q2 2021 & Q3 2021

November 30th, 2021

COMPASS
GROUP

Agenda

- Operational Overview – Events in Q2 2021, Q3 2021
- Financial Results Q2 2021, Q3 2021
- External Audit 2019 & 2020
- Sales & Marketing Activities

JOHN D BRADLEY
CHATHAM-KENT
CONVENTION CENTRE

COMPASS
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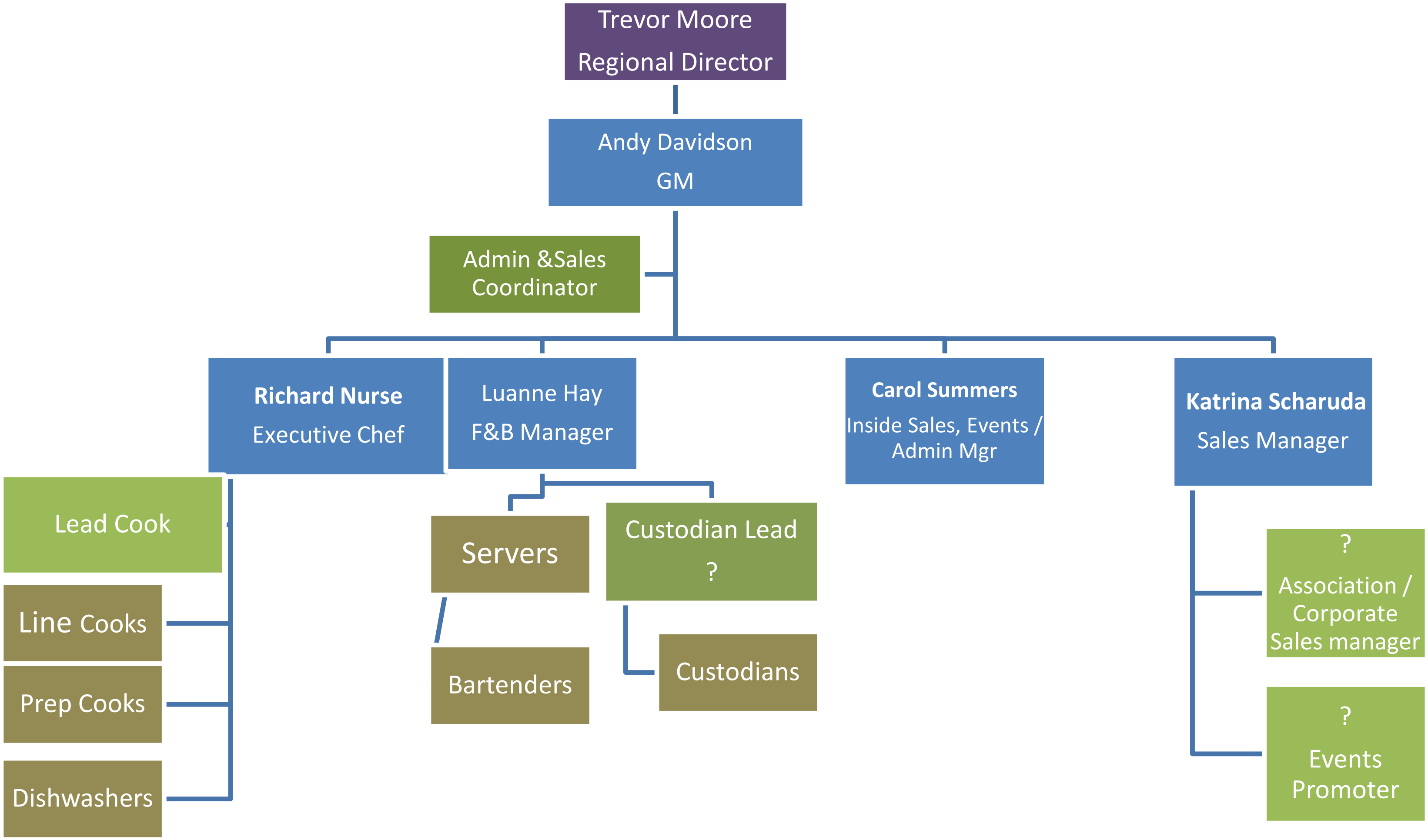
Organizational Chart



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CHATHAM-KENT
CONVENTION CENTRE

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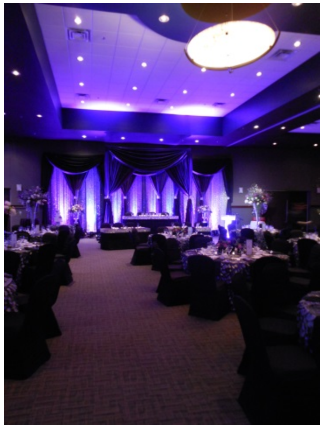
Events Summary – Q2 /2021

2nd QUARTER	April	May	June
Events	**57**	**56**	**64**
Guests #	**100**	**0**	**25**

Highlights:

- As a reminder, events are counted as any individual day a room is booked. To maintain consistency in reporting, everyday the clinic and call centre were in operation is counted as one event each
- As we do not have the information for number of vaccines per day they are not included in the guest totals
- Clinic in the expo from January 11th
- First Vaccination on site February 23
- Call Centre on site from March 15th

Events Summary – Q3 /2021



3rd QUARTER	July	August	September
Events	57	57	43
Guests #	25	17	197

Highlights:

- Clinic in the expo from January 11th
- First Vaccination on site February 23
- As of March 30th 23,554 doses in CK
- Call Centre ceased operations on site August 20th
- Clinic currently booked to be on site until December 31st

JOHN D BRADLEY CHATHAM-KENT CONVENTION CENTRE

COMPASS GROUP

Events & Number of Guests - YTD

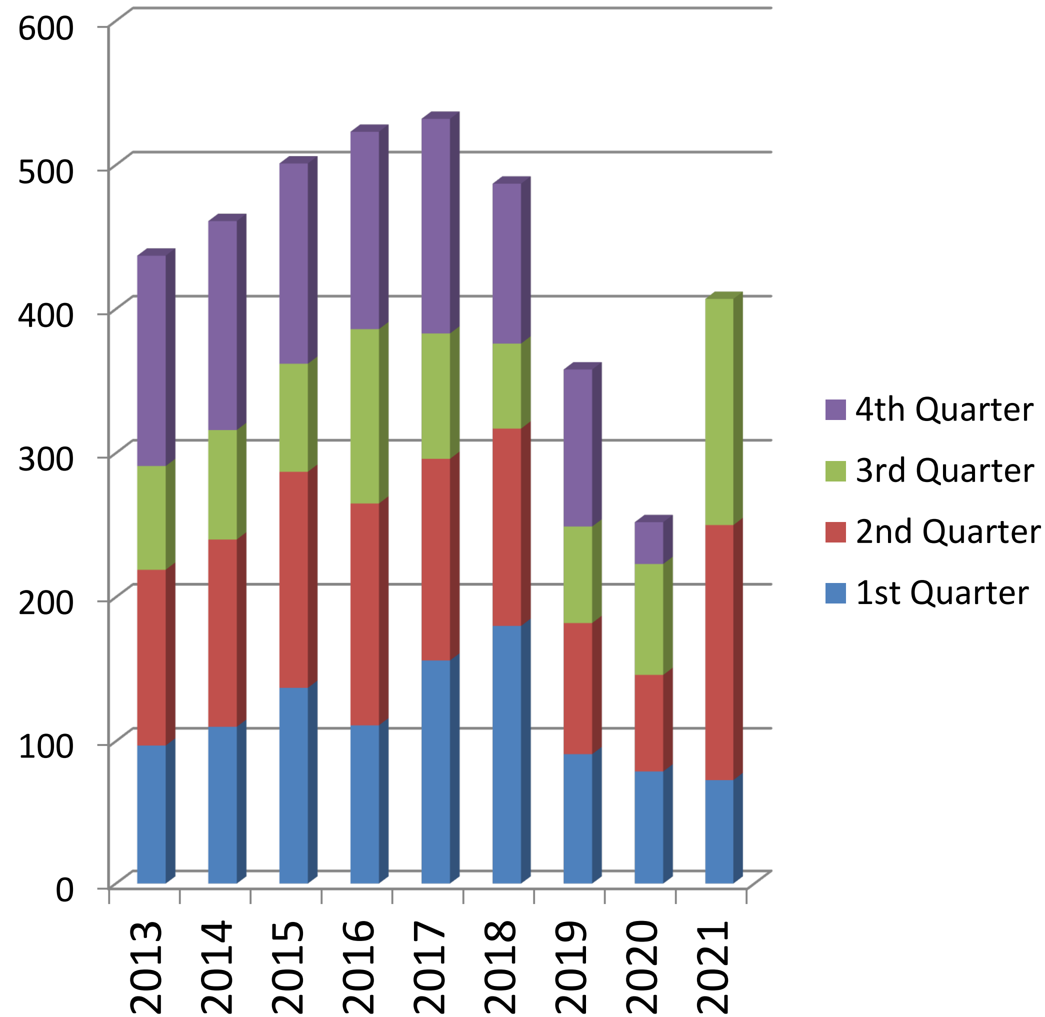
2021 Actual vs. Same Time Last Year

	EVENTS			GUESTS	
	2020	2021		2020	2021
Q1	79	73		14,609	1,365
Q2	67	177		2,680	235
Q3	77	157		3,020	222
Q4	29			497	
YTD	**223**	**407**		**20,309**	**1,822**

JOHN D BRADLEY CHATHAM-KENT CONVENTION CENTRE

COMPASS GROUP

Summary of Event Days

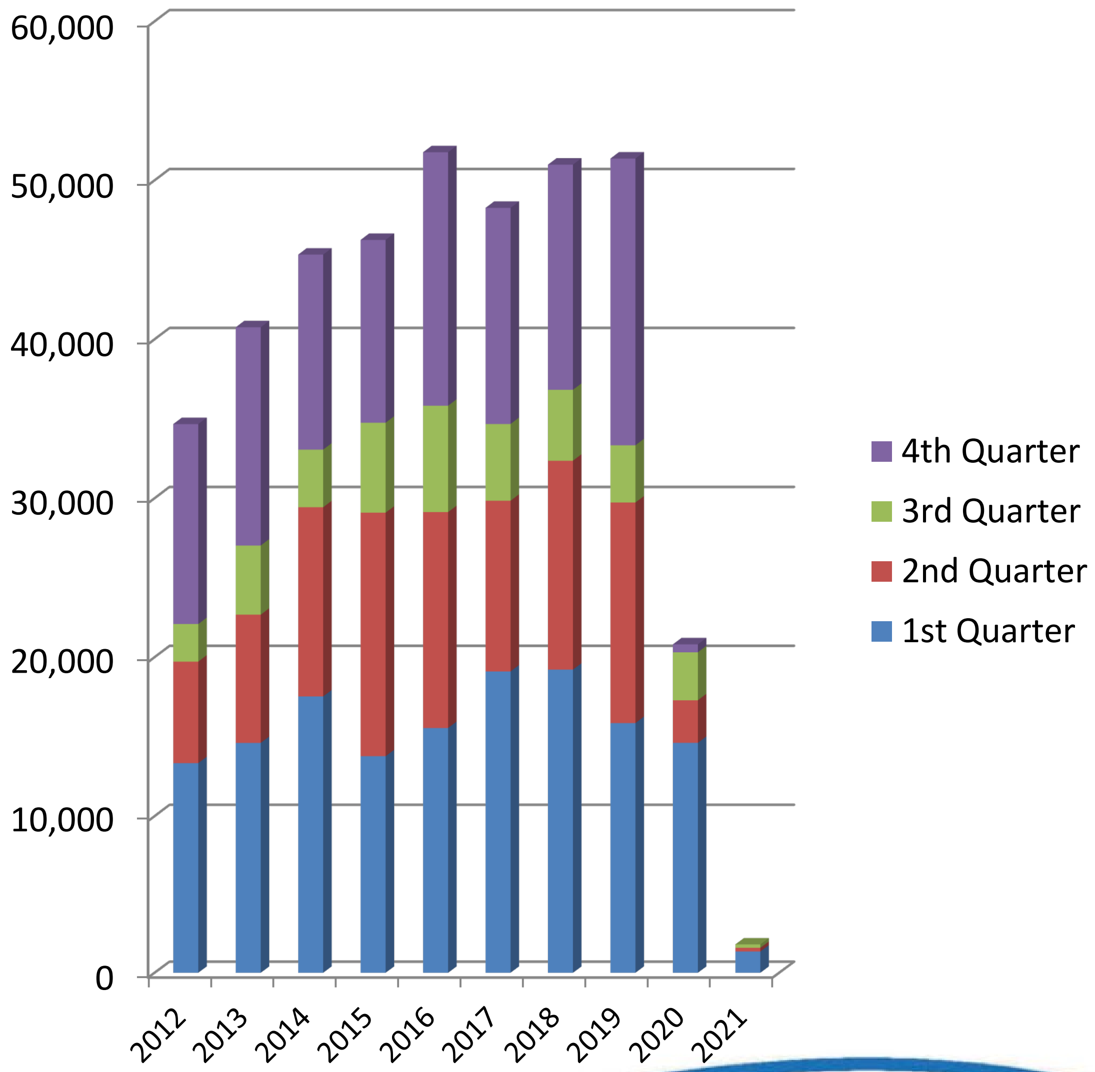


JOHN D BRADLEY
CHATHAM-KENT
CONVENTION CENTRE

COMPASS GROUP

Summary of Guests

-Q1 of 2021 does not include number of vaccine recipients and volunteers, only staff for clinic



JOHN D BRADLEY CHATHAM-KENT CONVENTION CENTRE

COMPASS GROUP

JOHN D BRADLEY
CHATHAM-KENT
CONVENTION CENTRE

FINANCIAL RESULTS

COMPASS
GROUP

Financials Results –Q2 / 2021

Profit and Loss Statement vs. Budget

	Actual	%	Budget	%	Variance	
TOTAL SALES	**$78,538**	**100%**	**$42,821**	**100%**	**$35,717**	**83%**
Product Cost	$1,398	-2%	$623	-1%	**$775**	0%
Labor	$107,829	-137%	$103,294	-241%	**$4,535**	104%
Direct Cost	$63,373	-81%	$70,117	-164%	**($6,744)**	83%
TOTAL OPR COST	**$172,600**	-220%	**$174,034**	-406%	**($1,434)**	187%
Ind. Mgt Expenses	**$2,356**	-3%	**$1,284**	-3%	**$1,072**	0%
Management Cost	**$28,611**	-36%	**$28,610**	-67%	**$1**	30%
TOTAL COST	**$203,567**	-259%	**$203,930**	-476%	**($363)**	217%
TOTAL (Profit) / Loss	**($125,030)**	159%	**($161,109)**	376%	**$36,079**	-217%

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Financials Results –Q2 / 2021

Profit and Loss Statement vs. STLY

Account Description	Q2	%	STLY	%	variance	%
Total Sales	**$78,538**	**100%**	**$121,294**	**100%**	**($42,756)**	**-35%**
Total Product cost	$1,398	17%	$26,539	18%	($25,141)	-1%
Total Labour	$107,829	69%	$100,478	53%	$7,350	16%
Total Direct Costs	$63,373	68%	$64,563	40%	($1,190)	28%
Total Operating Cost	**$172,600**	154%	**$191,581**	**111%**	**($18,980)**	43%
Indirect Management Exp	$2,356	3%	$3,639	3%	($1,283)	0%
Mgt Fee Expense	$28,611	13%	$28,050	11%	$561	2%
Total Cost	**$203,567**	170%	**$222,237**	**125%**	($18,670)	45%
Total (Profit)/Cost	**($125,030)**	70%	**($101,976)**	**25%**	($23,054)	45%

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Financials Results –Q3 / 2021

Profit and Loss Statement vs. Budget

	Actual	%	Budget	%	Variance	
TOTAL SALES	**$64,078**	**100%**	**$33,369**	**100%**	**$30,709**	**92%**
Product Cost	$1,808	-3%	$454	-1%	**$1,354**	-1%
Labor	$93,175	-145%	$103,294	-310%	**($10,119)**	164%
Direct Cost	$79,668	-124%	$61,823	-185%	**$17,845**	61%
TOTAL OPR COST	**$174,751**	-273%	**$164,399**	-493%	**$10,352**	220%
Ind. Mgt Expenses	**$1,922**	-3%	**$1,000**	-3%	**$922**	0%
Management Cost	**$28,611**	-45%	**$28,610**	-86%	**$1**	41%
TOTAL COST	**$205,284**	-320%	**$186,069**	-558%	**$19,215**	237%
TOTAL (Profit) / Loss	**($141,206)**	220%	**($161,811)**	485%	**$20,605**	-265%

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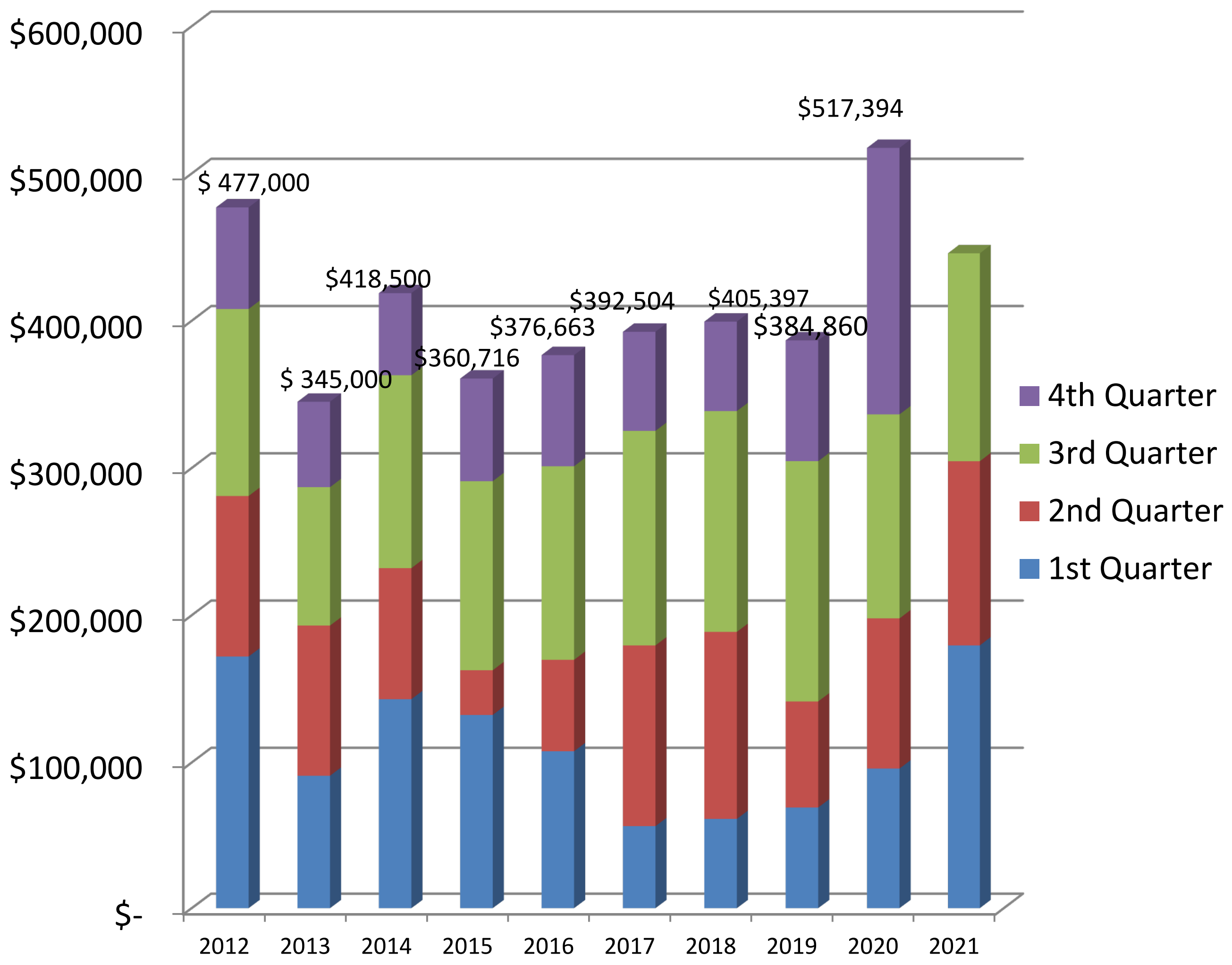
Financials Results –Q3 / 2021

Profit and Loss Statement vs. STLY

Account Description	Q3	%	STLY	%	variance	%
Total Sales	**$64,078**	**100%**	**$80,530**	**100%**	**($16,452)**	**-20%**
Total Product cost	$1,808	17%	$18,301	18%	($16,493)	-1%
Total Labour	$93,175	69%	$84,893	68%	$8,282	1%
Total Direct Costs	$79,668	68%	$87,396	47%	($7,728)	21%
Total Operating Cost	**$174,751**	154%	**$127,270**	**133%**	**$47,481**	21%
Indirect Management Exp	$1,922	3%	$2,416	3%	($494)	0%
Mgt Fee Expense	$28,611	13%	$28,050	14%	$561	-1%
Total Cost	**$205,284**	170%	**$221,056**	**150%**	($15,771)	20%
Total (Profit)/Cost	**($141,206)**	70%	**($140,526)**	**50%**	($680)	20%

Summary of Operation Requirements



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Projections –Q4 / 2021

Profit and Loss Statement vs. STLY

Account Description	Q4	%	STLY	%	variance	%
Total Sales	**$45,000**	**100%**	**$14,915**	**100%**	**$30,085**	**202%**
Total Product cost	$1,500	17%	$2,587	18%	($1,087)	-1%
Total Labour	$101,000	69%	$96,271	68%	$4,729	1%
Total Direct Costs	$78,000	68%	$68,495	47%	$9,505	21%
Total Operating Cost	**$180,500**	154%	**$167,353**	133%	**$13,147**	21%
Indirect Management Exp	$1,350	3%	$447	3%	$903	0%
Mgt Fee Expense	$28,609	13%	$28,050	14%	$559	-1%
Total Cost	**$210,459**	170%	**$195,850**	150%	$14,609	20%
Total (Profit)/Cost	**($165,459)**	70%	**($180,936)**	50%	$15,477	20%

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Third Party Audit Summary

Compass Group Canada Limited

Schedule of gross revenue and expenses of
operating unit 10701 and 10703

	2019	2018
Revenue	$857,100	$814,324
Expenses		
Product Cost	$152,656	$152,447
Direct Operating Cost	$401,070	$399,735
Labour Cost	$552,197	$533,678
Management Fees	$135,713	$133,861
Total Expenses	$1,241,636	$1,219,721
Net excess of expenses over revenues for the period	($384,536)	($405,397)
Management Fee Credit		$38,301
	($384,536)	($367,096)

Note: No Credit in 2019 as per new contract

Third Party Audit Summary

Compass Group Canada Limited

Schedule of gross revenue and expenses of
operating unit 10701 and 10703

	2020	2019
Revenue	$408,865	$857,100
Expenses		
Product Cost	$81,777	$152,656
Direct Operating Cost	$304,583	$401,070
Labour Cost	$417,605	$552,197
Management Fees	$124,466	$135,713
Total Expenses	$928,431	$1,241,636
Net excess of expenses over revenues for the period	($519,566)	($384,536)
Management Fee Credit	$38,500	
	($481,066)	($384,536)

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Sales and Marketing

- SALES ACTIVITIES
- SALES
- COMMUNITY/PROFESSIONAL DEVELOPMENT
- MARKETING ACTIVITIES
- MARKETING METRICS

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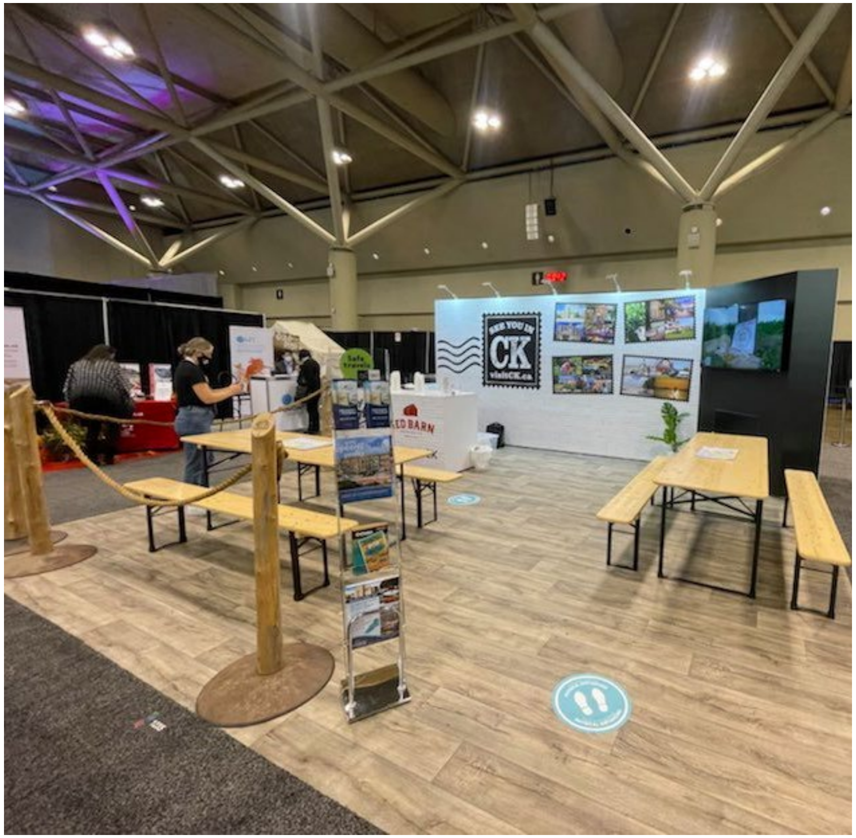
Sales Activities

Canadian Meetings & Events Expo

- October 19 & 20
- Over 100 exhibitors and 1000 attendees
- Acquired 69 leads to follow-up on
- Invited tourism to help promote Chatham-Kent
- Invited Red Barn Brewery and Sons of Kent Brewery to sample beer



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CMEE Booth (Toronto)

- Our booth was indeed the most popular booth at the show. Everyone loved the samples and also loved to sit and relax as we spoke about Chatham-Kent with them.

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CMEE

- Main 2 questions from attendees: “Where is Chatham-Kent?” & “How big is the Convention Centre?”
- Everyone who came to our booth left knowing where we are and what we have to offer
- Several very serious leads and interested event planners

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Community Involvement

Chamber of Commerce Business Members Committee Member

Rotary Club of Chatham Member

The GIFT CK 2022 Volunteer/Captain

Volunteer and Sponsor 2021 Annual Golf Tournament (Chamber of Commerce)

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Professional Development

- Canadian Meetings and Events Expo & Conference
- CansPep Annual Conference October 27-29

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Marketing

- Finalized New Menu & Design
- Website updates/communication
- Smart Channel Campaign
- Industry Insights articles on Corporate Meetings Network
- Social Media Content/Posts/Stories
- E-Newsletter
- Safe Travels Certificate
- Christmas Menu
- John D. Bradley Convention Centre Mi Promotional Video
- New Info & Floorplan Brochure
- Hybrid/Virtual Meeting Package

Industry Insights Articles on Corporate Meetings Network

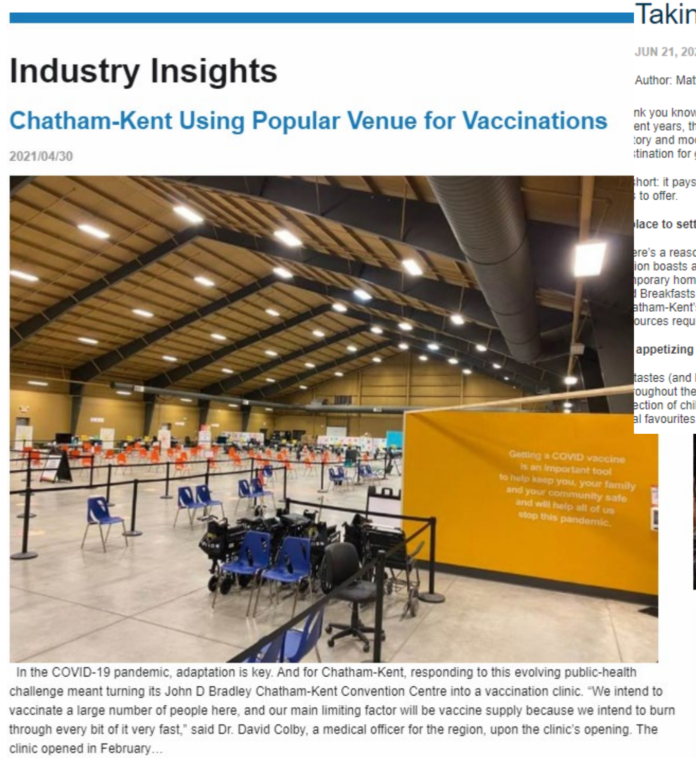
Chatham-Kent Using Popular Venue for Vaccinations

https://www.corporatemeetingsnetwork.ca/category/industry-insights/page/2/

Taking a Fresh Look at Chatham-Kent

https://mediaedgedigital.com/supplierinsights/csae-trillium/taking-a-fresh-look-at-chatham-kent

(Worked with Tourism to create the content and theme of article)



Industry Insights

Chatham-Kent Using Popular Venue for Vaccinations

2021/04/30

In the COVID-19 pandemic, adaptation is key. And for Chatham-Kent, responding to this evolving public-health challenge meant turning its John D Bradley Chatham-Kent Convention Centre into a vaccination clinic. "We intend to vaccinate a large number of people here, and our main limiting factor will be vaccine supply because we intend to burn through every bit of it very fast," said Dr. David Colby, a medical officer for the region, upon the clinic's opening. The clinic opened in February…

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2013 CSAE Chapter of the Year E-MAGAZINE

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Taking a fresh look at Chatham-Kent

JUN 21, 2021 | CHATHAM KENT

Author: Matthew Bradford

nk you know Chatham-Kent? You might be surprised. In ent years, the Southwestern Ontario hub has leveraged its tory and modern-day amenities to become an ideal stination for groups around the world.

hort: it pays to take a second look at what Chatham-Kent to offer.

lace to settle in

ere's a reason travel bloggers choose Chatham Kent. The ion boasts a unique range of places to make your nporary home, from the stylish RetroSuites to cozy Bed l Breakfasts, big name hotels and beyond. Moreover, atham-Kent's accommodations are located within a short distance to the venues, attractions, and ources required to make any event pop.

appetizing experience

tastes (and budgets) are welcome in Chatham-Kent. oughout the years, the region has become home to a wide ection of chill cafés, lively breweries, luxury restaurants, and al favourites.

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CKCC Mini Video

- Video shot and edited by local Videographer Wader Likes Media
- Used in CMEE Tradeshow
- Press on link to watch video
- https://www.dropbox.com/s/0gryftozt5vzomz/JohnDBradleyTour.mp4?dl=0

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Marketing Metrics

- Smart Channel
- Website Traffic
- Google Business
- Social Media Metrics

    Facebook

    Instagram

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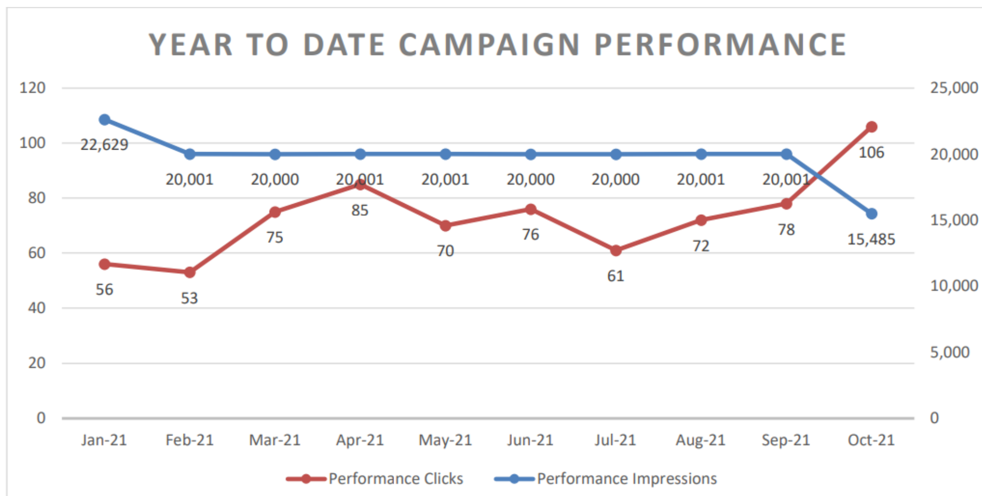
Smart Channel

SEPTEMBER 2021

Top ten cities listed in order. Toronto remains to have the most impressions and most clicks on our advertisements like the one on the side>>>>

Campaign Campaign Name	Geography Country	Geography Region	Geography City	Performance Impressions	Performance Clicks	Performance CTR
Chatham_Smart_Channel_CM&E	Canada	Ontario	Toronto	6,389	23	0.36%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Ottawa	1,021	6	0.59%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Brampton	999	3	0.30%
Chatham_Smart_Channel_CM&E	Canada	Ontario	London	662	3	0.45%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Oakville	605	3	0.50%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Scarborough	598	3	0.50%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Kitchener	455	3	0.66%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Vaughan	238	3	1.26%
Chatham_Smart_Channel_CM&E	Canada	Ontario	Unknown	136	3	2.21%

Year to Date we have received 198,119 impressions from our ads and 732 clicks that take them to our website. We are told we are way above the competitor average.



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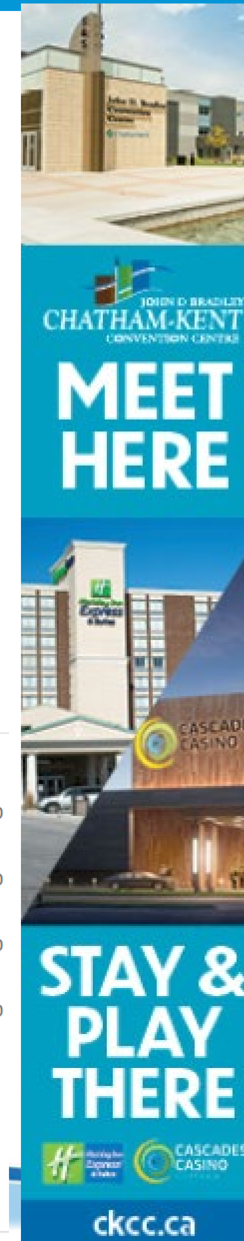
RESULTS

198,119	0.37%	732
Total Impressions:	CTR:	Clicks



Mar 26-Sep 24

Website Analytics

Our website has gained a lot of traction since last quarter, most likely from the vaccination clinic. Since the last quarter, the number of visitors to our website have increased by 5083 and new users by 5050.

Users
6,865

New Users
6,823

Sessions
7,860

Number of Sessions per User
1.14

Pageviews
11,933

Pages / Session
1.52

Avg. Session Duration

Bounce Rate

Most popular pages our visitors are looking at are our COVID19 Friendly Menu, Safe Meeting Guide and Contact Page. This is a good sign that event planners are researching and seeing what we have to offer.

	Page	Pageviews	% Pageviews
1.	/	8,134	68.16%
2.	/covid-19-friendly-menu/	860	7.21%
3.	/safe-meeting-guide/	517	4.33%
4.	/contact/	312	2.61%
5.	/events/	234	1.96%
6.	/about/	207	1.73%
7.	/planning/	144	1.21%
8.	/attending/about-chatham-kent/	132	1.11%
9.	/planning/facilities-map/	126	1.06%
10.	/planning/weddings/	108	0.91%

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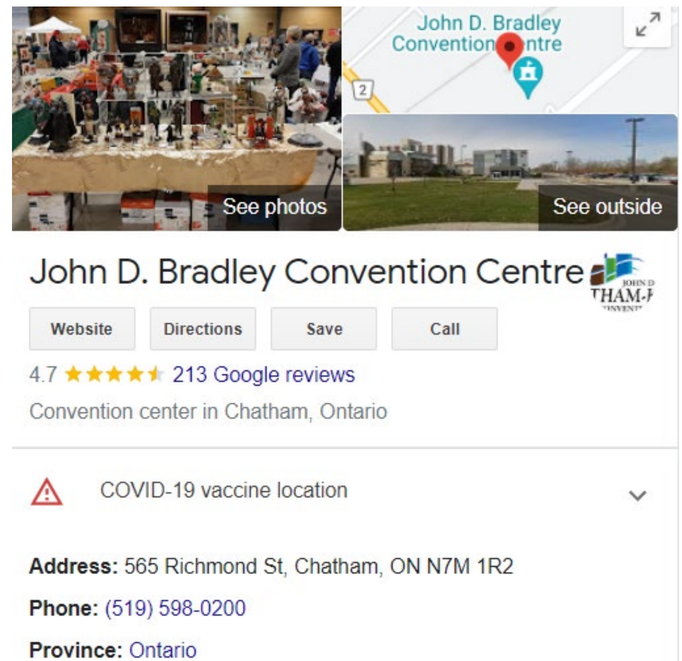
Google Business

- Since the vaccination clinic started, we have received 190 reviews (almost all 5 star) on Google.
- From July 27-October 22 we have had 860 people click on our business listing to go to our website, 558 request directions and 456 call us.



Visit your website
830

Request directions
558

Call you
456

JOHN D BRADLEY CHATHAM-KENT CONVENTION CENTRE

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Google Reviews

Em Cee
★★★★☆ 13 weeks ago

Excellent place for meetings and corporate events, too boring for weddings.

John D. Bradley Convention Centre (owner)
7 weeks ago

Thank you for your review!! Appreciate the feedback :)

Chatham railfan2002
★★★★★ 8 weeks ago

Great place for an event

John D. Bradley Convention Centre (owner)
7 weeks ago

Thank you for your kind review!!

Wyatt Hoekstra
★★★★★ 18 weeks ago

Awesome place 😎

Mary Deacon
★★★★★ 15 weeks ago

The people are great and so organized. Felt really safe the way they have it set up. These men and women at on top of their games. They are freindly and very respectful no matter how old you are. I think these people should get a shout out of Thank You from everyone coming in to get their shots. From myself and my husband you have our respect and a great big Thankyou.

Dann Wilson
★★★★★ 20 weeks ago

Glad to see it's still a functional place. Much less colorful from the days as the Wheels though.

Wendy Romanovich
★★★★★ 17 weeks ago

Very impressive and organized for covid vaccines. Easy to find.

Mike Thain
★★★★★ 24 weeks ago

Gord Quinton **THANKS GORD! ☺**
★★★★★ 24 weeks ago

Scott St.Amand
★★★★★ 26 weeks ago

Been to the Bradley Center for many different reasons. Including being part of events. (Toy show, with the robotics team) Clean facilities and the staff has always been exceptional.

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Delina Bogaert
★★★★★ 27 weeks ago

Great venue for vaccination site.

Facebook Metrics

Since the previous quarter we have increased impressions and engagements through our posts and information shared.

Impressions

170,675 ↗ 36.2%

Engagements

10,473 ↗ 95.2%

Most popular posts from this past quarter. One being a filler post about Maintenance tips for your home. The other two being about the vaccination clinic.

Chatham-Kent John D. Bradley Convention Centre
Mon 6/7/2021 8:35 am PDT

Summer is fast approaching and it's a popular time of year to do home maintenance. Follow this summer home maintenance checklist to keep your home in tip top shape now and in the future.

Total Engagements	67
Reactions	2
Comments	1
Shares	1
Post Link Clicks	13
Other Post Clicks	50

Chatham-Kent John D. Bradley Convention Centre
Fri 7/9/2021 8:41 am PDT

We are so proud of our vaccination clinic program here at the Chatham-Kent Convention Centre. The positive comments and strength of our community during this pandemic is comparable t

Total Engagements	53
Reactions	28
Comments	2
Shares	0
Post Link Clicks	—
Other Post Clicks	23

Chatham-Kent John D. Bradley Convention Centre
Thu 5/27/2021 12:05 pm PDT

Chatham-Kent hits 50K doses

Total Engagements	20
Reactions	4
Comments	0
Shares	1
Post Link Clicks	6
Other Post Clicks	9

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Instagram Metrics

We have gained 34 net followers within the last quarter. Much of our content was filler content and little about actual events which is what many are following us for.

Top 2 posts are about the vaccination clinic.

Audience Metrics	Totals	% Change
Followers	1,075	↗ 3.3%
Net Follower Growth	34	↘ 65.3%
Followers Gained	68	↘ 55.3%
Followers Lost	34	↘ 37%

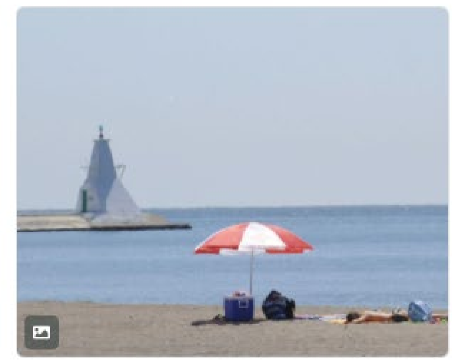
Happy 100th Birthday to Marian Sunnen who received her first Covid vaccination at our facilities in February! Pictured is her essential care giver Alysson Storey and Marian Sunnen herself.

Total Engagements	31
Likes	30
Comments	1
Saves	0

We are proud to be the vaccination centre for Chatham-Kent. Thank you to the #CKVaccinationTeam for their hard work and dedication. Keep practicing physical distancing and stay safe! #WeCanDoThis

Total Engagements	27
Likes	25
Comments	2
Saves	0

Are you enjoying this hot summer we're having in SW Ontario? We are so fortunate in Chatham-Kent to be surrounded by many beautiful beaches to cool down in...Where are you heading this upcoming



Total Engagements	26
Likes	24
Comments	2
Saves	0

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