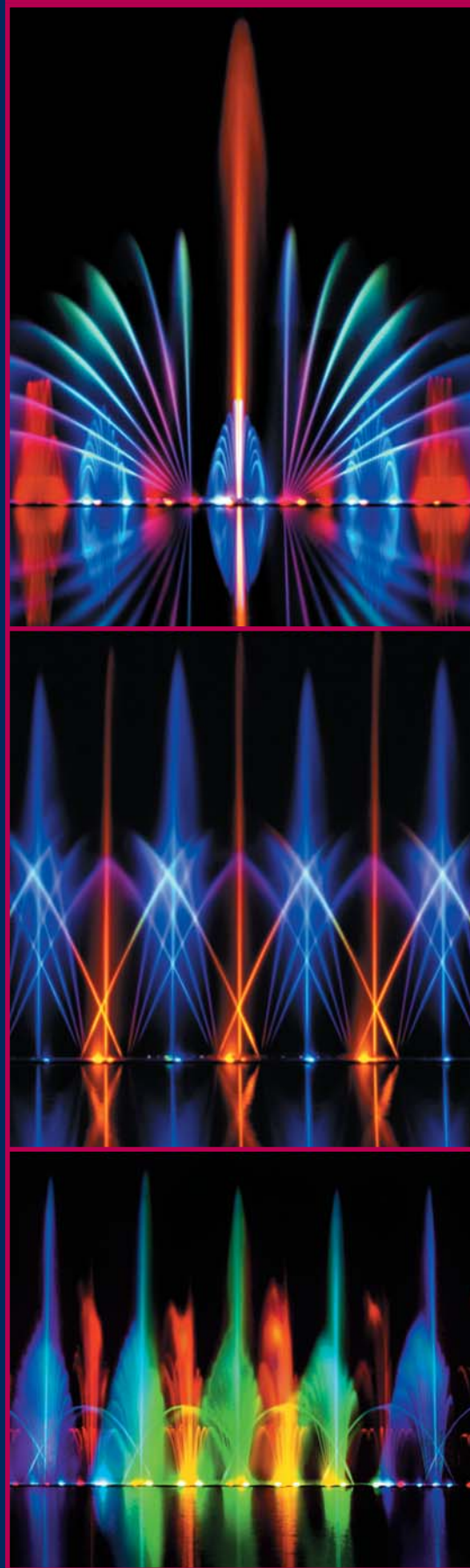


2001 annual report

For the year ended December 31, 2001



ontario place



An agency of Ontario Ministry of Culture, Tourism and Recreation

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Ontario Place Corporation
955 Lakeshore Boulevard West
Toronto, ON Canada M6K 3B9
www.ontarioplace.com

An Agency of the Government of Ontario
The Honourable Cam Jackson, Minister – Ontario Ministry of Tourism
The Honourable Tim Hudak, Minister – Ontario Ministry of Culture, Tourism and Recreation
Donald A. Obonsawin, Deputy Minister

Printed by the Order of the Legislative Assembly of Ontario



our vision

Ontario Place cares about its people and its customers. Ontario Place is a financially self-sustaining, year-round attraction which captures the spirit of Ontario, featuring distinctive, quality attractions for all ages.

OPC Board of Directors

our goal

- To create North America's premier waterfront entertainment destination by providing unique experiences that are fun and challenging for families and a diverse mix of visitors; and
- To be an urban oasis that celebrates its distinct location through excellence in design, architecture and landscaping.

board members

James Ginou, Chairman • April 24, 1997 – April 23, 2003

Peter Doucet, Vice-Chairman • April 11, 2001 – September 6, 2004

• September 7, 1995 – September 6, 2001

Michael Di Biase • March 30, 1999 – March 29, 2002

Franco Giampa • October 17, 2001 – October 16, 2004

H. Donald Guthrie • August 23, 1996 – August 22, 2002

John Langhorne • July 8, 1998 – July 7, 2004

Ken Morrish • June 3, 1998 – June 2, 2001

Margaret Munnoch • September 14, 1995 – September 13, 2001

Paul Pandos • April 29, 1999 – April 28, 2002

Borden Rosiak • June 3, 2001 – June 2, 2004

Keith Stein • April 29, 1999 – April 28, 2002

Amanda Walton • February 5, 1997 – February 4, 2003

Donald Young • June 11, 1997 – June 10, 2003

Jerome Zwicker • November 18, 1998 – November 17, 2004

Donald A. Obonsawin, Ex-Officio

senior management

Leslie Hutcheson, General Manager

Tom Chrzan, Assistant General Manager

Aldo Dimarcantonio, Chief Financial Officer

Kevin McKaye, Senior Manager, Marketing & Sales

Wyeth Tracy, Senior Manager, Facilities

Andrea Peres, Senior Manager, Human Resources

corporate sponsors

Ontario Place gratefully acknowledges the support of our sponsors:

Bass Hotels & Resorts (Holiday Inn)
Coca-Cola Bottling
Gatorade (Quaker Oats)
Mercury Marine
Molson Canada
Mr. Sub
Montclair (Perrier)
Pizza Pizza
Rogers AT&T Wireless
Star Choice Communications Inc.

acknowledgements

Ontario Place Corporation wishes to acknowledge and express its appreciation to the following agencies and organizations for their co-operation and assistance in 2001:

Board of Governors of Exhibition Place
Canadian International Air Show
Canadian National Exhibition Association
City of Toronto
City of Toronto Fire Department
Commission on the Future of the Toronto Waterfront
Metropolitan Toronto Department of Ambulance Services
Metropolitan Toronto Department of Transportation
Metropolitan Toronto Police Department
Municipality of Metropolitan Toronto
Toronto Harbour Commission
Toronto Transit Commission
Transport Canada (Toronto Island Airport)

chairman's statement

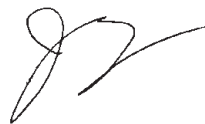
In celebration of Ontario Place's 30th Anniversary in 2001, the guest experience was enhanced through the addition of new features and attractions. Ontario Place unveiled South Beach® – a brand new beach volleyball complex hailed by amateur and professional athletes alike as one of the finest facilities of its kind in the country. A resounding success, South Beach® was designed primarily to enhance Group Sales and welcomed 14,000 guests in its inaugural season.

Also new this season was Liquid Fireworks, a one-of-a-kind dancing waters show choreographed to lights and music, located on the West Island. Liquid Fireworks extended the average length of visits and enhanced the overall visitor experience. Ontario Place also hosted the 3rd annual Toronto In-Water Boat Show, an event hailed as Ontario's largest in-water show.

This season, significant capital investments were made to the park including new washrooms and change facilities at the Soak City® waterpark, improvements to the Soak City® food and beverage concessions, and the construction of a brand new Festival Stage children's entertainment venue.

On behalf of my colleagues on the Board of Directors at Ontario Place, I would like to thank the employees, media and corporate sponsors, business partners and our guests for their on-going support and commitment to Ontario Place.

I am pleased to submit, for review, Ontario Place's annual report for the year ended December 31, 2001.



James Ginou

Chairman, Ontario Place Board of Directors

2001 goals and objectives

The focus this year was on growing the Park's Group Sales revenues. Strategies to achieve this included the introduction of new venues and increasing the number and variety of products offered. When South Beach® opened in the spring of 2001, not only did corporate and educational groups respond enthusiastically but both professional and amateur athletes proclaimed it to be among the finest venues of its kind in the country. South Beach® has welcomed over 14,000 guests in its inaugural season alone. Through strategic alliances with outside partners like the Ontario Volleyball Association, and OKI Corporation, South Beach® has proven to be not only an entertaining venue for corporate groups but also an educational opportunity for schools and a showcase for our national volleyball teams. The 30th anniversary theme permeated all of the Park's advertising and promotion this year, and allowed Ontario Place to generate more media coverage within our communities than would otherwise have been possible.

Initial plans to extend the park operating season to include Thanksgiving and Halloween were thoroughly examined with the conclusion being reached that a better than breakeven business case did not exist for the extended season this year. This option will be looked at in future years and remains a goal of the organization.

The In-Water Boat Show is one of the Park's largest single events. By combining and leveraging our relationships with the National Marine Manufacturers Association, and with the Great White North Dragon Boat organization we managed to significantly increase park attendance and revenues during the second weekend in September. The In Water Boat Show is well on its way to becoming the biggest event of its kind in the country.

In light of the recent announcement by Benson & Hedges to discontinue sponsorship of the Symphony of Fire, Ontario Place undertook to seek new sponsorship in an effort to retain this high profile event. Unfortunately, due to the high cost of mounting an international fireworks competition, a sponsor could not be found prepared to make such a substantial investment and plans to bring the event back to the park in 2001 had to be put on hold. Over the past 13 years, Ontario Place has earned a reputation for world-class pyrotechnical shows and is committed to bringing major fireworks back to the park in the future.

Management at the park continues to work closely with the City of Toronto to ensure that the park's interests are incorporated into plans involving access and local road closures. In view of the TTC's decision to discontinue direct transit service to Ontario Place for the park's 1,200,000 guests, the park instituted a free bus shuttle service that runs continuously between Union Station and Ontario Place. This reflects our commitment to ensuring easy access to the park for the people of Toronto.

After extensive review and considerable feedback from guests, the park committed itself to new food service operators that would be responsive to customer needs and increase corporate revenues. Consequently, JJ Muggs was brought on board this season as our major sit-down restaurant operator and food service provider of choice for our Group Sales business.

The Corporation committed itself to not increasing daily admission fees this season and accordingly grounds admission, Play All day prices and Play All Night prices remained at 2000 levels. However, season pass prices were increased by \$10 and parking rates – which had been frozen for 3 years – were adjusted higher for peak operating/event days. To provide greater flexibility for guests a new Pay as You Play option was introduced this year.

attendance & weather

Ontario Place encompasses a wide variety of cultural, entertainment and recreational facilities. Programmed for broad public appeal, they also serve to showcase the rich resources of the Province. In 2001, Ontario Place generated total attendance of 1,227,561, which represents a 3% decrease over 2000.

Downward pressure on attendance is indicative of increased competition for the leisure dollar. Furthermore, 2001 marks the Park's first year in well over a decade without the Benson & Hedges Symphony of Fire international fireworks competition. The event did not return this year when Benson & Hedges was forced to withdraw its sponsorship of the event due to federal tobacco legislation.

2001 visitation by operating period is illustrated below

	Attendance		
	2001	2000	1999
Non-CNE	644,190	753,413	886,000
CNE	583,371	517,600	590,000
Total	1,227,561	1,271,013	1,509,847

visitor perception

In order to maintain consistently high levels of visitor satisfaction, Ontario Place makes extensive use of surveys and other feedback mechanisms to monitor guest perceptions. The results are used to interpret current park operations and are considered in the annual planning of programs and services that best enable the Corporation to preserve its position as a preeminent provincial attraction.

Research conducted on behalf of Ontario Place indicates a highly positive visitor response to the quality and range of the park's features and services.¹

- 30% were first time visitors
- 72% were repeat visitors
- 86% of guests visited the park 2 or more times this season
- 74% of guests reside within a 100 km radius of the park
- 80% of guests perceived the value of the Play All Day Pass® as a good, very good or excellent value.
- 75% of guests perceived the value of the Play All Night Pass as a good, very good or excellent value. Research conducted specifically concerning Liquid Fireworks indicates a highly positive visitor response to that attraction.²
- 83% of guests indicated that Liquid Fireworks was the reason they extended their stay at the park.
- 49% of Liquid Fireworks attendees purchased a Play Add Day pass.
- 60% of guests indicated that they would return to the park this summer to see the show again.
- 79% of guests first learned of the show through Ontario Place's newly reformatted site brochure.
- 50% of guests indicated that they purchased a beverage or snack during the show.

¹ I/COUNT research June 24-August 17, 2000

² Ontario Place on-site interviews June – August 9, 2001

concessions

Ontario Place has partnered with local and national companies to operate various food, retail and service concessions throughout the park. These partnerships enable Ontario Place to focus on its core competencies, while offering visitors access to a vast array of high-quality products and services without compromising customer service. In 2001, on-site concessions employed approximately 572 people.

Services

Molson Amphitheatre (House of Blues)

With seating for over 16,000, the Molson Amphitheatre is a unique concert venue that presents both small and large acts from across Canada, and around the world. Attendance for the 2001 concert season was 204,088. (Figures do not include Heritage Days).

International Cigar Stores Ltd.

ICS, a national gift shop chain, operates four retail outlets located throughout the site, selling a vast assortment of novelty and souvenir merchandise.

National Helicopters

Offers an exhilarating 8-minute ride above downtown Toronto and around the CN Tower.

Autoclic

This service allows our guests to get a picture of their experience on the Wilderness Adventure Ride.

Caricatures Unlimited

Artists interpret your personality and visage with a hand-drawn picture.

Picasso Painters

Roaming the park, these artisans provide face painting, black Henna body art and temporary tattoos.

Silent Waters

Canoe rentals offer the opportunity to leisurely explore the system of scenic waterways

Starburst Coin Operators

Coin operated arcades throughout the site add an element of excitement for video game fans.

Licensed & Full Service Dining, Snacks & Refreshments

JJ Muggs

Introduced to Ontario Place in 2001, JJ Muggs manages one of the park's full service sit-down restaurant, The Marina Grille, and is the caterer of record for group sales.

Atlantis

A full-service, licensed restaurant and nightclub that overlooks the Toronto skyline and Lake Ontario. With a capacity for 900, Atlantis hosts corporate events, private parties and regular evening entertainment.

Beavertails

For a traditional treat, Beavertails provides a taste unique to Canada.

Mr. Sub

Build you own sandwich or wrap.

Three locations.

Gaetan's Grill

Bring together the smells of a chip stand, the sizzle of a flame broil grill and a character as big as life, and you have an experience that is familiar to kids of all ages.

New York Fries

The ultimate! The world's best tasting fries!

Vital Link Ice Cream

Grab a hot eat or frozen treat. A selection of quick service snack items from four kiosks throughout the park.

Pizza Pizza

Ontario's #1 pizza has been serving great quality pizza at a great price for over 30 years. Three locations.

Pronto Foods (Lemon Heaven)

Enjoy a refreshing, freshly squeezed lemonade or fruit juice. Two locations.

auditor's report

To Ontario Place Corporation and to the Minister of Tourism, Culture and Recreation

I have audited the balance sheet of Ontario Place Corporation as at December 31, 2001 and the statements of operations and equity, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



J. R. McCarter, C.A., Assistant Provincial Auditor

Toronto, Ontario

May 28, 2002

financial statements

Balance Sheet as at December 31, 2001

	2001 (\$000's)	2000 (\$000's)
<u>Assets</u>		
Current Assets		
Cash	986	940
Accounts receivable	958	662
Due from the Province of Ontario	172	1,943
Inventory	5	159
Prepaid expenses	62	250
	2,183	3,954
Capital Assets (Note 3)	114,395	113,660
	<u>116,578</u>	<u>117,614</u>
<u>Liabilities and Equity</u>		
Current Liabilities		
Accounts payable and accrued liabilities	1,447	3,384
Deferred income	344	46
	1,791	3,430
Deferred Capital Contributions (Note 4)	11,858	10,399
Unspent Deferred Capital Contributions (Note 4)	677	1,433
	12,535	11,832
Equity		
Invested in capital assets	102,537	103,261
Retained income (deficit)	(285)	(909)
	102,252	102,352
	<u>116,578</u>	<u>117,614</u>

Commitments (Note 6)

See accompanying schedules and notes to financial statements

Approved on behalf of the Corporation



John Langhorne, Director



James Ginou, Director

financial statements

Statement of Operations and Equity For the year ended December 31, 2001

	2001 (\$000's)	2000 (\$000's)
Operating revenue (Schedule 1)	11,919	12,658
Administrative and operating expenses (Schedule 2)	15,067	16,537
Operating deficit before the following	<u>(3,148)</u>	<u>(3,879)</u>
Province of Ontario operating grants	2,960	4,915
Amortization of deferred capital contributions	1,598	1,504
Amortization of capital assets	(2,322)	(2,357)
Refund of prior year property taxes (Note 7)	813	-
	<u>3,048</u>	<u>4,062</u>
Termination of licence agreement (Note 8)	-	<u>(1,880)</u>
Net loss for the year	(100)	(1,697)
Equity, beginning of year	102,352	104,049
Equity, end of year	<u>102,252</u>	<u>102,352</u>

Statement of Changes in Equity For the year ended December 31, 2001

	2001 (\$000's)			2000 (\$000's)
	Invested in Capital Assets	Retained Income (Deficit)	Total	Total
Balance, beginning of year	103,261	(909)	102,352	104,049
Net income	(724)	624	(100)	(1,697)
Investment in capital assets	-	-	-	-
Balance, end of year	<u>102,537</u>	<u>(285)</u>	<u>102,252</u>	<u>102,352</u>

See accompanying schedules and notes to financial statements.

financial statements

Statement of Cash Flows

For the year ended December 31, 2001

	2001 (\$000's)	2000 (\$000's)
Operating Activities		
Net income for the year	(100)	(1,697)
Adjustments against net income not requiring an outlay of cash		
-amortization of capital assets	2,322	2,357
-amortization of deferred capital contributions	(1,598)	(1,504)
Net change in non-cash working capital	178	364
Cash provided by operating activities	<u>802</u>	<u>(480)</u>
Investing Activities		
Capital assets acquisitions	<u>(3,057)</u>	<u>(1,797)</u>
Cash used in investing activities	<u>(3,057)</u>	<u>(1,797)</u>
Financing Activities		
Capital Grants Received	<u>2,301</u>	<u>2,930</u>
	<u>2,301</u>	<u>2,930</u>
Increase (Decrease) in cash during the year	46	653
Cash, beginning of year	<u>940</u>	<u>287</u>
Cash, end of year	<u><u>986</u></u>	<u><u>940</u></u>

See accompanying schedules and notes to financial statements.

financial statements

Schedules of Operating Revenue and Administrative and Operating Expenses For the year ended December 31, 2001

Schedule 1	2001	2000
Operating Income	(\$000's)	(\$000's)
Admissions	5,650	6,797
Parking	1,599	1,551
Concessions and catering	1,482	1,030
Marina	754	705
Cinesphere revenues	742	818
Sponsorship revenue	621	644
Attractions	253	228
Interest income	58	115
Amphitheatre	510	539
Other revenue	250	231
	11,919	12,658

Schedule 2

Administrative and Operating Expenditures

Salaries and wages	6,064	5,951
Employee benefits (Note 5)	770	836
Advertising	1,757	2,198
Programming and entertainment	1,800	2,258
Site maintenance	1,444	1,103
General and administration	535	1,002
Supplies	606	808
Utilities	944	784
Janitorial	435	525
Sponsorship	20	20
Transportation and communication	336	318
Professional consulting	202	100
Other	154	634
	15,067	16,537

See accompanying notes to financial statements.

notes to financial statements December 31, 2001

1. Nature of Operation

Ontario Place Corporation, (the "Corporation" or "Ontario Place") a provincial Crown agency, operates a park built on a 96-acre site extending through three islands created using landfill along the Toronto waterfront. The park includes a wide variety of programs, attractions and facilities which capture the spirit of Ontario by featuring distinctive and quality attractions for all ages. The site is intended to provide visitors with an appreciation of the Province's resources and accomplishments.

The fees charged for admission and the various attractions within the park are subject to approval by the Province of Ontario (the "Province"). The Province also provides grants to partially cover the costs of activities, programs and rejuvenation of the park.

In addition to the various attractions and activities operated directly by Ontario Place, the Corporation entered into a number of licence, ground lease and special event agreements with various private-sector companies for the 2001 season.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles.

(b) Inventory

Supplies inventory is valued at cost.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as indicated below:

Buildings	25 years
Attractions	10 years
Equipment, fixtures	10 years
Computer equipment	4 years
Vehicles	3 years

(d) Revenues

Under the Park's Play All Day Admission Policy, most of the related revenue is allocated to Admissions with the exception of a small portion allocated to certain attractions.

notes to financial statements December 31, 2001

3. Capital Assets

Capital assets consists of the following:

	2001			2000
	Cost (\$000's)	Accumulated Amortization (\$000's)	Net Book Value (\$000's)	Net Book Value (\$000's)
Land, waterlots	101,660	-	101,660	101,660
Buildings	6,536	1,789	4,747	4,049
Attractions	10,849	7,029	3,820	3,838
Equipment, fixtures	12,844	8,954	3,890	4,080
Computer equipment	535	257	278	33
Vehicles	149	149	-	-
	132,573	18,178	114,395	113,660

4. Deferred Capital Contributions

Deferred capital contributions represent the amount of restricted grants received for the purchase of depreciable capital assets. Purchased assets have been capitalized and the total grant has been deferred and will be amortized into income on the same basis that the assets are amortized. The changes in the deferred capital contributions balance are as follows:

	2001 (\$000's)	2000 (\$000's)
Balance, beginning of year	11,832	10,406
Amount amortized to revenue	(1,598)	(1,504)
Capital grants received	2,301	2,930
Balance, end of period	12,535	11,832

5. Pension Plan

The Corporation provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer plans established by the Province of Ontario. These plans are accounted for as defined contribution plans. Accordingly, the Corporation's share of contribution related to the PSPF and OPSEU pension funds for the year was \$80,548 (2000 - \$166,130) and is included in employee benefits in the Schedule of Administrative and Operating Expenses.

notes to financial statements December 31, 2001

6. Lease Commitments

Minimum lease payments for equipment rental and licence fees are \$115,713 for 2002 and \$116,730 for 2003.

7. Property Taxes

The Corporation believes, and has received a legal opinion stating that it has no legal obligation to pay grants in lieu of property taxes relating to Ontario Place. As a result, in fiscal 1996/97, the Board of Directors of the Corporation passed a resolution declaring that, commencing with the 1996 taxation year, the Corporation will not make any payment or record any charges for property taxes or grants in lieu of property taxes with respect to those portions of Ontario Place property not occupied by tenants. The Corporation advised the then Ministry of Economic Development, Trade and Tourism, and the Ministry of Municipal Affairs and Housing of the Board's decision. However, the province continued to pay the grants in lieu of property taxes on behalf of Ontario Place.

During the year, the Corporation received a refund from the City of Toronto of previously paid grants in lieu of property taxes of \$812,650 for taxation years prior to 1998. This amount was taken into revenue in the 2001 fiscal year.

During the year, the Corporation paid property taxes of \$492,028 (2000 - \$862,150) for premises occupied by concessionaires. The Corporation charged back \$419,224 (2000 - \$517,435) to these concessionaires. Subsequent to year-end, the Corporation received a property tax refund of \$466,782 relating to the property taxes previously paid and billed to concessionaires. This amount is included in the accounts receivable and in accounts payable and accrued liabilities at year-end.

8. Termination of Licence Agreement

During 2000, a concessionaire exercised its option to terminate its agreement with the Corporation for operating the majority of the Corporation's food outlets. As a result of this termination, the Corporation was required to purchase the concessionaire's assets related to its food service operations at Ontario Place, at the depreciated cost of the assets. The accounting for this transaction is as follows:

	\$
Payment to Concessionaire	2,300,000
Proceeds from sale of assets required	(120,000)
Fair market value of assets retained and used in ongoing operations	(300,000)
Write-off of concession assets deemed to have minimal value	<u>1,880,000</u>

As a result of the termination, the Corporation received an additional operating grant of \$2,316,000 from the Province of Ontario after year-end to cover the total cost of the termination. This grant is included in operating grants on the statement of operations and equity, and due from the Province of Ontario on the balance sheet, as at December 31, 2000.

9. Comparative Figures

The December 31, 2001 comparative figures have been reclassified where necessary to conform to the current year's presentation.

background

Organization

Inaugurated as a Crown Corporation of the Government of Ontario in May 1971, Ontario Place is administered by a 13 member Board of Directors reporting to the Minister of Tourism.

Officers of the Corporation are: The Chair and Vice-Chair of the Board, the General Manager and the Secretary/Treasurer.

Reporting to the General Manager are: the Chief Financial Officer; Senior Manager, Marketing, Sales and Entertainment; Senior Manager, Maintenance and Construction; Assistant General Manager; Manager, Corporate Planning and Concessions; Senior Manager, Human Resources.

Personnel

Corporate staff levels for the year ending December 31, 2001:

- Ontario Place employed 77 full-time staff, 3 seasonal staff and approximately 426 students, recruited primarily from Ontario Colleges and Universities.
- On-site Concessions provided additional employment for approximately 572 staff.

employees paid \$100,000 or more in 2001

Leslie Hutcheson, General Manager, \$124,956.05

Prepared in accordance with the Public Sector Salary Disclosure Act, 1996.

major site features

The 38-hectare (96-acre) parkland complex extends through three islands created using lake fill. The major features include:

East Island

The Molson Amphitheater (9,000 seats and 7,000 general admission lawn seating); Children's Village and Waterplay area; Children's Festival Stage (400 seats); four-flume Waterslide; Hydrofuge; Bumper Boats; Mini Bumper Boats; HMCS HAIDA Naval Museum; Mini-Greens; Water Shuttle; 8 snack bars; 3 gift shops and public parking (capacity of 300 cars and buses).

Pods

Cinesphere (752 seat IMAX® theatre); Atlantis Night Club and Entertainment Complex; Lounge and banquet facilities and 3,100 square metres of space for themed exhibits.

West Island

Wilderness Adventure Ride (670 metres) water flume ride; Mars (30 seat) motion simulator ride; The Island Club; MegaMaze; Japanese Temple Bell; Pedal Boats; 1 sit-down restaurant (seating capacity of 680); 4 snack bars and a 300 slip marina.

Mainland

Public parking (capacity of 1,800 cars); 60-slip marina.