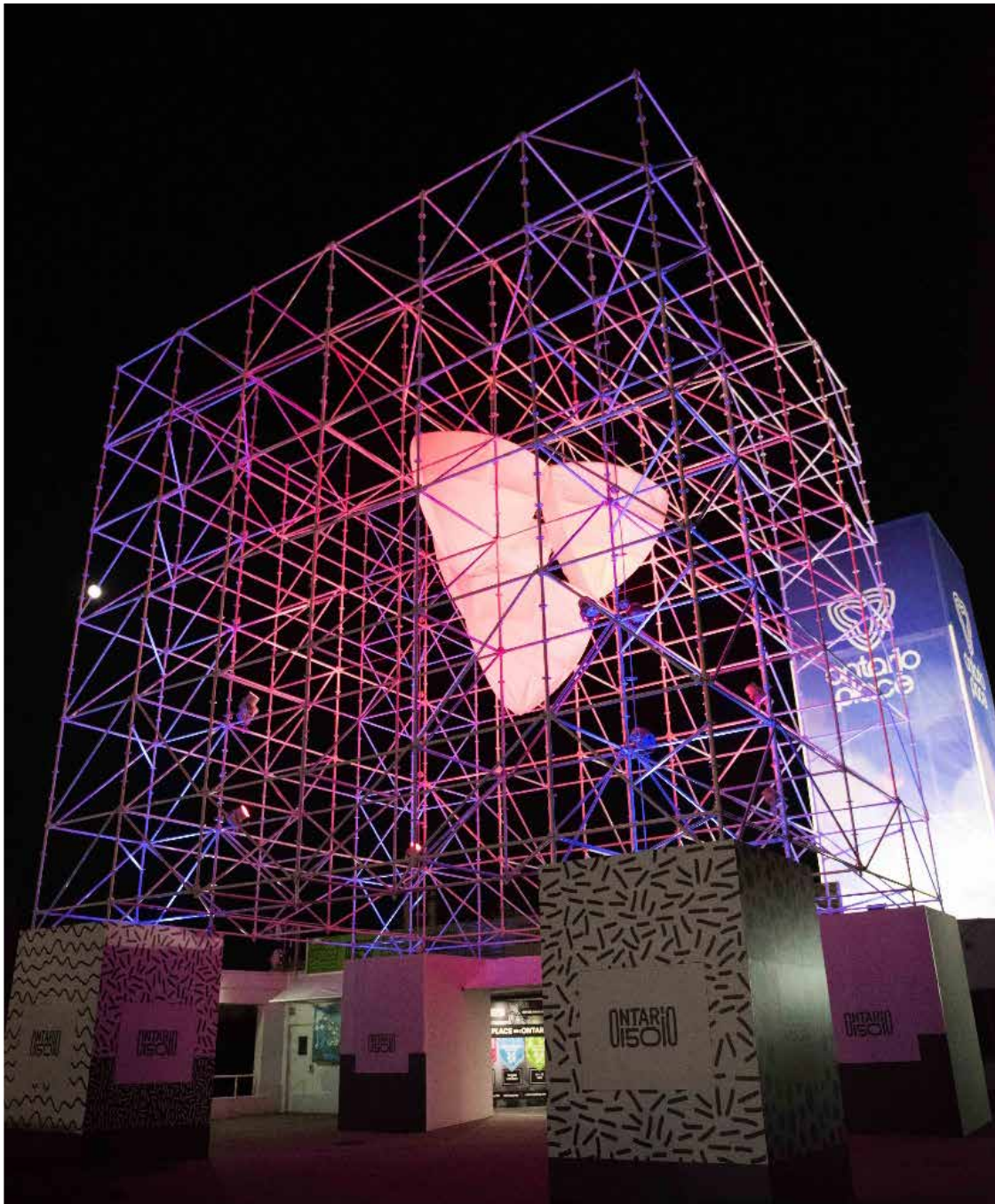


 ontario place

2018

Annual Report



For the year ending in December 31, 2018

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An Agency of the Government of Ontario
Ministry of Tourism, Culture and Sport

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

Overview of 2018 Programs and Activations

In 2018, Ontario Place offered visitors cultural, artistic, culinary and recreational programs and activations on a year round basis.

The **2018 Summer Program** at Ontario Place included the following activities:

- Yoga in Trillium Park offered free yoga classes every Saturday and Sunday morning during the summer months;
- Music and Theatre in Trillium Park offered live musical and theatrical performances on Thursday evenings and Sunday afternoons;
- Recreational offerings included a synthetic skating rink, volleyball courts, ping pong tables, both table and life size chess, and an Imagination Playground for children of all ages;
- Boat Rentals offered kayaks, canoes, paddleboats and rowboats for aquatic exploration;
- Segway Tours offered small guided tours through the site; and
- Various food and beverage offerings throughout the site including the Vista Eatery on the edge of Lake Ontario.

In addition to these activities, Ontario Place operates a 240 slip Marina. The Marina offers availability for daily, weekly, monthly, and seasonal moorage for vessels ranging in sizes from personal watercrafts, such as a Seadoo, to 70 foot vessels. The 2018 season ran from May 5 to October 14th.

Ontario Place has a long-term lease agreement with Live Nation Canada Inc., for the management and operation of the Budweiser Stage. The Budweiser Stage is a summer concert venue that presents domestic and international entertainment with a capacity of approximately 16, 000 guests. Ontario Place and Live Nation continue to work together under the terms of a lease agreement, signed in 1994.

The **2018 Winter Program** at Ontario Place included the following activities:

- Synthetic skating rink and skating parties;
- Community Bonfires;
- Winter Light Exhibition that featured 18 light installations of all shapes; and
- Fairly lights wrapped around 100 trees throughout the West Island pathways.

Ontario Place also offered a number of programs and activations throughout the course of the year that included:

- Cinesphere, the world's first permanent IMAX movie theatre and built in 1971, was refurbished in 2017. A new "IMAX with Laser" projection system was added to the theatre's 70mm film projector. Programming in 2018 included IMAX documentaries and films and a fall film series;
- Trillium Park and Trail, opened in 2017, includes park and trail settings, a unique open-air pavilion and a fire pit;
- Artistic, cultural, culinary and recreational festivals and events sponsored and delivered by external event organizers including signature events such as Taco Fest, Nighttime Waterfront Festival, Oktoberfest, Toronto Triathlon Festival and a winter-themed festival ; and
- On-site parking. Ontario Place operates over 1,500 parking spaces in four parking lots. These spaces are used by visitors to Ontario Place, Budweiser Stage and on-site festivals and events and are available for corporate rentals.

Operational & Financial Highlights – 2018

Programs and Activations

Operational Highlights

In 2018, OPC:

- Created visitor experiences by working with 46 distinct organizations to deliver 83 artistic, cultural, culinary and recreational events and site rentals including a month long winter festival that ran from November 29 to December 30th;
- Introduced weekend Yoga in Trillium Park which began with one participant in May, ended with approximately 200 participants in August and was extended into September due to the program being an overwhelming success;
- Piloted live performances in Trillium Park during the summer months which featured 21 acts that targeted families and adults without children and included bands and theatre troupes;
- Maintained almost 98% occupancy in the Marina for most of the boating season; and
- Issued a call for submissions for the second annual Winter Light Exhibition to display the work of artists from across Ontario.
 - Ontario Place received 33 submissions including interest from artists in Europe and Australia and exhibited 18 light installations.

The Cinesphere was programmed extensively in 2018:

- It was one of only four theatres in North America, (chosen by Warner Brothers and IMAX) to show the 10th anniversary edition of Christopher Nolan's "The Dark Knight";
- An IMAX film print of Stanley Kubrick's "2001: A Space Odyssey" (50 years) was shown as an IMAX print created directly from the original negatives without remastering touch-ups or edits, making it a very rare experience;
- Building on the TIFF partnership that began in 2017 with Cinesphere as the host venue for the Canadian premier of "First Man" in IMAX format;
- Hosted events for both Hot Docs and Doors Open Festivals; and
- Launched a weekend film series in October with movies such as Top Gun, Ghostbusters, Alien and Blade Runner.

Financial Highlights

- There was an increase in almost all self-generated revenue streams in 2018 due to year round programs and activations on site that provided visitors with artistic, cultural, culinary and recreational experiences.
- With increased activity on site comes increased salaries and wages to operate and maintain the site and its facilities on a year round basis.
- Overall, Ontario Place reduced its operating expenditures from the previous operating year.

2018 Board of Directors (to November 14, 2018)

Board Member	Term	Per Day Remuneration	Total in 2018
Penny Lipsett Chair effective June 30, 2013	Jun 22, 2005 – November 14, 2018	\$140	6090.00
Howard Chang	Apr 5, 2017 – November 14, 2018	\$105	2100.00
Sonny Cho	May 4, 2011 – November 14, 2018	\$105	2730.00
Linda Franklin Chair, Strategic Planning Committee	May 7, 2003 – November 14, 2018	\$105	2940.00
Jeffrey Kehoe	Jan 29, 2014 – November 14, 2018	\$105	1680.00
Ilyse Smith	Oct. 18, 2017 – November 14, 2018	\$105	2415.00
Barry Steinberg	Jan 28, 2015 – November 14, 2018	\$105	1890.00
Winston Young Chair, Audit Committee	Dec 2, 2009 – November 14, 2018	\$105	2677.50
Anne Sado	Sep 14, 2016 – November 14, 2018	\$105	2100.00
		Total	24,622.50

Redevelopment of Ontario Place

In its Fall Economic Statement in November 2018, the government of Ontario expressed its goal to redevelop Ontario Place into a spectacular world-class, year-round destination that would attract local, provincial and international visitors.

In December 2018, legislation passed that streamlined accountability and governance for the redevelopment of a new Ontario Place.

On December 13, 2018, James Ginou, was named as the Chair of the Board for Ontario Place Corporation. Mr. Ginou was previously Chair of Ontario Place from April 1997 to June 2004.

2018 Senior Management Team

Nancy Rowland	General Manager
Grant Eberlin	Senior Manager, Operations & Infrastructure
Eriks Eglite	Director, Special Projects
Valerie Holliday	Senior Manager, Business Development
Hunter Saggar	Senior Manager, Corporate Services
Glenn Shaver	Senior Manager, Transformation

Management's Responsibility for Financial Reporting

August 8, 2019

Management's Responsibility for Financial Reporting

The management of Ontario Place Corporation is responsible for the integrity and fair presentation of the financial statements accompanying this report. The financial statements have been prepared in accordance with Canadian public sector accounting standards and of necessity include some amounts that are based on estimates and judgements.

Ontario Place maintains systems of internal accounting controls designed to provide reasonable assurance that the financial information is accurate and reliable, the company assets and liabilities are adequately accounted for and assets are safeguarded. The systems include policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The financial statements have been approved by its Board of Directors. In addition, the financial statements have been audited by the Office of the Auditor General of Ontario, whose responsibility it is to express an opinion on whether they have been prepared in accordance with Canadian public sector accounting standards. The Independent Auditor's Report that appears as part of the financial statements outlines the scope of the Auditors examination and opinion.

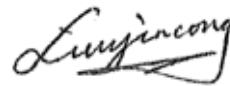
On behalf of management:



Nancy Rowland
General Manager



Hunter Saggar
Senior Manager, Corporate Services



Tsong Liu, CPA, CGA, MBA
Financial Controller



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Independent Auditor's Report

To the Ontario Place Corporation

Opinion

I have audited the financial statements of the Ontario Place Corporation (Ontario Place), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Place as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Ontario Place in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing Ontario Place's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Ontario Place either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Place's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Ontario Place's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ontario Place's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Ontario Place to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
August 8, 2019



Susan Klein, CPA, CA, LPA
Assistant Auditor General

Ontario Place Corporation
Financial Statements
For the Year Ended December 31, 2018

Ontario Place Corporation


Statement of Financial Position

As at December 31, 2018

	2018 (\$'000)	2017 (\$'000)
ASSETS		
Current		
Cash	3,566	1,882
Accounts receivable [Note 3]	2,983	10,129
Inventory	31	9
Prepaid expenses	178	154
	<hr/> 6,758	<hr/> 12,174
Non-current Assets		
Capital assets [Note 4]	143,281	141,554
Remediation funding receivable [Note 5]	50,000	50,000
Trademark and Other Rights	878	991
	<hr/> 194,159	<hr/> 192,545
TOTAL ASSETS	<hr/> 200,917	<hr/> 204,719
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities [Note 6]	1,801	2,518
Accrued employee benefits obligation [Note 7(B)]	-	61
Due to the Province of Ontario	143	133
Deferred revenue	129	68
	<hr/> 2,073	<hr/> 2,780
Non-current Liabilities		
Accrued employee benefits obligation [Note 7(B)]	224	212
Obligations under capital lease [Note 8]	22	-
Liability for contaminated site [Note 5]	50,000	50,000
Deferred remediation funding [Note 5]	50,000	50,000
Deferred contributions [Note 9]	1,055	1,318
Deferred capital contributions [Note 10]	14,170	14,585
	<hr/> 115,471	<hr/> 116,115
Net Assets		
Invested in capital assets [Note 11]	129,111	129,115
Unrestricted	(45,738)	(43,291)
	<hr/> 83,373	<hr/> 85,824
TOTAL LIABILITIES AND NET ASSETS	<hr/> 200,917	<hr/> 204,719

See accompanying notes to financial statements.

Approved on behalf of the Corporation:



Chair

Ontario Place Corporation
Statement of Operations
For the Year Ended December 31, 2018

	2018 (\$ 000)	2017 (\$ 000)
Revenue		
Operating revenue [Schedule 1]	9,638	6,790
Province of Ontario – Operating	2,070	2,070
Province of Ontario – Other Contributions [Schedule 2]	275	1,496
Amortization of deferred capital contributions [Note 10]	1,203	1,004
	<hr/> 13,186	<hr/> 11,360
Expenses		
Administrative and operating expenses [Schedule 3]	(13,378)	(14,124)
Amortization of capital assets	(2,180)	(1,422)
	<hr/> (15,558)	<hr/> (15,546)
Operating deficit before other items	(2,372)	(4,186)
Other Items		
Deferred capital contributions related to impaired capital assets [Note 10]	1,666	-
Impairment of capital asset [Note 4]	(1,750)	-
Province of Ontario- Contributed Park and Trail Revitalization [Note 12]	-	28,831
Province of Ontario – Park and Trail Remediation Expense [Note 12]	-	(3,074)
Property tax recovery [Note 13]	-	2,600
Gain on sale of surplus capital assets	5	85
	<hr/> (79)	<hr/> 28,442
(Deficiency) / Excess of revenue over expenses	(2,451)	24,256

See accompanying schedules and notes to financial statements.

Ontario Place Corporation

Statement of Changes in Net Assets
For the Year Ended December 31, 2018

		2018 (\$ 000)		2017 (\$ 000)
	Invested in Capital Assets [Note 11]	Unrestricted	Total	Total
Net assets, beginning of year	129,115	(43,291)	85,824	61,568
(Deficiency)/Excess of revenues over expenses	(1,061)	(1,390)	(2,451)	24,256
Invested in capital assets during the year	1,057	(1,057)	-	-
Net assets, end of year	129,111	(45,738)	83,373	85,824

See accompanying notes to financial statements.

Ontario Place Corporation

Statement of Cash Flows

For the Year Ended December 31, 2018

	2018 (\$ 000)	2017 (\$ 000)
Operating Activities		
(Deficiency)/Excess of revenues over expenses	(2,451)	24,256
Adjustments for items not requiring an outlay of cash		
Gain on sale of capital assets	(5)	(85)
Amortization of capital assets	2,180	1,422
Amortization of deferred capital contributions	(1,203)	(1,004)
Deferred capital contributions related to impaired capital assets [Note 10]	(1,666)	-
Province of Ontario- Contributed Park and Trail Revitalization [Note 12]	-	(28,831)
Province of Ontario – Park and Trail Remediation Expense [Note 12]	-	3,074
Impairment of capital assets	1,750	-
Net change in non-cash working capital [Note 14]	6,567	(8,772)
Accrued employee benefits obligation	(49)	62
Cash provided / (used) in operating activities	<u>5,123</u>	<u>(9,878)</u>
Capital Activities		
Capital asset acquisitions	(5,657)	(8,213)
Proceeds on sale of capital assets, net	5	85
Cash (used) in capital activities	<u>(5,652)</u>	<u>(8,128)</u>
Financing Activities		
Deferred contributions	(263)	1,318
Deferred capital contributions	2,454	8,429
Obligation under capital lease	22	-
Cash provided by financing activities	<u>2,213</u>	<u>9,747</u>
Increase/(Decrease) in cash during the year	1,684	(8,259)
Cash, beginning of year	<u>1,882</u>	<u>10,141</u>
Cash, end of year	<u><u>3,566</u></u>	<u><u>1,882</u></u>

See accompanying notes to financial statements.

Ontario Place Corporation

Schedules of Operating Revenue, Province of Ontario - Other Contributions and Administrative and Operating Expenses
For the Year Ended December 31, 2018

	2018 (\$ 000)	2017 (\$ 000)
Schedule 1		
Operating Revenue		
Amphitheatre	3,803	3,201
Parking	2,431	1,715
Concessions and facility rental	1,239	733
Cinesphere	728	97
Marina	678	538
Food services	327	164
Marina retail sales	235	77
Other Revenue	160	190
Interest income	37	75
	<u>9,638</u>	<u>6,790</u>
 Schedule 2		
Province of Ontario - Other Contributions		
Restricted grant – Redevelopment	135	106
Restricted grant – Park and Trail Maintenance	140	75
Restricted grant – Ontario 150	-	1,315
	<u>275</u>	<u>1,496</u>
 Schedule 3		
Administrative and Operating Expenses		
Salaries and wages	4,404	3,386
Employee benefits [Note 7]	462	477
Utilities	1,440	1,276
Marketing	1,288	849
Administration and property tax	1,051	1,954
Site operation	1,001	1,483
Equipment rental and service	803	1,203
Loss prevention	761	711
Professional services	733	600
Cost of retail sales	705	135
Janitorial	310	258
Supplies	205	292
Programming	165	-
Programming – Ontario 150	-	1,444
Telecommunications	50	56
	<u>13,378</u>	<u>14,124</u>

See accompanying notes to financial statements.

Ontario Place Corporation

Notes to Financial Statements

December 31, 2018

1. Nature of Operations

The Ontario Place Corporation, (the "Corporation" or "Ontario Place") is a provincial Crown agency, incorporated under the Ontario Place Corporation Act R.S.O. 1990. The Corporation is exempted from federal and provincial income taxes.

The vision for Ontario Place is a vibrant, year-round, waterfront destination that engages residents and visitors of all ages.

The Corporation is primarily funded by the Province of Ontario ("Province") through the Ministry of Tourism, Culture and Sport ("Ministry").

2. Significant Accounting Policies

(A) BASIS OF ACCOUNTING

The financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the standards for government not-for-profit organizations.

(B) REVENUE RECOGNITION

The Corporation follows the deferral method of accounting for restricted operating grants from the Province, which are recognized in revenue in the year the related expenses are incurred.

Provincial grants restricted for the purchase of capital assets are deferred and amortized into revenue over the same period as the related capital asset.

Provincial grants received to remediate contamination on the site are deferred and recognized in revenue when the related remediation costs are incurred.

Revenue from parking, rentals, concessions, Cinesphere, food services and marina dockage are recognized when the goods or services are provided.

Revenue from the amphitheatre agreement with Live Nation Inc. represents rental revenue for the ground lease and is recognized as earned under the contractual agreement; in addition, revenue is calculated on an escalating scale based on the level of gross revenue achieved at the amphitheatre in excess of a base rent amount.

(C) EXPENSES

Expenses are recorded on an accrual basis. The cost of goods consumed and services received during the year is expensed.

(D) INVENTORY

Supplies inventory is valued at the lower of cost and net realizable value.

2. Significant Accounting Policies (Continued)

(E) CAPITAL ASSETS

Capital assets are recorded at cost, less accumulated amortization and accumulated impairment losses, if any. All capital assets are amortized on a straight-line basis over the estimated useful life of the asset, with a half year amortization taken in the year of acquisition and disposition.

Land Improvements	20-40 years
Buildings and structures	10-25 years
Equipment, fixtures and other	4-15 years
Computer equipment	4 years

Assets under construction are not amortized until the asset is available for productive use.

When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in its value. Any unamortized deferred capital contribution amount related to the capital assets is recognized in the Statement of Operations.

(F) TRADEMARK AND OTHER RIGHTS

Trademark and other rights are amortized on a straight line basis over the term of the agreement.

(G) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Items requiring significant estimates include liability for contaminated site, and the related accounts receivable and deferred revenue to fund this liability. Actual amounts could differ from these estimates.

(H) FINANCIAL INSTRUMENTS

The Corporation follows the Canadian Public Sector Accounting Standards pertaining to financial instruments, whereby its financial assets and liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value.
- Accounts receivable are recorded at cost.
- Accounts payable and accrued liabilities, Due to the Province and Deferred revenue are recorded at cost.

The Corporation does not use derivative financial instruments.

Ontario Place Corporation

Notes to Financial Statements

December 31, 2018

2. Significant Accounting Policies (Continued)

(I) RELATED PARTY TRANSACTIONS

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

(J) NEWLY ADOPTED ACCOUNTING STANDARDS

Effective January 1, 2018, the Corporation adopted Public Sector Accounting Standards PS3380 Contractual Rights. This accounting change did not have a significant impact on the Corporation's financial statements. In accordance with the provisions of this new standard, the required disclosures are reflected in Note 17.

3. Accounts Receivable

	2018 (\$000)	2017 (\$000)
Province of Ontario – restricted grant	861	6,737
Province of Ontario – operating grant	-	2,070
Trade	1,958	824
Other	164	498
	<u>2,983</u>	<u>10,129</u>

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Land, water lots	101,660	-	101,660	101,660
Land improvements	21,225	794	20,431	20,886
Buildings and structures	21,543	4,708	16,835	15,521
Equipment, fixtures and other	6,411	2,168	4,243	3,333
Computer equipment	325	213	112	154
	<u>151,164</u>	<u>7,883</u>	<u>143,281</u>	<u>141,554</u>

An impairment charge of \$1,750,295 was recorded as a result of the planned redevelopment (see Note 18).

5. Liability for Contaminated Site and Deferred Remediation Funding

The Ontario Place site was constructed by lake-filling in the 1970s. The build utilized excess urban soil that was generated during other development projects in the City of Toronto. At the time of the original site construction, environmental standards for soil and water had not been developed and therefore the use of urban fill material was an acceptable practice. While independent environmental investigations indicate contaminants are present at levels higher than the current allowable standard, the report suggests that visitors at Ontario Place are unlikely to directly contact contaminated soil. The liability estimate is an accounting provision based on the planned redevelopment of Ontario Place for future uses.

The contamination liability is management's best estimate based on environmental investigations performed by independent experts and reflects the costs required to remediate the site. The Province has committed to provide the Corporation with funding to remediate the contamination. As of December 31, 2018, the liability for contaminated site was \$50 million.

6. Accounts Payable and Accrued Liabilities

Accounts payable relate largely to normal business transactions with third-party vendors and are subject to standard commercial terms.

7. Employee Benefits

(A) PENSION BENEFITS

The Corporation provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate in the pension plan) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund). Both plans are multi-employer plans established by the Province of Ontario. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Corporation's annual payments to the funds. Accordingly, the pension expense is the Corporation's share of the required contribution to the PSPF and OPSEU pension funds for the year. In 2018 the Corporation contributed \$186,292 (2017 - \$147,630) which is included in employee benefits in Schedule 3.

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

The costs of legislated severance and unused vacation entitlements earned by employees during the year amounted to (\$7,000) (2017 - \$192,000) and are included in employee benefits in Schedule 3. The total liability for these costs are reflected in the accrued employee benefits obligation, less any unused vacation entitlements that are included in accounts payable and accrued liabilities.

(C) OTHER NON-PENSION POST EMPLOYMENT BENEFITS

The cost of other post-employment non-pension employee benefits are paid by the Ministry of Government and Consumer Services and are not included in the statement of operations.

Ontario Place Corporation

Notes to Financial Statements

December 31, 2018

8. Capital Lease Obligation

During 2018, the Corporation entered into a capital lease for a vehicle. The lease is amortized on a straight-line basis over its economic life of 4 years. The following is a schedule of future minimum lease payments, which expire in August 2022 together with the balance of the obligation.

	2018 (\$000)
2019	9
2020	9
2021	9
2022	6
Total minimum lease payments	33
Interest	(2)
Balance of the obligation	31
Less: current portion	(9)
	22

The current portion, amount payable within one year, is included in accounts payable and accrued liabilities on the Statement of Financial Position.

The interest incurred on the lease for the year was \$437, and is included in Administration and property tax in Schedule 3.

9. Deferred Contributions

Deferred contributions represent unspent externally restricted operating grants received from the Province for the maintenance of specific assets and are recorded as revenue in the Statement of Operations when the related expenses are incurred. Changes in deferred contributions are as follows:

	2018 (\$ 000)	2017 (\$ 000)
Balance, beginning of year	1,318	-
Add: amounts received during the year	-	1,412
Less: amounts recognized as revenue in the year	(263)	(94)
Balance, end of year	1,055	1,318

Ontario Place Corporation

Notes to Financial Statements

December 31, 2018

10. Deferred Capital Contributions

Deferred capital contributions represent unamortized and unspent funds received from the Province for the purchase of capital assets. The changes in the deferred capital contributions related to the capital assets balance for the year are as follows:

	2018 (\$ 000)	2017 (\$ 000)
Balance, beginning of year	14,585	7,160
Add: Contributions for capital assets	2,454	8,429
Less: Deferred capital contributions related to impaired capital assets	(1,666)	-
Less: Amount recognized as revenue in the year	(1,203)	(1,004)
Balance, end of year	<u>14,170</u>	<u>14,585</u>

The balance of deferred capital contributions related to capital assets consists of the following:

	2018 (\$ 000)	2017 (\$ 000)
Unamortized Deferred Capital Contributions	14,170	12,439
Unspent Deferred Capital Contributions	-	2,146
Balance, end of year	<u>14,170</u>	<u>14,585</u>

11. Invested in Capital Assets

The invested capital asset balance represents the net amount of the Corporation's investment in capital assets less the amounts financed by deferred capital contributions at year end.

	2018 (\$ 000)	2017 (\$ 000)
Capital Assets	143,281	141,554
Less amount financed by deferred capital contributions [Note 10]	(14,170)	(12,439)
	<u>129,111</u>	<u>129,115</u>

Change in net assets invested in capital assets is:

	2018 (\$ 000)	2017 (\$ 000)
Purchase of capital assets	5,657	8,213
Province of Ontario - Contributed Park & Trail [Note 12]	-	25,757
Capital funding utilized	(4,600)	(6,542)
Amortization of deferred capital contributions	1,203	1,004
Deferred capital contributions related to impaired capital assets	1,666	-
Impairment of capital assets	(1,750)	-
Amortization of capital assets	(2,180)	(1,422)
	<u>(4)</u>	<u>27,010</u>

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12. Province of Ontario – Contributed Park and Trail Revitalization

During 2017, the Province spent \$28.8 million to develop Trillium Park and William G. Davis Trail (“Park and Trail”) on behalf of the Corporation. Upon completion, the Province transferred the Park and Trail to the Corporation for no consideration and the full amount was recognized as a contribution from the Province of Ontario on the Statement of Operations. Of the \$28.8 million, the Corporation recognized \$25.8 million as a capital asset on the Statement of Financial Position and \$3 million in environmental remediation expense on the Statement of Operations.

13. Property Tax Recovery

The Corporation filed an appeal with the City of Toronto regarding the property valuation assessment by the Municipal Property Assessment Corporation (MPAC) for the tax years 2009-2014. The Corporation received confirmation of a successful appeal for a total of \$2.6 million and was recorded as Property Tax Recovery in the Statement of Operations in 2017.

14. Net change in non-cash working capital

	2018 (\$000)	2017 (\$000)
Accounts receivable	7,146	(7,521)
Inventory	(22)	(6)
Prepaid Expenses	(24)	(121)
Trademark and Other Rights	113	(991)
Accounts Payable and accrued liabilities	(717)	(210)
Due to Province	10	71
Deferred revenue	61	6
	<u>6,567</u>	<u>(8,772)</u>

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15. Financial Instruments

(A) LIQUIDITY RISK:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations in a timely manner or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares an annual budget and cash forecasts throughout the year to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(B) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk arising from its trade accounts receivable.

The trade account receivable aging is summarized below:

	2018 (\$ 000)	2017 (\$ 000)
0-30 days	534	343
31-60 days	1,165	-
61-90 days	219	452
More than 90 days	40	29
	<u>1,958</u>	<u>824</u>

It is management's opinion that the Corporation is not exposed to any significant interest rate, currency, liquidity or credit risk arising from its other financial instruments.

16. Related Party transactions

The Corporation is controlled by the Province and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. Transactions with related parties were:

- The Ministry of Tourism, Culture and Sport provides procurement, legal, and program services to the Corporation at no charge.
- Other provincial ministries provide administrative and human resource support. In 2018, these cost amounted to \$10,700 (2017 - \$10,782) and is included in Administration and Property tax in Schedule 3.
- Infrastructure Ontario provides the Corporation with infrastructure project planning and implementation services. In 2018, the cost for these services amounted to \$216,001 (2017 - \$605,816) and is recorded in Capital Assets.
- Ministry of Government and Consumer Services provides other post-employment non-pension employee benefits and is disclosed in Notes 7(c).

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17. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Corporation's contractual rights arise from a contract entered into for the lease of land to Live Nation Inc. from August 15, 1994 to December 31, 2025. The future revenue is determined by the amount of the base rent and an amount calculated based on an escalating scale of the gross revenue achieved at the amphitheatre in excess of the base rent.

18. Ontario Place Redevelopment

In July 2014, the Province announced a long-term vision to revitalize Ontario Place. The revitalization of Ontario Place began with the construction of an urban park and waterfront trail on Ontario Place's East Island, which opened in June 2017. In 2017, the Corporation worked with the Province to initiate revitalization planning for the East and West Islands.

As of June 5, 2018, work on the future transformation of Ontario Place was halted pending government direction. As a result, the Corporation recognized the impairment of capitalized revitalization costs related to the East Island and PODs as follows:

	<u>2018</u> <u>(\$000)</u>
Building	466
Equipment, Furniture & Fixtures	452
Land improvement	832
	<u>1,750</u>

On January 18, 2019, the Ontario Government announced the beginning of a process for the comprehensive redevelopment of the Ontario Place site, and on May 28, 2019, launched a formal Call for Development for the redevelopment of Ontario Place.

19. Future of the Corporation

On November 15, 2018 as part of the Fall Economic Statement, the Ontario government announced changes to the Ontario Place Corporation Act. Among the changes, the Board was directed to prepare a proposed plan for the Corporation to transfer its assets, liabilities, rights and obligations to the Crown in right of Ontario or to an agency of the Crown. Following proclamation of the Ontario Place Corporation Repeal Act, the restructuring plan would be subject to approval by the Lieutenant Governor in Council.

20. Comparative Figures

Certain comparative figures have been reclassified to conform to the basis of the financial statement presentation adopted in the current year.