

 ontario place

2019

Annual Report



For the year ending in December 31, 2019

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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 2019 Programs and Activations

In 2019, Ontario Place offered visitors a variety of cultural, artistic, culinary recreational programs and activations.

The year started with a continuation of the **2018-19 Winter Program** that included the following activities:

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

The **2019 Summer Program** at Ontario Place included the following activities:

- Yoga in Trillium Park offered free yoga classes every Saturday and Sunday mornings during the summer months;
- Jazz Sundays at the Vista Patio featured emerging jazz musicians from across the province;
- Recreational offerings included 3 full size and 2 half size basketball courts, table tennis, both table and life size chess, bocci and an Imagination Playground for children of all sizes; and
- Various food and beverage offerings throughout the site including the Vista Eatery on the edge of Lake Ontario.

Additional recreational activities were provided by partners:

- Lake Shore Boat Rentals offered kayaks, canoes, paddleboats and rowboats for aquatic exploration;
- GO Tours Canada offered guided Segway Tours tours through the site;
- CJ's SkatePark provided skateboard ramps and weekend clinics; and
- Art in the Park provided paint workshops for visitors of all ages.

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.
- Programming in 2019 included IMAX documentaries and films and a number of special event film series; and
- Trillium Park and Trail, opened in 2017, includes park and trail settings, a unique open-air pavilion and a fire pit.

In support of the programs and activations, Ontario Place offered on-site parking—with over 1,500 parking spaces in four parking lots. These spaces were used by visitors to Ontario Place, Budweiser Stage, Exhibition Place and on-site festivals and events and were available for corporate rentals.

In addition to these activities, Ontario Place operated a 240 slip Marina. The Marina offered 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 2019 season ran from May 4 to October 20th.

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.

Ontario Place is home to various sized event spaces that provided a base for a variety of artistic, cultural, culinary and recreational festivals and events. These events and festivities were created in partnership with organizations such as Wigwam Chi-Chemung and Myseum, the Toronto Biennial of Art and HomeStand that featured sports viewing events. Some events were sponsored and delivered by external event organizers including signature events such as the Adidas x Parley Run for the Oceans, the MPI Conference Opening Night Celebration by Tourism Toronto and Taco Fest, Pizza Fest and Beer Bourbon BBQ delivered by XL Lifestyle.

In 2019, Cirque du Soleil returned to Ontario Place with a reimagined production of *Allegria* with performances on the newly renovated East Commons from September to the end of November.

Operational & Financial Highlights – 2019 Programs and Activations

Operational Highlights:

In 2019, Ontario Place welcomed over 2.3 million visitors to experience a variety of cultural, artistic, culinary and recreational programs and activations. The highlights include:

- The creation of visitor experiences by working with 49 distinct organizations to deliver 71 artistic, cultural, culinary and recreational events and site rentals including the second annual Aurora winter festival that ran from November 22nd to January 5th, 2020;
- Hosted Yoga in Trillium Park on Saturday and Sunday mornings throughout the summer and into September;
- Presented new and emerging Jazz musicians from across the province in the Jazz Sunday program at the Vista Eatery;
- Ontario Place was a host venue for the 72-day Toronto Biennial of Art and screened *The Drowned World*, an immersive art installation that merged film, sound and scent from September 21 to December 1;
- Hosted Wigwam Chi-Chemung, a 40-foot houseboat painted with magnificent Indigenous art, in partnership with Myseum and the Toronto Biennial of Art from June to October. In addition to its presence on the site, Wigwam Chi-Chemung hosted a series of special programs that promoted Indigenous culture;
- In the spring, hosted outdoor viewing parties in support of the Toronto Raptors run to the championship and in the fall, hosted sports viewing parties with discussion panels in the Cinesphere, in partnership with Homestand, for a number of sporting events including screenings of the Toronto Raptors and Toronto FC;
- Maintained almost 100% occupancy in the Marina for most of the boating season;
- In the fall, issued a call for the third annual Winter Light Exhibition to display the works of artists from the across province and received 38 submissions, an increase of 30% from the previous year;
- Hosted Cirque du Soleil in their return to Ontario Place with a reimagined production of *Allegria* from September to November; and
- Hosted the second annual Aurora Winter Festival.

The Cinesphere was programmed extensively in 2019:

- Selected as the only IMAX theatre in Toronto to screen the IMAX version of the documentary, **FREE SOLO** for a one-week engagement in January. As a result of
- an overwhelming public demand for screenings, there were a total of 29 screenings of the film from January to April;
- In April, was one of only five north American theatres selected to screen the “Dark Knight” Trilogy in honour of the first ever appearance of Batman in the comics;
- Celebrated Canada Day by distributing 500 complimentary tickets for screenings of iconic IMAX films, *A Beautiful Planet* and *North of Superior*; and
- For its fall Film Series, featured nostalgic fan favourites such as *Gremlins*, *Scrooged*, *ET*, *Back to the Future* and *Back to the Future Part 2*, *Blade Runner The Final Cut* and *Blade Runner 2049* and *Apocalypse Now – the Final Cut: the IMAX Experience* to name a few.

Financial Highlights:

- In 2019, Ontario Place had an operating surplus of \$2.1 million before other items, a significant increase from 2018 when the operating deficit was \$2.4 million.
- There were significant revenue increases in four key business lines over 2018:
 - Concessions and facility rentals generated an increase of 58% from the previous year;
 - Parking revenue increased by 41%;
 - Cinesphere saw an increase of 34%; and
 - Revenue from the Amphitheatre increased by 12%.
- While it increased its operating revenue by 25% from 2018, Ontario Place decreased its administrative and operating expenses by 13%.

2019 Board of Directors

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.

Mr. Ginou passed away on November 21, 2019.

Redevelopment of Ontario Place

In its *Fall Economic Statement* of November 15, 2018, Schedule 31 noted that on the proclamation of the Lieutenant Governor, the *Ontario Place Corporation Repeal Act, 2018* would come into force. The Act would:

1. Repeal the Ontario Place Corporation Act;
2. Dissolve Ontario Place Corporation;
3. Transfer the dissolved Corporation's assets, liabilities, rights and obligations to the Crown in right of Ontario;
4. Offer Immunity from litigation arising from anything done or not done under section 9.1 of the Ontario Place Corporation Act;
5. Makes consequential amendments to the Canadian National Exhibition Association Act, 1983.

Effective August 16, 2019 and by Executive Order in Council 1119/2019, the lands were transferred to the Minister of Government and Consumer Services.

2019 Senior Management Team

Nancy Rowland	General Manager
Grant Eberlin	Senior Manager, Operations & Infrastructure
Eriks Eglite	Director, Special Projects
Hunter Saggar	Senior Manager, Corporate Services
Glenn Shaver	Senior Manager, Product & Experience Development

Ontario Place Corporation
Financial Statements
For the Year Ended December 31, 2019

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Ontario Place Corporation ("OPC") are prepared in accordance with Canadian public sector accounting standards and approved by the Chair of the Corporation. Management is responsible for the preparation and fair presentation of the statements, which necessarily involved the use of estimates based on informed judgement relating to known outcomes up to April 20, 2022.

OPC management maintains adequate systems of internal control designed to provide reasonable assurance that the financial information is accurate and reliable, the assets are safeguarded and liabilities are recognized. The systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

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 Auditor's examination and opinion.

On behalf of management:



Janet Gates
General Manager



Eriks Eglite
Director, Special Projects



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 (OPC), which comprise the statement of financial position as at December 31, 2019, 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 the OPC as at December 31, 2019, 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 the OPC 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 the OPC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the OPC either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the OPC'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 the OPC'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 OPC'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 the OPC 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
April 20, 2022

Susan Klein, CPA, CA, LPA
Assistant Auditor General

Ontario Place Corporation

Statement of Financial Position

As at December 31, 2019

	2019 (\$000)	2018 (\$000)
ASSETS		
Current		
Cash	6,530	3,566
Accounts receivable [Note 3]	6,024	2,984
Inventory	29	31
Prepaid expenses	262	178
	<u>12,845</u>	<u>6,759</u>
Non-current Assets		
Capital assets [Note 4]	2,618	143,511
Remediation funding receivable [Note 8]	-	50,000
Trademark and Other Rights	765	878
	<u>3,383</u>	<u>194,389</u>
TOTAL ASSETS	<u>16,228</u>	<u>201,148</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities [Note 5]	5,825	1,800
Due to the Province of Ontario	115	143
Deferred revenue	113	129
	<u>6,053</u>	<u>2,072</u>
Non-current Liabilities		
Accrued employee benefits obligation [Note 6(B)]	174	224
Capital lease obligations [Note 7]	15	22
Liability for contaminated site [Note 8]	-	50,000
Deferred remediation funding [Note 8]	-	50,000
Deferred contributions [Note 9]	877	1,055
Deferred capital contributions [Note 10]	1,607	14,402
	<u>2,673</u>	<u>115,703</u>
Net Assets		
Invested in capital assets [Note 11]	1,059	129,109
Unrestricted	6,443	(45,736)
	<u>7,502</u>	<u>83,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u>16,228</u>	<u>201,148</u>

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, 2019

	2019 (\$ 000)	2018 (\$ 000)
Revenue		
Operating revenue [Schedule 1]	12,075	9,638
Province of Ontario – Operating	2,070	2,070
Province of Ontario – Other contributions [Schedule 2]	188	275
Amortization of deferred capital contributions [Note 10]	999	1,094
	<hr/> 15,332	<hr/> 13,077
Expenses		
Administrative and operating expenses [Schedule 3]	(11,592)	(13,378)
Amortization of capital assets	(1,620)	(2,071)
	<hr/> (13,212)	<hr/> (15,449)
Operating surplus/(deficit) before other items	2,120	(2,372)
Other Items		
Transfer of capital assets to the Province [Note 16(B)]	(142,009)	-
Deferred capital contributions related to transfer of capital assets to the Province [Note 10, 16(B)]	14,018	-
Transfer of liability for contaminated site to the Province [Note 8]	47,350	-
Province of Ontario – Remediation funding [Note 8]	2,650	-
Impairment of capital asset [Note 4]	-	(1,750)
Deferred capital contributions related to impaired capital assets [Note 10]	-	1,666
Gain on sale of surplus capital assets	-	5
	<hr/> (77,991)	<hr/> (79)
Deficiency of revenue over expenses	(75,871)	(2,451)

See accompanying notes to financial statements.

Ontario Place Corporation
Statement of Changes in Net Assets
For the Year Ended December 31, 2019

	2019 (\$ 000)		2018 (\$ 000)
	Invested in Capital Assets [Note 11]	Unrestricted	Total
			Total
Net assets, beginning of year	129,109	(45,736)	83,373
Deficiency of revenues over expenses	(128,612)	52,741	(75,871)
Invested in capital assets during the year	562	(562)	-
Net assets, end of year	1,059	6,443	7,502

See accompanying notes to financial statements.

Ontario Place Corporation

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019 (\$ 000)	2018 (\$ 000)
Operating Activities		
Deficiency of revenues over expenses	(75,871)	(2,451)
Adjustments for items not requiring an outlay of cash		
Transfer of capital assets to the Province [Note 16(B)]	142,009	-
Deferred capital contributions related to transfer of capital assets to the Province [Note 10, 16(B)]	(14,018)	-
Transfer of liability for contaminated site to the Province [Note 8]	(47,350)	-
Amortization of capital assets	1,620	2,071
Amortization of deferred capital contributions	(999)	(1,094)
Deferred capital contributions related to impaired capital assets [Note 10]	-	(1,666)
Impairment of capital assets [Note 4]	-	1,750
Gain on sale of capital assets	-	(5)
Net change in non-cash working capital [Note 12]	972	6,567
Change in accrued employee benefits obligation	(50)	(49)
Remediation activities undertaken [Note 8]	(2,650)	-
Cash provided by operating activities	<u>3,663</u>	<u>5,123</u>
Capital Activities		
Capital asset acquisitions	(2,736)	(5,657)
Proceeds on sale of capital assets, net	-	5
Cash used in capital activities	<u>(2,736)</u>	<u>(5,652)</u>
Financing Activities		
Deferred contributions	(178)	(263)
Deferred capital contributions	2,222	2,454
Capital lease obligation	(7)	22
Cash provided by financing activities	<u>2,037</u>	<u>2,213</u>
Increase in cash during the year	2,964	1,684
Cash, beginning of year	3,566	1,882
Cash, end of year	<u>6,530</u>	<u>3,566</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, 2019

	2019 (\$ 000)	2018 (\$ 000)
Schedule 1		
Operating Revenue		
Amphitheatre	4,249	3,803
Parking	3,285	2,322
Concessions and facility rental	2,040	1,288
Cinesphere	977	728
Marina	705	678
Food services	254	276
Marina retail sales	240	235
Other Revenue	153	160
Activities, sponsorship and partnership	102	111
Interest income	70	37
	<u>12,075</u>	<u>9,638</u>
Schedule 2		
Province of Ontario - Other Contributions		
Restricted grant – Trademark and other rights	117	135
Restricted grant – Park and trail maintenance	65	140
Restricted grant – Canada Day	6	-
	<u>188</u>	<u>275</u>
Schedule 3		
Administrative and Operating Expenses		
Salaries and wages	4,414	4,404
Employee benefits [Note 6]	531	462
Utilities	1,769	1,440
Administration and property tax	981	1,051
Cost of retail sales	934	801
Loss prevention	644	761
Marketing	614	1,288
Site operation	532	1,001
Equipment rental and service	510	803
Janitorial	305	310
Supplies	222	205
Professional services	63	637
Telecommunications	50	50
Programming	23	165
	<u>11,592</u>	<u>13,378</u>

See accompanying notes to financial statements.

Ontario Place Corporation

Notes to Financial Statements

As at December 31, 2019

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 "Act"). The Corporation is exempted from federal and provincial income taxes.

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

On December 6, 2018, Bill 57 - Restoring Trust, Transparency and Accountability Act, 2018 received royal assent. The Bill amended the *Ontario Place Corporation Act*, requiring the Board of Directors to prepare a proposed plan for winding up the Corporation and transferring its assets, liabilities, rights and obligations to the Crown in right of Ontario or to an agency of the Crown. Subject to the approval of the plan by the Lieutenant Governor in Council, the Board must wind up the Corporation's affairs and transfer its assets, liabilities, rights and obligations in accordance with the plan. The Bill also includes the *Ontario Place Corporation Repeal Act*, which upon proclamation would dissolve the Corporation. Until the wind-up plan is approved and the Act is repealed, the Corporation continues to be responsible for the operations of the site.

The Province continues to plan for the redevelopment of the Ontario Place site and in preparation, a significant portion of the Ontario Place assets were transferred to the Province (see Note 16(B)).

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 useful life of 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.

Ontario Place Corporation

Notes to Financial Statements

As at December 31, 2019

2. Significant Accounting Policies (continued)

(D) INVENTORY

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

(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 the useful life of capital assets, as well as the 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 recorded at cost, as cash is subject to an insignificant risk of change in value. Carrying value approximates fair value.
- Accounts Receivable are recorded at cost.
- Accounts Payable and Accrued Liabilities, Due to the Province of Ontario and Deferred Revenue are recorded at cost.

The Corporation does not use derivative financial instruments.

Ontario Place Corporation

Notes to Financial Statements

As at December 31, 2019

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.

3. Accounts Receivable

	2019 (\$000)	2018 (\$000)
Province of Ontario – Remediation Funding [Note 8]	2,650	-
Province of Ontario – East Island	2,222	861
Province of Ontario – Canada Day	6	-
Trade	473	1,959
Other	673	164
	<u>6,024</u>	<u>2,984</u>

4. Capital Assets

	2019		2018	
	Cost (\$ 000)	Accumulated Amortization (\$ 000)	Net Book Value (\$ 000)	Net Book Value (\$ 000)
Land, Waterlogs	-	-	-	101,660
Land improvements	-	-	-	20,430
Buildings and structures	-	-	-	18,270
Equipment, furniture and fixtures	4,256	1,732	2,524	3,039
Computer equipment	202	108	94	112
	<u>4,458</u>	<u>1,840</u>	<u>2,618</u>	<u>143,511</u>

During 2019, the Corporation transferred capital assets with a net book value of \$142.01 million to the Province (see Note 16(B)).

In 2018, work on the future transformation of Ontario Place was halted pending government direction. As a result, the Corporation recognized an impairment of \$1.75 million relating to capitalized revitalization costs for the East Island and pavilion pods.

Ontario Place Corporation

Notes to Financial Statements

As at December 31, 2019

5. Accounts Payable and Accrued Liabilities

The accounts payable to Infrastructure Ontario (a related party) relates to infrastructure project planning and implementation services provided to the Corporation. The trade payable relates to the Corporation's normal business transactions with third-party vendors, which are subject to standard commercial terms. Accrued liabilities consist of the current portion of accrued employee benefits obligation.

	2019 (\$000)	2018 (\$000)
Accounts payable to Infrastructure Ontario	5,006	-
Trade payable	558	1,579
Accrued liabilities - Employee benefits obligation	261	221
	<u>5,825</u>	<u>1,800</u>

6. Employee Future 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 fund for the year. In 2019, the Corporation contributed \$187,919 (2018 - \$186,292) which is included in Employee Benefits in Schedule 3.

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

The cost of unused vacation entitlements, overtime and legislated severance earned by employees during the year amounted to \$81,853 (2018 - \$63,671) and are included in Employee Benefits in Schedule 3.

Total liability for these costs is reflected in accrued employee benefit obligations, less any amounts payable within one year, which are included in accounts payable and accrued liabilities as follows:

	2019 (\$000)	2018 (\$000)
Total liability for severance, vacation and other benefits	435	445
Less: Due within one year and included in accounts payable and accrued liabilities [Note 5]	(261)	(221)
Accrued employee benefits obligation	<u>174</u>	<u>224</u>

(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

As at December 31, 2019

7. Capital Lease Obligations

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 lease payments, which expire in August 2022, together with the balance of the obligation.

	2019 (\$000)
2020	9
2021	9
2022	6
Total minimum lease payments	24
Less: current portion	(9)
Balance of the obligation	15

The current portion, the 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 \$1,100 (2018 - \$437) and is included in Administration and Property Tax in Schedule 3.

8. 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 contaminated site liability is management's best estimate based on environmental investigations performed by independent experts and reflects the costs required to remediate the site.

As described in Note 16 (B), the Corporation's land and liability for the contaminated site was transferred to the Province on August 16, 2019. Prior to the date of the transfer, \$2.65 million was incurred to remediate the site. Changes to the liability for contaminated site balance are as follows:

<u>Liability for Contaminated Site</u>	2019 (\$ 000)	2018 (\$ 000)
Balance, beginning of year	50,000	50,000
Less: remediation activities incurred during the year	(2,650)	-
Transfer of liability for contaminated site to the Province	(47,350)	-
Balance, end of year	-	50,000

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8. Liability for Contaminated Site and Deferred Remediation Funding (continued)

As the responsibility for remediating the contaminated site no longer lies with the Corporation, the deferred remediation funding and related remediation funding receivable from the Province were derecognized. Changes to the deferred remediation funding balance are as follows:

<u>Deferred Remediation Funding</u>	2019	2018
	(\$ 000)	(\$ 000)
Balance, beginning of year	50,000	50,000
Less: remediation funding recognized in the year	(2,650)	-
Impact of transfer of liability for contaminated site to the Province	(47,350)	-
Balance, end of year	-	50,000

9. Deferred Contributions

Deferred contributions represent unspent externally restricted operating grants received from the Province for the maintenance of specific assets. Changes in Deferred Contributions are as follows:

	2019	2018
	(\$ 000)	(\$ 000)
Balance, beginning of year	1,055	1,318
Add: amounts received during the year	10	-
Less: amounts recognized as revenue in the year	(188)	(263)
Balance, end of year	877	1,055

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:

	2019	2018
	(\$ 000)	(\$ 000)
Balance, beginning of year	14,402	14,708
Add: Contributions for capital assets	2,222	2,454
Less: Amount recognized related to transfer of capital asset to the Province [Note 16 (B)]	(14,018)	-
Less: Deferred capital contributions related to impaired capital assets	-	(1,666)
Less: Amount recognized as revenue in the year	(999)	(1,094)
Balance, end of year	1,607	14,402

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10. Deferred Capital Contributions (continued)

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

	2019 (\$ 000)	2018 (\$ 000)
Unamortized Deferred Capital Contributions	1,559	14,402
Unspent Deferred Capital Contributions	48	-
Balance, end of year	<u>1,607</u>	<u>14,402</u>

11. Invested in Capital Assets

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

	2019 (\$ 000)	2018 (\$ 000)
Capital Assets	2,618	143,511
Less amount financed by deferred capital contributions [Note 10]	<u>(1,559)</u>	<u>(14,402)</u>
	<u>1,059</u>	<u>129,109</u>

Change in net assets invested in capital assets is:

	2019 (\$ 000)	2018 (\$ 000)
Purchase of capital assets	2,736	5,657
Transfer of capital asset to the Province [Note 16 (B)]	(142,009)	-
Deferred capital contributions related to transfer of capital assets to the Province [Note 16 (B)]	14,018	-
Deferred capital contribution used to fund purchase of capital assets	(2,174)	(4,600)
Amortization of deferred capital contributions	999	1,094
Amortization of capital assets	(1,620)	(2,071)
Deferred capital contributions related to impaired capital assets	-	1,666
Impairment of capital assets	-	(1,750)
	<u>(128,050)</u>	<u>(4)</u>

12. Net change in Non-cash Working Capital

	2019 (\$000)	2018 (\$000)
Accounts receivable	(3,040)	7,146
Inventory	2	(22)
Prepaid Expenses	(84)	(24)
Trademark and Other Rights	113	113
Accounts Payable and accrued liabilities	4,025	(717)
Due to Province	(28)	10
Deferred revenue	(16)	61
	<u>972</u>	<u>6,567</u>

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13. 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 accounts receivable aging is summarized below:

	2019	2018
	(\$ 000)	(\$ 000)
0-30 days	195	534
31-60 days	167	1,165
61-90 days	1	219
More than 90 days	110	40
	<u>473</u>	<u>1,958</u>

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

14. Related Party Transactions

The Corporation is controlled by the Province and receives funding from the Province. The Corporation is a related party to other organizations that are controlled by or are subject to significant influence by the Province. In 2019, transactions with these organizations were:

- The Ministry of Heritage, Sport, Tourism and Culture Industries provides procurement, legal, and program services to the Corporation at no charge.
- Other provincial ministries provide administrative and human resources support. In 2019, these costs amounted to \$62,782 (2018 - \$10,700) and are included in Administration and Property Tax in Schedule 3.
- Infrastructure Ontario provides the Corporation with Infrastructure Project Planning and Implementation Services. In 2019, Infrastructure Ontario charged the Corporation \$5 million (2018 - \$216,001) for these services. As at December 31, 2019, the Corporation's Accounts Payable and Accrued Liabilities included the \$5 million payable to Infrastructure Ontario.
- Other related party transactions are described in Notes 3, 6(c), 8 and 16.

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15. 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.

16. Ontario Place Redevelopment

(A) CALL FOR DEVELOPMENT

On January 18, 2019, the Ontario Government announced a process for the comprehensive redevelopment of the Ontario Place site. On May 28, 2019, the government launched a Call for Development and received submissions until September 24, 2019. On July 30, 2021, the Ontario government announced details of its development plan to revitalize Ontario Place site with private sector partnerships, into a world-class tourism destination. The plan calls for providing family friendly entertainment as well as enhancing public spaces while retaining key heritage and recreational features of the site. The Ontario government is undertaking ongoing consultation and information sessions with key stakeholders as well as businesses and community groups.

(B) TRANSFER OF CAPITAL ASSETS TO THE PROVINCE

On August 16, 2019, an Order in Council revoked the Corporation's administration and control of the land at the Ontario Place site, and transferred it to the Province. During the fiscal year, the Corporation transferred a total of \$142.01 million in capital assets to the Province for no consideration. Of this amount, \$141.84 million was transferred on August 16, 2019 and \$0.17 million in improvements was transferred in accordance with an agreement to use land, buildings, and structures (see Note 16(C)). This transfer is recognized as a Transfer of Capital Assets to the Province on the Statement of Operations. The transferred assets are comprised of the following:

	2019 (\$000)
Land, water lots	101,660
Land improvements	22,257
Buildings and structures	17,808
Equipment, fixtures	284
	<u>142,009</u>

In addition, certain of the capital assets transferred were initially funded by the Province. As a result, the Corporation recognized \$14.02 million in deferred capital contributions relating to these transferred capital assets. This is recognized as Deferred Capital Contribution Related to Capital Assets Transferred to the Province on the Statement of Operations.

Upon transfer of the land, the responsibility for remediating the contaminated site was also transferred to the Province (see Note 8).

Ontario Place Corporation

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16. Ontario Place Redevelopment (continued)

(C) AGREEMENT TO USE LAND, BUILDINGS, AND STRUCTURES

On August 14, 2019, the Corporation entered into an agreement with Infrastructure Ontario, a provincial agency, to use the land, buildings and structures (collectively, the space) on the Ontario Place site at no charge. Pursuant to the agreement, the Corporation is responsible for all administrative, operational, maintenance and repair costs related to the space.

As well, all capital improvements made to the space by the Corporation are transferred to the Province upon installation for no consideration. During 2019, the Corporation transferred \$0.17 million in capital assets improvements to the Province under this agreement.

17. Comparative Figures

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

18. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Due to physical distancing restrictions imposed by the Province, many of the events that traditionally take place on the site were cancelled including concerts at the Budweiser Stage. The site closed on Friday March 13, 2020 and partially reopened on Friday May 15, 2020 primarily for public access and seasonal marina activities. The 2020 and 2021 operating revenues of the Corporation have also been impacted as a result of the continuing measures in response to COVID-19.