Financial Statements of

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Metropolitan Toronto Convention Centre Corporation and the Ministry of Heritage, Sport, Tourism and Culture Industries

Opinion

We have audited the financial statements of Metropolitan Toronto Convention Centre Corporation (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2021 of the Entity are prepared, in all material respects, in accordance with the accounting requirements for the Financial Administration Act, including Ontario Regulation 395/11, Government Transfers of the Financial Administration Act.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Financial Reporting Framework

We draw attention to note 2 of the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the accounting requirements for the Financial Administration Act, including Ontario Regulation 395/11, Government Transfers of the Financial Administration Act, 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 Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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 the financial statements.

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

We 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 our 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 Entity'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- 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 we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 9, 2021

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 4,019,643	$ 19,179,064
Customer deposits (note 3)	15,577,876	19,432,316
Accounts receivable (note 9)	4,167,270	2,950,056
	23,764,789	41,561,436
Liabilities:		
Accounts payable and accrued liabilities	2,797,592	8,069,311
Deferred revenue (note 3)	22,322,969	19,432,316
Employee future benefits (note 6)	2,040,600	1,844,800
Deferred contributions related to tangible capital assets	39,724,442	40,717,553
	66,885,603	70,063,980
Net debt	(43,120,814)	(28,502,544)
Non-financial assets:		
Tangible capital assets (note 4)	180,226,211	189,956,809
Inventories	344,234	819,332
Prepaid expenses	720,944	965,107
	181,291,389	191,741,248
Commitments (note 10)		
Accumulated surplus (note 5)	$ 138,170,575	$ 163,238,704

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	March 31, 2021 Budget	March 31, 2021 Actual	March 31, 2020 Actual
Revenue:			
Food and beverage	$ 32,320,000	$ 65,261	$ 31,018,437
Facility rental	20,500,000	1,518,413	18,851,451
Parking	11,700,000	2,187,633	10,613,250
Commissions	7,594,700	47,094	6,769,222
Communications	2,400,000	113,789	2,238,192
Capital contribution	993,100	993,111	993,111
Government transfer (note 3)	–	6,808,364	–
Other	4,517,200	1,518,506	4,746,754
Total revenue	80,025,000	13,252,171	75,230,417
Expenses (note 7):			
Food and beverage	20,307,500	3,565,070	19,833,571
Facility rental	5,668,200	1,677,198	5,138,970
Parking	3,186,900	1,239,751	2,737,895
Communications	862,400	648,631	844,619
Event services	688,600	156,177	661,396
General and administrative	7,972,400	7,407,081	7,923,032
Sales and marketing	4,433,100	2,914,407	3,825,361
Engineering	6,077,500	3,629,737	5,560,608
Energy	3,245,000	1,177,668	2,969,290
Other expenses (note 8)	3,396,800	2,644,048	1,539,127
Amortization	11,091,000	10,760,532	10,761,250
Total expenses	66,929,400	35,820,300	61,795,119
Annual surplus (deficit)	13,095,600	(22,568,129)	13,435,298
Accumulated surplus, beginning of year	160,321,400	163,238,704	158,803,406
Distribution payment (note 5)	(11,000,000)	(2,500,000)	(9,000,000)
Accumulated surplus, end of year	$ 162,417,000	$ 138,170,575	$ 163,238,704

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information for 2020

	March 31, 2021 Budget	March 31, 2021 Actual	March 31, 2020 Actual
Annual surplus (deficit)	$ 13,095,600	$ (22,568,129)	$ 13,435,298
Acquisition of tangible capital assets	(11,399,400)	(1,029,934)	(3,984,554)
Proceeds from disposal of tangible capital assets	–	–	4,752
Gain on insurance settlement	–	–	(1,577,183)
Proceeds on insurance settlement	–	–	1,577,183
Loss on disposal of tangible capital assets	–	–	355
Amortization of tangible capital assets	11,091,000	10,760,532	10,761,250
	12,787,200	(12,837,531)	20,217,101
Acquisition of inventories	(8,848,500)	(113,202)	(8,126,517)
Acquisition of prepaid expenses	(2,139,100)	(1,126,763)	(1,691,470)
Consumption of inventories	8,792,700	237,209	8,097,832
Write-off of inventories	–	351,091	–
Use of prepaid expenses	2,139,200	1,370,926	1,625,728
Distribution payment	(11,000,000)	(2,500,000)	(9,000,000)
Change in net debt	1,731,500	(14,618,270)	11,122,674
Net debt, beginning of year	(32,799,300)	(28,502,544)	(39,625,218)
Net debt, end of year	$ (31,067,800)	$ (43,120,814)	$ (28,502,544)

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (22,568,129)	$ 13,435,298
Items not involving cash:		
Amortization	10,760,532	10,761,250
Gain on insurance settlement (note 8)	–	(1,577,183)
Loss on disposal of tangible capital assets	–	355
Employee future benefits	195,800	(492,700)
Deferred contributions related to tangible capital assets	(993,111)	(993,111)
	(12,604,908)	21,133,909
Change in non-cash assets and liabilities:		
Accounts receivable	(1,217,214)	1,870,526
Inventories	475,098	(28,685)
Prepaid expenses	244,163	(65,742)
Deferred revenue and customer deposits	6,745,093	–
Accounts payable and accrued liabilities	(5,271,719)	(3,208,771)
	(11,629,487)	19,701,237
Financing activities:		
Distribution payment (note 5)	(2,500,000)	(9,000,000)
Capital activities:		
Proceeds on insurance settlement (note 8)	–	2,276,731
Proceeds from disposal of tangible capital assets	–	4,752
Acquisition of tangible capital assets	(1,029,934)	(3,984,554)
	(1,029,934)	(1,703,071)
Increase (decrease) in cash and cash equivalents	(15,159,421)	8,998,166
Cash and cash equivalents, beginning of year	19,179,064	10,180,898
Cash and cash equivalents, end of year	$ 4,019,643	$ 19,179,064

See accompanying notes to financial statements.

Metropolitan Toronto Convention Centre Corporation (the "Corporation") is incorporated as a corporation without share capital under Bill 141, the *Metropolitan Toronto Convention Centre Corporation Act, 1988*, and is subject to control by the Province of Ontario through the Ministry of Heritage, Sport, Tourism and Culture Industries. The Corporation is a Crown Agency under the same act and is exempt from income taxes.

The Corporation operates a convention facility for conventions, trade shows, consumer shows, corporate and food and beverage events and parking facilities.

The outbreak of COVID-19 pandemic and the emergency measures adopted by authorities in Canada to mitigate the pandemic's spread have significantly impacted the Corporation. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and social distancing among others, have severely impacted the Corporation's ability to host events and generate revenue. This has negatively impacted the Corporation's financial performance and its liquidity position. There is still significant uncertainty over the length and severity of the pandemic and how the outbreak will impact the operations of the Corporation's operations. As a result, the Corporation has become financially dependent on the Ministry of Heritage, Sport, Tourism and Culture Industries for continued financial support.

1. Significant accounting policies:

(a) Revenue recognition:

Revenue from food and beverage sales, facility rentals, communications, other revenue and the use of the Corporation's parking facilities is recognized when services are provided. Commission revenue is recognized as it is earned. Cancellation fees are recognized when an event is cancelled.

(b) Customer deposits:

Customer deposits represent cash received for future use of the Corporation's facilities.

1. **Significant accounting policies (continued):**

(c) Government transfers:

Receipt of government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. A liability recognized in relation to the government transfers are reduced and an equivalent amount of revenue recognized as the liability is settled.

(d) Deferred contributions related to tangible capital assets:

Funding received from the Province of Ontario used for the acquisition of depreciable tangible capital assets is recorded as deferred contributions. This is recognized as a recovery in the statement of operations equal to amortization charged on the related depreciable tangible capital assets, of which the annual change of $993,111 (2020 - $993,111) is recorded in the statement of cash flows.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

1. **Significant accounting policies (continued):**

Non-financial assets include:

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is charged on a straight-line basis over the following estimated useful lives of the assets:

Building	50 years
Furniture, fixtures and computer equipment	3 - 10 years
Leasehold improvements	Lesser of lease term and useful life of 5 - 20 years

Tangible capital assets are reviewed for impairment whenever conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services, or that the value of future economic benefits associated with the tangible capital assets is less than its net book value. The Corporation would write down the cost of tangible capital assets when it can demonstrate that the reduction in future economic benefits is expected to be permanent.

(ii) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

(f) Deferred revenue:

Deferred revenue represents customer deposits received for future use of the Corporation's facilities. Deposits are applied against the customer's account when services are rendered. Deferred revenue also includes government transfers that the Corporation has received or is receivable for which the Corporation has not met the stipulations in order to record the government transfer as revenue.

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets, valuation allowances for accounts receivable and obligations related to employee future benefits. Actual results could differ from those estimates.

(h) Financial instruments:

Financial instruments are recorded at fair values on initial recognition and subsequently recorded at cost or amortized cost.

As financial instruments are recorded at cost or amortized cost, a statement of re-measurement gains and losses has not been included.

(i) Budget figures:

Budget figures have been derived from the Business Plan approved by the Board of Directors on February 19, 2020.

2. Basis of presentation:

The Financial Administration Act requires that the financial statements be prepared in accordance with the accounting principles used by the Province of Ontario, being the Canadian public sector accounting standards ("PS") as published by the Public Sector Accounting Board and that changes may be required to these standards as a result of regulation.

2. Basis of presentation (continued):

Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act requires that government transfers used for the acquisition of depreciable tangible capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to amortization charged on the related depreciable tangible capital assets. This accounting requirement is not consistent with the requirements of PS, which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case, the transfer is recognized as revenue over the period that the liability is extinguished.

Accordingly, these financial statements have been prepared in accordance with the accounting requirements of the Financial Administration Act, including Ontario Regulation 395/11, *Government Transfers* of the Financial Administration Act.

3. Deferred revenue and government transfers:

Deferred revenue represents cash received from customers for future use of the Corporation's facilities of $15,577,876 (2020 - $19,432,316) and the liability associated with government transfers of $6,745,093 (2020 - nil).

During the year, the Corporation received a government transfer of $9,567,875 pursuant to the Ontario Transfer Payment Agreement ("TPA") dated February 5, 2021 with the Ministry of Heritage, Sport, Tourism and Culture Industries. The TPA was amended on March 15, 2021 to increase the government transfer by $3,985,000, which was included in accounts receivable at March 31, 2021. Total government transfers during the year were $13,552,875.

At March 31, 2021, the Corporation incurred $6,808,364 in eligible expenses that met the stipulations of the TPA and accordingly recorded this amount as revenue. The remaining amount of $6,745,093 (including interest earned of $582), is recorded as deferred revenue in the statement of financial position at March 31, 2021 as the funds have not yet been incurred as stipulated in the TPA. The Corporation is required to repay any unspent grant amount at June 30, 2021.

4. Tangible capital assets:

2021	Cost	Accumulated amortization	Net book value
Building	$ 254,715,042	$ 104,289,880	$ 150,425,162
Furniture, fixtures and computer equipment	48,787,840	39,266,396	9,521,444
Leasehold improvements	78,666,965	58,387,360	20,279,605
	$ 382,169,847	$ 201,943,636	$ 180,226,211

2020	Cost	Accumulated amortization	Net book value
Building	$ 254,674,179	$ 101,533,750	$ 153,140,429
Furniture, fixtures and computer equipment	48,166,973	36,913,123	11,253,850
Leasehold improvements	78,298,761	52,736,231	25,562,530
	$ 381,139,913	$ 191,183,104	$ 189,956,809

During the year, tangible capital additions were $1,029,934 (2020 - $3,984,554), of which $64,800 (2020 - $295,857) is included in accounts payable and accrued liabilities.

5. Accumulated surplus:

The total accumulated surplus includes the contributed surplus, accumulated distribution payments and the accumulated annual surplus as follows:

	Contributed surplus	Accumulated distribution payments	Accumulated annual surplus	Total accumulated surplus
Balance, March 31, 2020	$ 142,850,705	$ (102,000,000)	$ 122,387,999	$ 163,238,704
Distribution payment	–	(2,500,000)	–	(2,500,000)
Annual surplus	–	–	(22,568,129)	(22,568,129)
Balance, March 31, 2021	$ 142,850,705	$ (104,500,000)	$ 99,819,870	$ 138,170,575

5. Accumulated surplus (continued):

The contributed surplus balance was created as a result of the Ontario Financing Authority (the "OFA") issuing a release to the Corporation as at March 30, 2003 from all of its obligations under the temporary expansion financing.

The Corporation agreed to make a minimum distribution payment to the OFA annually in the amount of $2,500,000 less any amount of payments in lieu of property taxes that it makes within that year and annually, any such further amounts agreed to in writing by the Corporation and the OFA.

The Corporation has made a distribution payment of $2,500,000 on March 25, 2021 based on the financial results of fiscal 2021 (fiscal 2020 - $9,000,000). Since the establishment of the distribution policy, the total amount paid is $104,500,000 (2020 - $102,000,000).

6. Employee future benefits:

The Corporation maintains a registered pension plan that provides a defined benefit component and a defined contribution component. Under the defined benefit component of the pension plan, contributions are made by employees at specified rates and by the sponsor in such amounts and at such times as determined by the consulting actuaries. The defined benefit component of the plan provides pension benefits based on the length of service and best average pensionable earnings. The Corporation has other employee benefit arrangements in which certain retired employees also receive health and other post-retirement employee benefits paid for by the Corporation. Furthermore, there is an unfunded executive retirement allowance plan ("ERAP") payable to a retired President and Chief Executive Officer. The member of the ERAP will be paid as a flat monthly payment which will cease on December 1, 2025. Accrued ERAP benefit obligation as at March 31, 2021 is $1,114,300 (2020 - $1,331,800). There is also a funded retirement compensation agreement ("RCA"), which pays a former executive's beneficiary a spousal benefit for the remainder of the spouse's life. Accrued RCA benefit obligation as at March 31, 2021 is $489,500 (2020 - $456,300). Neither plan accrues benefits any longer.

6. Employee future benefits (continued):

The Corporation accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected accrued benefit cost method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the post-employment plans and retirement compensation agreement coincides with the Corporation's fiscal year, and the defined benefit plan measurement date is December 31. The most recent actuarial valuations of the defined benefit plan for funding purposes was completed as at December 31, 2019. The defined benefit plan is required by the Pension Benefits Act (Ontario) to have an actuarial valuation report prepared at least every three years.

The actuarial valuation of the retirement plans (and the next required valuations) is as follows:

(a) Other post-employment benefit plans - March 31, 2021 (March 31, 2022);

(b) Retirement compensation agreement - March 31, 2021 (March 31, 2022); and

(c) Executive retiring allowance plan - March 31, 2021 (March 31, 2022).

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the expected average remaining service period of active employees ("EARSL").

As shown in the following table, the Corporation has a surplus of $1,435,700 (2020 - deficit of $5,834,700) for its employee future benefit plans. Unamortized net actuarial gain is $3,476,300 (2020 - loss of $3,989,900) and results in an employee future benefit liability of $2,040,600 (2020 - $1,844,800) recorded in the financial statements.

6. Employee future benefits (continued):

Currently, there are 83 employees enrolled in the defined benefit plan and 227 employees enrolled in the defined contribution plan. In 2005, the Corporation closed the defined benefit component of the plan. All new eligible plan members must join the defined contribution component of the plan. The defined contribution portion of the plan is fully funded as at March 31, 2021.

Information about the Corporation's pension plan and employee benefit arrangements are detailed in the table below:

			2021			2020
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Defined benefit plan expense:						
Current year benefit cost	$ 634,300	$ 45,700	$ 680,000	$ 1,085,200	$ 69,200	$ 1,154,400
Amortization of actuarial loss (gain)	429,200	51,900	481,100	(83,300)	22,300	(61,000)
Employee contributions	(95,800)	–	(95,800)	(166,400)	–	(166,400)
Defined benefit plan expense	967,700	97,600	1,065,300	835,500	91,500	927,000
Defined benefit plan interest expense:						
Interest cost on accrued benefit obligation	2,062,700	70,000	2,132,700	1,973,100	122,400	2,095,500
Expected return on plan assets	(1,887,900)	(15,700)	(1,903,600)	(1,991,700)	(17,400)	(2,009,100)
Defined benefit plan interest expense (income)	174,800	54,300	229,100	(18,600)	105,000	86,400
Total defined benefit plan expense	1,142,500	151,900	1,294,400	816,900	196,500	1,013,400
Defined contribution plan cost	460,700	–	460,700	812,600	–	812,600
Total benefit plan expense	$ 1,603,200	$ 151,900	$ 1,755,100	$ 1,629,500	$ 196,500	$ 1,826,000

6. Employee future benefits (continued):

	2021			2020		
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Expected closing balance of accrued benefit obligation:						
Actual accrued benefit obligation, beginning of year	$ 39,130,700	$ 3,006,100	$ 42,136,800	$ 37,297,600	$ 2,922,200	$ 40,219,800
Current year benefit cost	634,300	45,700	680,000	1,085,200	69,200	1,154,400
Interest cost	2,062,700	70,000	2,132,700	1,973,100	122,400	2,095,500
Benefit payments	(1,059,000)	(313,700)	(1,372,700)	(1,225,200)	(251,600)	(1,476,800)
Expected closing balance of accrued benefit obligation, end of year	$ 40,768,700	$ 2,808,100	$ 43,576,800	$ 39,130,700	$ 2,862,200	$ 41,992,900
Expected plan assets:						
Actual plan assets, beginning of year	$ 35,685,000	$ 617,100	$ 36,302,100	$ 37,458,200	$ 681,500	$ 38,139,700
Employer contributions	833,100	265,500	1,098,600	1,301,700	204,400	1,506,100
Employee contributions	95,800	–	95,800	166,400	–	166,400
Expected return on plan assets	1,887,900	15,700	1,903,600	1,991,700	17,400	2,009,100
Benefit payments	(1,059,000)	(313,700)	(1,372,700)	(1,225,200)	(251,600)	(1,476,800)
Expected plan assets, end of year	$ 37,442,800	$ 584,600	$ 38,027,400	$ 39,692,800	$ 651,700	$ 40,344,500
Amortization of gains (losses) on accrued benefit obligation:						
Expected closing balance of accrued benefit obligation	$ 40,768,700	$ 2,808,100	$ 43,576,800	$ 39,130,700	$ 2,862,200	$ 41,992,900
Actual accrued benefit obligation	40,639,300	2,738,700	43,378,000	39,130,700	3,006,100	42,136,800
Experience gain (loss)	$ 129,400	$ 69,400	$ 198,800	$ –	$ (143,900)	$ (143,900)
Annual amortization over EARSL	$ 19,400	$ 8,300	$ 27,700	$ –	$ (26,900)	$ (26,900)
Amortization of gains (losses) on plan assets:						
Expected closing balance of plan assets	$ 37,442,800	$ 584,600	$ 38,027,400	$ 39,692,800	$ 651,700	$ 40,344,500
Actual plan assets	44,178,500	635,200	44,813,700	35,685,000	617,100	36,302,100
Experience gain (loss)	$ 6,735,700	$ 50,600	$ 6,786,300	$ (4,007,800)	$ (34,600)	$ (4,042,400)
Annual amortization over EARSL	$ 1,009,900	$ 4,500	$ 1,014,400	$ (512,500)	$ (2,700)	$ (515,200)
Actual pension liability recorded in the statement of financial position:						
Actual accrued benefit obligation	$ 40,639,300	$ 2,738,700	$ 43,378,000	$ 39,130,700	$ 3,006,100	$ 42,136,800
Actual plan assets	(44,178,500)	(635,200)	(44,813,700)	(35,685,000)	(617,100)	(36,302,100)
Deficit (surplus)	(3,539,200)	2,103,500	(1,435,700)	3,445,700	2,389,000	5,834,700
Unamortized actuarial gains (losses)	3,479,900	(3,600)	3,476,300	(3,814,400)	(175,500)	(3,989,900)
Accrued benefit liability	$ (59,300)	$ 2,099,900	$ 2,040,600	$ (368,700)	$ 2,213,500	$ 1,844,800

6. Employee future benefits (continued):

The total accrued pension benefit liability of $2,040,600 (2020 - $1,844,800) is included in the Corporation's statement of financial position.

The significant actuarial assumptions used in accounting for the plans are as follows:

	2021		2020	
	Pension plan	Employee benefits	Pension plan	Employee benefits
Discount rate	5.30%	1.00 - 4.50%	5.30%	1.30 - 5.30%
Expected return on plan assets	5.30%	2.25%	5.30%	2.65%
Rate of compensation increase	3.00%	n/a	3.25%	n/a
Indexation rate	1.30%	1.30%	1.30%	1.30%
EARSL (years)	6.7	9.0 - 11.3	7.8	7.2 - 12.7

Assumed health care cost trend rates at March 31:

	2021	2020
Initial health care cost trend rate	4.43%	6.75%
Cost trend rate declines to	4.05%	3.75%
Year that the rate reaches the rate it is assumed to remain at	2031	2032

7. Expenses:

Included in expenses are wages, benefits and employee termination costs of $16,227,450 (2020 - $29,208,086).

8. Other expenses:

Included in other expenses for the year ended March 31, 2020 is a gain recognized on the final insurance settlement related to a flood which occurred in August 2018. The gain of $1,577,183 is primarily related to the difference between the replacement cost of the assets and their net book value.

9. Financial instruments, risk management and capital management:

(a) Financial instruments:

PS 3450, Financial Instruments, requires an organization to classify fair value using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporation's financial assets carried at fair value, which include cash and cash equivalents and customer deposits, are classified as Level 1.

There were no financial instruments categorized in Level 2 or in Level 3 as at March 31, 2021 and 2020.

There were no changes in categorization of financial assets and liabilities into the three levels in the fair value hierarchy during the year. The carrying values of cash and cash equivalents, customer deposits, Emergency Stabilization Fund, accounts receivable and accounts payable and accrued liabilities approximate fair values due to their short-term nature.

9. Financial instruments, risk management and capital management (continued):

(b) Risk management:

The Corporation's activities expose it to a variety of financial risks: credit risk and liquidity risk. Risk management is the responsibility of the Corporation's management which identifies and evaluates financial risks. Material risks are monitored and discussed with the Finance and Audit Committee of the Board of Directors. The Corporation does not utilize derivative financial instruments to manage its risks.

(i) Credit risk:

Credit risk arises from cash held with the banks and financial institutions and accounts receivable. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Corporation assesses the quality of its counterparties, taking into account their creditworthiness and reputation, past experience and other factors.

The aging of accounts receivable is as follows:

	2021	2020
Current	$ –	$ 1,536,809
Less than 30 days overdue	47,727	482,566
More than 30 days overdue	211,606	401,608
Less allowance for doubtful accounts	(99,388)	(70,564)
Total trade accounts receivable	159,945	2,350,419
Non-trade accounts receivable	4,007,325	599,637
	$ 4,167,270	$ 2,950,056

The carrying amounts of accounts receivable represent the maximum credit exposure.

Non-trade accounts receivable includes a government transfer receivable from the Ministry of Heritage, Sport, Tourism and Culture Industries under the TPA of $3,985,000 (note 3), which was received on April 9, 2021.

9. Financial instruments, risk management and capital management (continued):

(ii) Liquidity risk:

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maximize available cash reserves to meet its liquidity requirements in order to meet obligations as they come due. The Corporation has established a conservative investment policy to achieve this objective. The governance of this policy refers to the Corporation's power to invest surplus monies only in the following investments:

(a) Canadian government securities (federal and provincial);

(b) guaranteed investment certificates; and

(c) deposit receipts, deposit notes and bankers' acceptance (Schedule A or B bank).

The policy also includes minimum quality requirements and recognized bond rating agencies pertaining to the above investments.

The Corporation's financial liabilities, which include accounts payable and accrued liabilities, are generally due within one year.

The COVID-19 pandemic has increased the Corporation's liquidity risk. To manage this increased risk, the Corporation will continue to evaluate the need for additional assistance in the form of government transfers to meet its obligations as they come due.

(c) Capital management:

The Corporation's objective in managing capital is to safeguard the entity's ability to continue as a going concern and make distribution payments to the OFA.

The COVID-19 pandemic has necessitated the Corporation to seek additional funding to continue its operations and as a result the Corporation is dependent on the continued financial support from Ministry of Heritage, Sport, Tourism and Culture Industries to fund its operations.

10. Commitments:

The Corporation is committed to minimum annual lease payments (excluding common area charges) under various operating leases for facility rental, parking, office space, computer equipment and equipment, as follows:

2022	$ 1,152,409
2023	412,556
2024	93,921
2025	86,672
2026	87,979
Thereafter	1,786,255
	$ 3,619,792

The Corporation's minimum annual distribution of $2,500,000 required to be paid to the OFA (note 5) has been excluded from the commitments schedule above.