

Ontario Place Corporation
Financial Statements
For the Year Ended December 31, 2017

September 5, 2018


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 reviewed by Ontario Place's Audit Committee and 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 Ontario Place Corporation
and to the Minister of Tourism, Culture and Sport

I have audited the accompanying financial statements of the Ontario Place Corporation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Place Corporation as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
September 5, 2018

Susan Klein, CPA, CA, LPA
Assistant Auditor General

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Ontario Place Corporation
Statement of Financial Position
As at December 31, 2017

	2017 (\$000)	2016 (\$000)
ASSETS		
Current		
Cash and cash equivalents	1,882	9,882
Cash – restricted [Note 4]	-	259
Accounts receivable [Note 5]	10,129	2,608
Inventory	9	3
Prepaid expenses	154	33
	12,174	12,785
Non-current Assets		
Capital assets [Note 6]	141,554	109,006
Remediation funding receivable [Note 8]	50,000	50,000
Trademark and Other Rights	991	-
	192,545	159,006
	204,719	171,791
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities [Note 7]	2,518	2,728
Accrued employee benefits obligation [Note 12(B)]	61	58
Due to the Province of Ontario	133	62
Deferred revenue	68	62
	2,780	2,910
Long Term Liabilities		
Accrued employee benefits obligation [Note 12(B)]	212	153
Liability for contaminated site [Note 8]	50,000	50,000
	50,212	50,153
Deferred contributions [Note 9]	1,318	-
Deferred remediation funding [Note 8]	50,000	50,000
Deferred capital contributions [Note 10]	12,439	6,901
Unspent deferred capital contributions [Note 10]	2,146	259
	65,903	57,160
Net Assets		
Invested in capital assets [Note 11]	129,115	102,105
Unrestricted	(43,291)	(40,537)
	85,824	61,568
	204,719	171,791

See accompanying schedules and notes to financial statements.

Approved on behalf of the Corporation:


 Chair


 Board Member, Chair of Audit Committee

Ontario Place Corporation
Statement of Operations
For the Year Ended December 31, 2017

	2017 (\$ 000)	2016 (\$ 000)
Revenue		
Operating revenue [Schedule 1]	6,790	7,239
Province of Ontario– Operating	2,070	2,070
Province of Ontario – Other Contributions [Schedule 3]	1,496	-
Amortization of deferred capital contributions [Note 10]	1,004	1,133
	<u>11,360</u>	<u>10,442</u>
Expenses		
Administrative and operating expenses [Schedule 2]	(14,124)	(7,400)
Amortization of capital assets	(1,422)	(1,133)
	<u>(15,546)</u>	<u>(8,533)</u>
Operating (deficit)/surplus before other items	(4,186)	1,909
Other Items		
Province of Ontario- Contributed Park and Trail Revitalization [Note 16]	28,831	-
Province of Ontario – Park and Trail Remediation Expense [Note 16]	(3,074)	-
Property tax recovery [Note 15]	2,600	-
Gain on sale of surplus capital assets	85	172
HST reassessment	-	258
	<u>28,442</u>	<u>430</u>
Excess of revenue over expenses	<u>24,256</u>	<u>2,339</u>

See accompanying schedules and notes to financial statements.

Ontario Place Corporation

Statement of Changes in Net Assets For the Year Ended December 31, 2017

	2017 (\$ 000)		2016 (\$ 000)	
	Invested in Capital Assets	Unrestricted	Total	
Net assets, beginning of year	102,105	(40,537)	61,568	59,229
Excess of revenues over expenses	25,339	(1,083)	24,256	2,339
Invested in capital assets during the year [Note 11]	1,671	(1,671)	-	-
Net assets, end of year	129,115	(43,291)	85,824	61,568

See accompanying schedules and notes to financial statements.

Ontario Place Corporation

Statement of Cash Flows

For the Year Ended December 31, 2017

	2017 (\$ 000)	2016 (\$ 000)
Operating Activities		
Excess of revenues over expenses	24,256	2,339
Adjustments for items not requiring an outlay of cash		
Gain on sale of capital assets	(85)	(172)
Amortization of capital assets	1,422	1,133
Amortization of deferred capital contributions	(1,004)	(1,133)
Province of Ontario- Contributed Park and Trail Revitalization [Note 16]	(28,831)	-
Province of Ontario – Park and Trail Remediation Expense [Note 16]	3,074	-
Net change in non-cash working capital [Note 3]	(8,772)	(253)
Accrued employee benefits obligation	62	17
Cash (used)/provided in operating activities	<u>(9,878)</u>	<u>1,931</u>
Capital Activities		
Capital asset acquisitions	(8,213)	(1,318)
Proceeds on sale of capital assets, net	85	172
Cash (used) in capital activities	<u>(8,128)</u>	<u>(1,146)</u>
Financing Activities		
Deferred contributions	1,318	-
Deferred capital contributions-applied	6,542	91
Deferred capital contributions-unspent	1,887	-
Cash provided by financing activities	<u>9,747</u>	<u>91</u>
(Decrease)/Increase in cash during the year	(8,259)	876
Cash, beginning of year	10,141	9,265
Cash, end of year	<u>1,882</u>	<u>10,141</u>
Cash and cash equivalents	1,882	9,882
Cash – restricted	-	259
	<u>1,882</u>	<u>10,141</u>

See accompanying schedules and notes to financial statements.

Ontario Place Corporation

Schedules of Operating Revenue and Administrative and Operating Expenses For the Year Ended December 31, 2017

	2017 (\$ 000)	2016 (\$ 000)
Schedule 1		
Operating Revenue		
Amphitheatre	3,201	3,306
Parking	1,715	1,549
Concessions and facility rental	733	1,235
Marina	538	598
Other Revenue	290	268
Cinesphere	97	-
Marina retail sales	77	209
Interest income	75	74
Food services	64	-
	<u>6,790</u>	<u>7,239</u>

Schedule 2 **Administrative and Operating Expenses**

Salaries and wages	2,535	1,776
Employee benefits [Note 12]	470	300
Administration and property tax	3,367	1,761
Site Maintenance	2,168	1,790
Special project (Ontario 150)	2,028	18
Marketing	1,279	-
Utilities	1,276	1,215
Supplies	534	229
Janitorial	258	115
Cost of retail sales	135	147
Transportation and communications	74	49
	<u>14,124</u>	<u>7,400</u>

See accompanying notes to financial statements.

Ontario Place Corporation

Schedule of Province of Ontario – Other Contributions For the Year Ended December 31, 2017

	2017 (\$ 000)	2016 (\$ 000)
Schedule 3		
Province of Ontario - Other Contributions		
Restricted grant – Ontario 150	1,315	-
Restricted grant – Park and Trail Maintenance	75	-
Restricted grant – Interim Activation	106	-
	<hr/>	
	1,496	-
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See accompanying notes to financial statements.

Ontario Place Corporation

Notes to Financial Statements

December 31, 2017

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.

In 2017, Ontario Place was reopened for year round recreational use, which was highlighted in June, 2017 with the opening of the Trillium Park and William G Davis Trail. The Corporation continues to work on the long-term revitalization of Ontario Place. Its vision is to be a gathering place that celebrates Ontario’s innovation, creativity and talent.

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) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and cashable fixed-term guarantee income certificate.

(C) 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 amphitheatre agreement with Live Nation, 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.

(D) EXPENSES

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

Ontario Place Corporation

Notes to Financial Statements

December 31, 2017

2. Significant Accounting Policies (Continued)

(E) INVENTORY

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

(F) 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.

Sewers Systems	50 years
Land Improvements (including parking lot and landscaping)	20-40 years
Buildings and structures	10-25 years
Equipment and fixtures	10-15 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 has any service potential to the Corporation, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the Statement of Operations.

(G) TRADEMARK AND OTHER RIGHTS

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

(H) 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 liabilities for contaminated site, and the related accounts receivable and deferred revenue to fund this liability. Actual amounts could differ from these estimates.

(I) 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 and cash equivalents, and Restricted cash are 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, 2017

2. Significant Accounting Policies (Continued)

(J) 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. Net change in non-cash working capital

	2017 (\$000)	2016 (\$000)
Accounts receivable	(7,521)	(351)
Inventory	(6)	15
Prepaid Expenses	(121)	12
Trademark and Other Rights	(991)	-
Accounts Payable and accrued liabilities	(210)	160
Due to Province	71	(73)
Deferred revenue	6	(16)
	<u>(8,772)</u>	<u>(253)</u>

4. Cash – Restricted

Unspent deferred capital contributions of \$Nil (2106: \$259,000) received by the Province are held as externally restricted cash.

5. Accounts Receivable

	2017 (\$000)	2016 (\$000)
Province of Ontario – restricted grant	6,737	-
Province of Ontario – operating grant	2,070	2,070
Trade	824	363
Other	498	175
	<u>10,129</u>	<u>2,608</u>

Ontario Place Corporation

Notes to Financial Statements

December 31, 2017

6. Capital Assets

	2017		2016	
	Cost (\$ 000)	Accumulated Amortization (\$ 000)	Net Book Value (\$ 000)	Net Book Value (\$ 000)
Land, waterlots	101,660	-	101,660	101,660
Land improvements	21,150	264	20,886	-
Buildings and structures	19,256	3,735	15,521	5,241
Equipment and fixtures	4,978	1,645	3,333	1,238
Computer equipment	309	155	154	77
Construction-in-progress	-	-	-	790
	<u>147,353</u>	<u>5,799</u>	<u>141,554</u>	<u>109,006</u>

7. Accounts Payable and Accrued Liabilities

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

8. Liability for Contaminated Site and Deferred Remediation Funding

The Ontario Place site was constructed by lake filling in the 1970s, utilizing urban excess soil that was generated during other development projects in the City of Toronto at that time. At the time of the original park 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 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, 2017, the liability for contaminated site was \$50 million.

Ontario Place Corporation

Notes to Financial Statements

December 31, 2017

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:

	2017 (\$ 000)	2016 (\$ 000)
Balance, beginning of year	-	-
Add: amounts received during the year	1,412	-
Less: amounts recognized as revenue in the year	(94)	-
Balance, end of year	<u>1,318</u>	<u>-</u>

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 capital assets balance for the year are as follows:

	2017 (\$ 000)	2016 (\$ 000)
Balance, beginning of year	7,160	8,293
Contributions for capital assets	8,429	-
Amount recognized as revenue	(1,004)	(1,133)
Balance, end of year	<u>14,585</u>	<u>7,160</u>

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

	2017 (\$ 000)	2016 (\$ 000)
Unamortized Deferred Capital Contributions	12,439	6,901
Unspent Deferred Capital Contributions	2,146	259
Balance, end of year	<u>14,585</u>	<u>7,160</u>

Ontario Place Corporation

Notes to Financial Statements

December 31, 2017

11. Invested in Capital Assets

The invested in 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.

	2017 (\$ 000)	2016 (\$ 000)
Capital Assets	141,554	109,006
Less amount financed by deferred capital contributions [Note 10]	(12,439)	(6,901)
	<u>129,115</u>	<u>102,105</u>

Change in net assets invested in capital assets is calculated as follows:

	2017 (\$ 000)	2016 (\$ 000)
Purchase of capital assets	8,213	1,318
Province of Ontario - Contributed Park & Trail [Note 16]	25,757	-
Capital funding utilized	(6,542)	-
Amortization of deferred contributions related to capital assets	1,004	1,133
Amortization of capital assets	(1,422)	(1,133)
	<u>27,010</u>	<u>1,318</u>

12. Employee Benefits

(A) PENSION BENEFITS

The Corporation provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer plans established by the Province of Ontario. 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, which was \$147,630 (2016 - \$96,345), and is included in employee benefits in the Schedule of Administrative and Operating Expenses.

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

The costs of legislated severance, compensated balances and unused vacation entitlements earned by employees during the year amounted to \$192,000 (2016- \$19,000) and are included in employee benefits in the Statement of Operations. The total liability for these costs is 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, 2017

13. Financial Instruments

(A) LIQUIDITY RISK:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts 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.

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

14. Ontario Place Revitalization

In July 2014, the Province announced its 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 has been put on hold pending government direction.

15. 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 of \$2.6 million during 2017 and is recorded in Property Tax Recovery in the Statement of Operations.

16. Province of Ontario – Contributed Park and Trail Revitalization

The Province incurred \$28.8 million to develop the Trillium Park and William G. Davis Trail ("Park and Trail") on behalf of the Corporation. Upon completion, the Province transferred the cost of 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.

17. Comparative Figures

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