Financial Statements of

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

And Independent Auditor's Report thereon

Year ended March 31, 2023

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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

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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.

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

- 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 14, 2023

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 23,502,460	$ 11,415,744
Customer deposits (note 3)	19,794,617	15,734,699
Accounts receivable (note 8)	2,819,096	665,101
	46,116,173	27,815,544
Liabilities:		
Accounts payable and accrued liabilities	8,331,403	4,610,250
Deferred revenue (note 3)	19,794,617	16,268,468
Employee future benefits (note 6)	204,900	965,200
Deferred contributions related to tangible capital assets	37,738,220	38,731,331
	66,069,140	60,575,249
Net debt	(19,952,967)	(32,759,705)
Non-financial assets:		
Tangible capital assets (note 4)	162,338,182	169,991,096
Inventories	697,733	567,192
Prepaid expenses	1,306,494	681,304
	164,342,409	171,239,592
Commitments (note 9)		
Accumulated surplus (note 5)	$ 144,389,442	$ 138,479,887

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, 2023, with comparative information for 2022

	March 31, 2023 Budget (note 1(l))	March 31, 2023 Actual	March 31, 2022 Actual
Revenue:			
Food and beverage	$ 13,808,900	$ 18,458,611	$ 1,421,450
Facility rental	12,000,000	16,229,596	2,925,270
Parking	5,360,000	11,444,845	5,853,423
Commissions	3,533,000	5,805,460	578,424
Communications	1,305,000	1,884,957	286,571
Capital contribution	993,100	993,111	993,111
Government transfer (note 3)	–	1,791,924	23,824,681
Other	2,276,900	4,123,775	1,644,424
Total revenue	39,276,900	60,732,279	37,527,354
Expenses (note 7):			
Food and beverage	12,429,900	14,663,565	4,468,975
Facility rental	5,404,000	3,760,370	2,315,068
Parking	2,567,200	2,634,354	1,921,641
Communications	789,900	811,377	618,565
Event services	514,900	528,541	233,097
General and administrative	7,429,800	8,630,942	4,478,763
Sales and marketing	2,444,800	13,208	2,770,297
Engineering	5,649,700	5,171,528	3,660,640
Energy	2,622,500	2,243,604	1,455,493
Other	3,352,900	3,140,798	2,347,410
Amortization	10,700,000	10,724,437	10,448,093
Total expenses	53,905,600	52,322,724	34,718,042
Annual surplus (deficit)	(14,628,700)	8,409,555	2,809,312
Accumulated surplus, beginning of year	138,479,900	138,479,887	138,170,575
Distribution payment (note 5)	(2,500,000)	(2,500,000)	(2,500,000)
Accumulated surplus, end of year	$ 121,351,200	$ 144,389,442	$ 138,479,887

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Net Debt

Year ended March 31, 2023, with comparative information for 2022

	March 31, 2023 Actual	March 31, 2022 Actual
Annual surplus	$ 8,409,555	$ 2,809,312
Acquisition of tangible capital assets	(3,071,523)	(116,976)
Acquisition of intangible assets	–	(162,500)
Proceeds from disposal of tangible capital assets	–	66,498
Amortization of tangible capital assets	10,724,437	10,448,093
	16,062,469	13,044,427
Acquisition of inventories	(244,269)	(287,130)
Acquisition of prepaid expenses	(1,266,155)	(642,419)
Consumption of inventories	113,728	64,172
Write-off of inventories		–
Use of prepaid expenses	640,965	682,059
Distribution payment	(2,500,000)	(2,500,000)
Change in net debt	12,806,738	10,361,109
Net debt, beginning of year	(32,759,705)	(43,120,814)
Net debt, end of year	$ (19,952,967)	$ (32,759,705)

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 8,409,555	$ 2,809,312
Items not involving cash:		
Amortization	10,724,437	10,448,093
Employee future benefits	(760,300)	(1,075,400)
Deferred contributions related to tangible capital assets	(993,111)	(993,111)
	17,380,581	11,188,894
Change in non-cash assets and liabilities:		
Accounts receivable	(2,153,995)	3,502,169
Inventories	(130,541)	(222,958)
Prepaid expenses	(625,190)	39,640
Deferred revenue and customer deposits	(533,769)	(6,211,324)
Accounts payable and accrued liabilities	3,721,153	1,812,658
	17,658,239	10,109,079
Financing activities:		
Distribution payment (note 5)	(2,500,000)	(2,500,000)
Capital activities:		
Proceeds from disposal of tangible capital assets	–	66,498
Acquisition of tangible capital assets	(3,071,523)	(116,976)
Acquisition of intangible assets	–	(162,500)
	(3,071,523)	(212,978)
Increase in cash and cash equivalents	12,086,716	7,396,101
Cash and cash equivalents, beginning of year	11,415,744	4,019,643
Cash and cash equivalents, end of year	$ 23,502,460	$ 11,415,744

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 ("MHSTCI"). 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 the Federal and Provincial governments to mitigate the pandemic's spread continued to have significantly impacted the years ended March 31, 2021 and 2022. These measures, which included the implementation of travel bans, self-imposed quarantine periods, and social distancing among others, severely impacted the Corporation's ability to host events and generate revenue. This negatively impacted the Corporation's financial performance and its liquidity position for the years ended March 31, 2021 and 2022.

The pandemic receded during the current fiscal year and as such the impact on the operations of the Corporation was not significant.

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 year 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 is recorded in the statement of operations and accumulated surplus.

(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.

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

1. Significant accounting policies (continued):

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.

Intangible assets have a useful life of six years and is amortized on a straight line basis.

(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 for which the Corporation has not met the stipulations in order to record the government transfer as revenue.

(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. 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.

1. Significant accounting policies (continued):

(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 remeasurement gains and losses has not been included.

(i) Cash and cash equivalents:

The Company considers deposits in banks with original maturities of three month or less as cash and cash equivalents.

(j) Employee pension 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. 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.

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 RCA coincides with the Corporation's fiscal year, and the defined benefit plan measurement date is December 31.

1. Significant accounting policies (continued):

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 lifetime of active employees ("EARSL").

(k) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the financial statements.

(l) Budget figures:

Budget figures have been derived from the Budget book prepared by management which was approved by the Board of Directors on December 15, 2022.

(m) Newly adopted accounting standards:

The Corporation adopted the following new public sector accounting standards ("PS") for the year ended March 31, 2023:

(a) PS 3280, Asset Retirement Obligations

(b) PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, PS 3041 Portfolio Investments

The adoption of these new accounting standards did not have a significant impact on the financial statements of the Corporation.

1. Significant accounting policies (continued):

(n) Future accounting pronouncements:

These standards and amendments were not effective for the year ended March 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This section is effective for fiscal years beginning on or after April 1, 2023.

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023.

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.

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 year 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 $19,794,617 (2022 - $15,734,699) and deferred revenue associated with government transfers of nil (2022 - $533,769).

The Corporation has not received any Provincial funding for fiscal 2022/2023. The Corporation has used $58,024 of prior year funding (2022 balance - $533,769) which is recorded as deferred revenue at March 31, 2023. The balance of the funding was refunded to the Province.

The Corporation received $1,733,900 (2022 - $16,100) for development of the leased marshalling yard land (note 9). This amount was recognized as revenue during the year.

4. Tangible capital assets:

2023	Cost	Accumulated amortization	Net book value
Building	$ 255,179,193	$ 115,593,289	$ 139,585,904
Furniture, fixtures and computer equipment	48,987,896	43,022,219	5,965,677
Leasehold improvements	80,852,884	64,205,085	16,647,799
Intangible assets	162,500	23,698	138,802
	$ 385,182,473	$ 222,844,291	$ 162,338,182

2022	Cost	Accumulated amortization	Net book value
Building	$ 254,715,042	$ 109,939,034	$ 144,776,008
Furniture, fixtures and computer equipment	48,464,417	41,115,341	7,349,076
Leasehold improvements	78,768,991	61,065,479	17,703,512
Intangible assets	162,500	–	162,500
	$ 382,110,950	$ 212,119,854	$ 169,991,096

During the year, tangible capital additions were $3,071,523 (2022 - $116,976).

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, 2022	$ 142,850,705	$ (107,000,000)	$ 102,629,182	$ 138,479,887
Distribution payment	–	(2,500,000)	–	(2,500,000)
Annual surplus	–	–	8,409,555	8,409,555
Balance, March 31, 2023	$ 142,850,705	$ (109,500,000)	$ 111,038,737	$ 144,389,442

The contributed surplus balance was created as a result of the Ontario Financing Authority ("OFA") issuing a release to the Corporation 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 29, 2023 based on the financial results of fiscal 2023 (fiscal 2022 - $2,500,000). Since the establishment of the distribution policy, the total amount paid is $109,500,000 (2022 - $107,000,000).

6. Employee future benefits:

Accrued ERAP benefit obligation as at March 31, 2023 is $624,700 (2022 - $858,900). Accrued RCA benefit obligation as at March 31, 2023 is $468,600 (2022 - $485,800). Neither plan accrues benefits any longer.

The most recent actuarial valuations of the defined benefit plan for funding purposes was completed as at December 31, 2022. The defined benefit plan is required by the Pension Benefits Act (Ontario) to have an actuarial valuation report prepared at least every three years.

6. Employee future benefits (continued):

The other retirement plans do not have a legislative requirement regarding frequency of actuarial valuation. The most recent actuarial valuation of the retirement plans is as follows:

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

(b) Retirement compensation agreement - March 31, 2023; and

(c) Executive retiring allowance plan - March 31, 2023.

As shown in the following table, the Corporation has a deficit of $3,767,800 (2022 - surplus of $2,851,200) for its employee future benefit plans. Unamortized net actuarial loss is $3,562,900 (2022 - gain of $3,816,400) and results in an employee future benefit liability of $204,900 (2022 - $965,200) recorded in the financial statements.

Currently, there are 63 employees enrolled in the defined benefit plan and 185 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, 2023.

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

			2023			2022
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Defined benefit plan expense:						
Current year benefit cost	$ 1,150,600	$ 42,600	$ 1,193,200	$ 744,000	$ 40,900	$ 784,900
Amortization of actuarial loss (gain)	(721,500)	23,700	(697,800)	(600,100)	39,100	(561,000)
Employee contributions	(90,000)	–	(90,000)	(119,200)	–	(119,200)
Defined benefit plan expense	339,100	66,300	405,400	24,700	80,000	104,700
Defined benefit plan interest expense:						
Interest cost on accrued benefit obligation	2,214,400	76,300	2,290,700	2,145,600	63,300	2,208,900
Expected return on plan assets	(2,317,800)	(13,000)	(2,330,800)	(2,344,600)	(13,700)	(2,358,300)
Defined benefit plan interest expense (income)	(103,400)	63,300	(40,100)	(199,000)	49,600	(149,400)
Total defined benefit plan expense (income)	235,700	129,600	365,300	(174,300)	129,600	(44,700)
Defined contribution plan cost	670,000	–	670,000	403,700	–	403,700
Total benefit plan expense	$ 905,700	$ 129,600	$ 1,035,300	$ 229,400	$ 129,600	$ 359,000

6. Employee future benefits (continued):

			2023			2022
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Expected closing balance of accrued benefit obligation:						
Actual accrued benefit obligation, beginning of year	$ 41,833,600	$ 2,429,900	$ 44,263,500	$ 40,639,300	$ 2,738,700	$ 43,378,000
Current year benefit cost	1,150,600	42,600	1,193,200	744,000	40,900	784,900
Interest cost	2,214,400	76,300	2,290,700	2,145,600	63,300	2,208,900
Benefit payments	(1,568,200)	(317,800)	(1,886,000)	(1,695,300)	(315,100)	(2,010,400)
Expected closing balance of accrued benefit obligation, end of year	$ 43,630,400	$ 2,231,000	$ 45,861,400	$ 41,833,600	$ 2,527,800	$ 44,361,400
Expected plan assets:						
Actual plan assets, beginning of year	$ 46,513,500	$ 601,200	$ 47,114,700	$ 44,178,500	$ 635,200	$ 44,813,700
Employer contributions	796,700	266,500	1,063,200	792,700	266,500	1,059,200
Employee contributions	121,900	–	121,900	83,100	–	83,100
Expected return on plan assets	2,317,800	13,000	2,330,800	2,344,600	13,700	2,358,300
Benefit payments	(1,568,200)	(317,800)	(1,886,000)	(1,695,300)	(315,100)	(2,010,400)
Expected plan assets, end of year	$ 48,181,700	$ 562,900	$ 48,744,600	$ 45,703,600	$ 600,300	$ 46,303,900
Amortization of gains on accrued benefit obligation:						
Expected closing balance of accrued benefit obligation	$ 43,630,400	$ 2,231,000	$ 45,861,400	$ 41,833,600	$ 2,527,800	$ 44,361,400
Actual accrued benefit obligation	48,758,600	2,090,000	50,848,600	41,833,600	2,429,900	44,263,500
Experience gain	$ (5,128,200)	$ 141,000	$ (4,987,200)	$ –	$ 97,900	$ 97,900
Annual amortization over EARSL	$ (824,500)	$ 19,300	$ (805,200)	$ –	$ 15,300	$ 15,300
Amortization of gains on plan assets:						
Expected closing balance of plan assets	$ 48,204,200	$ 563,300	$ 48,767,500	$ 45,703,600	$ 600,300	$ 46,303,900
Actual plan assets	46,525,900	554,900	47,080,800	46,513,500	601,200	47,114,700
Experience gain	$ (1,678,300)	$ (8,400)	$ (1,686,700)	$ 809,900	$ 900	$ 810,800
Annual amortization over EARSL	$ (269,800)	$ (800)	$ (270,600)	$ 121,400	$ 100	$ 121,500
Actual pension liability recorded in the statement of financial position:						
Actual accrued benefit obligation	$ 48,758,600	$ 2,090,000	$ 50,848,600	$ 41,833,600	$ 2,429,900	$ 44,263,500
Actual plan assets	(46,525,900)	(554,900)	(47,080,800)	(46,513,500)	(601,200)	(47,114,700)
Deficit (surplus)	2,232,700	1,535,100	3,767,800	(4,679,900)	1,828,700	(2,851,200)
Unamortized actuarial gains (losses)	(3,838,300)	275,400	(3,562,900)	3,689,700	126,700	3,816,400
Accrued benefit liability	$ (1,605,600)	$ 1,810,500	$ 204,900	$ (990,200)	$ 1,955,400	$ 965,200

6. Employee future benefits (continued):

The total accrued pension benefit liability of $204,900 (2022 - $965,200) is included in the Corporation's statement of financial position.

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

	2023		2022	
	Pension plan	Employee benefits	Pension plan	Employee benefits
Discount rate	5.00%	2.90 - 4.50%	5.30%	2.60 - 4.50%
Expected return on plan assets	5.00%	2.25%	5.30%	2.25%
Rate of compensation increase	3.00%	n/a	3.00%	n/a
Indexation rate	1.30%	1.30%	1.30%	1.30%
EARSL (years)	6.2	9.0 - 9.9	6.7	9.0 - 10.4

Assumed health care cost trend rates at March 31:

	2023	2022
Initial health care cost trend rate	4.86%	4.65%
Cost trend rate declines to	4.05%	4.05%
Year that the rate reaches the rate it is assumed to remain at	2040	2031

7. Expenses:

Expenses are the cost of goods or services acquired in the year whether or not payment has been made or invoices received.

Included in expenses are wages, benefits (including employee future benefits) and employee termination costs of $24,274,159 (2022 - $15,721,092). Included in general and administrative expenses is an additional provision in the amount of $1,340,000 (2022 - nil) for Bill 124 related matters.

8. Financial instruments, risk management and capital management:

(a) Financial instruments:

PS 3450, Financial Instruments, requires an organization to classify fair value measurements 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, 2023 and 2022.

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, accounts receivable and accounts payable and accrued liabilities approximate fair values due to their short-term nature.

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

(b) Risk management:

The Corporation's activities expose it to the following 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:

	2023	2022
Current	$ 1,406,404	$ 256,165
Less than 30 days overdue	909,120	111,359
More than 30 days overdue	24,887	257,476
Less allowance for doubtful accounts	(39,402)	(124,662)
Total trade accounts receivable	2,301,009	500,338
Non-trade accounts receivable	518,087	164,763
	$ 2,819,096	$ 665,101

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

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

(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.

9. 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 and equipment, and other operating expenses commitments as follows:

2024	$ 1,013,537
2025	508,264
2026	397,474
2027	152,845
2028	152,497
Thereafter	3,093,260
	$ 5,317,877

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.

9. Commitments (continued):

The Corporation has a nominal value operating lease agreement with Ontario Infrastructure and Lands Corporation ("OILC") related to a piece of marshalling yard land. On May 10, 2023, the Corporation received confirmation from OILC that the lease has been extended to October 31, 2026 with the same terms and conditions. The financial statements currently do not include any assets, liabilities, revenue or expenses in this regard and only disclose the nominal operating lease.