Financial Statements
(In thousands of dollars)

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

And Independent Auditor's Report thereon

Year ended March 31, 2026

Metro Toronto Convention Centre
255 Front Street West | 255 rue Front Ouest
Toronto, Ontario, Canada M5V 2W6
(416) 585-8000 | mtccc.com

June 10, 2026

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Metro Toronto Convention Centre Corporation are the responsibility of management. The financial position and operations of the Corporation are presented in the financial statements, which have been prepared by management in accordance with Canadian public sector accounting standards. The statements include certain amounts based on estimates and judgments. Management has determined these amounts on a reasonable basis to ensure that the financial statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Metro Toronto Convention Centre Corporation assets are properly accounted for and adequately safeguarded.

The financial statements have been audited by KPMG LLP, a firm of independent external auditors appointed by the Board of Directors, whose report follows.

Sincerely,

Steve Naylor

Steve Naylor

Chief Financial Officer

Ontario

KPMG LLP
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Tel 905 265 5900
Fax 905 265 6390

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, 2026
- 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, 2026 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.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 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 and fair presentation 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 10, 2026

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

	2026	2025
Financial assets:		
Cash and cash equivalents	$ 32,116	$ 37,672
Customer deposits (note 3)	22,343	16,223
Accounts receivable (note 9)	4,643	2,317
Other assets	431	1,004
	59,533	57,216
Liabilities:		
Accounts payable and accrued liabilities (note 5)	12,204	11,579
Deferred revenue (note 3)	22,343	16,223
Employee future benefits (note 7)	1,084	1,035
Deferred contributions related to tangible capital assets	36,584	35,752
	72,215	64,589
Net debt	(12,682)	(7,373)
Non-financial assets:		
Tangible capital assets (note 4)	154,712	156,224
Inventories	748	831
Prepaid expenses	1,777	1,273
	157,237	158,328
Commitments (note 10)		
Subsequent event (note 10)		
Accumulated surplus (note 6)	$ 144,555	$ 150,955

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	March 31, 2026 Budget (note 2(l))	March 31, 2026 Actual	March 31, 2025 Actual
Revenue:			
Food and beverage	$ 23,500	$ 28,578	$ 25,028
Facility rental	17,800	18,846	17,430
Parking	12,400	12,021	11,434
Commissions	7,300	7,611	7,001
Communications	1,800	2,103	2,189
Capital contribution	993	993	993
Other	6,209	6,255	6,612
Total revenue	70,002	76,407	70,687
Expenses (note 8):			
Food and beverage	18,552	22,463	20,857
Facility rental	5,098	5,729	5,018
Parking	3,779	3,220	3,059
Communications	994	911	894
Event services	732	748	757
General and administrative	9,401	9,100	9,574
Sales and marketing	5,202	4,356	4,111
Engineering	6,385	7,103	6,160
Energy	2,989	2,775	2,882
Other	4,526	4,230	3,991
Amortization	11,328	10,752	10,592
Total expenses	68,986	71,387	67,895
Annual surplus before undernoted	1,016	5,020	2,792
Revitalization expense	–	(8,920)	–
Annual surplus (deficit)	1,016	(3,900)	2,792
Accumulated surplus, beginning of year	150,955	150,955	150,663
Distribution payment (note 6)	(2,500)	(2,500)	(2,500)
Accumulated surplus, end of year	$ 149,471	$ 144,555	$ 150,955

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Net Debt
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	March 31, 2026 Actual	March 31, 2025 Actual
Annual surplus (deficit)	$ (3,900)	$ 2,792
Acquisition of tangible capital assets	(9,244)	(10,990)
Proceeds from disposal of tangible capital assets	4	23
Amortization of tangible capital assets	10,752	10,592
	(2,388)	2,417
Acquisition of inventories	(9,004)	(16,459)
Acquisition of prepaid expenses	(3,491)	(2,381)
Consumption of inventories	9,087	16,382
Use of prepaid expenses	2,987	2,585
Distribution payment	(2,500)	(2,500)
Change in net debt	(5,309)	44
Net debt, beginning of year	(7,373)	(7,417)
Net debt, end of year	$ (12,682)	$ (7,373)

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (3,900)	$ 2,792
Items not involving cash:		
Amortization	10,752	10,592
Employee future benefits	49	216
Deferred contributions related to tangible capital assets	832	(993)
	7,733	12,607
Change in non-cash assets and liabilities:		
Accounts receivable	(2,326)	1,474
Inventories	83	(77)
Prepaid expenses	(504)	204
Accounts payable and accrued liabilities	625	927
Other assets	573	(1,004)
	6,184	14,131
Financing activities:		
Distribution payment (note 6)	(2,500)	(2,500)
Capital activities:		
Acquisition of tangible capital assets	(9,244)	(10,990)
Proceeds from disposal of tangible capital assets	4	23
	(9,240)	(10,967)
Increase (decrease) in cash and cash equivalents	(5,556)	664
Cash and cash equivalents, beginning of year	37,672	37,008
Cash and cash equivalents, end of year	$ 32,116	$ 37,672

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.

1. 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 (“PSAB”) 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.

2. Significant accounting policies:

(a) Revenue recognition:

Revenue from transactions with performance obligations is recognized when the Corporation satisfies a performance obligation by providing the promised goods or services to a payor.

2. Significant accounting policies (continued):

Revenue transactions with performance obligations include revenue from food and beverage sales, facility rentals, parking, communications, commissions and other revenue.

Other revenue includes revenue earned from short-term investments, licensing, equipment rental, sanitation services, and advertising.

Revenue from transactions with no performance obligations is recognized when the Corporation has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset. The Corporation earns no revenue from transactions with no performance obligations.

(b) Customer deposits:

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

(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.

2. Significant accounting policies (continued):

(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

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.

2. Significant accounting policies (continued):

(ii) Inventories:

Inventories comprise consumables that are utilized in providing convention services. These inventories are not for resale.

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.

(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.

(h) Financial instruments:

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, customer deposits, and accounts payable and accrued liabilities. The carrying value of cash and cash equivalents, accounts receivable, customer deposits and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

2. Significant accounting policies (continued):

(i) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and funds on deposit with a major financial institution.

The cash and cash equivalents balance includes short-term investments in the amount of nil (2025 - $11,500), which have a maturity date of three months or less. The investments include short-term guaranteed investment certificates.

(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 was paid as a flat monthly payment which was ceased 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.

2. 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 Business & Strategic Plan prepared by management which was approved by the Board of Directors on December 11, 2024.

(m) Future accounting standards:

The following public sector accounting standards were not yet effective for the year ended March 31, 2026 and have not been applied. Management is currently assessing the impact of these standard updates on future financial statements.

(i) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (the Corporation's March 31, 2027 year end).

(In thousands of dollars)

2. Significant accounting policies (continued):

(ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the Corporation's March 31, 2027 year end).

(iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (the Corporation's March 31, 2030 year end).

(iv) PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (the Corporation's March 31, 2031 year end).

(v) PS 3155, Intangible Assets, will replace the current section PSG 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

3. Deferred revenue:

Deferred revenue represents cash received from customers for future use of the Corporation's facilities of $22,343 (2025 - $16,223).

4. Tangible capital assets:

2026	Cost	Accumulated amortization	Net book value
Building	$ 259,883	$ 132,503	$ 127,380
Furniture, fixtures and computer equipment	59,224	47,146	12,078
Leasehold improvements	88,724	73,487	15,237
Intangible assets	163	146	17
	$ 407,994	$ 253,282	$ 154,712

(In thousands of dollars)

4. **Tangible capital assets (continued):**

2025	Cost	Accumulated amortization	Net book value
Building	$ 257,563	$ 126,791	$ 130,772
Furniture, fixtures and computer equipment	54,833	45,654	9,179
Leasehold improvements	86,795	70,580	16,215
Intangible assets	163	105	58
	$ 399,354	$ 243,130	$ 156,224

During the year, tangible capital additions were $9,244 (2025 - $10,990).

5. **Government remittances:**

Included in accounts payable and accrued liabilities are government remittances payables of $669 (2025 - $639) relating to federal and provincial sales taxes, payroll taxes and health taxes.

6. **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, 2025	$ 142,851	$ (114,500)	$ 122,604	$ 150,955
Distribution payment	–	(2,500)	–	(2,500)
Annual deficit	–	–	(3,900)	(3,900)
Balance, March 31, 2026	$ 142,851	$ (117,000)	$ 118,704	$ 144,555

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.

6. Accumulated surplus (continued):

The Corporation agreed to make a minimum distribution payment to the OFA annually in the amount of $2,500 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 on March 25, 2026, based on the financial results of fiscal 2026 (2025 - $2,500). Since the establishment of the distribution policy, the total amount paid is $117,000 (2025 - $114,500).

7. Employee future benefits:

Accrued ERAP benefit obligation as of March 31, 2026, is nil (2025 - $178). Accrued RCA benefit obligation as of March 31, 2026, is $415 (2025 - $434). Neither plan accrues benefits any longer.

The most recent actuarial valuations of the defined benefit plan and other retirement plans for funding purposes were completed as at December 31, 2024, and then extrapolated to March 31, 2026. 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 Corporation has a benefit surplus of $3,534 (2025 - deficit of $1,058) for its employee future benefit plans. Unamortized net actuarial loss is $4,618 (2025 - gain of $23) and results in an employee future benefit liability of $1,084 (2025 - $1,035) recorded in the financial statements.

Currently, there are 55 employees enrolled in the defined benefit plan and 243 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, 2026.

(In thousands of dollars)

7. Employee future benefits (continued):

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

			2026			2025
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Defined benefit plan expense:						
Current year benefit cost	$ 1,202	$ 31	$ 1,233	$ 1,202	$ 47	$ 1,249
Amortization of actuarial loss (gain)	(17)	(8)	(25)	72	(24)	48
Employee contributions	(115)	–	(115)	(142)	–	(142)
Defined benefit plan expense	1,070	23	1,093	1,132	23	1,155
Defined benefit plan interest expense:						
Interest cost on accrued benefit obligation	2,628	72	2,700	2,530	77	2,607
Expected return on plan assets	(2,637)	(10)	(2,647)	(2,493)	(11)	(2,504)
Defined benefit plan interest expense	(9)	62	53	37	66	103
Total defined benefit plan expense	1,061	85	1,146	1,169	89	1,258
Defined contribution plan cost	1,080	–	1,080	894	–	894
Total benefit plan expense	$ 2,141	$ 85	$ 2,226	$ 2,063	$ 89	$ 2,152

(In thousands of dollars)

7. Employee future benefits (continued):

Detailed disclosure of the defined benefit plan and employee benefit arrangements are detailed in the table below. The defined contributions are not included in the table below because the defined contribution portion of the plan is fully funded.

			2026			2025
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Expected closing balance of accrued benefit obligation:						
Actual accrued benefit obligation, beginning of year	$ 52,819	$ 1,866	$ 54,685	$ 50,791	$ 1,868	$ 52,659
Current year benefit cost	1,202	31	1,233	1,202	47	1,249
Interest cost	2,628	72	2,700	2,530	77	2,607
Benefit payments	(1,949)	(277)	(2,226)	(1,704)	(345)	(2,049)
Expected closing balance of accrued benefit obligation, end of year	$ 54,700	$ 1,692	$ 56,392	$ 52,819	$ 1,647	$ 54,466
Expected plan assets:						
Actual plan assets, beginning of year	$ 53,139	$ 488	$ 53,627	$ 50,085	$ 518	$ 50,603
Employer contributions	871	223	1,094	781	292	1,073
Employee contributions	115	–	115	111	–	111
Expected return on plan assets	2,637	10	2,647	2,493	11	2,504
Benefit payments	(1,949)	(277)	(2,226)	(1,704)	(345)	(2,049)
Expected plan assets, end of year	$ 54,813	$ 444	$ 55,257	$ 51,766	$ 476	$ 52,242
Amortization of gains on accrued benefit obligation:						
Expected closing balance of accrued benefit obligation	$ 54,700	$ 1,692	$ 56,392	$ 52,819	$ 1,647	$ 54,466
Actual accrued benefit obligation	50,443	1,631	52,074	52,819	1,866	54,685
Experience gain (loss)	$ 4,257	$ 61	$ 4,318	$ –	$ (219)	$ (219)
Annual amortization over EARSL	$ 967	$ 4	$ 971	$ –	$ (19)	$ (19)
Amortization of gains on plan assets:						
Expected closing balance of plan assets	$ 54,813	$ 444	$ 55,257	$ 51,766	$ 476	$ 52,242
Actual plan assets	55,161	447	55,608	53,139	488	53,627
Experience gain	$ 348	$ 3	$ 351	$ 1,373	$ 12	$ 1,385
Annual amortization over EARSL	$ 79	$ –	$ 79	$ 221	$ 1	$ 222

(In thousands of dollars)

7. Employee future benefits (continued):

	2026			2025		
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Actual pension liability recorded in the statement of financial position:						
Actual accrued benefit obligation	$ 50,443	$ 1,631	$ 52,074	$ 52,819	$ 1,866	$ 54,685
Actual plan assets	(55,161)	(447)	(55,608)	(53,139)	(488)	(53,627)
Benefit deficit (surplus)	(4,718)	1,184	(3,534)	(320)	1,378	1,058
Unamortized actuarial losses (gains)	4,517	101	4,618	(70)	47	(23)
Accrued benefit liability (asset)	$ (201)	$ 1,285	$ 1,084	$ (390)	$ 1,425	$ 1,035

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

	2026		2025	
	Pension plan	Employee benefits	Pension plan	Employee benefits
Discount rate	5.30%	4.00 - 4.20%	5.00%	2.80 - 4.50%
Expected return on plan assets	5.00%	2.25%	5.00%	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)	4.4	8.2 - 12.6	6.2	8.8 - 12.5

Assumed health care cost trend rates at March 31:

	2026	2025
Initial health care cost trend rate	5.30%	5.30%
Cost trend rate declines to	4.05%	4.05%
Year that the rate reaches the rate it is assumed to remain at	2040	2040

8. Expenses:

Expenses are the cost of goods or services acquired in the year whether payment has been made or invoices received.

Included in expenses are wages, benefits (including employee future benefits) and employee termination costs of $34,636 (2025 - $31,997).

Other expenses include insurance coverage costs, equipment rental services, sanitation services, and wages and benefits associated with delivery of these services.

9. 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, accounts receivable and customer deposits, are classified as Level 1.

The Corporation's financial liabilities are carried at amortized cost, which include accounts payable and accrued liabilities.

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

There were no financial instruments categorized in Level 2 or in Level 3 as at March 31, 2026 and 2025.

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.

(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.

(In thousands of dollars)

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

The aging of accounts receivable is as follows:

	2026	2025
Current	$ 1,574	$ 84
Less than 30 days overdue	543	616
More than 30 days overdue	–	135
Less allowance for doubtful accounts	(34)	(66)
Total trade accounts receivable	2,083	769
Non-trade accounts receivable	735	1,548
Capital expenditures funding receivable (note 10)	1,825	–
	$ 4,643	$ 2,317

The non-trade accounts receivable represent accrued revenue for commissions owed. These commissions are issued based on commission statements and do not represent general trade accounts receivable balances.

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

(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 its ability to continue as a going concern and make distribution payments to the OFA.

(In thousands of dollars)

10. Commitments:

The Corporation is committed to various vendor operating lease and maintenance contracts (excluding common area charges) with commitments as follows:

2027	$ 5,839
2028	4,055
2029	2,989
2030	2,497
2031	1,625
Thereafter	3,215
	$ 20,220

The Corporation's minimum annual distribution of $2,500 required to be paid to the OFA (note 6) has been excluded from the commitments schedule above.

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. Subsequent to year-end, on May 12, 2026, OILC exercised its contractual right of termination and formally cancelled the lease effective May 31, 2026.

On February 23, 2026, the Corporation entered into an agreement with the City of Toronto Economic Development Corporation (the “City of Toronto”) for a term commencing February 1, 2026 and expiring January 31, 2031 for use of designated area of land as new marshalling yard to support the operations of the Corporation. The Corporation is required to pay a fee for the use of the new marshalling yard in accordance with the terms of the agreement, which includes a rent-free period from February 1, 2026 to May 31, 2026, for site preparation.

In connection with the new marshalling yard, the Corporation received a capital contribution from the Ministry of Tourism, Culture and Gaming in the amount of $1,825, restricted for capital expenditures. As at March 31, 2026, the funding was receivable and is recorded in accounts receivable and deferred contributions related to tangible capital assets (note 9).

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.