metro toronto
convention centre

An Agency of the Government of Ontario

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Management Report

The accompanying financial statements are the responsibility of the management of Metropolitan Toronto Convention Centre Corporation. The financial statements have been prepared by management in accordance with the accounting requirements of the Financial Administration Act including Ontario Regulation 395/11. The statements include certain amount based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Corporation's 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 Director, whose report follows.

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Imtiaz Dhanjee
Vice President Finance
June 15, 2020

Financial Statements of

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

KPMG LLP
Vaughan Metropolitan Centre
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Metropolitan Toronto Convention Centre Corporation and the Minister of Tourism, Culture and Sport

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, 2020
- 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, 2020 of the Entity are prepared, in all material respects, in accordance with the accounting requirements for the Financial Administration Act, including Ontario Regulation 395/11, Government Transfers of the Financial Administration Act.

Basis for Opinion

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

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

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

KPMG

Emphasis of Matter - Financial Reporting Framework

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

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

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the accounting requirements for the Financial Administration Act, including Ontario Regulation 395/11, Government Transfers of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 11, 2020

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 19,179,064	$ 10,180,898
Customer deposits (note 3)	19,432,316	21,644,778
Accounts receivable (note 9)	2,950,056	5,520,130
	41,561,436	37,345,806
Liabilities:		
Accounts payable and accrued liabilities	8,069,311	11,278,082
Deferred revenue	19,432,316	21,644,778
Employee future benefits (note 6)	1,844,800	2,337,500
Deferred contributions related to tangible capital assets	40,717,553	41,710,664
	70,063,980	76,971,024
Net debt	(28,502,544)	(39,625,218)
Non-financial assets:		
Tangible capital assets (note 4)	189,956,809	196,738,612
Inventories	819,332	790,647
Prepaid expenses	965,107	899,365
	191,741,248	198,428,624
Commitments (note 10)		
Subsequent event (note 11)		
Accumulated surplus (note 5)	$ 163,238,704	$ 158,803,406

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, 2020, with comparative information for 2019

	March 31, 2020 Budget	March 31, 2020 Actual	March 31, 2019 Actual
Revenue:			
Food and beverage	$ 29,600,000	$ 31,018,437	$ 30,784,230
Facility rental	19,270,000	18,851,451	18,262,106
Parking	11,600,000	10,613,250	11,434,886
Commissions	7,219,500	6,769,222	7,083,004
Communications	2,500,000	2,238,192	2,439,950
Capital contribution	993,100	993,111	993,111
Other	4,734,200	4,746,754	4,465,156
Total revenue	75,916,800	75,230,417	75,462,443
Expenses (note 7):			
Food and beverage	18,645,200	19,833,571	19,629,256
Facility rental	5,254,800	5,138,970	5,000,379
Parking	3,066,100	2,737,895	2,805,190
Communications	840,700	844,619	786,965
Event services	683,500	661,396	663,627
General and administrative	8,596,700	7,923,032	8,426,971
Sales and marketing	4,023,900	3,825,361	4,079,188
Engineering	5,579,300	5,560,608	5,696,430
Energy	3,298,000	2,969,290	3,108,578
Other expenses (income) (note 8)	3,190,200	1,539,127	(558,203)
Amortization	10,840,000	10,761,250	10,303,811
Total expenses	64,018,400	61,795,119	59,942,192
Annual surplus	11,898,400	13,435,298	15,520,251
Accumulated surplus, beginning of year	154,999,800	158,803,406	154,783,155
Distribution payment (note 5)	(12,500,000)	(9,000,000)	(11,500,000)
Accumulated surplus, end of year	$ 154,398,200	$ 163,238,704	$ 158,803,406

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Net Debt

Year ended March 31, 2020, with comparative information for 2019

	March 31, 2020 Budget	March 31, 2020 Actual	March 31, 2019 Actual
Annual surplus	$ 11,898,400	$ 13,435,298	$ 15,520,251
Acquisition of tangible capital assets	(7,176,800)	(3,984,554)	(11,461,973)
Proceeds from disposal of tangible capital assets	–	4,752	–
Gain on insurance settlement	–	(1,577,183)	(3,733,377)
Proceeds on insurance settlement	–	1,577,183	5,105,112
Loss on disposal of tangible capital assets	–	355	–
Amortization of tangible capital assets	11,002,000	10,761,250	10,303,811
	15,723,600	20,217,101	15,733,824
Acquisition of inventories	(7,780,900)	(8,126,517)	(8,343,996)
Acquisition of prepaid expenses	(1,462,100)	(1,691,470)	(2,017,063)
Consumption of inventories	7,528,400	8,097,832	8,291,418
Use of prepaid expenses	1,679,000	1,625,728	1,847,723
Distribution payment	(12,500,000)	(9,000,000)	(11,500,000)
Decrease in net debt	3,188,000	11,122,674	4,011,906
Net debt, beginning of year	(39,160,700)	(39,625,218)	(43,637,124)
Net debt, end of year	$ (35,972,700)	$ (28,502,544)	$ (39,625,218)

See accompanying notes to financial statements.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 13,435,298	$ 15,520,251
Items not involving cash:		
Amortization	10,761,250	10,303,811
Gain on insurance settlement (note 8)	(1,577,183)	(3,733,377)
Loss on disposal of tangible capital assets	355	–
Employee future benefits	(492,700)	(54,200)
Deferred contributions related to tangible capital assets	(993,111)	(993,111)
	21,133,909	21,043,374
Change in non-cash assets and liabilities:		
Accounts receivable	1,870,526	(107,892)
Inventories	(28,685)	(52,578)
Prepaid expenses	(65,742)	(169,340)
Accounts payable and accrued liabilities	(3,208,771)	(916,587)
	19,701,237	19,796,977
Financing activities:		
Distribution payment (note 5)	(9,000,000)	(11,500,000)
Capital activities:		
Proceeds on insurance settlement (note 8)	2,276,731	5,105,112
Proceeds from disposal of tangible capital assets	4,752	–
Acquisition of tangible capital assets	(3,984,554)	(11,461,973)
	(1,703,071)	(6,356,861)
Increase in cash and cash equivalents	8,998,166	1,940,116
Cash and cash equivalents, beginning of year	10,180,898	8,240,782
Cash and cash equivalents, end of year	$ 19,179,064	$ 10,180,898

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 Tourism, Culture and Sport. 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. 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) Deferred contributions related to tangible capital assets:

Funding received from the Province of Ontario used for the acquisition of depreciable tangible capital assets is recorded as deferred contributions. This is recognized as a recovery in the statement of operations equal to amortization charged on the related depreciable tangible capital assets, of which the annual change of $993,111 (2019 - $993,111) is recorded in the statement of cash flows.

(c) Non-financial assets:

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

1. Significant accounting policies (continued):

Non-financial assets include:

(i) Tangible capital assets:

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

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

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

(ii) Inventories:

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

(d) 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.

1. Significant accounting policies (continued):

(e) Use of estimates:

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

(f) 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.

(g) Budget figures:

Budget figures have been derived from the Business Plan approved by the Board of Directors on February 14, 2019.

2. Basis of presentation:

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

2. Basis of presentation (continued):

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

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

3. Customer deposits:

Customer deposits represent cash received for future use of the Corporation's facilities. The majority of customer deposits are invested in 1-year Guaranteed Investment Certificates which mature at various dates.

4. Tangible capital assets:

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

4. Tangible capital assets (continued):

2019	Cost	Accumulated amortization	Net book value
Building	$ 254,266,168	$ 95,889,713	$ 158,376,455
Furniture, fixtures and computer equipment	46,334,467	34,717,089	11,617,378
Leasehold improvements	76,754,098	50,009,319	26,744,779
	$ 377,354,733	$ 180,616,121	$ 196,738,612

During the year, tangible capital additions were $3,984,554 (2019 - $11,461,973), of which $295,857 (2019 - $1,819,397) is included in accounts payable and accrued liabilities.

5. Accumulated surplus:

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

	Contributed surplus	Accumulated distribution payments	Accumulated annual surplus	Total accumulated surplus
Balance, March 31, 2019	$ 142,850,705	$ (93,000,000)	$ 108,952,701	$ 158,803,406
Distribution payment	–	(9,000,000)	–	(9,000,000)
Annual surplus	–	–	13,435,298	13,435,298
Balance, March 31, 2020	$ 142,850,705	$ (102,000,000)	$ 122,387,999	$ 163,238,704

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

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

5. Accumulated surplus (continued):

The Corporation has made a distribution payment of $9,000,000 on March 16, 2020 based on the financial results of fiscal 2020 (fiscal 2019 - $11,500,000). Since the establishment of the distribution policy, the total amount paid is $102,000,000 (2019 - $93,000,000).

6. Employee future benefits:

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

The Corporation accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected accrued benefit cost method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the post-employment plans and retirement compensation agreement coincides with the Corporation's fiscal year, and the defined benefit plan measurement date is December 31. The most recent actuarial valuations of the defined benefit plan for funding purposes was completed as at December 31, 2017. The 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 actuarial valuation of the retirement plans (and the next required valuations) is as follows:

(a) Other post-employment plans - March 31, 2020 (March 31, 2021);

(b) Retirement compensation agreement - March 31, 2020 (March 31, 2021); and

(c) Executive retiring allowance plan - March 31, 2020 (March 31, 2021).

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

As shown in the following table, the Corporation has a deficit of $5,834,700 (2019 - $2,080,100) for its employee future benefit plans. Unamortized net actuarial losses is $3,989,900 (2019 - gain of $257,400) and results in an employee future benefit liability of $1,844,800 (2019 - $2,337,500) recorded in the financial statements.

Currently, there are 89 employees enrolled in the defined benefit plan and 247 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, 2020.

6. Employee future benefits (continued):

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

			2020			2019
	Pension plan	Employee benefits	Total	Pension plan	Employee benefits	Total
Defined benefit plan expense:						
Current year benefit cost	$ 1,085,200	$ 69,200	$ 1,154,400	$ 1,224,200	$ 100,000	$ 1,324,200
Amortization of actuarial loss (gain)	(83,300)	22,300	(61,000)	(106,300)	14,000	(92,300)
Employee contributions	(166,400)	–	(166,400)	(188,400)	–	(188,400)
Defined benefit plan expense	835,500	91,500	927,000	929,500	114,000	1,043,500
Defined benefit plan interest expense:						
Interest cost on accrued benefit obligation	1,973,100	122,400	2,095,500	1,872,900	119,900	1,992,800
Expected return on plan assets	(1,991,700)	(17,400)	(2,009,100)	(1,886,600)	(17,900)	(1,904,500)
Defined benefit plan interest expense (income)	(18,600)	105,000	86,400	(13,700)	102,000	88,300
Total defined benefit plan expense	816,900	196,500	1,013,400	915,800	216,000	1,131,800
Defined contribution plan cost	812,600	–	812,600	733,000	–	733,000
Total benefit plan expense	$ 1,629,500	$ 196,500	$ 1,826,000	$ 1,648,800	$ 216,000	$ 1,864,800

6. Employee future benefits (continued):

	2020 Pension plan	2020 Employee benefits	2020 Total	2019 Pension plan	2019 Employee benefits	2019 Total
Expected closing balance of accrued benefit obligation:						
Actual accrued benefit obligation, beginning of year	$ 37,297,600	$ 2,922,200	$ 40,219,800	$ 36,082,300	$ 2,713,100	$ 38,795,400
Current year benefit cost	1,085,200	69,200	1,154,400	1,224,200	100,000	1,324,200
Interest cost	1,973,100	122,400	2,095,500	1,872,900	119,900	1,992,800
Benefit payments	(1,225,200)	(251,600)	(1,476,800)	(1,353,800)	(69,900)	(1,423,700)
Expected closing balance of accrued benefit obligation, end of year	$ 39,130,700	$ 2,862,200	$ 41,992,900	$ 37,825,600	$ 2,863,100	$ 40,688,700
Expected plan assets:						
Actual plan assets, beginning of year	$ 37,458,200	$ 681,500	$ 38,139,700	$ 36,282,700	$ 713,100	$ 36,995,800
Employer contributions	1,301,700	204,400	1,506,100	1,162,100	23,900	1,186,000
Employee contributions	166,400	–	166,400	188,400	–	188,400
Plan assets	1,991,700	17,400	2,009,100	1,886,600	17,900	1,904,500
Benefit payments	(1,225,200)	(251,600)	(1,476,800)	(1,353,800)	(69,900)	(1,423,700)
Expected plan assets, end of year	$ 39,692,800	$ 651,700	$ 40,344,500	$ 38,166,000	$ 685,000	$ 38,851,000
Amortization of gains (losses) on accrued benefit obligation:						
Expected closing balance of accrued benefit obligation	$ 39,130,700	$ 2,862,200	$ 41,992,900	$ 37,825,600	$ 2,863,100	$ 40,688,700
Actual accrued benefit obligation	39,130,700	3,006,100	42,136,800	37,297,600	2,922,200	40,219,800
Experience gain (loss)	$ –	$ (143,900)	$ (143,900)	$ 528,000	$ (59,100)	$ 468,900
Annual amortization over EARSL	$ –	$ (26,900)	$ (26,900)	$ 67,500	$ (8,000)	$ 59,500
Amortization of gains (losses) on plan assets:						
Expected closing balance of plan assets	$ 39,692,800	$ 651,700	$ 40,344,500	$ 38,166,000	$ 685,000	$ 38,851,000
Actual plan assets	35,685,000	617,100	36,302,100	37,458,200	681,500	38,139,700
Experience loss	$ (4,007,800)	$ (34,600)	$ (4,042,400)	$ (707,800)	$ (3,500)	$ (711,300)
Annual amortization over EARSL	$ (512,500)	$ (2,700)	$ (515,200)	$ (90,500)	$ (300)	$ (90,800)
Actual pension liability recorded in the statement of financial position:						
Actual accrued benefit obligation	$ 39,130,700	$ 3,006,100	$ 42,136,800	$ 37,297,600	$ 2,922,200	$ 40,219,800
Actual plan assets	(35,685,000)	(617,100)	(36,302,100)	(37,458,200)	(681,500)	(38,139,700)
Deficit (surplus)	3,445,700	2,389,000	5,834,700	(160,600)	2,240,700	2,080,100
Unamortized actuarial gains (losses)	(3,814,400)	(175,500)	(3,989,900)	276,700	(19,300)	257,400
Accrued benefit liability	$ (368,700)	$ 2,213,500	$ 1,844,800	$ 116,100	$ 2,221,400	$ 2,337,500

6. Employee future benefits (continued):

The total accrued pension benefit liability of $1,844,800 (2019 - $2,337,500) is included in the Corporation's statement of financial position.

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

	2020		2019	
	Pension plan	Employee benefits	Pension plan	Employee benefits
Discount rate	5.30%	2.60 - 5.30%	5.30%	2.80 - 5.30%
Expected return on plan assets	5.30%	2.65%	5.30%	2.65%
Rate of compensation increase	3.25%	n/a	3.25%	n/a
Indexation rate	1.30%	1.30%	1.30%	1.30%
EARSL (years)	7.8	7.2 - 12.7	7.8	7.2 - 13.4

Assumed health care cost trend rates at March 31:

	2020	2019
Initial health care cost trend rate	6.75%	7.00%
Cost trend rate declines to	3.75%	3.75%
Year that the rate reaches the rate it is assumed to remain at	2032	2032

7. Expenses:

Included in expenses are wages and benefits of $29,208,086 (2019 - $29,419,985).

8. Other expenses (income):

Included in other expenses (income) is a gain recognized on the final insurance settlement related to a flood which occurred in August 2018. The gain of $1,577,183 (2019 - $3,733,377) is primarily related to the difference between the replacement cost of the assets and their net book value. During the year, the Corporation received the final insurance settlement of $2,276,731 of which $1,577,183 was received for the cost of replacing the assets and $699,548 was received for business interruption and remediation expenses, which was recorded as receivable in the prior year.

9. Financial instruments, risk management and capital management:

(a) Financial instruments:

Public Sector Accounting Standard 3450 Financial Instruments ("PS 3450") 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, 2020 and 2019.

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.

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

(b) Risk management:

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

(i) Credit risk:

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

The aging of accounts receivable is as follows:

	2020	2019
Current	$ 1,536,809	$ 2,882,619
Less than 30 days overdue	482,566	1,573,744
More than 30 days overdue	401,608	–
Less allowance for doubtful accounts	(70,564)	(58,564)
Total trade accounts receivable	2,350,419	4,397,799
Non-trade accounts receivable	599,637	1,122,331
	$ 2,950,056	$ 5,520,130

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

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

(ii) Liquidity risk:

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

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

(b) guaranteed investment certificates; and

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

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

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

(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 distributions to the OFA.

10. Commitments:

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

2021	$ 3,062,557
2022	1,074,485
2023	353,222
2024	85,422
2025	86,704
Thereafter	1,760,244
	$ 6,422,634

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

11. Subsequent event:

On March 13, 2020, as a means of containing the spread of the COVID-19 pandemic, the Chief Medical Officer of Health ordered the immediate suspension of all gatherings over 250 people. Consequently, the MTCC's operations were significantly curtailed as gatherings of over 250 people were postponed or canceled.

A state of emergency was declared for Ontario on March 17, 2020. The restrictions under the state of emergency include the prohibition of organized public events of over fifty people. This effectively resulted in the closure of MTCC’s operations. In response to the COVID-19 pandemic, customers canceled events at MTCC due to public health concerns and under the force majeure clause of customer agreements. As of the date of these financial statements, $2.3 million of customer deposits have been refunded to customers subsequent to year end. Due to the uncertainty regarding the duration of the pandemic, it is not possible to reliably estimate additional refunds to customers in the future.