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TO Live

(formerly operating as The Board of Directors of the Hummingbird Centre for the Performing Arts)

Financial Statements

December 31, 2019

Independent auditor's report

To the Board of Directors of TO Live

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TO Live (the Entity) as at December 31, 2019 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited
The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and changes in net assets (deficit) for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 report.

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

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

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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 these 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.

We 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.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 25, 2020

TO Live

(formerly operating as The Board of Directors of the Hummingbird Centre for the Performing Arts)

Statement of Financial Position

As at December 31, 2019

(in thousands of dollars)

	2019 $	2018 $
Assets		
Current assets		
Cash	6,924	13,635
Accounts receivable	1,454	2,775
Due from the City (notes 3 and 4)		
Operating deficit	537	-
Transfers from Programming Reserve Fund	350	-
Capital Reserve Funds	1,059	284
Capital Program – State of Good Repair (SOGR)	2,269	2,097
Prepaid expenses	1,491	184
	14,084	18,975
Capital assets (note 5)	3,694	3,664
Art collection	29	29
	17,807	22,668
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	5,326	4,960
Due to the City (note 4)		
Operating surplus	-	388
CIF surcharge payable	88	157
Stabilization Fund	-	2,325
Trade payables	43	3,731
Loan payable (note 5)	85	85
Deferred revenue	2,735	2,383
Advance ticket sales	6,326	9,075
	14,603	23,104
Loan payable (note 5)	-	85
Deferred capital contributions (note 7)	3,270	3,237
	17,873	26,426
Unrestricted net deficit		
Accumulated net deficit	(66)	(3,758)
	17,807	22,668
Commitments and contingencies (note 9)		

Approved by the Board of Directors

______________________ Director ______________________ Director

The accompanying notes are an integral part of these financial statements.

TO Live

(formerly operating as The Board of Directors of the Hummingbird Centre for the Performing Arts)

Statement of Operations and Changes in Net Assets (Deficit)

For the year ended December 31, 2019

(in thousands of dollars)

	2019 Budget $	2019 Actual $	2018 Actual $
Revenue			
Operating			
Performance	8,402	6,653	3,302
Rental	13,114	13,655	13,728
Ancillary	6,764	6,636	5,078
Other recoveries	673	468	395
Interest and other (note 12)	36	412	2,211
Transfer from Facility Fee Reserve Fund	3,097	497	283
Transfer from Stabilization Reserve Fund	2,323	2,323	-
Transfer from Programming Reserve Fund	350	350	-
Transfer from State of Good Repair Program	-	446	206
Subsidy from the City	5,599	5,599	5,274
Amortization of deferred capital contributions (note 7)	-	1,368	2,430
	40,358	38,407	32,907
Expenses			
Operating			
Salaries, wages and benefits (note 6)	17,048	17,461	14,762
Presentation and production	8,315	8,636	4,616
Ancillary	1,188	1,224	1,550
Building operations	5,723	2,935	3,099
Transfer to Stabilization Fund	-	-	2,325
Transfer to Facility Fee Reserve Fund	2,292	2,388	1,314
Program services	2,107	1,290	1,380
Administration	1,362	1,319	1,043
Transfer to Toronto Live Foundation (note 13)	2,323	2,323	-
Amortization of capital assets	-	1,371	2,479
	40,358	38,947	32,568
Excess (deficiency) revenue to expenses before the following	-	(540)	339
Debt forgiveness (note 4)	-	3,695	-
Net effect of merger	-	-	(3,837)
Transfer from (to) City of Toronto (note 4)	-	537	388)
Excess (deficiency) of revenue over expenses	-	3,692	(3,886)
Unrestricted net assets (deficit) – Beginning of year	-	(3,758)	128
Unrestricted net deficit – End of year	-	(66)	(3,758)

The accompanying notes are an integral part of these financial statements.

TO Live

(formerly operating as The Board of Directors of the Hummingbird Centre for the Performing Arts)

Statement of Cash Flows

For the year ended December 31, 2019

(in thousands of dollars)

	2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	3,692	(3,886)
Add (deduct): Non-cash items		
Amortization of deferred capital contributions	(1,368)	(2,430)
Amortization of capital assets	1,371	2,479
Net effect of merger, net of cash acquired	-	5,051
Debt forgiveness	(3,695)	-
Gain on settlement of other assets	-	(106)
Net change in non-cash working capital balances (note 8)	(3,354)	5,961
	(3,354)	7,069
Investing activities		
Purchase of capital assets	(1,401)	(60)
Proceeds on settlement of other assets	-	666
	(1,401)	606
Financing activities		
Repayments to the City	(947)	(356)
Transfer to Stabilization Fund	(2,325)	2,325
Repayment of loan payable	(85)	(85)
Contributions received for capital purchases	1,401	60
	(1,956)	1,944
Increase (decrease) in cash during the year	(6,711)	9,619
Cash – Beginning of year	13,635	4,016
Cash – End of year	6,924	13,635

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1 Operations and relationship with the City of Toronto

TO Live (the Board), formerly the Board of Directors of the Hummingbird Centre for the Performing Arts (and operating as Civic Theatres Toronto), is continued as a city board pursuant to the provisions of the City of Toronto Act, 2006. The Board is a corporate body, and its purposes are the operation, management and maintenance of the City of Toronto (the City) owned theatres known as Meridian Hall (formerly Sony Centre for the Performing Arts (Sony Centre)), St. Lawrence Centre for the Arts (STLC) and Meridian Arts Centre (formerly Toronto Centre for the Arts (TCA)) (collectively the theatres), as theatres and auditoriums and as centres for meetings, receptions and displays, on behalf of the City.

The City is responsible for the Board's operating deficit and is entitled to its operating surplus. The Board may not borrow money without the approval of City Council. The Board has an operating line of credit with the City not to exceed $1,250,000, repayable before December 31 in any year.

The Board is a registered charitable organization and, as such, can issue tax receipts and is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

2 Summary of significant accounting policies

The financial statements of the Board have been prepared by management in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that only apply to government not-for-profit organizations. The significant accounting policies are summarized below.

Revenue recognition

The Board follows the deferral method of accounting for contributions. Contributions, including grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions for amortizable capital assets are deferred and amortized over the life of the related capital asset. Performance and rental revenue is recognized on the date of the attraction or event. Ancillary revenue is generally recognized at the point of sale.

Deferred revenue consists of the Board's advance ticket sales for its presentations, unredeemed gift certificates, sponsorship revenue and donation revenue for which no tax receipt has been issued attributable to future periods of benefit.

Cash

Cash represents cash on hand and cash at the bank.

(in thousands of dollars)

Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Stage equipment	10 years
Computer equipment (excluding personal computers, laptops, tablets, mobile devices)	4 years
Other equipment	5 years
Furniture	5 years
Building improvements	12 years

Expenditures for chattel assets are capitalized and amortized over the periods of their useful lives, and funding is provided through the Facility Fee Reserve Fund (FFRF).

The Board reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Board. The impairment loss, if any, is the excess of the carrying value over any residual value. The Board writes down the cost of its capital asset when it can objectively estimate a reduction in the value of the asset's service potential to the Board and has persuasive evidence that the reduction is expected to be permanent in nature. The capital asset would be written down to the revised estimate of the value of the asset's remaining service potential to the Board. Writedowns are not subsequently reversed.

Major facilities of the theatres, including the land and building in which the Board operates, are recorded in the accounts of the City. Expenditures for significant leasehold improvements to the building are charged to the City's capital works program and the corresponding funding is withdrawn from the State of Good Repair Fund (SOGR). These assets are owned by the City and are recorded in the accounts of the City and are therefore not recorded as assets of the Board.

Financial instruments

The Board's financial instruments included in the statement of financial position comprise cash, accounts receivable, accounts payable and accrued liabilities, loan payable and amounts due to/from the City. The financial instruments are initially measured at fair value and subsequently measured at amortized cost.

For certain financial instruments, comprising cash, accounts receivable and accounts payable and accrued liabilities, the carrying values approximate their fair values due to their short-term maturities.

All financial instruments are assessed annually for impairment. When a financial asset is impaired, impairment losses are recorded in the statement of operations and changes in net assets (deficit). A writedown is not subsequently reversed for a subsequent increase in value.

(in thousands of dollars)

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Contributed materials and services

Contributed materials are recognized as received only when the fair value of the material can be determined, and the goods and services would otherwise have been purchased. The Board currently does not have contributed services.

Leases

Operating lease costs are recognized as an expense on a straight-line basis over the life of the lease.

Employee benefit plan

The employee benefit plan is the multi-employer pension plan (note 6). The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer defined benefit pension plan and to deferred retirement savings plans are expensed when contributions are due; and

- the costs of termination benefits and compensated absences are recognized when the Board is demonstrably committed to either terminate the employment of an employee or group of employees, or to provide termination benefits as a result of an offer to encourage voluntary termination. Costs include projected future compensation payments, fees paid for career counselling and accrued benefits.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction dates. Revenue and expenses are translated at the exchange rates on the dates of the transactions. There were no unrealized exchange gains and losses; therefore, a statement of remeasurement gains and losses has not been presented.

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect 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 reporting period. Actual results could differ from those estimates.

(in thousands of dollars)

3 Funds of the Board held at the City

Stabilization Reserve Fund

The Board has an agreement with the City that established in the accounts of the City stabilization reserve funds. Under the operating agreement with the Board, the City is entitled to the operating surpluses of the Board and is responsible for the Board's deficit in any year. In certain years since 1996, the Board has been allowed by the City to transfer its operating surplus into the Stabilization Reserve Fund for the purpose of putting surpluses aside in better years in order to offset deficits in other years. Amounts maintained in the fund are not interest bearing. This fund resides in the City's financial statements and is not included in the Board's financial statements. As at December 31, 2019, the balance in the Sony Centre Stabilization Reserve Fund is $167 (2018 – $833).

During 2003, TCA entered into an agreement with the City that established, in the accounts of the City, The North York Performing Arts Centre Corporation Stabilization Reserve Fund for the purpose of putting aside income earned in profitable years in order to offset deficits in other years. This agreement provided that transfers were to be made to the Stabilization Reserve Fund based on the cash basis of accounting and therefore excludes amortization. Beginning with the year ended December 31, 2006, the transfer of the current year operating income is no longer automatically added to the Stabilization Reserve Fund. The transfer is only added to this fund if approved by City Council. This fund resides in the City's financial statements and is not included in the Board's financial statements. As at December 31, 2019, the balance in the TCA Stabilization Reserve Fund is $167 (2018 – $1,826).

Facility Fee Reserve Fund (FFRF)

In October 2011, the City updated its administrative amendments to the Board's FFRF. Contributions to the FFRF can now include the facility fee surcharge, which is applied to most tickets sold for attractions at the centre at a rate determined by the Board; capital salvage; corporate and naming right contributions for a capital purpose; developer capital contributions; other recoveries of a capital nature; and any other contributions directed by City Council. The FFRF is banked by the City and is recorded on the City's books.

The changes in the Sony Centre Facility Fee Reserve Fund are as follows:

	2019 $	2018 $
Balance – Beginning of year	3,229	1,938
Revenue from ticket capital surcharge	1,300	1,282
Investment income	60	23
Proceeds from name-in-title sponsor	2,152	433
Building maintenance	(606)	-
Chattel asset purchases	(933)	(447)
Building maintenance and repairs expenditures	(1,900)	-
Balance – End of year	3,302	3,229

(in thousands of dollars)

Capital Maintenance Reserve Fund

The TCA Capital Maintenance Reserve Fund, which consists of unspent capital ticket surcharges, is invested by the City. The capital surcharge on the sale of tickets for performances is considered to be externally restricted, with the funds and interest earned on the funds only to be used for capital improvements of the TCA.

The changes in the TCA Capital Maintenance Reserve Fund are as follows:

	2019 $	2018 $
Balance – Beginning of year	670	814
Investment income	11	10
Purchase of capital assets funded	(312)	(154)
Balance – End of year	369	670

Programming Reserve Fund

The Programming Reserve Fund was created in 2019 and funded through the operating surplus from 2018. Its mandate is to assist in subsidizing important initiatives facing budgetary constraints, which may not otherwise be initiated by the Board.

The changes in the TO Live Programming Reserve Fund are as follows:

	$
Funds transferred in from 2018 operating surplus	388
Mandela exhibition costs	(350)
Balance – End of year	38

4 Related party transactions

Due from the City – Capital Reserve Funds

The Capital Reserve Funds can be used to fund maintenance, state of good repair, heritage preservation and renovation of the theatres as well as repayment of advances and/or loans – principal and interest – made by the City to the Board (note 3). The total amount expended in 2019 was $3,751 (2018 – $601), of which $974 is due as at December 31, 2019 (2018 – $114). A further $85 is due from the Facility Fee Reserve Fund (2018 – $170), but has not been drawn as at December 31, 2019, as part of a multi-year sponsorship arrangement.

(in thousands of dollars)

Intercompany expenses and payables

In the normal course of operations, the Board incurs costs for various expenses payable to the City such as legal and other administration expenses. Transactions between the City and the Board are made at the agreed-on exchange amount.

As part of the terms of the agreement between the Board and the City, any operating excess (deficiency) is to be transferred to or recovered from the City. The amount of the transfer of the operating excess (deficiency) to (from) the City is based on excess (deficiency) of revenue after adjustments for non-cash items.

During the year, the City and the Board engaged in discussions with respect to an amount owing by the Board to the City in the amount of $3,695, which was incurred during the period from 2001 to 2007. It was determined that this amount was not supportable. In accordance with City by-laws related to writeoffs of inter-agency receivables and payables, a motion was brought forward by City management and approved by City Council in December 2019 to writeoff this amount owing to the City.

The transfer of operating excess of revenue is calculated as follows:

	2019 $	2018 $
Excess of revenue over expenses for the year, before transfer to the City, debt forgiveness and effect of merger	(540)	339
Add (deduct): Non-cash and other items		
Amortization of deferred capital contributions	(1,368)	(2,430)
Amortization of capital assets	1,371	2,479
Transfer to (from) the City	(537)	388

The amount receivable as at December 31, 2019 is included in due from the City – operating deficit balance on the statement of financial position. The receivable/payable from/to the City is non-interest bearing.

(in thousands of dollars)

5 Capital assets

			2019
	Cost $	Accumulated amortization $	Net $
Stage equipment	8,864	6,335	2,529
Computer equipment	2,422	2,265	157
Other equipment	1,265	993	272
Building improvements	4,797	4,075	722
Furniture	662	648	14
	18,010	14,316	3,694

			2018
	Cost $	Accumulated amortization $	Net $
Stage equipment	8,255	5,741	2,514
Computer equipment	2,357	2,110	247
Other equipment	1,082	895	187
Building improvements	4,254	3,559	695
Furniture	661	640	21
	16,609	12,945	3,664

During 2019, the Board did not dispose of capital assets (disposals in 2018 were $3,323, accumulated amortization in 2018 was $3,323). The cost and related accumulated amortization have been removed from the financial statements. Proceeds from the disposal of assets in 2019 were $nil (2018 – $nil).

In 2015, the Board approved an equipment purchase with a third party vendor, which was funded partly by an interest free loan provided by the vendor in the amount of $505, with the remainder being paid by the Board in kind through provision of services over the repayment period of the loan. The terms of the agreement specified that the loan is to be repaid through an initial payment of $80 and equal annual instalments of $85 over five years beginning on July 20, 2016. The loan payable as at December 31, 2019 is $85 (2018 – $170).

(in thousands of dollars)

6 Employee benefits

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer pension plan, on behalf of many of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service, pension formula and best 60 months of earnings. Employees and employers contribute equally to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit, as the amount is not determinable. Employers' current service contributions to the OMERS pension plan in the amount of $811 (2018 – $732) were expensed and are included in salaries, wages and benefits.

In addition to other than continuous full-time offers to participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to registered retirement savings plans on behalf of its employees. Contributions in the amount of $257 (2018 – $223) were expensed and are included in salaries, wages and benefits.

7 Deferred capital contributions

Deferred capital contributions represent unamortized amounts of capital contributions. The Board follows the deferral method of accounting for restricted contributions received. These contributions comprise capital assets donated by corporations, the Board's FFRF and contributions in-kind. The most significant sources of the balance are contributions from the City's Capital Reserve Fund. The changes in deferred capital contributions during the year are as follows:

	2019 **$**	**2018** **$**
Balance – Beginning of year	3,237	1,228
Amortization of deferred capital contributions	(1,368)	(2,430)
Net effect of merger – DCC portion	-	4,379
Contributions restricted for the purchase of capital assets	1,401	60
Balance of deferred capital contributions	3,270	3,237

Included in the contributions received during the year is $1,401 (2018 – $60) to fund chattel asset purchases (note 5).

(in thousands of dollars)

8 Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2019 $	2018 $
Accounts receivable	1,321	(1,387)
Prepaid expenses	(1,307)	(105)
Accounts payable and accrued liabilities	366	1,031
Due to/from the City		
Transfer from Programming Reserve Fund	(350)	-
Operating surplus/deficit – current fiscal year	(925)	50
Trade payables	7	(305)
Surcharge payable	(69)	80
Deferred revenue	352	725
Advance ticket sales	(2,749)	5,872
	(3,354)	5,961

9 Commitments and contingencies

Leases

The Board is committed under the terms of equipment operating leases approximately as follows:

	$
2020	7
2021	7
2022	7
2023	3
	24

Contingencies

From time to time, the Board is named in lawsuits relating to its activities. These claims are at various stages and, therefore, it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to the Board. Accordingly, no material provisions have been made for loss in these financial statements, but in management's view, these claims should not have a material adverse effect on the financial position of the Board.

(in thousands of dollars)

The City and the Board have been served with a claim from a developer in the amount of $9.7 million in connection with a redevelopment project completed in a prior year. The claim is proceeding to arbitration. The City and the Board are being jointly defended by lawyers from the Legal Services Division of the City. Defence counsel advise that the claim is in the early stages of discovery. The outcome of the claim is not determinable at this time. No amounts have been accrued in relation to this claim at year-end.

10 Financial risk management

The main risks to which the Board's financial instruments are exposed are as follows.

Foreign exchange risk

Foreign exchange risk is the risk due to fluctuations in foreign exchange prices. Realized exchange gains of $nil are included in the statement of operations and changes in net assets (deficit) for the year ended December 31, 2019 (2018 – $14).

The Board is exposed to gains/losses that arise with respect to the degree of volatility of foreign exchange rates. The Board believes it has a low exposure to foreign exchange risk given the value of its foreign denominated assets.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Accounts that are receivable result in exposure to credit risk since there is a risk of counterparty default. The Board provides for an allowance for doubtful accounts to absorb potential credit losses where required. As at December 31, 2019, six accounts represent 75% of the total accounts receivable balance (2018 – five accounts represent 76%).

The Board believes it has moderate exposure to credit risk.

Liquidity risk

Liquidity risk is the risk of the inability of an entity to meet its current obligations from proceeds of current assets.

The Board manages its liquidity risk by forecasting cash flows from operations and other activities and maintains credit facilities with the City to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Refer to note 14 outlining the impact to the Board, including future cash flows, as a result of the COVID-19 pandemic.

(in thousands of dollars)

11 Trust Fund

In 1981, STLC was appointed as trustee for the Victor C. Polley Scholarship Fund (the Fund), which was created for the purpose of awarding a scholarship annually to a deserving student of arts management or arts administration. The Fund, which has a balance of $7 (2018 – $7), has not been included in the Board's statement of financial position nor have its operations been included in the Board's statement of operations and changes in net assets (deficit).

12 Interest and other revenue

Interest and other revenue of $412 (2018 – $2,211), includes $283 related to interest (2018 – $203), and $129 related to settlements, claims and miscellaneous items (2018 – $1,873).

13 Toronto Live Foundation

In 2018, the Toronto Live Foundation (the Foundation) was established to support and raise funds for TO Live initiatives and special projects. The Foundation is a separate corporation without share capital and with its own Board of Directors. It is registered as a charitable organization under the Income Tax Act (Canada). These financial statements do not include the net assets or revenue and expenditures of the Foundation.

The Foundation acquires, owns, holds in trust and applies funds to assist in the development of programming for the benefit of TO Live. In 2019, TO Live transferred $2,323 (2018 – $nil) to the Foundation. The Foundation follows the restricted fund method and, accordingly, the transfer of funds was recognized as revenue of the Foundation in 2019. The fund balances held by the Foundation as at December 31, 2019 totalled $2,331 (2018 – $nil). During the year, the Foundation received $nil in donations ($nil – 2018) and granted $nil (2018 – $nil) in support of ongoing operations. The Foundation's revenue over expenses for the year ended December 31, 2019 was $2,331 (2018 – $nil).

14 COVID-19

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. TO Live's operations rely, to a certain extent, on free movement of goods, services and capital within Canada, which has been significantly restricted as a result of the COVID-19 pandemic. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the economy and the Board's operations in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information that may emerge concerning the severity of COVID-19 and additional actions that may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in Canada. Such further developments could have a material adverse effect on the Board's operations, financial condition, results of operations and cash flows.

(in thousands of dollars)

With the government imposed restrictions as a result of the COVID-19 pandemic, the Board closed its performance facilities in March 2020 and, consequently, all performances since then have been cancelled and/or postponed, resulting in significant reductions in revenue and operating cash flows in 2020. As an agency of the City, the Board is dependent on continued funding from the City to fund any operating deficits including receipt of the annual subsidy amount from the City, totalling $5.6 million for the year ended December 31, 2020. The Board received additional amounts totalling $2.3 million from the City in April and May 2020 to fund short-term operating cash flow deficiencies and is currently in discussions with the City in regards to additional funding required for the duration of the year to fund the operations of the Board. The Board has made significant reductions in workforce subsequent to year-end as well as reduced other costs to match this decline in revenue and mitigate its impact on cash flows.

Further developments related to the economy in Canada, which were unforeseen as at March 31, 2020, could have a further adverse effect on the Board. The ultimate impact of COVID-19 on the Board may not be fully known for an extended period of time.