

**FINANCIAL STATEMENTS**  
**For**  
**TORONTO PAN AM SPORTS CENTRE INC.**  
**For year ended**  
**DECEMBER 31, 2023**

## Management's Responsibility for the Financial Statements

The financial statements of the Toronto Pan Am Sports Centre Inc. (the "Centre") are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Centre's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Centre's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Board of Directors, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Centre's financial statements.

..... Chairperson

..... Vice Chairperson

**INDEPENDENT AUDITOR'S REPORT**

To the shareholders of

**TORONTO PAN AM SPORTS CENTRE INC.**

*Opinion*

We have audited the financial statements of Toronto Pan Am Sports Centre Inc. (the Centre), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2023 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*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 are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

*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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

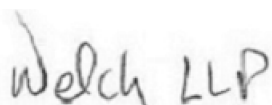
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Centre'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 Centre'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 Centre 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.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
March 19, 2024.

**TORONTO PAN AM SPORTS CENTRE INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Undesignated cash	\$ 4,656,524	\$ 4,726,155
Restricted cash (note 4)	1,586,826	1,872,186
Restricted investments (note 4)	22,286,599	19,777,457
Accounts receivable (note 8(c))	1,831,368	454,156
Government remittances receivable	<u>-</u>	<u>38,088</u>
	<u>30,361,317</u>	<u>26,868,042</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 8(a))	2,747,123	2,021,805
Government remittances payable	1,176	-
Deferred revenue	<u>587,220</u>	<u>585,092</u>
	<u>3,335,519</u>	<u>2,606,897</u>
<b>NET FINANCIAL ASSETS</b>	<u>27,025,798</u>	<u>24,261,145</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	247,444	203,122
Inventory	54,881	46,503
Tangible capital assets (note 5)	<u>2,296,164</u>	<u>2,009,697</u>
	<u>2,598,489</u>	<u>2,259,322</u>
<b>ACCUMULATED SURPLUS</b> (note 7)	<u>\$ 29,624,287</u>	<u>\$ 26,520,467</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

**Welch LLP<sup>®</sup>**

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**TORONTO PAN AM SPORTS CENTRE INC.**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u> (note 10)	<u>Actual</u>	
		<u>2023</u>	<u>2022</u>
<b>Revenue</b>			
Field of play recoveries (note 8(b))	\$ 7,337,411	\$ 6,932,118	\$ 6,585,139
Space cost recoveries (note 8(b))	1,129,767	1,085,003	1,086,479
Rental income	1,565,991	1,802,219	1,442,817
Fitness centre income	1,573,302	1,848,825	1,157,026
Food and beverage	1,350,000	2,029,220	1,256,774
Ancillary and other revenue	911,848	1,315,062	735,886
Government assistance (note 11)	-	-	474,332
	<u>13,868,319</u>	<u>15,012,447</u>	<u>12,738,453</u>
<b>Expenses (Schedule A)</b>			
Aquatics	1,577,920	1,708,153	1,380,769
License fees (note 8(a) and note 9)	750,000	750,000	750,000
Field house	991,457	1,055,999	892,965
Central administration	2,999,608	2,301,656	2,296,763
Building operations	5,968,428	6,389,633	6,030,739
Fitness centre	1,433,754	1,399,941	1,239,451
Food and beverage	<u>1,338,480</u>	<u>1,836,182</u>	<u>1,234,461</u>
	<u>15,059,647</u>	<u>15,441,564</u>	<u>13,825,148</u>
<b>Operating deficit</b>	<u>\$ (1,191,328)</u>	<u>(429,117)</u>	<u>(1,086,695)</u>
<b>Restricted assets deficit</b>			
Investment income		517,575	389,450
Management fees		(57,915)	(54,891)
Major repairs and replacements		<u>(1,405,525)</u>	<u>(1,275,908)</u>
		<u>(945,865)</u>	<u>(941,349)</u>
<b>Accumulated surplus, beginning of year</b>		<u>26,520,467</u>	<u>24,069,336</u>
		25,145,485	22,041,292
<b>Capital stock issued (note 7)</b>		<u>4,478,802</u>	<u>4,479,175</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 29,624,287</u>	<u>\$ 26,520,467</u>

(See accompanying notes)

**TORONTO PAN AM SPORTS CENTRE INC.**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u> (note 10)	<u>Actual</u> <u>2023</u>	<u>2022</u>
<b>Operating deficit</b>	\$ (1,191,328)	\$ (429,117)	\$ (1,086,695)
<b>Restricted assets deficit</b>	(980,700)	(945,865)	(941,349)
Acquisition of tangible capital assets	(1,190,000)	(846,734)	(772,220)
Amortization of tangible capital assets	565,000	560,267	465,469
Utilization (acquisition) of prepaid expenses	-	(44,322)	10,374
Utilization (acquisition) of inventory	-	(8,378)	(2,846)
Capital stock issued	<u>4,590,770</u>	<u>4,478,802</u>	<u>4,479,175</u>
<b>Change in net financial assets</b>	1,793,742	2,764,653	2,151,908
<b>Net financial assets, beginning of period</b>		<u>24,261,145</u>	<u>22,109,237</u>
<b>Net financial assets, end of period</b>		<u>\$ 27,025,798</u>	<u>\$ 24,261,145</u>

(See accompanying notes)

**TORONTO PAN AM SPORTS CENTRE INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Operating deficit	\$ (429,117)	\$ (1,086,695)
Restricted assets deficit	(945,865)	(941,349)
Items not involving cash:		
Amortization of tangible capital assets	560,267	465,469
Investment proceeds reinvested	<u>(784,880)</u>	<u>(51,819)</u>
	(1,599,595)	(1,614,394)
Changes in:		
Accounts receivable	(1,377,212)	(169,885)
Government remittances receivable/payable	39,264	2,977
Accounts payable and accrued liabilities	725,318	(111,126)
Deferred revenue	2,128	138,926
Inventory	(8,378)	(2,846)
Prepaid expense	<u>(44,322)</u>	<u>10,374</u>
	<u>(2,262,797)</u>	<u>(1,745,974)</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(846,734)</u>	<u>(772,220)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(4,913,390)	(9,498,642)
Proceeds from sale of investments	<u>3,189,128</u>	<u>7,805,473</u>
	<u>(1,724,262)</u>	<u>(1,693,169)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of capital stock	<u>4,478,802</u>	<u>4,479,175</u>
<b>INCREASE IN CASH</b>	(354,991)	267,812
<b>CASH, BEGINNING OF YEAR</b>	<u>6,598,341</u>	<u>6,330,529</u>
<b>CASH, END OF YEAR</b>	\$ <u>6,243,350</u>	\$ <u>6,598,341</u>
<b>Cash is comprised of:</b>		
Restricted cash (note 4)	\$ 1,586,826	\$ 1,872,186
Undesignated cash	<u>4,656,524</u>	<u>4,726,155</u>
	\$ <u>6,243,350</u>	\$ <u>6,598,341</u>

(See accompanying notes)



**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**1. NATURE OF OPERATIONS**

The Toronto Pan Am Sports Centre Inc. (hereafter referred to as the "Centre") is incorporated under the Business Corporations Act of the Province of Ontario. The Centre is owned in equal share by the City of Toronto (the "City") and the University of Toronto (the "University"). The Centre's principal business activity is the management of the Toronto Pan Am Sports Centre. The Centre maintains its head office in Scarborough, Ontario.

The land and building where the Centre operates is not property of the Centre. The land and building are owned jointly by the City of Toronto and the University of Toronto.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

These financial statements are prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

*Revenue recognition*

The Centre recognizes revenue when it is realized or realizable and earned. The Centre considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the service has been provided to the customer, the sales price is fixed or determinable and collectability is reasonably assured.

Space cost recoveries and field of play recoveries are recognized as revenues in accordance with individual user agreements and when performance is provided.

Rental income and similar revenues are recognized on the date of the performance, and amounts paid in advance are recorded as deferred revenue.

Fitness centre income is recognized on a monthly basis or when service has been provided, and amounts paid in advance are recorded as deferred revenue.

Food and beverage revenues are recognized as earned, upon performance of the service. Revenues related to catering events are recognized on the date of the event.

Investment income comprises interest earned on cash and fixed income securities. Interest on fixed income securities is recognized over the term of those investments using the effective interest method.

*Financial instruments*

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, unless the financial instruments meet the requirements to be measured at fair value in accordance with public sector accounting standards.

Portfolio investments in equity instruments that are quoted in an active market and derivative instruments are required to be measured at their fair value each reporting period. Financial assets measured at amortized cost include cash, accounts receivable, and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Inventory*

Inventories comprise of mainly food court inventory. Inventories are valued at the lower of cost and net realizable value.

*Tangible capital assets*

Tangible capital assets are stated at acquisition cost and amortized as follows:

Computer hardware and software	- 4 years straight line
Furniture and equipment	- 10 years straight line
Food court capital improvements	- 10 years straight line

*Impairment of financial assets*

Financial assets, other than those classified at fair value, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

*Income taxes*

The Centre uses the future income taxes method of accounting for taxes. Under this method, current income taxes are recognized for the estimated income taxes payable or receivable for the current year. Future income tax assets and liabilities are recognized for temporary differences between tax and accounting basis of assets and liabilities.

*Government assistance*

The Government of Canada introduced the following forms of temporary government assistance in response to the COVID-19 pandemic:

Canada Recovery Hiring Program ("CRHP"), is a subsidy initiated by the federal government to enable employers to cover part of wages as they hire new employees and increase existing employees' wages or hours.

Tourism and Hospitality Recovery Program ("TRHP"), is a subsidy initiated by the federal government to provide wage and rent support for the tourism or hospitality sector or, through the Local Lockdown Program, those affected by a qualifying full or partial public health restriction.

The subsidies have been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is reported as government assistance in the applicable period.

*Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the useful life of its tangible capital assets, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2023**

**3. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Centre is in the process of assessing the impact on its financial statements of the following upcoming changes to PSAS.

Standards applicable for fiscal years beginning on or after April 1, 2023  
(in effect for the Centre for the year ending on December 31, 2024):

PS 3160 - Public Private Partnerships (P3s) identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, have access to the future economic benefits and exposure to the risks associated with the assets, and retain significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PS 3400 - Revenue establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 - Purchased intangibles provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 - Financial Statement Concepts has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

**4. RESTRICTED CASH AND INVESTMENTS**

The Centre has designated funds to be used for the sole purpose of funding major maintenance and capital requirements. There is an annual amount of \$1,500,000 committed for this purpose from the Legacy funding, in accordance with the funding agreement dated December 18, 2014, and the balance is to be funded by amounts received from the Shareholders and/or operating surplus.

Restricted investments consist of the following:

	<u>Cost</u>		<u>Fair market values</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term investments	\$ 1,654,831	\$ 922,000	\$ 1,654,753	\$ 922,000
Fixed income securities	20,501,113	18,748,205	19,585,994	17,286,132
Accrued interest	<u>130,655</u>	<u>107,252</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,286,599</u>	<u>\$ 19,777,457</u>	<u>\$ 21,240,747</u>	<u>\$ 18,208,132</u>

Fixed income securities consist of government and commercial bonds and guaranteed investment certificates ("GICs"). The fixed income securities have effective interest rates ranging from 1.25% to 6.034% with maturity dates ranging from March 2024 to December 2051.

	<u>2023</u>	<u>2022</u>
Restricted assets balance, beginning of year	\$ 21,649,643	\$ 19,539,104
Restricted assets deficit	(945,865)	(941,349)
Deposits made during the year	<u>3,169,647</u>	<u>3,051,888</u>
Restricted assets balance, end of year	<u>\$ 23,873,425</u>	<u>\$ 21,649,643</u>
Restricted assets is comprised of:		
Cash	\$ 1,586,826	\$ 1,872,186
Portfolio investments	<u>22,286,599</u>	<u>19,777,457</u>
	<u>\$ 23,873,425</u>	<u>\$ 21,649,643</u>

**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2023**

**5. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer hardware and software	\$ 1,946,442	\$ 1,232,177	\$ 1,636,660	\$ 917,325
Furniture and equipment	2,434,348	999,424	1,931,487	780,970
Food court capital improvements	<u>287,765</u>	<u>140,790</u>	<u>253,673</u>	<u>113,828</u>
	4,668,555	\$ <u>2,372,391</u>	3,821,820	\$ <u>1,812,123</u>
Less: accumulated amortization	<u>(2,372,391)</u>		<u>(1,812,123)</u>	
	<u>\$ 2,296,164</u>		<u>\$ 2,009,697</u>	

**6. INCOME TAXES**

The Centre has unused non-capital losses of approximately \$14,643,272 which may be carried forward and applied to reduce taxable income of future years. The losses are available for a limited time only and will expire beginning 2034. The Centre has not recognized the future tax benefit of these losses.

**7. ACCUMULATED SURPLUS**

The accumulated surplus is made up as follows:

	<u>2023</u>	<u>2022</u>
Accumulated operating deficit	\$ (8,143,786)	\$ (7,714,668)
Accumulated capital reserve deficit	(4,956,739)	(4,010,875)
Common shares - 102,990 (2022 - 92,270) shares	<u>42,724,812</u>	<u>38,246,010</u>
Accumulated surplus, end of year	<u>\$ 29,624,287</u>	<u>\$ 26,520,467</u>

The Centre is authorized to issue an unlimited number of voting common shares. In 2023, 10,720 (2022 - 10,720) common shares were issued for proceeds of \$4,478,802 (2022 - \$4,479,175).

**8. RELATED PARTY TRANSACTIONS**

The Centre is owned equally by the City of Toronto and the University of Toronto (the "Shareholders").

The following related party transactions occurred in the normal course of business and have been recorded at their exchange amount which is the amount agreed upon by the related parties. The balances due to and from related parties are non-interest bearing and have no specified terms of repayments.

- (a) Included in the accounts payable balance are license fees of \$1,173,750 (2022 - \$750,000) payable to the Shareholders.
- (b) The Centre earned \$4,306,377 (2022 - 4,150,567) from the City of Toronto and \$2,205,344 (2022 - \$2,124,583) from the University of Toronto for space cost and field of play recoveries.
- (c) Included in the accounts receivable balance at year end is \$1,365 (2022 - \$1,365) from the City of Toronto and \$1,340,341 (2022 - \$69,904) due from the University of Toronto.

**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2023**

**9. COMMITMENTS**

The Centre has an operating agreement with the City of Toronto and the Governing Council of the University of Toronto effective July 15, 2014. This agreement requires the Centre to pay an annual license fee of \$750,000 to access, occupy and use the Toronto Pan Am Sports Centre facility.

**10. BUDGETED FIGURES**

The budgeted figures presented for comparison purposes are unaudited, and are based on the operating budget approved by the Board of Directors.

**11. GOVERNMENT SUBSIDIES**

In mid-March of 2020, the province of Ontario declared a state of emergency in response to public health concerns originating from the spread of COVID-19.

The Centre was closed for part of 2020, 2021, and 2022 to comply with provincial orders. Over 2020, 2021, and 2022 when restrictions were loosened, the Centre was reopened. When required, reduced level of service was provided and limited programming was offered in response to these restrictions. From November 23, 2020 to July 16, 2021 and January 5, 2022 to January 31, 2022, the Centre was closed to all but Olympic-identified High-performance athletes. As a result, the Centre experienced a significant reduction in revenue in 2020 and 2021, which mostly recovered in 2022. The Centre reopened on January 31, 2022 (with capacity restrictions fully lifted by March 14, 2022) and remained open for the remainder of the year.

In 2020, 2021, and 2022, the Centre received a number of subsidies provided by the Government of Canada to various businesses in response to COVID-19 impacts. In 2023, the Centre did not receive any government assistance:

	<u>2023</u>	<u>2022</u>
Tourism and Hospitality Recovery Program ("TRHP")	\$ -	\$ 298,325
Canada Recovery Hiring Program ("CRHP")	<u>-</u>	<u>176,007</u>
	<u>\$ -</u>	<u>\$ 474,332</u>

**12. FINANCIAL INSTRUMENTS**

The Centre's financial instruments are subject to the following risks:

*Credit risk*

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash, portfolio investments and accounts receivable. The Centre's cash is deposited with a Canadian chartered bank and the portfolio investments are held in high credit rated Canadian government bonds, commercial bonds and GICs. As a result management believes the risk of loss on these items to be remote. The Centre provides credit to its customers in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients, a review of outstanding amounts and maintains provisions for estimated uncollectible accounts. Consequently, the Centre believes that its exposure to credit risk on these items is remote.

**TORONTO PAN AM SPORTS CENTRE INC.**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2023**

**12. FINANCIAL INSTRUMENTS - Cont'd.**

*Liquidity risk*

Liquidity risk refers to the adverse consequence that the Centre will encounter difficulty in meeting obligations associated with its financial liabilities. The Centre manages liquidity risk through its budget process and by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of instruments or future cash flows associated with instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The Centre's exposure to interest rate risk arises from its portfolio investments. The Centre manages this risk by having prudent investment policies and by ensuring bonds and GICs mature on a staggered basis over the next nine years.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all similar instruments traded in the market. The Centre's exposure to other price risk arises from its portfolio investments. The Centre manages this risk by having prudent investment policies.

There have been no significant changes to the Centre's risk exposure from the prior year.

## TORONTO PAN AM SPORTS CENTRE INC.

## STATEMENT OF EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Budget	Actual	
	(note 10)	2023	2022
<b>Expenses</b>			
Salaries, wages and benefits	\$ 8,295,315	\$ 8,800,207	\$ 7,779,532
Utilities	1,551,611	1,346,964	1,327,854
Contracted services	1,722,518	1,514,804	1,498,127
Licenses fees	750,000	758,299	758,880
Amortization (note 5)	565,000	560,267	465,469
Other operating	418,405	468,544	376,337
Insurance	365,830	322,728	293,349
Supplies	239,615	324,937	233,884
Direct food and beverage	585,000	843,802	560,927
Repairs and maintenance	228,501	160,734	190,072
Telecommunications	82,840	85,815	79,023
Services	128,763	91,844	69,781
Consulting fees	28,317	8,328	70,957
Professional fees	46,531	100,587	71,844
Office	51,401	53,704	49,112
	<u>\$ 15,059,647</u>	<u>\$ 15,441,564</u>	<u>\$ 13,825,148</u>