DRAFT #3
March 20, 2025

Financial Statements of

TO LIVE

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of TO Live

Opinion

We have audited the financial statements of TO Live (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and changes in net deficit 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 present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in net deficit 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 auditor's report.

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

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

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 the financial statements.

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

We also:

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

TO LIVE

DRAFT Statement of Financial Position
(In thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 23,102	$ 19,650
Accounts receivable	2,205	2,239
Prepaid expenses	554	546
	25,861	22,435
Capital assets (note 4)	4,852	4,696
Art collection	29	29
	$ 30,742	$ 27,160
Liabilities and Accumulated Net Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	$ 11,871	$ 8,596
Due to the City (note 3)	2,469	2,739
Deferred revenue	3,743	2,558
Advance ticket sales	8,312	9,076
	26,395	22,969
Deferred capital contributions (note 6)	4,474	4,315
Unrestricted net deficit:		
Accumulated net deficit	(127)	(124)
	$ 30,742	$ 27,160

Commitments and contingencies (note 8)

See accompanying notes to financial statements.

Approved by the Board:

______________________________ Director ______________________________ Director

TO LIVE

DRAFT Statement of Operations and Changes in Net Deficit
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Operating:			
Performance	$ 7,601	$ 8,728	$ 3,864
Rental	12,639	14,881	14,767
Ancillary	9,263	8,224	7,033
Other recoveries	458	622	718
Interest and other (note 10)	300	827	1,036
City of Toronto investment (note 3)	5,599	5,599	6,172
Amortization of deferred capital contributions (note 6)	857	1,162	996
Transfer from:			
Facility Fee Reserve Fund (note 2)	3,253	375	408
State of Good Repair Program	2,261	1,881	2,296
Toronto Live Foundation	300	300	–
	42,531	42,599	37,290
Expenses:			
Salaries, wages and benefits (note 5)	21,203	21,516	20,229
Presentation and production	7,524	10,363	5,413
Ancillary	1,245	1,181	1,038
Building operations	5,241	3,124	4,077
Program services	970	778	870
Administration	1,881	1,031	1,157
Amortization of capital assets	855	1,165	999
Transfer to:			
Programming Reserve Fund (note 2)	225	225	300
Facility Fee Reserve Fund (note 2)	3,387	3,217	2,735
	42,531	42,600	36,818
Excess (deficiency) of revenue over expenses before the undernoted	–	(1)	472
Gain on disposal of assets	–	10	5
Excess of revenue over expenses before City transfers	–	9	477
Transfer to the City (note 3)	–	(12)	(480)
Deficiency of revenue over expenses	–	(3)	(3)
Unrestricted net deficit, beginning of year	–	(124)	(121)
Unrestricted net deficit, end of year	$ –	$ (127)	$ (124)

See accompanying notes to financial statements.

TO LIVE

DRAFT Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (3)	$ (3)
Items not involving cash:		
Amortization of deferred capital contributions (note 6)	(1,162)	(996)
Amortization of capital assets	1,165	999
Gain on disposal of capital assets	(10)	(5)
Change in non-cash working capital balances (note 7)	3,722	2,393
Due to (from) the City (note 7)	(128)	1,197
	3,584	3,585
Financing activities:		
Due to the City (note 7)	(142)	(952)
Capital contributions received (note 6)	1,321	2,473
	1,179	1,521
Investing activities:		
Purchase of capital assets	(1,321)	(2,473)
Proceeds on disposal of capital assets	10	5
	(1,311)	(2,468)
Increase in cash	3,452	2,638
Cash, beginning of year	19,650	17,012
Cash, end of year	$ 23,102	$ 19,650

See accompanying notes to financial statements.

TO Live (the "Board") 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, St. Lawrence Centre for the Arts and Meridian Arts Centre (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 $1.25 million 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).

1. 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.

(a) Cash:

Cash represents cash on hand and cash at the bank.

(b) Financial instruments:

The Board's financial instruments included in the statement of financial position comprise cash, accounts receivable, accounts payable and accrued liabilities, 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.

1. **Significant accounting policies (continued):**

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 deficit. A write-down is not subsequently reversed for a subsequent increase in value.

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

(c) 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	4 years
Other equipment	5 years
Building improvements	12 years
Furniture	5 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"), which is held by the City of Toronto.

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. Write-downs are not subsequently reversed.

1. Significant accounting policies (continued):

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 improvements to the building are charged to the City's capital program and the corresponding funding is withdrawn from the State of Good Repair Program. These improvements are not recorded as assets of the Board.

Art collection is carried at cost and not amortized due to the nature of the underlying asset.

(d) Leases:

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

(e) Employee benefit plan:

The employee benefit plan is the multi-employer pension plan (note 5). 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.

(f) 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.

1. Significant accounting policies (continued):

(g) 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, event deposits, sponsorship revenue and donation revenue for which no tax receipt has been issued attributable to future periods of benefit.

(h) 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.

(i) 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 year. Actual results could differ from those estimates.

(In thousands of dollars)

2. Funds of the Board held by the City:

(a) 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 theatres 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 Board's FFRF are as follows:

	2024	2023
Balance, beginning of year	$ 4,142	$ 4,287
Revenue from ticket capital surcharge	1,256	1,188
Investment income	36	53
Proceeds from name-in-title sponsor	1,925	1,494
Building maintenance	(1,023)	(490)
Chattel asset purchases	(673)	(2,390)
Balance, end of year	$ 5,663	$ 4,142

(b) Programming Reserve Fund:

The Programming Reserve Fund was created in 2019. 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 Board's Programming Reserve Fund are as follows:

	2024	2023
Balance, beginning of year	$ 691	$ 391
Funds transferred in from operating surplus	225	300
Balance, end of year	$ 916	$ 691

(In thousands of dollars)

3. Related party transactions:

(a) Due to the City:

		2024		2023
Operating surplus	$	12	$	480
Transfer to FFRF		2,410		1,985
Trade payables		5		14
Capital advances		(183)		(40)
Transfer to Programming Reserve Fund		225		300
Balance, end of year	$	2,469	$	2,739

(b) 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.

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

		2024		2023
Excess of revenue over expenses for the year, before transfer to the City	$	9	$	477
Add (deduct) non-cash and other items:				
Amortization of deferred capital contribution		(1,162)		(996)
Amortization of capital assets		1,165		999
		3		3
Transfer to the City	$	12	$	480

(In thousands of dollars)

3. Related party transactions:

(c) FFRF:

The FFRF 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 2). The total amount expended in 2024 was $1,696 (2023 - $2,880).

These intercompany balances are non-interest bearing.

(d) City of Toronto investment:

During the year, the City invested $5,599 (2023 - $6,172) in the operations of the Board.

4. Capital assets:

2024	Cost	Accumulated amortization	Net book value
Stage equipment	$ 9,204	$ 8,355	$ 849
Computer equipment	3,722	3,276	446
Other equipment	1,620	1,354	266
Building improvements	8,054	4,941	3,113
Furniture	1,054	876	178
	$ 23,654	$ 18,802	$ 4,852

2023	Cost	Accumulated amortization	Net book value
Stage equipment	$ 9,044	$ 7,996	$ 1,048
Computer equipment	3,584	2,947	637
Other equipment	1,521	1,288	233
Building improvements	7,151	4,630	2,521
Furniture	1,054	797	257
	$ 22,354	$ 17,658	$ 4,696

4. Capital assets (continued):

During 2024, the Board disposed of capital assets with an original cost of $22 (disposals in 2023 were $76) and accumulated amortization of $22 (accumulated amortization in 2023 was $76). Proceeds from the disposal of assets in 2024 were $10 (2023 - $5).

5. 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. 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 $1,111 (2023 - $1,042) were expensed and are included in salaries, wages and benefits.

In addition to non-full time offers to participate in the OMERS plan, the Board has arrangements with labour unions to make contributions to registered retirement savings plans on behalf of its employees. Contributions in the amount of $302 (2023 - $255) were expensed and are included in salaries, wages and benefits.

(In thousands of dollars)

6. Deferred capital contributions:

Deferred capital contributions represent unamortized amounts of capital contributions. These contributions comprise of 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:

	2024	2023
Balance, beginning of year	$ 4,315	$ 2,838
Contributions restricted for the purchase of capital assets	1,321	2,473
Amortization of deferred capital contributions	(1,162)	(996)
Balance, end of year	$ 4,474	$ 4,315

Included in the contributions received during the year is $1,321 (2023 - $2,473) to fund chattel asset purchases and building improvements (note 4).

7. Statement of cash flows:

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

	2024	2023
Accounts receivable	$ 34	$ (14)
Prepaid expenses	(8)	(180)
Accounts payable and accrued liabilities	3,275	(689)
Deferred revenue	1,185	576
Advance ticket sales	(764)	2,700
	$ 3,722	$ 2,393

(In thousands of dollars)

7. Statement of cash flows:

The changes in due to the City for operating activities constitute the following:

	2024	2023
Increase (decrease) in due to the City:		
Transfer from Programming Reserve Fund	$ (75)	$ 300
Operating surplus/deficit - current fiscal year	(468)	313
Trade payables	(10)	(17)
Surcharge payable	425	601
	$ (128)	$ 1,197

The changes in due to the City for financing activities constitute the following:

	2024	2023
Due to the City:		
Advances from City (FFRF and SOGR)	$ (142)	$ (952)

8. Commitments and contingencies:

(a) Leases:

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

2025	$ 11
2026	11
2027	11
2028	11
2029	2
	$ 46

8. Commitments and contingencies (continued):

(b) 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.

9. Financial risk management:

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

(a) Foreign exchange risk:

Foreign exchange risk is the risk due to fluctuations in foreign exchange prices. Realized exchange losses of nil are included in the statement of operations and changes in net deficit for the year ended December 31, 2024 (2023 - losses of $1).

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.

(b) 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, 2024, 5 accounts represent 89% of the total accounts receivable balance (2023 - 6 accounts represent 88%).

The Board believes it has low exposure to credit risk.

9. Financial risk management (continued):

(c) 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.

10. Interest and other revenue:

Interest and other revenue of $827 (2023 - $1,036), includes $744 related to interest (2023 - $748), and $83 related to settlements, claims and miscellaneous items (2023 - $288).

11. Toronto Live Foundation:

In 2018, the Toronto Live Foundation (the "Foundation") was established to support and raise funds for the Board 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 the Board. In 2024, the Board transferred nil to the Foundation (2023 - nil). The fund balances held by the Foundation as at December 31, 2024 totaled $4,949 (2023 - $2,428). During the year, the Foundation received $2,470 in donations (2023 - $20) and granted $300 (2023 - nil) in support of ongoing operations. The Foundation's revenue over expenses for the year ended December 31, 2024 was $2,191 (2023 - $44) resulting from income generated from investments.