



Exhibition Place

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May 13, 2016

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Audit Results & Year End report for the Consolidated Financial Statements for Exhibition Place for the Year Ended December 31, 2015**

Summary:

This report presents for the information of the Board the audit results and Year End Report for the year ended December 31, 2015. The auditor of record for the Board, PricewaterhouseCoopers LLP (PWC), audits these statements in accordance with Canadian public sector accounting standards and summarizes issues of audit significance and provides the communications required by their professional standards. This is the section of the audit results where the auditors make their suggestions and recommendations, based on audit findings, to improve the accounting and internal control procedures. As noted in the full attached Audit Results, during the 2015 audit, the auditors have no significant internal control recommendations to report on. This report summarizes the auditor's comments which details can be found in full in the Attachment.

Recommendation:

It is recommended that the Board receive this report for information.

Financial Impact:

There are no financial implications to this report.

Decision History:

At its meeting of February 9, 2016, the Finance & Audit Committee received a report from the Chief Executive Officer entitled "2015 Audit Planning Document – Exhibition Place" which provided the overview of the Audit Plan describing PWC's view on audit risks, the nature, extent and timing of their audit work as well as their proposed fees and the terms of their engagement. The report stated that the basis of PWC determining the overall materiality in 2015 will remain the same as in 2014. The CFO has discussed this matter with the City Director of Accounting, and the City is recommending that the materiality level as outlined by the auditors not be changed so as to be consistent with the City.

Issue Background:

Audit Results for the Board are required to be submitted on an annual basis to the Finance & Audit Committee, the Board, and ultimately to the City of Toronto.

As part of their audit engagement for the Board, PWC provides a report to the Finance & Audit Committee to assist in its review of the consolidated financial statements. This document is a direct communication from the auditors to the Committee and ultimately to the Board. It summarizes the scope of the audit work, describes the audit objectives, identifies issues of audit significance discussed with management and provides the communications required by Canadian Generally Accepted Auditing Standards and is designed to express an opinion on the consolidated financial statements of the Board.

The Finance & Audit Committee were scheduled to meet on Friday, May 13, 2016 to consider subject report, however, the meeting needed to be cancelled for lack of quorum. Given the Audit Results & Year End report for the Consolidated Financial Statements for Exhibition Place for the Year Ended December 31, 2015 report is required to be submitted to City Council for its July meeting, it's being submitted directly to the Board.

Comments:

The Audit Results report from PWC is divided into various sections and these are described in the balance of this report.

Required Communications

This section covers a wide variety of topics such as the status of the audit, significant reporting matters, and management override of controls, fraud and illegal acts, summary of unadjusted items, internal recommendations and subsequent events. Key matters communicated in this section are as follows:

- The audit is completed and there are no outstanding issues. The audit approach is a mixture of internal control tests and substantive testing.
- No fraud involving senior management or employees with a significant role in internal controls were noted.
- Materiality for the Board was calculated with the same methodology as the prior year based on 3% of Gross Revenues which is also consistent with the City of Toronto. PWC has not identified any unadjusted items.
- There were no disagreements with management on financial accounting and reporting matters; and
- There were no significant internal control recommendations to report on. The financial statements taken as a whole are free of material misstatement.

Items of Audit Significance Discussed with Management

The following accounting, auditing and reporting matters were discussed with management:

- a) Revenue Recognition - The auditors noted the significant revenue streams. They include Building rentals, Food concessions, show services and parking;
- b) Completeness and accuracy of transactions recorded with the City - The Board has many ongoing transactions with various City Departments such as trade receivables, trade payables, contribution to and from various reserve funds and loans payables. As is consistent in the prior year's audit, staff has provided a listing of all payables due to the City at year end for confirmation;
- c) Employee future benefits Payable – The Boards actuary for 2015 is Morneau Shepell. This is consistent with the actuary for the City as a whole. The auditors agree with the work of the outside specialists and noted that the accounting and recording approach used by management in presenting this information on the Exhibition Place financial statements as an expenditure and confirmed that the assumptions used by Morneau Shepell in its evaluation is reasonable and all disclosures are appropriate for financial statement purposes. In addition, the auditors utilized their own internal expert to assess the appropriateness of the assumptions and estimates used by the actuary. The auditors noted one exception from their testing in the payroll area and as a result expanded there sample size. There were no additional errors found; and
- d) Management override of controls – The auditors used computer assisted audited techniques to review significant and non-standard entries. PWC noted that based on their testing all entries are valid and properly authorized. There were no exceptions noted.

Internal Control Recommendations (Appendix A)

This is the section of the audit results where the auditors make their suggestions and recommendations, based on audit findings, to improve the accounting and internal control procedures. During the 2015 audit, the auditors did not note any significant deficiencies in internal controls.

Summary of Adjusted and Unadjusted Audit Differences

There were no unrecorded audit differences for 2015 and as such no Appendix is included.

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Board of Governors of Exhibition Place

*2015 year-end report
to the Finance and
Audit Committee*

*Prepared as of
May 6, 2016*





May 6, 2016

Members of the Finance and Audit Committee of
Board of Governors of Exhibition Place

Dear Members of the Finance and Audit Committee:

We have substantially completed our audit of the financial statements of Board of Governors of Exhibition Place (the Board) prepared in accordance with Public Sector Accounting Standards (PSAS) for the year ended December 31, 2015. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included in Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

We will review the key elements of this report and discuss our findings with you at the upcoming meeting.

We would like to express our sincere thanks to the management and staff who have assisted us in carrying out our work, and we look forward to your meeting on May 13, 2016. If you have any questions or concerns prior to the Finance and Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

PricewaterhouseCoopers LLP

Terri McKinnon
Partner
Assurance

c.c.: Dianne Young, Chief Executive Officer
Hardat Persaud, Chief Financial Officer

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Communications to the Finance and Audit Committee

<i>Key matters for discussion</i>	<i>Comments</i>
Status of the audit	<p>PricewaterhouseCoopers LLP (PwC or we) have substantially completed our audit of the financial statements (the financial statements).</p> <p>Significant outstanding items at time of mailing include the following:</p> <ul style="list-style-type: none"> • Finalization of payroll reconciliation testing • Finalization of manual journal entry testing • Receipt of reliance letter from Morneau Shepell • Legal updates with lawyers • Management representation letter • Subsequent events procedures • Review of final financial statements and approval by the Board
Significant reporting matters	Our response
Revenue recognition <p>The Board has several significant revenue streams including (but not limited to):</p> <ul style="list-style-type: none"> • Building rentals; • Services; and • Parking 	<p>We have performed, where possible, tests of controls and detailed testing over each of the different revenue streams. Based on the results of our testing, no significant matters to bring to your attention.</p>
Completeness and accuracy of transactions recorded with the City <p>The Board engages in many transactions with the City of Toronto and its various Agencies, Boards, and Commissions (the City).</p>	<p>We have obtained and tested management's reconciliation of amounts due to/from the City. We have confirmed loan balances as well as amounts due to and from the City, and have investigated all significant reconciling items.</p> <p>Confirmations have also been obtained in relation to the reserve balances that are disclosed in the notes to the financial statements.</p>
Employee future benefits payable <p>The Board sponsors a defined benefit pension plan to its employees, for which the City fund this obligation.</p>	<p>We have obtained the actuarial report as of December 31, 2015 from the Board's external actuary, Morneau Shepell. As a full valuation was conducted in 2015, we tested the accuracy of the census data that management provided to its actuary. We noted one exception from this test and expanded our sample as a result. No additional errors were found in the expanded sample.</p> <p>We also utilized our internal expert to assess the appropriateness of the assumptions and estimates used by the actuary in developing their conclusions.</p>

<i>Key matters for discussion</i>	<i>Comments</i>
Management override of controls Accounting regulatory authorities require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement. This represents the risk that internal controls of the Board may be circumvented to achieve desired financial results or gain inappropriate access to financial resources.	Using computer assisted auditing techniques, we have assessed significant and non-standard manual journal entries recorded in the year and selected a sample of items for testing to ensure that the entries represent valid and appropriately authorized transactions. We are finalizing our testing over manual journal entries and will update the Finance and Audit Committee of any significant findings. We also incorporated unpredictable procedures into our audit by validating existence for a sample of vendors and noted no exceptions.
Fraud and illegal acts	No fraud involving senior management, or employees with a significant role in internal control was noted or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures. We wish to confirm that the Finance and Audit Committee is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.
Summary of unadjusted items	As noted in our audit plan, materiality was calculated based on 3% of revenue for the year. Using the final revenue for the year, overall materiality was revised to \$1,485,000 with a threshold for reporting unadjusted and adjusted items of \$148,000. As a result of our audit, we did not identify any unadjusted items above our threshold. In our opinion, the financial statements, taken as a whole, are free of material misstatement.
Internal controls recommendations	We have no significant internal control recommendations to report.
Subsequent events	No subsequent events which would impact the financial statements other than those disclosed have come to our attention. We would like to reconfirm that the Finance and Audit Committee is not aware of any other subsequent events that might affect the financial statements.

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

Appendix A: Draft auditor's report



Date of the auditor's report

Independent Auditor's Report

To the Members of
Board of Governors of Exhibition Place

We have audited the accompanying financial statements of Board of Governors of Exhibition Place, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and accumulated deficit, changes in net debt and cash flows, and schedules of operations for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Board of Governors of Exhibition Place as at December 31, 2015 and the results of its operations, its remeasurement gains and losses, change in its net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Appendix B: Draft management representation letter

Client Letterhead

[Date]

PricewaterhouseCoopers LLP
 PwC Tower
 18 York Street, Suite 2600
 Toronto ON M5J 0B2

Attn: Ms. Terri McKinnon

Dear Ms. McKinnon:

We are providing this letter in connection with your audit of the financial statements of Board of Governors of Exhibition Place (the Board) as at December 31, 2015 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations, remeasurement gains and losses, changes in net debt and cash flows of the Board in accordance with Canadian public sector accounting standards.

Management's responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 30, 2015. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which the Board is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa.

Accounting policies

We confirm that we have reviewed the Board's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Board's particular

circumstances to present fairly in all material respects its financial position, results of operations, remeasurement gains and losses, changes in [net debt/net financial assets] and cash flows in accordance with Canadian public sector accounting standards.

Internal controls over financial reporting

We have designed disclosure controls and procedures to ensure material information relating to the Board is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

Minutes

All matters requiring disclosure to or approval of the Board of Governors have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions

All contractual arrangements entered into by the Board with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting the Board involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements, communicated by employees, former employees, analysts, regulators or others.

Disclosure of information

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside the normal course of business;
 - Minutes of the meetings of shareholders, management, directors and committees of directors;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting the Board received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by the Board's directors, officers or employees acting on the Board's behalf.

Accounting estimates and fair value measurements

Significant assumptions used by the Board in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Board's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 2130, Measurement Uncertainty, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of the Board's related parties as defined by Canadian Auditing Standard 550, and all the related party relationships and transactions.

The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by CAS 550.

The list of related parties attached to this letter as Appendix A accurately and completely describes the Board's related parties and the relationships with such parties.

Going concern

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets. All liens or encumbrances on the Board's assets and assets pledged as collateral, to the extent material, have been disclosed in the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which the Board is contingently liable in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3300, Contingent Liabilities, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

There are no adjusted misstatements identified during your audit.

Events after balance sheet date

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Board.

All cash balances are under the control of the Board, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Board.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Board are included in the financial statements as at December 31, 2015.

Accounts receivable

All amounts receivable by the Board were recorded in the books and records.

Amounts receivable are considered to be fully collectible, except to the extent of which, an appropriate allowance has been made in the accounts. Specifically, we believe that a sufficient provision has been made against the outstanding receivable from Clarity Outdoor Media, which is currently in arbitration.

Amounts receivable are not subject to discount except for normal cash discounts which are appropriately provided for.

All receivables were free from hypothecation or assignment as security for advances to the Board, except as hereunder stated.

The Board has disclosed to us all transfers of receivables (including securitizations) that have occurred during the year.

Receivables, other than transfers receivable accounted for in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3410, Government transfers and taxes receivable accounting for in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3510, Tax Revenue, recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts.

Tangible capital assets

All charges to tangible capital asset accounts represented the actual cost of additions to tangible capital assets.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Tangible capital assets owned by the Board are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering assets leased by or from the Board have been disclosed to you and classified as leased tangible capital assets or operating leases.

Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a tangible capital asset no longer contributes to the Board's ability to provide goods and services or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of the Board's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook PS 3150.

Long-term debt

All borrowings and financial obligations of the Board of which we are aware are included in the financial statements as at December 31, 2015, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

The Board has properly accounted for and disclosed the impact of conversion features associated with its long-term debt pursuant to the appropriate authoritative guidance. We have fully disclosed to you all conversion features associated with the debt.

The Board has not violated any covenants on during any of the periods reported. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.

Deferred revenue and deferred contributions

All material amounts of deferred revenue and deferred contributions were appropriately recorded in the books and records.

Retirement benefits, post-employment benefits, compensated absences and termination benefits

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The details of all pension plan amendments since December 31, 2015, the date of the last actuarial valuation, have been identified to you.

The actuarial valuation dated December 31, 2015 incorporates management's best estimates, detailed as follows:

- post-retirement health benefits are covered to age 65; post age 65 coverage for non-union grandfathered employees only are 100% employer paid
- post-retirement drugs are covered to age 65 which is 100% employer paid
- post-retirement dental is covered to age 65; post age 65 for non-union grandfathered employees only are 100% employer paid
- post-retirement life is 2 times the final earnings pre-age 65 and \$5,000 post age 65
- cumulative sick leave benefits are paid out 50% at termination, death or retirement to a maximum of 3 months for 10-14 years of service, 4 months for 15-19 years of service, 5 months for 20-24 year of service, and 6 months for 25 or more years of service
- the Board continues to pay life, health, and dental premiums for disabled employees on long-term disability to age 65

- the Board is liable for future WSIB claims
- 154 employees under the plan, of which 129 are active, 25 are retired, and none are on long-term disability

The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for pension and other post-retirement benefits are appropriate in the circumstances.

The Board does not plan to make frequent amendments to the pension or other post-retirement benefit plans.

All changes to the plan and the employee group and the plan's performance since the last actuarial valuation have been reviewed and considered in determining the pension plan expense and the estimated actuarial present value of accrued pension benefits and value of pension plan assets.

The Board's actuaries have been provided with all information required to complete their valuation as at December 31, 2015.

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook PS 3250, Retirement Benefits and CPA Canada Public Sector Accounting Handbook PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits. In particular:

The significant accounting policies that the Board has adopted in applying CPA Canada Public Sector Accounting Handbook Section PS 3250 and CPA Canada Public Sector Accounting Handbook Section PS 3255 are accurately and completely disclosed in the notes to the financial statements.

Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.

The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.

The discount rate used to determine the accrued benefit obligation was determined by reference to the Board's borrowing rate using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation and plan assets.

The assumptions included in the actuarial valuation are those that management instructed Morneau Shepell to use in computing amounts to be used by management in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250. In arriving at these assumptions, management has retained the final responsibility for them.

The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

The percentage of the market value of total plan assets represented by each major category held at the measurement date is not disclosed because it is not expected to be useful in understanding the risks and expected long-term rate of return for the plan assets.

All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

Statements of operations, changes in net debt

All transactions entered into by the Board have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and net debt (or statement of net financial assets).

The accounting principles and policies followed throughout the year were consistent with prior period practices (except as disclosed in the financial statements).

Liabilities for contaminated sites

Liabilities for remediation of contaminated sites were recognized and accounted for in accordance with CPA Canada Public Sector Accounting Handbook PS 3260, Liabilities for Contaminated Sites. We believe that such estimate is reasonable based on available information and that the liabilities have been adequately described in the Board's financial statements.

Participation rent

For tenants where the Board is entitled to a participation rent based on revenues or other financial data provided by the tenant, we have obtained the audited financial information to verify the calculation of revenue earned from participation rent. In circumstances where audited financial information has not been provided, we have waived our right to the audited financial information and have accepted the data provided by the tenant in calculating the percentage rent earned.

Government transfers

We have disclosed all significant terms and agreements in respect of transfers received from governments.

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook PS 3200, Liabilities.

The major kinds of transfers recognized have all been disclosed in the financial statements as well as the nature and terms of liabilities arising from government transfers received.

Budgetary data

We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by Toronto City Council. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Yours truly,

Board of Governors of Exhibition Place

Dianne Young, Chief Executive Officer

Hardat Persaud, Chief Financial Officer

Appendix A - List of related parties

Consolidated entities:

Agencies, Boards and Commissions:

- ◊ Board of Governors of Exhibition Place
- ◊ Board of Management of the Toronto Zoo
- ◊ Heritage Toronto
- ◊ Toronto Licensing Commission
- ◊ Toronto Police Services Board
- ◊ City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company ("TPLC" previously "TEDCO") after November 13, 2008
- ◊ Toronto Public Library Board
- ◊ Toronto Transit Commission ("TTC")
- ◊ Toronto Waterfront Revitalization Corporation ("TWRC") (1/3rd proportionately)
- ◊ Yonge-Dundas Square
- ◊ Build Toronto Inc. (Incorporated November 13, 2008)
- ◊ Invest Toronto Inc. (Incorporated November 13, 2008)
- ◊ The North York Performing Arts Centre Corporation
- ◊ The Sony Centre for the Performing Arts
- ◊ St. Lawrence Centre for the Arts
- ◊ Toronto Atmospheric Fund ("TAF")
- ◊ Toronto Board of Health
- ◊ Toronto Community Housing Corporation ("TCHC")

Arenas:

- ◊ Forest Hill Memorial
- ◊ George Bell
- ◊ Leaside Memorial Community Gardens
- ◊ McCormick Playground
- ◊ Moss Park
- ◊ North Toronto Memorial
- ◊ Ted Reeve Community
- ◊ William H. Bolton

Community Centres:

- ◊ 519 Church Street
- ◊ Applegrove
- ◊ Cecil Street
- ◊ Central Eglinton
- ◊ Community Centre 55
- ◊ Eastview Neighbourhood
- ◊ Harbourfront
- ◊ Ralph Thornton
- ◊ Scadding Court
- ◊ Swansea Town Hall

Business Improvement Areas:

- ◊ Albion/Islington Square
- ◊ Annex-Dupont
- ◊ Bloor Annex
- ◊ Bloor by the Park
- ◊ Bloorcourt Village
- ◊ Bloordale Village
- ◊ Bloor Street
- ◊ Bloor West Village
- ◊ Bloor-Yorkville
- ◊ Cabbagetown
- ◊ Chinatown
- ◊ Church-Wellesley Village
- ◊ College Promenade
- ◊ Corso Italia
- ◊ Crossroads of the Danforth
- ◊ Danforth Mosaic
- ◊ Danforth Village
- ◊ Dundas West
- ◊ Dovercourt Village
- ◊ Downtown Yonge
- ◊ Eglinton Hill
- ◊ Emery Village
- ◊ Fairbank Village
- ◊ Forest Hill Village
- ◊ Gerrard India Bazaar
- ◊ Greentown on the Danforth
- ◊ Harbord Street
- ◊ Hillcrest Village
- ◊ Historic Queen East
- ◊ Junction Gardens
- ◊ Kennedy Road
- ◊ Kensington Market
- ◊ Kingsway
- ◊ Knob Hill Plaza
- ◊ Korea Town
- ◊ Lakeshore Village
- ◊ Liberty Village
- ◊ Little Italy
- ◊ Little Portugal
- ◊ Long Branch
- ◊ Mimico by the Lake
- ◊ Mimico Village
- ◊ Mirvish Village
- ◊ Mount Dennis
- ◊ Mount Pleasant
- ◊ Oakwood Village
- ◊ Pape Village
- ◊ Parkdale Village
- ◊ Queen Street West
- ◊ Regal Heights Village
- ◊ Riverside
- ◊ Roncesvalles Village
- ◊ Rosedale Main Street
- ◊ Sheppard East Village
- ◊ St. Clair Gardens
- ◊ St. Lawrence Market Neighbourhood
- ◊ The Beach
- ◊ The Danforth
- ◊ The Eglinton Way
- ◊ The Waterfront
- ◊ Toronto Entertainment District
- ◊ Trinity Bellwoods
- ◊ Upper Village
- ◊ Uptown Yonge
- ◊ Village of Islington
- ◊ Weston Village
- ◊ West Queen West
- ◊ Wexford Heights
- ◊ Wychwood Heights
- ◊ Yonge-Lawrence Village
- ◊ York-Eglinton

- ◊ Enwave Energy Corporation ("Enwave")
- ◊ TEDCO (prior to November 14, 2008)
- ◊ Toronto Hydro Corporation
- ◊ Toronto Parking Authority

