Board of Governors of Exhibition Place

2013 year-end report to the Finance and Audit Committee

Prepared as of May 2, 2014

May 2, 2014

Members of the Finance and Audit Committee
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, 2013. 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 have issued 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 issues dealt with during the audit process.

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

We would like to express our sincere thanks to the management and the staff of the Board who have assisted us in carrying out our work and we look forward to our meeting on May 9, 2014. Should 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
Audit and Assurance Group

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

PricewaterhouseCoopers LLP
North American Centre, 5700 Yonge Street, Suite 1900, North York, Ontario, Canada M2M 4K7
T: +1 416 218 1500, F: +1 416 218 1499, www.pwc.com/ca

Contents **Page**

Appendices

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. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted, as the report has not been prepared for, and is not intended for, any other purpose. 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.

1. Executive summary

a. Status of the audit

We have substantially completed our audit of the 2013 financial statements (the financial statements). Our auditor's report will be issued once we receive and have completed our audit work on the outstanding items noted below.

This document includes the required communications between an auditor and Finance and Audit Committee, as required by Canadian generally accepted auditing standards (Canadian GAAS).

Our audit has been performed substantially in accordance with the plan and timeline previously communicated to you.

The following items will need to be completed/received prior to the issuance of our opinion. We will provide an update on the status of these items at our upcoming meeting.

Outstanding item	Status as at May 2, 2014
i. Receipt of confirmation from the City of Toronto relating to the Conference Centre Reserve and other reserve funds	Management is following up on this item
ii. Finalization of employee future benefits testing	Final assessment on actuarial assumptions to be provided by our internal expert
iii. Finalization of financial statements and certain disclosures	Management to provide information
iv. Legal letters	Management is following up on this item
v. Completion of subsequent events procedures	Discussion to be held with management prior to the finalization of our audit report
vi. Receipt of signed management representation letter	To be received prior to finalization
vii. Approval of the financial statements by the Board of Directors	To be approved

b. Key issues for discussion

Discussion item	Summary	For further reference
Significant audit, accounting and financial reporting matters	• We discussed the following significant audit, accounting and financial reporting matters with management: - revenue recognition - completeness and accuracy of transactions recorded with the City - employee future benefits payable - CNEA independence - management override of controls	Section 2

Discussion item	Summary	For further reference
Summary of unadjusted items	• As a result of our audit, the unadjusted item we identified would not have a net impact on the deficit for the year ended December 31, 2013. • Unadjusted items, including disclosure exceptions or items not impacting net income can be found in Section 3. • In our opinion, the financial statements, taken as a whole, are free of material misstatement.	Section 3
Fraud	• No instances of fraud were noted as part of our audit procedures. • We wish to reconfirm whether the Finance and Audit Committee is aware of any known, suspected or alleged incidents of fraud.	Section 4
Management representations	• Under Canadian GAAS, we are required to inform you of the representations we are requesting from management. A copy of the draft management representation letter is included in Appendix C.	Appendix C

2. Significant audit, accounting and financial reporting matters

Preparation of the financial statements requires management to select accounting policies, as well as make critical accounting estimates and disclosures that may involve significant judgment and measurement uncertainty. These matters can significantly impact the Board's reported results.

We are responsible for discussing with the Finance and Audit Committee our views about the significant qualitative aspects of the Board's accounting practices, including accounting policies, the accounting estimates, and financial statement disclosures.

Our comments and views included in this report should only be taken in the context of the financial statements as a whole and are not meant to express an opinion on any individual item or accounting estimate. We are sharing our views with you to facilitate an open dialogue of these matters.

Issue	Discussion
Revenue recognition The Board has several significant revenue streams including (but not limited to): • Building rentals and concessions; • Services; and • Parking.	We have performed, where possible, tests of controls and detailed testing over each of the different revenue streams as follows: Building rentals and concessions: • Detailed testing over a sample of tenants and exhibitors to agree amounts recorded to their respective agreements and/or cash settlement. • Testing to ensure appropriate lease accounting for step rents and revenue recognition in accordance with PSAS. • Controls over the reconciliation of concessionaire payments received by third party manager to bank deposits. • Recalculation of concession revenue for a sample of concessionaires based on established agreements. Services: • Detailed testing over a sample of services sold by agreeing amounts recorded to their respective agreement and/or cash settlement. Parking: • Controls over the reconciliation of cash collected to amounts deposited for attended lots were tested with no exceptions noted. • Detailed testing over parking pass and pay and display lot revenues through reconciliations to third party service reports. All exceptions and/or control recommendations have been included in Sections 3 and 5, respectively.

Issue	Discussion
Completeness and accuracy of transactions recorded with the City The Board engages in many transactions with the City of Toronto and its various Agencies, Boards, and Commissions (the City).	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. Confirmations have also been obtained in relation to the reserve balances that are disclosed in the notes to the financial statements. As noted on page 1 of our report, we are awaiting the confirmation response relating to the Conference Centre Reserve and other reserve fund balances.
Employee future benefits payable The Board sponsors a defined benefit plan, providing retirement and post-employment benefits to its employees, for which the City of Toronto funds the obligation.	We have obtained the actuarial report as of December 31, 2013 from the Board's external actuary, Buck Consultants. Using this report, we tested the accuracy of information provided by management to the actuary to use in their report. We also utilized our internal expert to assess the appropriateness of the assumptions and estimates used by the actuary in developing their conclusions. As noted on page 1 of our report, we are awaiting the final conclusions from our internal expert.
CNEA Independence The CNEA became independent of the Board and the City, effective April 1, 2013. As a result, there are various implications to the financial statements of the Board as at December 31, 2013 and for the year then ended.	We have noted the following items resulting from the CNEA's independence: • Several assets and liabilities were transferred to the CNEA on April 1, 2013. A summary of the value of the assets and liabilities transferred is included in note 13 of the financial statements; • No revenues or expenses have been recorded in the statement of operations and accumulated deficit in relation to the CNEA for the period of January 1 to March 31, 2013, as all expenses incurred during that period were recovered from the CNEA upon their independence settlement. There remains one small unresolved balance between parties at this time; and • The Board has recorded revenue received from the CNEA post-independence within the Exhibition Place line (Schedule 1) of the statement of operations and accumulated deficit in accordance with the signed Master Service Agreement.
Management override of controls There is an inherent risk of misstatement due to management override of controls.	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. No exceptions were noted from our testing.

3. Summary of unadjusted items

We have concluded that the financial statements taken as a whole are free of material misstatement and (pending the completion, to our satisfaction, of the outstanding matters identified in section 1), we are prepared to issue an unqualified opinion on the financial statements.

Our responsibility is to issue an opinion as to whether the financial statements are free of material misstatement.

Under Canadian GAAS, we are required to communicate to you the unadjusted items and the effect that they may have on our opinion and to request that unadjusted items be corrected. As a result of our audit, we identified certain items and have discussed these with management, and management adjusted the financial statements to reflect certain of these items. Management has concluded that the remaining unadjusted items, which are summarized in (a) below, are immaterial individually and in the aggregate.

We are also required to communicate the effects of any unadjusted items that relate to prior periods. We did not identify any such items.

Unadjusted items

Total unadjusted items have no net effect on the deficit for the year ended December 31, 2013 and are summarized below.

The materiality level for December 31, 2013 was $931,000, with a threshold for reporting adjusted and unadjusted items in excess of $93,100. This is an increase of $72,000 and $7,100, respectively, from the materiality levels reported to you in our audit plan and is a result of actual revenues exceeding the forecasted results.

	BALANCE SHEET - Debit (Credit)				DEFICIT
Description	**Financial assets**	**Non-financial assets**	**Financial liabilities**	**Accumulated deficit**	**Deficit**
Elimination of interco revenue markup charged by BOG to BMOF					
DR. Sales	-	-	-	-	115,672
CR. Expenses	-	-	-	-	(115,672)
Total unadjusted items	-	-	-	-	-

4. Other required communications

Canadian GAAS requires that the external auditor communicate certain matters to the Finance and Audit Committee that may assist you in overseeing management's financial reporting and disclosure process.

Below, we summarize these required communications as they apply to you:

Matter to be communicated	**PwC's response**
Management's representations	• Under Canadian GAAS, we are required to inform you of the representations we are requesting from management. A copy of the draft management representation letter is included in Appendix B.
Significant deficiencies in internal control	• Recent changes to Canadian GAAS require us to communicate to the Finance and Audit Committee internal control weaknesses identified as part of our audit that are considered to be significant deficiencies. • A significant deficiency is defined as an internal control deficiency that we consider merits the attention of the Finance and Audit Committee. • We have none to report, but have included our recommendations on improvements to the Board's internal controls.
Significant difficulties or disagreements that occurred during the audit	• No difficulties or disagreements occurred while performing our audit that requires the attention of the Finance and Audit Committee.
Fraud and illegal acts	• No fraud involving senior management, employees with a significant role in internal control or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.

5. Internal control recommendations

The purpose of our audit was to enable us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation 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 internal control.

During our audit, we identified the following control recommendations that we have discussed with management and wish to bring to your attention.

Current year recommendations - 2013

Item	Recommendation	Management's response
Differences in Food & Beverage (F&B) revenue reconciliation not investigated - BMO Field Based on BMO Field policies over F&B revenue, a reconciliation is to be performed between total cash declared by a BMO supervisor and what is deposited by G4S, BMO's cash management service provider. Variances in excess of $100 should be investigated and resolved. However, based on the procedures performed in the current year, there was no evidence of any investigation performed over variances in excess of the threshold above.	Although a reconciliation was prepared during the year, the absence of follow up and resolution of differences increases the risk of cash misappropriation. PwC recommends that management adhere to the established controls and ensure that all variances noted above the established threshold are investigated and their resolution is adequately evidenced on file.	PwC discussed this item with the Accounting Manager at BMO Field, who confirmed that this control was not carried out during the current year, but had been followed in prior years. He further stated that going forward all variances will be followed up on and resolved with appropriate detail kept on file.

Update on prior year recommendations - 2012

Item	Recommendation	Management's response
Authorization to post manual journal entries It was noted as part of our testing over manual journal entries that 2 payroll journal entries had been posted by an IT system administrator. Upon investigation, it was noted that this was a result of a system issue experienced by the Payroll Manager, whereby the payroll batch could not be posted to the general ledger. Authorization was then provided to the IT system administrator to post the entries on her behalf under the system administrator ID.	While the entries were validated against supporting documents and approved by the CFO, it is recommended that senior management review a log of user access on a periodic basis in order to detect any unauthorized entries that could have been made in a given period.	This instance was discussed with management who acknowledges that the granting of this type of access is not typical, but was required in the given circumstance. Furthermore, the manual journal entry was routed to the CFO as per the normal protocol for approval.

Item	Recommendation	Management's response
2013 Update We did not note any similar instances as part of the testing performed over manual journal entries in the current year. As such, this item is deemed remediated and will not appear in our report going forward.		

Item	Recommendation	Management's response
Management oversight of financial processes managed by third parties The Board utilizes the services of a variety of third parties to manage various aspects of their operations. More notably, Maple Leafs Sports and Entertainment (MLSE) manages the operations of BMO Field on behalf of the Board. While management does perform some checks over the operations of BMO Field (through discussions of management reports, and site visits to view operating activities), random checks into the financial management of the field should be undertaken.	We recommend that the Board periodically review BMO Field to ensure that their financial and accounting practices coincide with the Board's policies and that MLSE is maintaining complete and accurate information.	Management believes that sufficient oversight is provided through periodic walkthroughs and the review of the budget, monthly financial reports and financial analysis of key areas, and analytical comparisons to prior year results. On the expenditure side, BMO Field receives payroll services directly from the Board, which forms a major portion of the expenditures; other major expenditures are contractual in nature and the Board is privy to such agreements and ensures to that they are properly reflected within the financial statements.
2013 Update No update necessary as management believes that appropriate oversight is in place. However, we draw your attention to the current year deficiency noted.		

Item	Recommendation	Management's response
Unrestricted access to staff members As part of our assessment over IT general controls, it was noted that members of the Finance department were granted "poweruser" roles which allowed them access to all areas in Great Plains (including payroll).	As a best practice, PwC recommends the following: • A specific role (access profile) be given to each employee to ensure segregation of duties. • In particular, access to the Payroll module should be restricted to only those who need to access the Payroll module.	Microsoft Great Plains has templates for various roles. Given the nature of Exhibition Place business, the staff may have tasks that overlap with these pre-packaged roles. Poweruser status is only provided over the payroll accounting for time entry and not to the actual posting of payroll to the Board's payroll service provider, ADP. Only approved time entry batches can be posted to ADP by the Payroll Manager and only payroll staff have control over final posting to ADP.

Item	Recommendation	Management's response
	• Management level staff should have read-only access. • If needed, only one member of finance should be granted access.	The information in the payroll module is used for job costing of shows so individuals were granted access to payroll module. This approach was also taken to reduce downtime when a staff member is away, which can occur due to the small payroll team. Compensating controls are in place to mitigate risk primarily through detailed review of accounts against budgets and historical information. It should be noted that a change in user's permissions for a particular item may affect their ability to update information that IT staff are not aware of (i.e. restriction in a particular field or table may prevent updates in some of the over 800 back-end system tables in Great Plains. Absolute documentation of all the fields, tables and permission settings are not readily available in Great Plains to guarantee a change or restriction does not impact other accounting or reporting functions. Despite many of the challenges discussed above, management has made an overall effort to restrict employee access to only the modules and tables needed for their respective job role. Employees in the accounting function have had their access to the payroll module removed and management is finalizing the process of implementing additional controls over preventing cheque writing ability for the employees in the payroll function.
2013 Update Based on our testing over IT general controls and through discussions with management, there continues to be individuals with "poweruser" access. In 2012, management has incorporated new user roles to better segregate access within the Finance and Payroll functions. For example, an "ASR" role was created for members of Finance which does not allow for any payroll posting. Similarly, a "PSR" role was created for payroll personnel with the intention of providing access to the payroll modules while preventing access to cheque writing. However, after internal testing and an upgrade to the Great Plains system, it was noted that the program tables did not allow for this type of segregation. In 2014 the Board will investigate the use of the GP Audit tool which will provide oversight internal control reports. Until then, those having access to the payroll module continue to also have access to the accounts payable module (and cheque writing ability) and reliance is being place on the compensating controls surrounding journal entry approvals, cheque signing controls, and reconciliation processes.		

Appendix A: Draft financial statements

Board of Governors of Exhibition Place

Financial Statements
December 31, 2013

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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 balance sheet as at December 31, 2013 and the statements of operations and accumulated deficit, changes in net debt and cash flows 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.

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, 2013 and the results of its operations, its remeasurement gains and losses, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

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Board of Governors of Exhibition Place

Balance Sheet

As at December 31, 2013

	2013 $	2012 $
Financial Assets		
Cash	3,162,645	10,450,118
Accounts receivable		
Trade (note 3(a))	8,633,973	4,111,943
City of Toronto	2,908,239	1,645,635
Receivable from City of Toronto (note 3(b))	7,299,481	7,353,742
	22,004,338	23,561,438
Liabilities		
Accounts payable and accrued liabilities		
Trade	8,125,542	6,767,773
City of Toronto	213,150	618,182
Employee future benefits payable (note 7)	8,809,529	9,004,270
Payable to conference centre reserve fund (note 9)	1,633,675	-
Transfer payable to the City of Toronto (note 1)	102,605	4,618,811
Deferred revenue and contributions	6,585,788	6,498,067
Loans payable (note 8)	44,604,696	45,773,358
Suite deposits payable	204,704	240,704
Other liabilities	518,717	518,717
Government assistance	1,500,566	1,645,849
	72,298,972	75,685,731
Net Debt	(50,294,634)	(52,124,293)
Non-financial Assets		
Prepaid expenses and other	186,495	236,099
Step-up rent receivable (note 4)	2,503,687	2,536,758
Energy retrofit assets (note 5)	7,998,990	8,302,580
Building improvements (note 6)	34,971,999	37,378,152
	45,661,171	48,453,589
Accumulated conference centre deficit (note 11)	(4,633,463)	(3,670,704)
Accumulated surplus	-	-

Contingencies (note 12)

Approved by the Board of Directors

______________________________ Director ______________________________ Director

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

Board of Governors of Exhibition Place

Statement of Operations and Accumulated Deficit

For the year ended December 31, 2013

	2013		2012
	Budget $	**Actual** $	**Actual** $
Revenue			
Canadian National Exhibition Association (note 13)	-	-	27,216,809
Exhibition Place (schedule 1)	24,825,644	26,838,969	18,638,293
Direct Energy Centre (schedule 2)	15,399,445	14,169,918	15,219,771
National Soccer Stadium (BMO Field) (schedule 3)	8,565,311	9,097,274	9,628,859
Allstream Centre (schedule 4)	5,522,846	5,124,581	5,222,163
	54,313,246	55,230,742	75,925,895
Expenses			
Canadian National Exhibition Association	-	-	24,414,075
Exhibition Place (schedule 1)	31,986,610	31,743,409	23,591,722
Direct Energy Centre (schedule 2)	8,443,099	7,877,827	8,773,275
National Soccer Stadium (BMO Field) (schedule 3)	8,260,691	8,694,384	9,286,631
Allstream Centre (schedule 4)	5,522,846	6,087,340	6,229,697
	54,213,246	54,402,960	72,295,400
Surplus before the following	100,000	827,782	3,630,495
Surplus transfer to the City of Toronto	(100,000)	(1,736,280)	(4,618,811)
Decrease in amounts to be recovered from the City of Toronto	-	(54,261)	(19,218)
Deficit for the year	-	(962,759)	(1,007,534)
Accumulated conference centre deficit - Beginning of year	-	(3,670,704)	(2,663,170)
Accumulated conference centre deficit - End of year	-	(4,633,463)	(3,670,704)

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

Board of Governors of Exhibition Place

Statement of Changes in Net Debt

For the year ended December 31, 2013

	2013 $	2012 $
Operating transactions		
Deficit for the year	(962,759)	(1,007,534)
Tangible capital asset activities		
Purchase of energy retrofit assets	(284,000)	(910)
Purchase of building improvements and equipment	(5,660)	(195,865)
Amortization of energy retrofit assets	587,590	587,590
Amortization of building improvements and equipment	2,004,713	2,024,137
	2,302,643	2,414,952
Other non-financial activities		
Acquisition of prepaid expenses and other	41,022	93,544
Accretion of step-up rent receivable	33,071	29,281
	74,093	122,825
Decrease in net debt during the year	1,413,977	1,530,243
Net debt - Beginning of year	(52,124,293)	(53,654,536)
Transfer of cash balances related to CNEA (note 13)	415,682	-
Net debt - End of year	(50,294,634)	(52,124,293)

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

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Board of Governors of Exhibition Place

Statement of Cash Flows

For the year ended December 31, 2013

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Deficit for the year	(962,759)	(1,007,534)
Add (deduct): Non-cash items		
Employee future benefits expense	(194,741)	263,268
Amortization of energy retrofit assets	587,590	587,590
Amortization of building improvements and equipment	2,004,713	2,024,137
Government assistance	(145,283)	(149,113)
Accretion of step-up receivable	33,071	29,281
Interest accrued on loans payable	2,144,820	2,207,436
Changes in non-capital working capital balance related to operations		
Trade accounts receivable	(4,852,750)	1,497,453
Accounts receivable from the City of Toronto	(1,262,604)	6,233,988
Receivable due from City of Toronto	54,563	19,218
Prepaid expenses and other	41,022	93,544
Trade accounts payable and accrued liabilities	2,313,563	(1,607,998)
Accounts payable and accrued liabilities due to the City of Toronto	(405,032)	(1,784,608)
Deferred revenue and contributions	482,001	(188,418)
Suite deposits payable	(36,000)	(2,455)
Other liabilities	-	34,263
Payable to conference centre reserve fund	1,633,675	-
Surplus transfer payable to the City of Toronto	(1,713,471)	1,569,206
	(277,622)	9,819,258
Capital activities		
Purchase of energy retrofit assets	(284,000)	(910)
Purchase of building improvements and equipment	(5,660)	(195,865)
	(289,660)	(196,775)
Financing activities		
Repayments of loans payable	(3,597,482)	(3,575,229)
Increase in loan payable	284,000	-
	(3,313,482)	(3,575,229)
Increase (decrease) in cash during the year	(3,880,764)	6,047,254
Cash - Beginning of year	10,450,118	4,402,864
Transfer of cash balances related to CNEA (note 13)	(3,406,709)	-
Cash - End of year	3,162,645	10,450,118

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

1 Nature of operations

The Board of Governors of Exhibition Place (the Board) exists as a corporation without share capital by virtue of the City of Toronto Act, 1997 (No. 2) (the Act). The Board operates, manages and maintains Exhibition Place on behalf of the City of Toronto (the City) under the terms of an agreement between the Board and the City. As defined within the Act, the City is entitled to any surplus resulting from the Board's activities and is responsible for any deficit the Board incurs. The amount due to/from the City resulting from the Board's activities is shown on the balance sheet as a transfer payable to/receivable from the City.

Major capital facilities, excluding certain building improvements, are the property of the City and therefore the cost for such assets is recorded in the accounts of the City and not the Board. To assist with major capital expenditures related to Exhibition Place, various reserves and reserve funds have been established and recorded within the City's accounts (note 9).

These financial statements include the operations of the Exhibition Place (schedule 1), Direct Energy Centre (schedule 2), National Soccer Stadium (BMO Field) (schedule 3) and Allstream Centre (schedule 4).

Effective December 31, 2005, the Board entered into a ten-year naming right sponsorship agreement with Direct Energy Marketing Limited for the Direct Energy Centre (schedule 2).

Effective August 1, 2009, the Board entered into a ten-year naming right sponsorship agreement with MTS Allstream for the Allstream Centre (schedule 2). The Allstream Centre commenced its operations on October 19, 2009 (schedule 4).

BMO Field is used to accommodate various sports functions throughout the year. The operation of BMO Field is governed by the terms of a management agreement that was entered into between the Board, the City and Maple Leaf Sports and Entertainment Ltd. (MLSE), whereby MLSE will manage the day-to-day operations of the stadium. The agreement was entered into in January 2007 and continues through to December 31, 2027.

The Board is a municipal government entity under the Income Tax Act and accordingly is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows.

Revenue recognition

The majority of the revenue in these financial statements is related to sales, service revenue (including suite sales and ticket rebates) and rent, and is recognized at the point of sale or when the service has been provided.

Deferred revenue and contributions

Deferred revenue and contributions consist of monies received for naming rights, rentals for space in trade shows and other events that have been paid in advance and are attributable to a future period.

Sponsorships

Agreements are entered into with a number of corporate sponsors whereby these sponsors provide cash, products, advertising or entertainment support to Exhibition Place, Direct Energy Centre, BMO Field and Allstream Centre activities. In return, consideration is provided in a number of diverse ways including specific rights to selected attractions or advertising recognition. Sponsorships received in cash and/or other consideration are recorded in the accounts at the amount of consideration received or given at either the fair value of the amount received or the fair value of the benefit given up, less any cash consideration, whichever is more reliably measureable.

Government assistance

The Board makes periodic applications for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a liability on the balance sheet and amortized into income on the same basis as the capital asset to which the funds related. Government assistance for non-capital expenditures is included in the statement of operations and accumulated deficit.

Energy retrofit assets

Energy retrofit assets are recorded at cost less accumulated amortization. Amortization is calculated when the project is fully commissioned on a straight-line basis over the estimated useful lives of the assets as follows:

Trigeneration project	20 years
DEC Halls lighting retrofit project	15 years
Five Exhibition Buildings improvement project	15 years
Photovoltaic Horse Palace project	20 years
Boiler replacements and various lighting retrofit projects	20 years
Back pressure steam turbine and LED pathway lighting projects	20 years
Horse Palace, East Annex Photovoltaic and multiple energy projects	20 years
District energy system project	20 years

Building improvements and equipment

Building improvements and equipment are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Computer equipment and software	3 years
Electrical equipment	5 years
Other equipment and furniture	2 to 20 years
Allstream Centre building improvements	25 years

Employee benefit plans

The Board has the following policies with respect to employee future benefit plans:

- The Board's contributions to a multi-employer with the City of Toronto and Ontario Municipal Employees Retirement System (OMERS), defined benefit pension plan are expensed when contributions are due as the plan is accounted for as a defined contribution plan.
- The costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs. Costs include projected future income payments, health-care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.
- The costs of other employee benefits are actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees, salary escalation and expected health-care costs.
- Past service costs from plan amendments are expensed in the period of plan amendment.
- Net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

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 balance sheet date. Revenue and expense transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Gains or losses resulting from currency transactions are included in the statement of operations and accumulated deficit.

Financial instruments

The Board classifies its financial instruments into one of the following categories based on the purpose for which the assets were acquired. The Board's accounting policy for each category is as follows:

Financial instrument	Measurement category
Cash	fair value
Accounts receivable	amortized cost
Accounts receivable - City of Toronto	amortized cost
Receivable from City of Toronto	amortized cost
Accounts payable and accrued liabilities - trade	amortized cost
Accounts payable and accrued liabilities - City of Toronto	amortized cost
Suite deposits payable	amortized cost
Loans payable	amortized cost
Payable to conference centre reserve fund	amortized cost
Transfer payable to the City of Toronto	amortized cost
Other liabilities	amortized cost

Measurement uncertainty

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The employee future benefits liability and related costs charged to the statement of operations and accumulated deficit depend on certain actuarial and economic assumptions and on current information available to the Board, the City and the consultants retained to develop the actuarial projections. Actual results could differ from those estimates.

Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the City of Toronto.

3 Related party balances and transactions

The Board is related to the City and its agencies, boards and commissions in terms of the City's ability to affect the operating, investing and financing policies of these entities. The Board enters into transactions with these related parties in the normal course of business at the agreed upon exchange amount.

a) Accounts receivable include amounts owing from the City as a source of funding from the Conference Centre Reserve Fund with respect to the Allstream Centre's operating deficit, of which $1,590,576 (2012 - $777,855) is included in trade accounts receivable.

b) The Board has a long-term, non-interest bearing receivable from the City, which relates to the funding of the following items:

	2013 $	2012 $
Employee future benefits payable	8,809,529	9,004,270
Vacation and lieu time	587,354	840,601
Less: Net book value of certain equipment	(484,471)	(946,787)
Other	243,227	218,627
Receivable from the City of Toronto before the following	9,155,639	9,116,711
Less: Net step-up rent receivable on certain building and signage	(1,856,158)	(1,762,969)
Receivable from the City of Toronto	7,299,481	7,353,742

c) The Board has several agreements with the City for the establishment of various reserve funds that are recorded within the City's accounts (note 9).

d) The Board contributes to a fund at the City that provides funding for vehicle, property and liability insurance claim payments and related legal and adjusting expenses. The fund is established for insurance claim costs below deductible levels and for payments that exceed insurance coverage levels. Contributions are paid to the City and the City makes insurance premium payments on behalf of the Board. During the year, the Board made $399,077 (2012 - $600,692) in contributions for insurance premium payments.

4 Step-up rent receivable

The Board has numerous long-term tenants on the grounds that pay annual rents based on the stipulated contract amount indicated in the lease for that year. Many of these leases have step-up provisions so that the annual lease amount changes during the term of the lease. The Board recognizes lease revenues over the term of the lease on a straight-line basis. The amount will be included in surplus at various amounts over time up to 2025.

5 Energy retrofit assets

			2013	2012
	Cost $	Accumulated amortization $	Net $	Net $
Trigeneration	4,400,000	1,462,083	2,937,917	3,157,917
DEC Halls lighting retrofit project	800,000	402,129	397,871	451,204
Five Exhibition Buildings improvement project	1,500,365	582,972	917,393	1,017,418
Photovoltaic Horse Palace project	1,100,000	385,000	715,000	770,000
Boiler replacements and various and lighting retrofit projects	955,000	214,875	740,125	787,875
Back pressure steam turbine and LED pathway lighting projects	1,345,000	134,500	1,210,500	1,277,750
Horse Palace, East Annex Photovoltaic and Multiple Energy projects	884,648	88,464	796,184	840,416
District Energy System projects (i)	284,000	-	284,000	-
	11,269,013	3,270,023	7,998,990	8,302,580

i) The District Energy System project will be completed and ready for use in October 2016. No amortization has been taken in 2013.

6 Building improvements and equipment

			2013	2012
	Cost $	Accumulated amortization $	Net $	Net $
Motor vehicles	261,634	261,634	-	-
Computer equipment	215,712	215,712	-	72,307
Electrical equipment	384,775	374,877	9,898	21,769
Other equipment and furniture	5,254,608	2,610,378	2,644,230	3,415,612
Allstream Centre building improvements	38,764,844	6,446,973	32,317,871	33,868,464
	44,881,573	9,909,574	34,971,999	37,378,152

7 Employee future benefits payable

The employee future benefits are for employees of the Board, the cost of which is reported in these financial statements.

The benefit plans as noted below are all unfunded; however, the Board participates in reserve funds established by the City for sick leave and health-care benefits. The contributions to these reserves during the year totalled $1,008,717 (2012 - $1,072,518) and are included in expenses on the statement of operations and accumulated deficit.

The Board has the following benefit plans:

Sick leave

The Board's short-term disability plan, for non-unionized employees, provides salary protection at 100% or 75% based on an employee's benefit eligibility date for up to 26 weeks per illness or per calendar year. Absences greater than 26 weeks duration are covered under the Board's long-term disability plan.

Under the sick leave benefit plan, for unionized employees, employees are credited with a maximum of 18 days sick time per annum. Previously unused sick leave could accumulate and employees may become eligible for a cash payment, capped at one-half of unused sick time to a maximum of 130 days when they leave the Board's employment. Effective February 28, 2008, employees are unable to accumulate unused sick leave credits. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could then be taken in cash by employees on termination of employment.

Workplace Safety Insurance Board (WSIB)

The Board is a Schedule 2 employer and as such pays the full cost of all medical and all other benefits for its employees who sustain injuries at the workplace plus the administration cost as determined by the WSIB.

Post-retirement and post-employment benefits

The Board provides health, dental, life insurance and long-term disability benefits to certain employees.

The disclosures relating to these benefits are as follows:

	2013 $	2012 $
Accrued benefit obligation	7,026,656	7,096,922
Net unamortized actuarial gains	1,782,873	1,907,348
Total employee future benefits payable	8,809,529	9,004,270

a) Components of the accrued benefit obligation are as follows:

	2013 $	2012 $
Sick leave	1,187,201	1,230,988
WSIB	2,018,638	2,186,378
Other post-employment and post-retirement benefits	3,820,817	3,679,556
	7,026,656	7,096,922

b) The continuity of the Board's accrued benefit obligation is as follows:

	2013 $	2012 $
Balance - Beginning of year	7,096,922	8,752,280
Current service cost	270,857	555,165
Interest cost	244,653	303,781
Benefits paid	(611,674)	(622,395)
Actuarial (gain) loss	25,898	(1,891,909)
Total accrued benefit obligation	7,026,656	7,096,922

c) The benefit cost (recovery) recognized during the year is calculated as follows:

	2013 $	2012 $
Current service cost	270,857	555,165
Interest cost	244,653	303,781
Amortization of net actuarial gain (loss)	(98,575)	26,717
	416,935	885,663

d) There was $194,752 (2012 - $48,425) in cash payments made in 2013 with respect to the sick leave plan.

e) Actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2012. The next actuarial valuation is expected to be completed in 2015.

f) The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligation and benefit costs for employee future benefits are as follows:

	2013 %	2012 %
Discount rate		
Sick leave	4.10	3.50
Post-employment benefits	3.60	3.10
Post-retirement benefits	4.40	3.80
WSIB	3.60	3.10
Health-care inflation - hospital, dental care and other medical	3.2 - 6.40	3.40 - 6.80
Health-care inflation - drugs	6.40	6.80
Rate of compensation increase	3.00	3.00

The health-care rate for medical and drugs is assumed to be reduced to 4% by 2020. The health-care rate for dental is assumed to be reduced to 3% by 2015.

g) In addition to the above-noted plans, the Board makes contributions to OMERS, which is a multi-employer plan, on behalf of qualifying employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. However, it is accounted for as a defined contribution plan as it is a multi-employer plan. Total employer contributions for the year ended December 31, 2013 amounted to $1,137,798 (2012 - $1,140,895) and are included in the statement of operations and accumulated deficit.

In addition to contributions for employees who participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to various pension plans and registered retirement savings plans on behalf of its employees. Contributions expensed under these plans for 2013 amounted to $1,166,662 (2012 - $978,503) and are included in the statement of operations and accumulated deficit.

8 Loans payable

	2013 $	2012 $
Loans payable to the City		
Allstream Centre building improvements, bearing interest at 5% and due on October 1, 2035, interest owing on the loan is added to the principal until the first repayment date of December 1, 2010	35,821,658	36,718,703
Allstream Centre building improvements, bearing interest at 2.375%, due on January 29, 2030	1,731,627	1,816,460
Trigeneration, bearing interest at 5%, due on December 31, 2032	2,851,593	2,799,721
Trigeneration, bearing interest at 2.34%, due on July 31, 2017	430,000	537,500
Photovoltaic Horse Palace, a non-interest bearing loan discounted at an imputed interest rate of 5%, due on October 1, 2030	294,853	300,920
Five Exhibition Buildings improvement retrofit, bearing interest at 5%, due on December 31, 2016	285,629	391,644
Five Exhibition Buildings improvement retrofit, bearing interest at an average rate of 2.56%, due on December 31, 2018	249,713	302,296
DEC Halls lighting retrofit, bearing interest at 5%, due on December 31, 2016	187,635	244,471
DEC Halls lighting retrofit, bearing interest at 2.51%, due on December 31, 2017	71,382	89,227
Boiler replacements and various lighting retrofit, bearing interest at 4.5%, due on December 31, 2037	777,596	779,656
Boiler replacements and various lighting retrofit, bearing interest at 2.0%, due on December 31, 2021	175,139	199,014
Back pressure steam turbine and LED pathway lighting retrofit, a non-interest bearing loan of $1,000,000 discounted at an imputed interest rate of 5%, due on April 1, 2030	559,519	580,871
Horse Palace, east annex pavilion and multiple energy project retrofit, a non-interest bearing loan of $890,000 discounted at an imputed interest rate of 5%, due on January 1, 2022	598,635	655,903
District Energy project, bearing interest at 5%, due on January 1, 2025	284,000	-
Loan payable to Toronto Atmospheric Fund		
Trigeneration, bearing interest at 6.06%, due on January 3, 2017	285,717	356,972
	44,604,696	45,773,358

The fixed principal repayments of the loans payable are as follows:

	$
2014	1,517,775
2015	1,586,736
2016	1,586,224
2017	1,533,773
2018	1,569,062
2019 and thereafter	36,811,126
	44,604,696

9 City of Toronto reserve funds

The City maintains a number of reserve funds on behalf of the Board. These reserve funds are established by the City's Council and are detailed in the City's Municipal Code.

Capital Improvement Fund

The purpose of this fund is to assist in the financing of major capital costs related to all of the buildings at Exhibition Place. Contributions are no longer being made to this fund. The balance of the Capital Improvement Fund as at December 31, 2013 was $82,029 (2012 - $82,029).

Stabilization Fund

The purpose of this fund is to put income aside in profitable years in order to offset deficits in other years. This reserve is funded by any surplus generated by the operations of Exhibition Place greater than the approved annual budget up to a maximum accumulated balance of $2,000,000 with the residual, if any, being contributed to the Capital Improvement Fund. The balance of the Stabilization Fund as at December 31, 2013 was $nil (2012 - $3,174,925).

At its meetings with respect to the independence of the Canadian National Exhibition Association (CNEA) on March 6, 2012 (note 13), Toronto City Council approved the placement of any surplus increase of the Council's approved budget for the CNEA for 2011 and 2012 into the Stabilization Fund for the sole purpose of assisting the CNEA to become independent from the Board and the City in 2013. In July 2013, the fund balance of $3,174,925 was transferred to the CNEA.

The disposition of any future Exhibition Place annual surpluses is subject to the City Council's contribution policy and a determination by the Chief Financial Officer of the City.

Exhibition Place Conference Centre Reserve Fund

The purpose of this fund is to provide a source of funding for any cash shortfalls with respect to Allstream Centre operations. The contributions to the fund include the net revenue derived from the Direct Energy Centre and Allstream Centre naming rights and the surplus payable to the City. The balance of the Exhibition Place Conference Centre Reserve Fund as at December 31, 2013 was $3,156,187 (2012 - $4,611,897).

City of Toronto Fleet Reserve Fund

The purpose of this fund is to provide funding to the City for acquiring or purchasing fleet and motorized vehicles for the Board's operations. Annual funding promotes efficiencies and budget stabilization by moderating large fluctuations in the annual replacement of vehicles. The balance in the City of Toronto Fleet Reserve Fund is $620,407 (2012 - $294,627).

Soccer Stadium Capital Maintenance Fund

The purpose of this fund is to provide funding for capital expenditures for BMO Field. Under the terms of the management agreement for the operation of BMO Field, the Board is to make annual contributions to this reserve. The balance as at December 31, 2013 was $741,264 (2012 - $672,659).

10 Financial instruments

a) Fair value

The carrying values of the Board's financial instruments approximate their fair values unless otherwise noted.

The fair value of the long-term receivable from the City is not determinable since there are no fixed terms of repayment.

b) Risk management

The Board's investment activities expose it to a range of financial risks. These risks include credit risk, foreign currency risk, market risk, liquidity risk and interest rate risk, which are as follows:

- Credit risk

  Credit risk on financial instruments is the risk of a financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Board. The cost of the assets as presented in the balance sheet represent the maximum credit risk exposure at the date of the financial statements.

  The Board, in the normal course of business, is exposed to credit risk from its customers. This risk is mitigated by the fact that management believes the Board has thorough and rigorous credit approval procedures. As at December 31, 2013, two customers have a balance greater than 10% of the Board's trade accounts receivable balance (2012 - two customers).

  At December 31, 2013, the following accounts receivable were past due but not impaired:

	30 days $	60 days $	90 days $	Over 120 days $
Accounts receivable	2,155,907	467,397	1,855,673	106,684

  Management believes the Board's credit risk is low.

- Liquidity risk

  Liquidity risk is the risk the Board will not be able to meet its financial obligations when they come due. The Board manages its liquidity risk by forecasting cash flows from operations, anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

	Up to 6 months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	More than 5 years $	Total $
Accounts payable and accrued liabilities	7,042,068	429,486	653,988	-	8,125,542
Loans payable	562,108	955,667	6,275,795	36,811,126	44,604,696
	7,604,176	1,385,153	6,929,783	36,811,126	52,730,238

- Market risk

  The Board is exposed to changes in electricity prices associated with a wholesale spot market for electricity in Ontario. The Board has addressed the commodity price risk exposure associated with changes in the wholesale prices of electricity by entering into energy related purchase and sales contracts, through an agreement with Direct Energy Business Services, which fixes a portion of the wholesale price over the term of the contract. All contracts entered into by the Board in 2013 expired on December 31, 2013.

- Foreign currency risk

  The Board has limited foreign currency risk with respect to its financial instruments, as substantially all of the Board's financial assets and financial liabilities are denominated in Canadian dollars.

- Interest rate risk

  Interest rate risk arises from fluctuations in interest rates and the degree of volatility of those rates. The Board has mitigated its interest rate risk on its loans payable through the use of fixed interest rates.

11 Conference centre deficit

The conference centre accumulated deficit results from the non-cash expenditures that are not funded by the Exhibition Place Conference Centre Reserve Fund (schedule 4). The loss for the period is represented by the amortization of the conference centre's building improvements offset by the principal loan repayments. The accumulated loss will reverse over 25 years, as this is the term of the loan repayment and amortization period of the building improvements. The accumulated deficit balance as at December 31, 2013 is $4,633,466 (2012 - $3,670,704).

12 Contingencies

In the normal course of operations, the Board is subject to various arbitrations, litigations and claims. Where a potential liability is determinable, management believes the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year the liability is able to be estimated.

13 CNEA independence

On January 27, 2012, the Board of Governors of Exhibition Place and the Board of Directors of the CNEA approved the terms of a Master Agreement that calls for the CNEA to become independent from both the Board and the City, effective April 1, 2013. On March 6, 2012, Toronto City Council approved the terms and conditions associated with this agreement and has permitted the Board to execute the Master Agreement with the CNEA.

The following assets and liabilities were transferred to the CNEA as a result of the CNEA independence on April 1, 2013:

	$
Cash	3,406,709
Accounts receivable	330,418
Prepaid expenses and other	8,582
Building improvements	407,100
Accounts payable and accrued liabilities	(955,794)
Deferred revenue	(394,280)
Transfer payable to Board of Governors of Exhibition Place	(2,802,735)
	-

14 Expenses by object

	2013 Actual $	2012 Actual $
Salaries and benefits	28,920,496	
Trade labour recoveries	(11,209,641)	
Net salary and benefits	17,710,855	
Direct overhead and event/tenant labour costs	11,209,641	
Utilities	2,606,363	
Supplies and equipment	948,050	
Contribution to reserve funds	2,323,811	
Amortization of ERP, equipment and building improvements	1,322,958	
Interest	2,144,817	
Other indirect costs	6,254,598	
Recoverable services	9,881,867	
	54,402,960	

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Schedule 1

Board of Governors of Exhibition Place

Schedule of Operations - Exhibition Place

For the year ended December 31, 2013

	2013 Budget $	2013 Actual $	2012 Actual $
Revenue			
Parking	6,151,757	6,959,538	6,734,923
Building rentals and concessions	6,980,292	7,266,601	3,819,202
Sales of services	7,174,453	7,795,868	4,386,684
Discounts, commissions, incentives, other income and realty tax recoveries	3,499,142	2,727,009	3,077,484
Contribution from the City - Exhibition Place Conference Centre Reserve Fund	500,000	1,633,678	100,000
Naming rights	520,000	456,275	520,000
	24,825,644	26,838,969	18,638,293
Expenses			
Maintenance, cleaning and security	16,817,183	16,396,380	9,422,120
Utilities	2,775,562	2,103,010	1,870,571
Cost of services	2,372,266	3,656,306	3,885,208
Administration	5,992,363	5,625,121	3,526,739
Parking attendants' wages and sundry costs	2,272,050	2,476,996	2,715,008
Amortization of energy retrofit assets and equipment	631,190	630,921	630,940
Contribution to City - Exhibition Place Conference Centre Reserve Fund	468,000	387,870	468,000
City of Toronto Fleet Reserve Fund	329,780	329,780	329,800
Interest	328,216	328,216	346,113
	31,986,610	31,934,600	23,194,499
Deficit before the following	(7,160,966)	(5,095,631)	(4,556,206)
Sick leave benefits recovery (expense)		191,191	(397,223)
Deficit for the year	(7,160,966)	(4,904,440)	(4,953,429)

Board of Governors of Exhibition Place

Schedule of Operations - Direct Energy Centre

For the year ended December 31, 2013

	2013		2012
	Budget $	**Actual $**	**Actual $**
Revenue			
Building rentals	7,499,996	7,020,114	7,454,623
Services	5,815,449	5,114,049	5,775,031
Catering commissions	850,000	725,739	781,740
Naming rights	700,000	700,000	700,000
Advertising, sponsorship, interest and recoveries	534,000	610,016	508,377
	15,399,445	14,169,918	15,219,771
Expenses			
Administration	3,948,730	4,016,032	4,228,759
Cost of services	3,229,283	2,730,473	3,306,073
Maintenance, cleaning and security	565,086	441,322	548,443
Contribution to the City - Exhibition Place Conference Centre Reserve Fund	700,000	690,000	690,000
	8,443,099	7,877,827	8,773,275
Surplus for the year	6,956,346	6,292,091	6,446,496

Board of Governors of Exhibition Place

Schedule of Operations - National Soccer Stadium (BMO Field)

For the year ended December 31, 2013

	2013		2012
	Budget $	**Actual** $	**Actual** $
Revenue			
Food and beverage	4,840,611	3,671,232	4,305,971
Usage fees and merchandise	1,240,833	1,245,174	1,254,397
Suite and ticket rebates	1,556,054	1,695,707	1,542,391
Sponsorships	888,195	852,527	869,451
Cost recoveries and other revenue	39,618	1,632,634	1,656,649
	8,565,311	9,097,274	9,628,859
Expenses			
Salaries, wages and benefits	2,039,888	1,757,771	1,747,669
Cost of goods sold - food and beverage	1,418,209	1,079,126	1,424,266
Royalty	1,676,913	1,248,870	1,590,940
Supplies and services	1,367,458	2,615,993	2,669,196
Utilities, insurance and other	794,527	870,379	812,159
Contribution to the Soccer Stadium Capital Maintenance Fund	419,832	415,680	411,556
Incentives and rebates	275,000	462,547	387,943
Management fee	228,864	226,476	224,376
Amortization of equipment	40,000	17,542	18,526
	8,260,691	8,694,384	9,286,631
Surplus for the year	304,620	402,890	342,228

Board of Governors of Exhibition Place

Schedule of Operations - Allstream Centre

For the year ended December 31, 2013

	2013		2012
	Budget **$**	**Actual** **$**	**Actual** **$**
Revenue			
Building rentals	966,375	789,153	1,434,090
Services	1,411,060	1,011,363	1,010,972
Catering commissions	1,048,668	521,282	665,344
Parking	145,211	135,145	175,904
Contribution from the City - Exhibition Place Conference Centre Reserve Fund	1,951,532	2,667,638	1,935,853
	5,522,846	5,124,581	5,222,163
Expenses			
Amortization of building improvements and equipment	981,067	1,943,832	1,943,832
Interest	1,816,601	1,816,601	1,861,322
Administration	1,184,205	1,024,445	1,103,823
Cost of services	1,028,834	751,797	778,449
Utilities	305,000	245,088	232,374
Maintenance, cleaning and security	207,139	305,577	309,897
	5,522,846	6,087,340	6,229,697
Deficit for the year	-	(962,759)	(1,007,534)

Appendix B: Draft management representation letter

[Date]

PricewaterhouseCoopers LLP
North American Centre
5700 Yonge Street, Suite 1900
North York ON M2M 4K7

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of the Board of Governors of Exhibition Place and its subsidiaries (together the Board) as of December 31, 2013 and for the year then ended (the financial statements) for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the results of operations and the cash flows 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 dated November 1, 2010. 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 internal control relevant to the preparation and fair presentation of 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 in accordance with Canadian public sector accounting standards;
- 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 we are 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 an operations account and vice versa. All consolidating entries have been properly recorded. All inter-governmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Accounting policies
We confirm that we have reviewed our 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 our particular circumstances to present fairly in all material respects its financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards.

Internal controls over financial reporting
We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to us 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 financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have not identified any deficiency in the design or operation of disclosure controls and procedures and internal control over financial reporting identified as part of our assessment as of December 31, 2013.

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 of the normal course of business;
    - Minutes of the meetings of management, directors and committees of directors. The most recent meetings held by:
        - Board of Governors of Exhibition Place;
        - Finance and Audit Committee of the Board of Governors of Exhibition Place;
- 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.

Completeness of transactions
All contractual arrangements entered into by us 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.

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 us 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 financial statements, communicated by employees, former employees, analysts, regulators 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 our directors, officers or employees acting on our behalf.

Accounting estimates and fair value measurements
Significant assumptions used by us 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 our 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 The Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook Section PS 2130, Measurement Uncertainty have been appropriately disclosed.

Related parties
We confirm the completeness of information provided to you regarding the identification of related parties as defined by CAS 550 – Related Parties. We also confirm the completeness of information provided to you regarding the nature of our relationships with and transactions involving those entities.

The list of related parties attached to this letter as Appendix A accurately and completely describes our 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 our assets and assets pledged as collateral, to the extent material, have been disclosed in the financial statements.

Receivables 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 is not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

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, have been disclosed to you and are appropriately reflected in the financial statements.

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 of which we are aware are included in the financial statements at December 31, 2013**.**

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 for which full allowance has been made in the accounts.

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

Tangible capital assets (including energy retrofit assets and building improvements)
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 PS 3150.

Deferred revenue
All material amounts of deferred revenue meet the definition of a liability and 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 the date of the last actuarial valuation, have been identified to you.

The actuarial valuation completed as of December 31, 2013 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 service
- the Association continues to pay life, health, and dental premiums for disabled employees on long-term disability to age 65
- the City is liable for future WSIB claims
- 174 employees under the plan, of which 149 are active, 21 are retired, and 4 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 fund'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 fund assets.

The Board's actuaries have been provided with all information required to complete their valuation as at December 31, 2013.

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

- The significant accounting policies that the Board has adopted in applying PS 3250 and 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 rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

- The assumptions included in the actuarial valuation are those that management instructed Buck Consultants 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 PS 3250.
- In arriving at these assumptions, management has obtained the advice of Buck Consultants who assisted in reaching best estimates, but 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.

Statement of operations and 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 statement of operations and net debt.

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

Government transfers
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 period 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 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. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results. The budgetary information used in the financial statements is equivalent to the budget approved by Toronto City Council.

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.

The effects of the uncorrected misstatements in the financial statements, as summarized in the accompanying schedule (Appendix B), are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in Appendix B.

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.

Yours truly,

Board of Governors of Exhibition Place

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Dianne Young, Chief Executive Officer

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Hardat Persaud, Chief Financial Officer