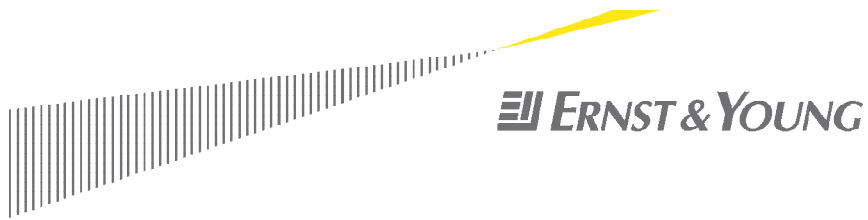


**Board of Governors of Exhibition Place
Audit Results - Year Ended 31 December 2009
Report to the Finance and Audit
Committee of the Board of Governors**



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

30 April 2010

We are pleased to present the results of our audit of the consolidated financial statements of the Board of Governors of Exhibition Place (the "Board" or the "organization").

This report to the Finance and Audit Committee summarizes the issues of audit significance discussed with management and provides the communications required by our professional standards.

Our audit was designed to express an opinion on the December 31, 2009 consolidated financial statements of the organization. In planning the audit, we held discussions with management, considered current and emerging business risk, performed an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We received the full support and assistance of the organization's personnel in conducting our audit.

This report is intended solely for the use of the Finance and Audit Committee, the Board of Governors, management and ultimately, the City of Toronto Council and is not intended to be and should not be used by anyone other than these specified parties. We disclaim any responsibility to any third party who may rely on it. Further, this report is a by-product of our audit of the 2009 financial statements and indicates matters identified during the course of our audit. Our audit did not necessarily identify all matters that may be of interest to the Finance and Audit Committee in fulfilling its responsibilities.

We are looking forward to meeting with you to discuss the contents of this report and answer any questions you may have about these or any other audit-related matters.

Very truly yours,

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Chartered Accountants
Licensed Public Accountants

Mark Barrett, Partner / Wendy Miller, Manager
(905) 882-3168 / (905) 882-3008

Items of Audit Significance Discussed with Management

During the course of planning and executing our audit, the following items/matters of audit significance were discussed with management:

Item	Description	Audit Results and Comments
Energy Retrofitting Projects	<ul style="list-style-type: none"> • Continuing in 2009, the City, together with management of Exhibition Place, completed retrofitting work within various buildings on the Exhibition grounds. The project is part of a City wide program called the “Energy Retrofit Program” • Based on the City of Toronto Budget Committee decision on November 21, 2007, the Boilers Replacement and Lightings Project was completed in 2009. Management recorded costs in the amount of \$955,000 which were financed by loans payable from the City. • Interest expense of \$35,406 was accrued on the loans. • Consistent with the accounting for the retrofit programs last year, the Board recognized the energy retrofit assets and corresponding loans payables in the accounts of the Board. Management for both the Board and the City have determined that a liability has been incurred as the obligation for repayment of financing can be inferred from facts provided in various City of Toronto Council decisions and the actions of the Board in paying off principal and interest on these obligations. 	<ul style="list-style-type: none"> • We have recommended that management enter into written agreements with the City for all financing arrangements under the program. • We have tested the Boilers Replacement and Lightings project costs and amortization expense. We noted no discrepancies. • We have obtained confirmation for the loans with the City and the third party lender
Related Party Transactions	<ul style="list-style-type: none"> • The Board has many ongoing transactions with the City of Toronto. A number of these transactions are trade receivables and payables through the course of its operations. The Board also has loans payables to the City of Toronto with respect to Energy Retrofit Assets and the AllStream building improvements. • Management provided a reconciliation between the balances confirmed with the City of Toronto and the balances recorded in the accounts of the Board to ensure that they were appropriately accounted for. 	<ul style="list-style-type: none"> • We have confirmed all year-end balances with the City of Toronto. Through this reconciliation process, we identified unsupported balances in trade payables and accrued liabilities which were initially accrued for several years ago. We have taken unsupported balances to the Summary of Audit Differences. • We concur with the disclosures of related party balances and transactions in the 2009 consolidated financial statements.

Items of Audit Significance Discussed with Management (continued)

Item	Description	Audit Results and Comments
Accounting Software System Conversion	<ul style="list-style-type: none"> The Board transitioned its existing accounting system to Great Plains in 2009 	<ul style="list-style-type: none"> We have performed the tests to validate that the system conversion was completed appropriately.
Significant Estimate - Employee Future Benefits Payable	<ul style="list-style-type: none"> The Board sponsors defined benefit plans providing retirement and post employment benefits to employees. The City funds this obligation. The Board had an actuarial firm prepare an actuarial valuation for its retirement and post-employment benefits using the Board's data as at December 31, 2009. The result of this valuation was used in the recording of employee benefit liabilities in the December 31, 2009 consolidated financial statements. 	<ul style="list-style-type: none"> As disclosed in our audit planning document, certain of our procedures rely on the work of specialists. In this instance, we rely on the work of the actuary for their calculation of the liability and we perform certain procedures around assumptions and data used by the actuary under generally accepted auditing standards. These tests do not include reperformance of the calculations. We have performed audit procedures on the valuation prepared by the actuarial firm and we concur with the disclosures in the financial statements, subject to completion of our procedures as outlined in the required communications.

Items of Audit Significance Discussed with Management (continued)

Item	Description	Audit Results and Comments
AllStream Conference Centre ("Conference Centre")	<ul style="list-style-type: none"> • In October 2009, building improvements to the AllStream Conference Centre ("Conference Centre") were completed for a total cost of \$46.88M and the Conference Centre commenced operations. • The financing of the costs of the building improvements were as follows: <ul style="list-style-type: none"> - A Loan was received from the City of Toronto in January 2009 in the amount of \$35.6M. - The Board utilized its working capital to finance \$5.4M of the costs. - The remainder of the costs was financed by capital contributions in the amount of \$5.88M from the City. • Subsequent to year-end, the Board obtained further financing of \$2M from the Federation of Canadian Municipalities ("FCM"). • Management recorded the building improvements in the amount of \$46.88M and reduced this cost by the capital contributions. • During the construction period, interest expense in the amount of \$1.1M was capitalized by management and included in the cost of the building improvements. 	<ul style="list-style-type: none"> • We concur with the disclosures related to the Conference Centre building improvements in the 2009 consolidated financial statements.
AllStream Conference Centre - Carpet	<ul style="list-style-type: none"> • In 2009, the Board purchased and expensed carpet for the Conference Centre in the amount of \$594K. • Management has estimated the carpet to have a useful life of two years. 	<ul style="list-style-type: none"> • The carpet should be expensed over its useful life. As the Conference Centre commenced operations in October 2009 only three months of expense should be recognized. This was taken to our summary of audit differences and subsequently adjusted for by management.

Items of Audit Significance Discussed with Management (continued)

Item	Description	Audit Results and Comments
Licensee Agreement for a billboard sign rental	<ul style="list-style-type: none"> • In 2009, the Board and the City of Toronto Council approved a lessee of the Strachan billboard sign for a period of 15 years commencing on September 1, 2009. • At year end, the agreement had not been signed by the licensee. • The Licensee paid the monthly rent for the usage of the billboard sign as set out in the agreement and this rent was recorded as revenue. • Subsequent to year end, the Board terminated the licensee's access to the billboard. 	<ul style="list-style-type: none"> • We concur with management's recording of the monthly rents.
Marquee Tourism Event Program	<ul style="list-style-type: none"> • The Board received financial support from the Federal Government in the amount of approximately \$2,928,000 to stimulate the growth of visitor and tourism to the Canadian National Exhibition which management has recorded in the Statement of Operations. 	<ul style="list-style-type: none"> • We concur with management's recording of the transaction.
Future Accounting Policy Changes	<ul style="list-style-type: none"> • Note 2 of the financial statements sets out new rules that will apply for future periods 	<ul style="list-style-type: none"> • We concur with the disclosure related to the new rules not yet adopted.

Summary of Audit Differences

During the course of our audit, we accumulate differences between amounts recorded by your organization and amounts that we believe are required to be recorded under generally accepted accounting principles. Following is a summary of those differences we have identified through the date of this report:

	Recording Differences Would Have Increased (Decreased) Income before the transfer to the City of Toronto	
	2009	2008
	\$	\$
Commission expense	-	(38,000)
Unsupported legal accruals	239,000	239,000
General accruals with no support in accounts payable and accrued liabilities	-	153,000
Repayment on insurance claims that were not initially accrued for as receivables	-	59,000
Total Unadjusted Audit Differences Before Turnaround Effect of Prior Year Differences	239,000	413,000
Turnaround Effect of Prior Year Differences	(413,000)	(392,000)
Total Unadjusted Audit Differences in income before the transfer to the City of Toronto	<u>(174,000)</u>	<u>21,000</u>

Required Communications

Generally accepted auditing standards in Canada require the auditor to communicate certain matters to the Finance and Audit Committee that may assist them in overseeing management's financial reporting and disclosure process. Below we summarize these required communications as they apply to your organization.

Area	Comments
<p>Auditors' Responsibilities Under Generally Accepted Auditing Standards (GAAS)</p> <p>As set out in the planning document presented to the Financial and Audit Committee, we designed our audit to express an opinion on your organization's financial statements.</p> <p>The financial statements are the responsibility of management. Our audit was designed in accordance with GAAS which provides for reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.</p> <p>As a part of our audit, we obtained a sufficient understanding of the internal control structure to plan our audit and to determine the nature, timing and extent of testing performed.</p>	<p>We anticipate issuing an unqualified audit opinion dated March 26, 2010 upon approval of the consolidated financial statements by the Board of Governors and completion of certain outstanding procedures. The following procedures are outstanding:</p> <ul style="list-style-type: none">• Confirmation from the Finance and Audit Committee that there are no areas of concern that have not been addressed in this document;• Legal confirmations;• Letter of management representation;• Final procedures relating to employee future benefits payable; and• Final procedures relating to the draft of the consolidated financial statements and footnotes.
<p>Changes to Audit Approach Outlined in Planning Document</p> <p>In our planning document, we indicated that we would follow a substantive audit approach with most aspects of the audit except for purchases/payables/cash disbursements, payroll and parking revenue where controls will be relied upon.</p>	<p>There were no changes to the audit approach outlined in the planning document.</p>

Required Communications (continued)

Area	Comments
<p data-bbox="271 335 1075 414">Adoption of, or Changes in, an Accounting Principle , Including Material Alternative Accounting Treatments Discussed with Management and Acceptability of a Particular Policy used by Management</p> <p data-bbox="271 414 1075 574">We determine that the Finance and Audit Committee is informed about the initial selection of, and any changes in, significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.</p> <p data-bbox="271 574 1075 813">In addition, we report to the Finance and Audit Committee all alternative accounting treatments within Canadian generally accepted accounting principles (GAAP) for policies and practices related to material items (including recognition, measurement, presentation and disclosure alternatives) that have been discussed with management during the current audit period including acceptability of the policies or methods ultimately selected by management.</p>	<p data-bbox="1075 414 1946 574">There were no changes to significant accounting policies.</p> <p data-bbox="1075 574 1946 813">We had no discussions with management regarding material alternative accounting treatments.</p>
<p data-bbox="271 813 1075 861">Our Judgments About the Quality of the Organization's Accounting Principles</p> <p data-bbox="271 861 1075 1026">We discuss our judgments about the quality, not just acceptability, of the accounting principles as applied in the organization's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.</p>	<p data-bbox="1075 861 1946 1026">We believe the quality of accounting policies disclosed in the financial statements as applied in the financial reporting, the consistency of their application, and the understandability and completeness of the financial statements are reasonable in relation to industry practice.</p>

Required Communications (continued)

Area	Comments
<p>Sensitive Accounting Estimates and Disclosures</p> <p>The preparation of financial statements requires the use of accounting estimates. Certain estimates and disclosures are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's current judgments.</p> <p>We determine that the Finance and Audit Committee is informed about management's process for formulating particularly sensitive accounting estimates and disclosures and about the basis for our conclusions regarding the reasonableness of those estimates.</p>	<p>There are no significant judgments or estimates required to prepare the financial statements where actual amounts are likely to be significantly different from the estimates except as discussed in the "Items of Audit Significance Discussed with Management" section</p>
<p>Major Issues Discussed with Management Including Accounting for Significant Unusual Transactions and for Controversial or Emerging Areas</p> <p>We determine that the Finance and Audit Committee is informed about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>	<p>We are not aware of any significant unusual transactions recorded by the organization or of any significant accounting policies used by the organization related to controversial or emerging areas for which there is a lack of authoritative guidance.</p>
<p>Significant Audit Adjustments and Unrecorded Audit Differences Considered by Management to be Immaterial</p> <p>We provide the Finance and Audit Committee with information about adjustments arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the organization's financial statements.</p> <p>We inform the Finance and Audit Committee about unrecorded audit differences accumulated by us (i.e. adjustments either identified by us or brought to our attention by management) during the current audit period and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.</p>	<p>There were 27 audit adjustments identified by Ernst & Young during the audit and the more significant were discussed in "Items of Audit Significance".</p> <p>Refer to "Summary of Audit Differences" and "Items of Audit Significance" sections for details of unrecorded differences.</p>
<p>Disagreements with Management</p>	<p>None.</p>

Required Communications (continued)

Area	Comments
<p>Serious Difficulties Encountered in Dealing with Management when Performing the Audit</p> <p>None.</p>	
<p>Significant Weaknesses in Internal Controls</p> <p>We communicate all significant weaknesses in internal control over financial reporting that may have been identified during the course of our audit.</p>	<p>No significant weaknesses in internal control were identified.</p>
<p>Fraud and Illegal Acts</p> <p>We report to the Finance and Audit Committee fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement to the financial statements.</p> <p>We are also required to make inquiries of the Finance and Audit Committee related to fraud, including both (1) their views about the risks of fraud, and (2) their knowledge of any actual or suspected fraud.</p>	<p>We are not aware of any matters that require communication.</p> <p>We would request that the Finance and Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.</p>
<p>Consultation with Other Accountants</p> <p>Other Information in Documents Containing Audited Financial Statements</p> <p>Our financial statement audit opinion relates only to the financial statements and accompanying notes.</p>	<p>None of which we are aware.</p> <p>We are not aware of any other documents prepared by the Board containing the audited financial statements.</p>
<p>Related Party Transactions</p> <p>Related party transactions identified by the auditor that are not in the normal course of operations or that involve significant judgments made by management concerning measurement or disclosure must be disclosed to the Finance and Audit Committee.</p>	<p>Related party amounts are with respect to the City of Toronto and the CNE Foundation and are disclosed within the financial statements. The transactions are conducted in the normal course of operations.</p>
<p>Major Issues Discussed with Management in Connection with Initial or Recurring Retention</p> <p>None.</p>	

Required Communications (continued)

Area	Comments
<p data-bbox="271 335 1075 367">Matters Relating to Component Entities of the Organization</p> <p data-bbox="271 383 1075 750">When the financial statements of an organization (primary entity) include financial information from financial statements of a component entity (a subsidiary, investee (other than a portfolio investment), or joint venture; or an entity whose financial information from financial statements is included with those of the primary entity), the auditor communicates with the Finance and Audit Committee those matters relating to the component entities that in the auditor's judgment are of significance in the context of the primary entity (for example, weaknesses in systems of internal control that have resulted, or could result, in material errors in the primary entity's consolidated financial statements).</p>	<p data-bbox="1075 383 1948 750">These statements include the balances of the Canadian National Exhibition Association for which Ernst & Young issues a separate audit opinion. There are no further issues of significance to report that are not already covered within this package.</p>
<p data-bbox="271 750 1075 798">Auditors' Independence</p> <p data-bbox="271 813 1075 941">Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between your organization and Ernst & Young that, in our professional judgment, may reasonably be thought to bear on our independence.</p>	<p data-bbox="1075 813 1948 941">Refer to "Independence Letter" section.</p>
<p data-bbox="271 941 1075 989">Other Audit and Non-Audit Services Provided to Your Organization</p>	<p data-bbox="1075 957 1948 1161">In addition to the audit of the consolidated financial statements of the Board of Governors, we also audit the financial statements of the Canadian National Exhibition Association and the Canadian National Exhibition Foundation. Further, we also audited the FCM - AllStream Statement of Expenditures, the Ricoh Coliseum - Schedule of fixed operating costs for additional rents payable and the Marquee Tourism Statement of Expenditures.</p>

Required Communications (continued)

Area	Comments																																														
Fees	<ul style="list-style-type: none"> A summary of our fees is included below for your reference. <table border="1" style="margin-left: 20px; width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">2009</th> <th style="text-align: right;">2008</th> </tr> <tr> <th></th> <th style="text-align: right;">\$</th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td colspan="3">Annual audit fees:</td> </tr> <tr> <td>Board of Governors of Exhibition Place</td> <td style="text-align: right;">61,370</td> <td style="text-align: right;">61,370</td> </tr> <tr> <td>Canadian National Exhibition Association (CNEA)</td> <td style="text-align: right;">14,200</td> <td style="text-align: right;">14,200</td> </tr> <tr> <td>CNE Foundation</td> <td style="text-align: right;">7,545</td> <td style="text-align: right;">7,545</td> </tr> <tr> <td colspan="3">Other audit services:</td> </tr> <tr> <td>Ricoh Coliseum - Schedule of fixed operating</td> <td></td> <td></td> </tr> <tr> <td> Costs for additional rents payable</td> <td style="text-align: right;">7,500</td> <td style="text-align: right;">7,500</td> </tr> <tr> <td>Marquee Tourism Statement of Expenditures</td> <td style="text-align: right;">12,000</td> <td style="text-align: right;">-</td> </tr> <tr> <td>FCM - AllStream Statement of Expenditures</td> <td></td> <td></td> </tr> <tr> <td> Audit</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accounting System Conversion Testing</td> <td style="text-align: right;">13,500</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Assistance/ work with respect to</td> <td></td> <td></td> </tr> <tr> <td> Various accounting/ auditing issues</td> <td style="text-align: right;">10,000</td> <td style="text-align: right;">9,000</td> </tr> </tbody> </table> 			2009	2008		\$	\$	Annual audit fees:			Board of Governors of Exhibition Place	61,370	61,370	Canadian National Exhibition Association (CNEA)	14,200	14,200	CNE Foundation	7,545	7,545	Other audit services:			Ricoh Coliseum - Schedule of fixed operating			Costs for additional rents payable	7,500	7,500	Marquee Tourism Statement of Expenditures	12,000	-	FCM - AllStream Statement of Expenditures			Audit	10,000	-	Accounting System Conversion Testing	13,500	-	Assistance/ work with respect to			Various accounting/ auditing issues	10,000	9,000
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	<ul style="list-style-type: none"> Annual fees for 2009 are inclusive of expenses and plus GST. This is the last year of a two-year contract extension ending with the audit of the December 31, 2009 financial statements in accordance with our agreement with the City of Toronto The Other audit services fees were discussed and agreed with the Chief Financial Officer. 																																														

Independence Letter

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

30 April 2010

We have been engaged to audit the consolidated financial statements of the Board of Governors of Exhibition Place (the "Organization") for the year ended December 31, 2009.

Pursuant to Canadian generally accepted auditing standards, we communicate at least annually with you regarding all relationships between Ernst & Young and its related entities and the organization and its related entities that, in our professional judgment, may reasonably be thought to bear on our independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 15, 2009, the date of our last letter.

We are not aware of any relationships between Ernst & Young and the organization that, in our professional judgment, may reasonably be thought to bear on our independence since May 15, 2009, the date of our last letter.

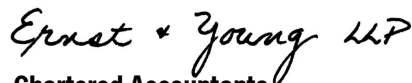
Canadian generally accepted auditing standards require that we confirm our independence to the Finance and Audit Committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm that we are independent with respect to the organization within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of April 30, 2010.

The total fees charged to the organization during this period are set out in the Audit Results package.

We are looking forward to discussing with you the matters addressed in this package at our upcoming meeting.


This report is intended solely for the use of the Finance and Audit Committee of the Board of Governors, management, and others within the Organization (ultimately, the City of Toronto) and should not be used for any other purposes.

Yours truly,



Chartered Accountants
Licensed Public Accountants

Mark L. Barrett
Partner
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2009 Audit Results – Board of Governors of Exhibition Place