
Board of Management of the Toronto Zoo

*Policy & Finance
Committee Report for
the year ended
December 31, 2017*

*Prepared as of
May 9, 2018*





May 9, 2018

Members of the Policy & Finance Committee of
Board of Management of the Toronto Zoo
361A Old Finch Avenue
Toronto ON M1B 5K7

Dear Members of the Policy & Finance Committee:

We have substantially completed our audit of the financial statements of the Board of Management of the Toronto Zoo (the organization or the Zoo) prepared in accordance with Public Sector Accounting Standards including standards that apply only to government not-for profit organizations (PSAS) for the year ended December 31, 2017 (referred to as the "financial statements" from now on). We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

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

We will review the key elements of this report at the upcoming meeting and discuss our findings with you. We would like to express our sincere thanks to the management and staff of the organization who have assisted us in carrying out our work, and we look forward to your meeting on May 17, 2018. If you have any questions or concerns prior to the Policy & Finance Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

PricewaterhouseCoopers LLP

Terri McKinnon
Partner
Assurance

c.c.: Robin Hale, Interim Chief Executive Officer
Paul Whittam, Interim Director, Administrative Services

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity

Communications to the Audit Committee

<i>Key matters for discussion</i>	<i>Comments</i>
Status of the audit	<p>PricewaterhouseCoopers LLP (PwC or we) have substantially completed our audit of the financial statements (the financial statements). Significant outstanding items at time of mailing include the following:</p> <ul style="list-style-type: none"> • Legal updates and subsequent events procedures; • Signed management representation letter; and • Approval of the financial statements by the Board of Management.
Client service team	<p>Terri McKinnon is your engagement leader and Julianne Cooke is your engagement manager.</p>
Service deliverables	<p>We performed the audit of the organization’s financial statements as of December 31, 2017 and for the year then ended prepared in according with PSAS.</p> <p>Our engagement letter, which has been signed by the City of Toronto (the City), sets out the terms and conditions for the audit as the independent auditor of the Zoo for the above-mentioned year.</p>
Audit timeline	<p>We worked with management to develop this project timeline:</p> <ul style="list-style-type: none"> • Interim visit: November 27, 2017 to December 1, 2017 • Year-end visit: March 12 - 23, 2018 • Clearance meeting with management: March 23, 2018 • Year-end Audit Committee meeting: May 17, 2018 • Delivery of financial statements: subsequent to Board of Management approval
Audit approach	<p>Our audit approach is a mixture of tests of internal controls and substantive testing. Our work included testing of key controls in the following areas:</p> <ul style="list-style-type: none"> • Cash • Payroll <p>All material areas were subject to tests of details and substantive analytical testing.</p>

<p><i>Significant accounting, auditing and reporting matters discussed with management</i></p>	<p><i>Management’s response and our audit approach</i></p>
<p>Risk of fraud in revenue recognition (significant risk)</p> <p>Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in all entities.</p>	<p>In order to address the risk of fraud in revenue recognition, we performed the following procedures:</p> <ul style="list-style-type: none"> ● Obtained an understanding regarding the nature of all revenue streams; ● On a sample basis, traced selected revenue transactions from the revenue listing to the supporting payments received to ensure revenue was appropriately recognized; and ● Performed testing on a sample of revenue transactions for the periods of December 2017 and January 2018 in order to that the transactions were appropriately recorded in the correct reporting period. <p>We did not note any matters to bring to your attention.</p>
<p>Risk of material misstatement due to management override (significant risk)</p> <p>Accounting regulatory authorities require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement.</p>	<p>To address the risk of management override of controls, and as part of our fraud procedures, we performed the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of the organization’s financial reporting processes and the controls over major business processes; ● Identified risk criteria specific to the organization to scope in journal entries for testing; ● Tested the journal entries identified for testing to supporting documentation to determine validity; ● Inquired of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and ● Incorporated an element of unpredictability into the current year audit procedures. For the current year, we tested the physical count of cash at the central vault and an observation of the investigation of cash shortages/overages in the reconciliation process. <p>As a result of the testing performed above, there were no matters to bring to your attention.</p>
<p><i>Other matters discussed with management</i></p>	<p><i>Management’s response and our audit approach</i></p>
<p>Related party transactions</p>	<p>Related party transactions occur between the City and the Zoo. These include transactions such as receipt of operating funding and other charges, representing a significant portion of the Zoo’s revenue. In addition, there is a number of funds (e.g. Animal Transaction Reserve Fund, Zoo Stabilization Reserve Fund, etc.) maintained by the City that are not recorded in the financial statements of the Zoo.</p> <p>We will obtain an independent confirmation from the City of Toronto confirming the transactions and balances between City of Toronto and the Zoo as disclosed in the organization’s financial statements. As noted previously, this confirmation is outstanding at the time of issuing our report.</p>

<i>Other matters discussed with management</i>	<i>Management's response and our audit approach</i>
	We have also reviewed the related party note disclosure with respect to the relationship, transactions and balances with the City and it appears to be complete and accurate.
Employee future benefits	We have obtained the actuarial report as of December 31, 2017 from the Zoo's external actuary, Morneau Shepell. Using this report, we tested the accuracy of information provided by management to the actuary to use in their report. We also engaged our internal specialist to review the reasonableness of the assumptions used in calculating the post-retirement benefits liability. The results of this testing are outstanding at the time of mailing.
Fraud and illegal acts	<p>We discuss fraud risk annually with management and the Policy & Finance Committee. Through our planning process (and prior years' audits), we have developed an understanding of your oversight processes and have designed our audit procedures to address these risks.</p> <p>No fraud involving senior management, or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures.</p> <p>We wish to confirm that the Policy & Finance Committee is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.</p>
Summary of unadjusted and adjusted items	<p>Misstatements are considered to be material if they could reasonably be expected to influence the economic decisions of users of the financial statements.</p> <p>We set our materiality at \$1,442,000 based on 3% of expenses. Our threshold to report any adjusted and unadjusted amounts to the Policy & Finance Committee was \$144,000.</p> <p>As a result of our audit, there were no unadjusted items identified. Please see Appendix B for details of the adjusted misstatement identified.</p>
Internal control recommendations	We have no significant internal control recommendations to report as a result of our work performed.
Other information in documents containing audited financial information	Once it is available, we will read the annual report and consider whether the content or manner of presentation is materially consistent with the financial information covered by our auditor's report.
Management's representations	Under Canadian GAAS, we are required to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix C.

<i>Other matters discussed with management</i>	<i>Management's response and our audit approach</i>
Subsequent events	<p>No subsequent events which would impact the financial statements other than those disclosed have come to our attention.</p> <p>We would like to confirm that the Policy & Finance Committee is not aware of any other subsequent events that might affect the financial statements.</p>

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. It was not prepared or intended for any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

Appendix A: Draft auditor's report



Independent Auditor's Report

To the Directors of Board of Management of the Toronto Zoo

We have audited the accompanying financial statements of Board of Management of the Toronto Zoo which comprise the statement of financial position as at December 31, 2017 and the statement of operations, changes in net assets, remeasurement gains and losses 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 including those applicable to not-for-profit organizations, 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 in our audits 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 Management of the Toronto Zoo as at December 31, 2017 and the results of its operations, changes in net assets, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Appendix B: Summary of adjusted items

As a result of our audit, we noted the following adjusted misstatement that impacts the statement of financial position and statement of operations:

<i>Description</i> <i>Increase (decrease)</i>	<i>Assets</i> <i>as at</i> <i>December 31, 2017</i>	<i>Liabilities</i> <i>as at December</i> <i>31, 2017</i>	<i>Net assets</i> <i>as at</i> <i>December 31, 2017</i>	<i>Excess of revenue</i> <i>over expenses for</i> <i>year ended</i> <i>December 31, 2017</i>
To reclassify additional funding received from the City to the statement of operations	\$-	\$-	(\$2,750,953)	\$2,750,953

Appendix C: Draft management representation letter

Client Letterhead

@@, 2018

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

Dear Ms. McKinnon:

We are providing this letter in connection with your audit of the financial statements of Board of Management of the Toronto Zoo (the Zoo or the organization) as at December 31, 2017 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations, remeasurement gains and losses and cash flows of the Zoo in accordance with Canadian public sector accounting standards including standards that apply only to government not-for profit organizations.

Management's responsibilities

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

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that ensure financial statements are prepared in accordance with Canadian public sector accounting standards including standards that apply only to government not-for profit organizations;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements

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

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

Accounting policies

We confirm that we have reviewed the Zoo's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Zoo's particular circumstances to present fairly in all material respects its financial position, the results of operations, the changes in net assets and the cash flows in accordance with Canadian public sector accounting standards including standards that apply only to government not-for profit organizations.

We are eligible to and have selected to apply the standards for government not-for profit organizations in CPA Canada Public Sector Accounting Handbook Sections PS 4200 to PS 4270.

Internal controls over financial reporting

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

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

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

Minutes

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

Completeness of transactions

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

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting the Zoo 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 Zoo's financial statements, communicated by employees, former employees, analysts, regulators or others.

Disclosure of information

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside the normal course of business;
 - Minutes of the meetings of shareholders, management, directors and committees of directors. The most recent meetings held were on April 5, 2018 for the Board of Management and September 6, 2017 for the Policy and Finance Committee;
- Additional information that you have requested from us for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

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

Compliance with laws and regulations

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

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

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

Accounting estimates and fair value measurements

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

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

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

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with The Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook Section 2130, *Measurement Uncertainty*, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of the Zoo's related parties as defined by CPA Canada Public Sector Accounting Handbook Section 4260, *Disclosure of Related Party Transactions by Not-for-Profit Organizations*, and all the related party relationships and transactions.

The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by CPA Canada Public Sector Accounting Handbook Section PS 4260.

We have not identified any related party transactions, as defined by Disclosure of Related Party Transactions by Not-for-Profit Organizations.

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

Going concern

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

The financial statements disclose all of the matters of which we are aware that are relevant to the Zoo's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Zoo's plans. The Zoo also has the intent and ability to take actions necessary to continue as a going concern. We have made available to you all relevant information on the Zoo's ability to continue as a going concern that could affect the financial statements, including the recoverability or classification of recorded assets or the amounts and classification of liabilities. Accordingly, the Zoo's financial statements are appropriately prepared on a going concern basis.

Assets and liabilities

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

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

Litigation and claims

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

Misstatements detected during the audit

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

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

The adjusted misstatement identified during your audit is summarized in the attached table (Appendix B) and has been approved by The Zoo and adjusted 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 Zoo.

All cash balances are under the control of the Zoo, 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 Zoo.

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 Zoo are included in the financial statements as at December 31, 2017.

Accounts receivable

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

All contributions receivable that are recorded in the balance sheet are reasonably assured of collection and we have made you aware of all relevant facts and circumstances in making this determination. Recognized contributions receivable do not include any bequests.

Receivables recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date and are not subject to discount except for normal cash discounts.

Amounts receivable amounted to \$1,924,267 and are considered to be fully collectible.

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

The Zoo has accounted for and disclosed transfers of receivables in accordance with the requirements of CPA Canada Public Sector Handbook Section 3410, *Government Transfers*.

Inventory

Inventories recorded in the financial statements are stated at the lower of cost or net realizable value, cost being determined on the basis of, with due provision recorded to reduce all damaged, wholly or partially obsolete, or unusable inventories to their estimated selling price less estimated cost to sell. Inventory quantities at the statement of financial position date were determined from physical counts or from the Zoo's perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees at year end. Liabilities for amounts unpaid are recorded for all items included in inventories at statement of financial position date and all quantities billed to customers at that date are excluded from the inventory balances.

Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value.

The Zoo has chosen to recognize inventories and other contributions of materials and services. All recognized contributed materials and services have been recorded at fair value when the fair value can be reasonably estimated and they are used in the normal course of the organization's operations and would otherwise have been purchased. The amounts recorded as fair value represent management's best estimates of these amounts.

There have been no events, conditions, or changes in circumstance that indicate inventory held for consumption will no longer be used or consumed in the Zoo's operations.

Capital assets

All charges to tangible capital asset accounts represented the actual cost of additions or the fair value at the date of contribution.

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

No significant property, plant and equipment additions were charged to repairs and maintenance or other expense accounts.

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

Capital assets owned by the Zoo 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.

During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

All lease agreements covering property leased by or from the Zoo have been disclosed to you and classified as capital, operating, sales-type or direct financial leases as appropriate.

Assets held under capital leases are being amortized on a systematic basis over the period of expected use.

There have been no events or changes in circumstances that indicate that any tangible capital assets no longer have any long-term service potential to the organization. Accordingly management was not required to write down any tangible capital assets to their residual values, if any, during the period.

All collections accounted for using the guidance in CPA Canada Public Sector Handbook, Section 4240, *Collections Held by Not-for-Profit Organizations*, meet the definition of a collection.

Accounts payable

Accounts payable that are non-interest bearing and are expected to be paid more than a year after the initial recognition date have been classified as long term in the statement of financial position, initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Deferred revenue and deferred contributions

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

Contributions

We have recorded all contributions received during the period in the financial statements. We confirm that contributions received in the year have been recognized as revenue only when the contribution was unrestricted or the externally imposed restrictions have been met in the period. We have disclosed to you the existence and nature of all external restrictions on material contributions received in the period.

All contributions receivable, including government funding receivables, that are recorded in the statement of financial position are reasonably assured of collection and we have made you aware of all relevant facts and circumstances in making this determination. Recognized contributions receivable do not include any bequests.

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

All arrangements, whether formal or informal, explicit or implied, to provide retirement income and other post-retirement benefits to employees after they cease employment, have been identified to you and have been included in the actuarial valuation.

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

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

- 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 Zoo plans to continue to make frequent amendments to the pension or other post-retirement benefit plans, which may affect the amortization period of prior service cost.
- All changes to the plan and the employee group and the fund's performance since the last actuarial valuation and up to the date of this letter have been communicated to you as well as to the actuary, 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 Zoo's actuaries have been provided with all information required to complete their valuation as at December 31, 2015.

We confirm that the extrapolations are accurate and include the proper reflection of the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolations.

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

- The significant accounting policies that the Zoo has adopted in applying CPA Canada Public Sector Handbook Sections 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 City of Toronto's borrowing rate using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation.

In arriving at these assumptions, management has obtained the advice of Morneau Shepell, 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 fair value of total plan assets represented by each major category held at the measurement date is not disclosed because it is not expected to be useful in understanding the risks and expected long-term rate of return for the plan assets.

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

Statements of operations, statement of changes in net assets, and remeasurement gains and losses

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

All amounts have been appropriately classified within the statements of operations and statement of changes in net assets.

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

Environmental matters

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements.

Budgetary data

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

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 affected such adjustment or disclosure.

Yours truly,

Board of Management of the Toronto Zoo

Robin Hale, Interim Chief Executive Officer

Paul Whittam, Interim Director – Administrative Services

Taryne Haight, Interim Manager – Financial Services

DRAFT

Appendix A

Board Members*:

- Councillor Paul Ainslie
- Dr. Cal Bricker
- Dr. Vanessa Choy
- Mr. Matthew Cole
- Councillor Glenn De Baeremaeker
- Mr. Paul Doyle
- Mr. Joshua Vinegar
- Dr. Ming-Tat Cheung
- Councillor Neethan Shan
- Ms. Claudia Brabazon
- Ms. Cynthia Holmes
- Councillor Mary Fragedakis

Senior Management*:

- Robin Hale, Interim Chief Executive Officer
- Paul Whittam, Interim Director – Administrative Services
- Taryne Haight, Interim Manager – Financial Services

* Although not explicitly listed, immediate family members are considered included as related parties by this reference.

List of related entities

Agencies and Corporations:

- Board of Governors of Exhibition Place
- Toronto Board of Health
- Board of Management of the Toronto Zoo
- Toronto Community Housing Corporation (“TCHC”)
- Build Toronto Inc.
- Toronto Licensing Commission
- Casa Loma Corporation
- Toronto Pan Am Sports Centre Inc. (“TPASC”)
- Heritage Toronto (50% proportionately)
- Invest Toronto Inc.
- Toronto Police Services Board
- Lakeshore Arena Corporation
- Toronto Public Library Board
- St. Lawrence Centre for the Arts
- Toronto Transit Commission (“TTC”)
- The North York Performing Arts Centre
- Toronto Waterfront Revitalization Corporation
- Corporation (“TWRC”) (1/3rd proportionately)
- The Sony Centre for the Performing Arts
- Yonge–Dundas Square
- Toronto Atmospheric Fund (“TAF”)

Arenas:

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

Community Centres:

- 519 Church Street
- Eastview Neighbourhood
- Applegrove
- Harbourfront

- Cecil Street
- Ralph Thornton
- Central Eglinton
- Scadding Court
- Community Centre 55
- Swansea Town Hall

Business Improvement Areas:

- Albion Islington Square
- Baby Point Gates
- Bloor Annex
- Bloor By The Park
- Bloor Street
- Bloor West Village
- Bloor Yorkville
- Bloorcourt Village
- Bloordale Village
- Cabbagetown
- Chinatown
- Church Wellesley Village
- College Promenade
- College West
- Corso Italia
- Crossroads of the Danforth
- Danforth Mosaic
- Danforth Village
- Dovercourt Village
- Downtown Yonge
- Duke Heights
- Dundas West
- Dupont by the Castle
- Eglinton Hill
- Emery Village
- Fairbank Village
- Financial District
- Forest Hill Village
- Gerrard India Bazaar
- Greektown on the Danforth
- Harbord Street
- Hillcrest Village
- Historic Queen East
- Junction Gardens
- Kennedy Road
- Kensington Market
- Korea Town
- Lakeshore Village
- Leslieville
- Liberty Village
- Little Italy

- Little Portugal
- Long Branch
- Marketo District
- Mimico by the Lake
- Mimico Village
- Mirvish Village
- Mount Dennis
- Mount Pleasant
- Oakwood Village
- Ossington Avenue
- Pape Village
- Parkdale Village
- Queen Street West
- Regal Heights Village
- Riverside District
- Roncesvalles Village
- Rosedale Main Street
- Sheppard East Village
- shoptheQueensway.com
- St. Clair Gardens
- St. Lawrence Market
- Yonge and St. Clair

Neighbourhood

- The Beach
- The Danforth
- The Eglinton Way
- The Kingsway
- The Waterfront
- Toronto Entertainment

District

- Trinity Bellwoods
- Upper Village
- Uptown Yonge
- Village of Islington
- West Queen West
- Weston Village
- Wexford Heights
- Wilson Village
- Wychwood Heights
- Yonge Lawrence Village
- York Eglinton

Government business enterprises (GBEs)

- Enwave Energy Corporation ("Enwave")
- Toronto Hydro Corporation
- Toronto Parking Authority
- City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company ("TPLC") (recognized as a GBE effective January 1, 2011)

DRAFT

Appendix B – Summary of adjusted differences

<i>Description Increase (decrease)</i>	<i>Assets as at December 31, 2017</i>	<i>Liabilities as at December 31, 2017</i>	<i>Net assets as at December 31, 2017</i>	<i>Excess of revenue over expenses for year ended December 31, 2017</i>
To reclassify additional funding received from the City to the statement of operations	\$-	\$-	(\$2,750,953)	\$2,750,953

DRAFT

Appendix D: Changes affecting NPOs

Accounting Changes

Public Sector Not-for-profit Organizations

Public Sector NPOs may also be affected by the introduction of a number of other new standards into Public Sector Accounting Standards which are effective for fiscal periods beginning on or after April 1, 2017. These include:

- PS 3420 *Inter-entity Transactions* which provides guidance on measurement of transactions with entities within the same government reporting entity, such as with entities under common control. The standard also clarifies that gains and losses on such transactions are recognized in the statement of operations.
- PS 3210 *Assets* provides guidance for applying the definition of assets set out in Section PS 1000 *Financial Statement Concepts*, and establishes general disclosure standards for assets.
- PS 3320 *Contingent Assets*, which clarifies what a contingent asset is and specifies when disclosure of contingent assets is required. The standard does not change the recognition of contingent assets which continue to be recognized in the statement of operations when realized.
- PS 3380 *Contractual Rights*, which sets out disclosure standards for contractual rights, which are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- PS 3430 *Restructuring transactions* (effective for fiscal periods beginning on or after April 1, 2018), which provides guidance on the accounting for transfers of operations (an integrated set of assets and/or liabilities, together with related program or operating responsibilities) to other entities except when the consideration for the transaction is based primarily on the fair value of the assets and liabilities transferred. The standard requires that gains or losses on such transactions are recognized as revenues or expenses in the statement of operations.

Appendix E: Data Analytics

© 2018 PricewaterhouseCoopers LLP, an Ontario limited liability partnership. All rights reserved.

PwC refers to the Canadian firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



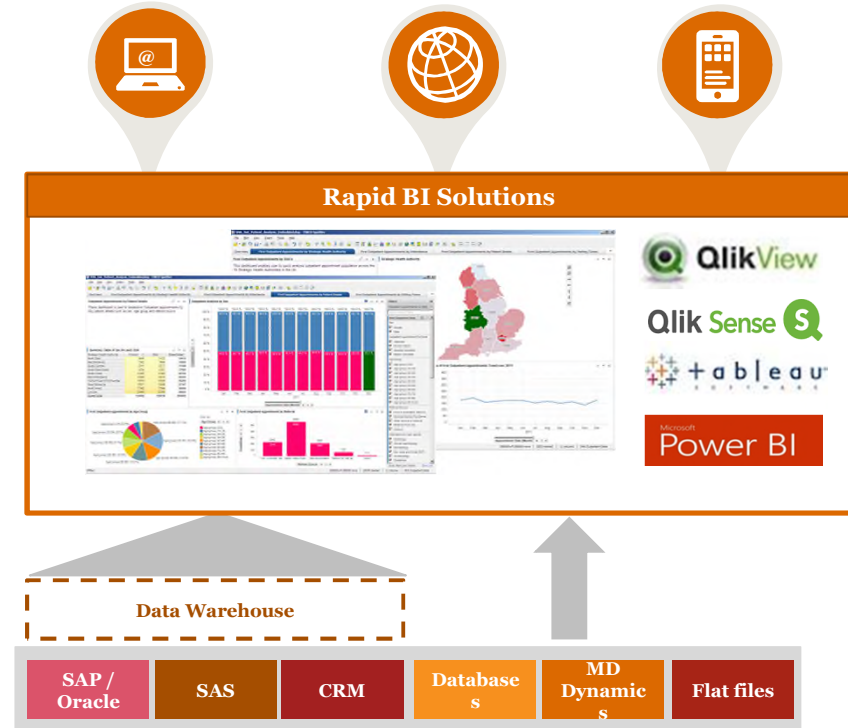
Agile Analytics/ Business intelligence

Many companies often have a wealth of customer and transaction data but no infrastructure in place to make good use of it. This leads to lost opportunities in assessing past performances to identify areas of improvements going forward.

PwC provides agile business intelligence (BI) analytics to help bridge the gap between clients needs and the solution that works for them. Through continuous, iterative development hand in hand with the client's team, we are able to create analytics dashboards to help answer key questions the clients have and help better monitor their business.

Common challenges we help our clients overcome

- Getting data out of legacy systems
- Consolidating data from disparate systems
- Ensuring data is complete and accurate to be able to rely on it
- Improve quality of data
- Improve understanding of customers and members
- Create interactive reporting that is understandable
- Spot risks before they become bigger problems
- Provide more insights for better decision-making
- Create a platform to enable advanced analytics





Key Benefits of Rapid BI

- *Highly intuitive and visually rich dashboards – fully customizable*
- *Gain greater visibility to monitor complex membership data*
- *Quickly slice and dice membership dues by bargaining unit, by employer, by sector*
- *Drilldown features to diagnose unusual trends and anomalies*
- *Collaborate using single source of the truth to spot trends, patterns and outliers to manage proactively*

Two Options for Deployment Available

1 On-Premise Deployment

- Quick and affordable implementation on client's site
- Proven experience working with client IT team
- Easy to administer and maintain the platform – training provided
- End-user and development training provided
- Roll-out and change management support provided
- Self-sustaining solution

2 As a Service Deployment

- Dashboards hosted on PwC's secure server environment in Canada
- Accessible via Web portal
- No infrastructure required
- Subscription-based service for monthly or annual fee
- Secure and safe
- Easy onboarding
- Provides 24/7 helpdesk support