

RA5.3 Attachment 1

Attachment 1. PricewaterhouseCoopers LLP audit results report

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CreateTO audit results

*2018 year-end report to
the Board of Directors*

*Prepared as of
April 29, 2019*





April 29, 2019

Members of the Board of Directors
CreateTO

Dear Members of the Board of Directors:

We have substantially completed our audit of the financial statements of CreateTO, prepared in accordance with Public Sector Accounting Standards (PSAS), for the year ended December 31, 2018. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 2. Our draft auditor's report is included as Appendix B.

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 audit, 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 who have assisted us in carrying out our work, and we look forward to our meeting on May 13, 2019. If you have any questions or concerns prior to the Board of Directors meeting, please do not hesitate to contact me in advance at 416 687-8901.

Yours very truly,

(Signed) "PricewaterhouseCoopers LLP"

Andrew Popert
Partner
Assurance

c.c.: Mr. Brian Johnston, Chief Executive Officer
Ms. Jaspreet Hansra-Kulasingam, Chief Financial Officer

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Communications to the Board of Directors

Key matters for discussion	Comments
Status of the audit	We have substantially completed our audit of the 2018 financial statements (the financial statements). We have included our draft auditor's report, which reflects the enhanced auditor reporting standards effective for years ending on or after December 15, 2018, in Appendix B. Significant outstanding items at time of mailing include the following: • Receipt of signed management representation letter; • Review of the final financial statements; • Completion of subsequent event procedures to the date of our auditor's report; and • Board of Director's approval of the financial statements.
Significant audit, accounting and financial reporting matters	Please refer to Appendix A for a discussion of the significant audit, accounting and financial reporting matters addressed during our audit.
Summary of unadjusted items	We presented our materiality in our audit plan, which remains unchanged at \$336,000 (based on 3% of total expenses). There were no unadjusted or adjusted items noted as a result of our audit. In our opinion, the financial statements, taken as a whole, are free from material misstatement.
Management's representations	We need to inform you of the representations we are requesting from management. A copy of the draft management representation letter is included in Appendix C. We requested our standard representations.
Internal controls recommendations	We have no significant internal control recommendations to report.
Independence	We confirm our independence with respect to CreateTO in our annual independence letter, which is attached as Appendix D in this report.
Fraud and illegal acts	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. We wish to reconfirm that the Board of Directors is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.
Subsequent events	No subsequent events which would impact the financial statements other than those disclosed have come to our attention.

<i>Key matters for discussion</i>	<i>Comments</i>
	We would like to confirm that the Board of Directors is not aware of any other subsequent events that might affect the financial statements.
Fees	We previously communicated our estimated audit fees to you when we presented our audit plan dated November 20, 2018, which were in the range of \$17,500 - \$20,000. Our final audit fees for 2018 (exclusive of taxes and out of pocket expenses) are as follows: • \$15,000 - audit of the financial statements • \$5,000 - assistance with accounting research and disclosures in the first year's financial statements, and other In addition, we billed \$7,000 for our pre-implementation review of CreateTO's EFT payment process (discussed in Appendix A).

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

Appendix A: Significant audit, accounting and financial reporting matters

<i>Key matters for discussion</i>	<i>Comments</i>
1 - Risk of material misstatement due to management override of controls	Management override of controls is presumed to be a key fraud risk for all engagements. Procedures around journal entries are performed utilizing PwC's Halo for Journals which allows us to pinpoint high risk areas to focus on and substantiate entries made by management. Additionally, a level of unpredictability is incorporated throughout our audit testing procedures to further mitigate the risk. We also focus audit testing on areas of judgement, including estimates, as well as looking at significant or new transactions for appropriate application of accounting standards. Based on the procedures performed, we have no matters to report.
2 - Risk of fraud in revenue recognition	There is a presumption in all audits that the risk of fraud in revenue recognition is significant. Currently, all of CreateTO's revenue is generated from management fees from Build Toronto Inc. and Toronto Port Lands Company. Substantive audit procedures, including review of underlying service agreements, test of consideration received and assessment of proper accounting treatment, coupled with journal entry testing, were performed to address the risk of fraud. The results of these procedures have not highlighted any matters to report to the Board of Directors.
3 - First year of financial reporting	We have reviewed the accounting policies selected by CreateTO and assessed if they are reasonable and appropriate under PSAS. We have also reviewed the financial statement disclosures to assess their reasonableness under PSAS. Based on the procedures performed, we have no matters to report.
4 - EFT Payment Cycle Implementation and Process Review	CreateTO implemented Yardi Property Management Software to facilitate electronic funds transfer (EFT) payments and uses large Canadian chartered banks to process such payments. To determine the effectiveness of this process, management initiated a controls review of the EFT payment system in February 2018 with PwC's information technology specialists. PwC's review of the CreateTO EFT payment process consisted of interviews with management and the implementation consultant, as well as inspection of supporting evidentiary documentation covering the following areas: (1) EFT Payment Implementation Review and (2) EFT Payment Cycle Control Review. Based on the results of our inquiries and review of evidence, nothing came to our attention which would preclude management from proceeding with Go Live as far as the EFT payment process with the CIBC banking application is concerned. Management should continue to monitor results as additional vendors get included into the EFT process.

Appendix B: Draft auditor's report



Independent auditor's report

To the Shareholder of CreateTO

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CreateTO (the Agency) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for local governments as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (PSAS).

What we have audited

The Agency's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and accumulated surplus (deficit) for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(to be signed - PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.)

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 13, 2019

Appendix C: Draft management representation letter

Client Letterhead

May 13, 2019

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

Attention: Andrew Popert

Dear Sir:

We are providing this letter in connection with your audit of the financial statements of CreateTO as at December 31, 2018 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 of CreateTO and results of its operations and its cash flows in accordance with Canadian public sector accounting standards (PSAS) for local governments as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (the financial statements).

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 8, 2018 and in particular with respect to the following responsibilities:

- the preparation and fair presentation of the financial statements in accordance with PSAS including disclosures;
- 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;
- designing, implementing and maintaining an effective system of internal control to prevent and detect fraud;
- providing you with all relevant information and access, as agreed in the terms of the audit engagement; and
- ensuring 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 are fairly presented in accordance with PSAS, and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which CreateTO is subject. We have prepared CreateTO's financial statements on the basis that CreateTO is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger 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 statement of financial position account, which should have been written off to a profit and loss account and vice versa. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Other information

We have informed you of all of the documents, listed below, that we expect to issue or are otherwise required to be issued in accordance with law, regulation or custom that will contain or accompany the financial statements and the auditor's report thereon and which will include information on CreateTO's operations and CreateTO's financial results and financial position as set out in the financial statements.

Name of document provided before the auditor's report date that will contain or accompany the financial statements	Name of document that will not be provided before the auditor's report date that will contain or accompany the financial statements
Annual Report	None

The financial statements and the other information, included in the document referred to above, that we have provided to you are consistent with one another, and the other information does not contain any material misstatements.

Accounting policies

We confirm that we have reviewed CreateTO'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 CreateTO's particular circumstances.

Internal control over financial reporting

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 Directors or the City of Toronto have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions

All contractual arrangements entered into by CreateTO 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. CreateTO has 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 CreateTO 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 CreateTO'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 management, directors and committees of directors. The most recent meetings were held on April 15, 2019;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within CreateTO from whom you determined it necessary to obtain audit evidence.

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 any known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

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 CreateTO 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 CreateTO's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

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

Related parties

We confirm that we have disclosed to you the identity of CreateTO's related parties as defined by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*, and all the related party relationships and transactions.

The identity and relationship of, and 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 2200, *Related Party Disclosures*. We provided support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm's length transaction.

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

Going concern

There are no events or conditions that, individually or collectively, may cast significant doubt on CreateTO's ability to continue as a 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 CreateTO's assets and assets pledged as collateral, to the extent material, have been disclosed in notes to the financial statements.

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

Litigation and claims

All known actual or possible litigation and claims, which existed as at December 31, 2018 or exist now, have been disclosed to you and accounted for and disclosed in accordance with PSAS, whether or not they have been discussed with legal counsel.

Misstatements

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

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

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

Events after statement of financial position date

We have identified all events that occurred between December 31, 2018 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Cash and banks

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

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

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

All cash and bank accounts and all other properties and assets of CreateTO are included in the financial statements.

Accounts receivable

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

Amounts receivable amounted to \$118,078 and are considered to be fully collectible.

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

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

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

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

Leases held as lessee

CreateTO has recorded contingent rent expense as incurred, in accordance with CPA Canada Public Sector Accounting Guideline PSG-02, *Leased Tangible Capital Assets*.

Tangible capital assets

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

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 CreateTO 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 CreateTO 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 CreateTO'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 CreateTO's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook PS 3150, *Tangible Capital Assets*.

Statements of operations and accumulated surplus, and change in net debt

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

All amounts have been appropriately classified within the statements of operations and accumulated surplus and change in net debt (or statement of financial position).

General

There are no proposals, arrangements or actions completed, in process, or contemplated that would result in the suspension or termination of any material part of CreateTO's operations.

Information relative to any matters handled on behalf of CreateTO by any legal counsel, including all correspondence and other files, has been made available to you.

Budgetary data

We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by City Council on February 12, 2018. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Yours truly,

CreateTO

I make the above representations to the best of my knowledge, based on information that has been made known to me since the commencement of my employment as CEO on February 4, 2019

Brian Johnston, Chief Executive Officer

Jaspreet Hansra-Kulasingham, Chief Financial Officer

Appendix A – List of related parties
Agencies, Boards and Commissions:

Service Agencies

Exhibition Place Board of Governors
Heritage Toronto
TO Live
Toronto Atmospheric Fund
Toronto Board of Health and Toronto Public Health
Toronto Investment Board
Toronto Parking Authority
Toronto Police Services Board and Toronto Police Service
Toronto Public Library Board
Toronto Board of Health
Toronto Transit Commission
Toronto Zoo Board of Management
Yonge-Dundas Square Board of Management

Arena Boards of Management

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

Community Centre Boards of Management (AOCCs)

519 Church Street Community Centre
Applegrove Community Complex
Cecil Community Centre
Central Eglinton Community Centre
Community Centre 55
Eastview Neighbourhood Community Centre
Ralph Thompson Community Centre
Scadding Court Community Centre
Swansea Town Hall Community Centre
Waterfront Neighbourhood Centre

City Corporations

Build Toronto
Casa Loma Corporation
Invest Toronto Inc. (Dissolution in progress)
Lakeshore Arena Corporation
Toronto Community Housing Corporation
Toronto Hydro Corporation
Toronto Port Lands Company (Toronto Economic Development Corporation)

Partnered Corporations

Toronto Pam Am Sports Centre Inc.
Waterfront Toronto (Toronto Waterfront Revitalization Corporation)

Adjudicative Bodies

Administrative Penalty Tribunal
Committee of Adjustment
Committee of Revision
Compliance Audit Committee
Dangerous Dog Review Tribunal
Property Standards Committee
Rooming House Licensing Commissioner
Sign Variance Committee
Toronto Licensing Tribunal
Toronto Local Appeals Body

DRAFT

Appendix D: Independence letter



April 29, 2019

Members of the Board of Directors of
CreateTO
200 King Street West, Suite 200
Toronto ON M5H 3T4

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of CreateTO (the agency) for the year ended December 31, 2018.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the agency, its management and us that may reasonably be thought to bear on our independence.

In determining which relationships to report, we are required to consider Chartered Professional Accountants of Ontario CPA Code of Professional Conduct and applicable legislation covering such matters as:

- a. holding a financial interest, either directly or indirectly, in a client;
- b. serving as an officer or director of a client;
- c. performance of management functions for an assurance client;
- d. personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or its management;
- e. economic dependence on a client;
- f. long association of senior personnel with a listed entity audit client;
- g. audit committee approval of services to a listed entity audit client; and
- h. provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between PwC and the agency or its management that may reasonably be thought to bear on our independence which have continued or occurred since January 1, 2018 through the date of this letter.

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We hereby confirm that we are independent with respect to the agency within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct as of April 29, 2019.

This report is intended solely for the use of the Board of Directors, management and others within the agency and should not be used for any other purpose.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting on May 13, 2019. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Very truly yours,

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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