



# Board of Management of the Toronto Zoo

(A Board controlled by the City of Toronto)

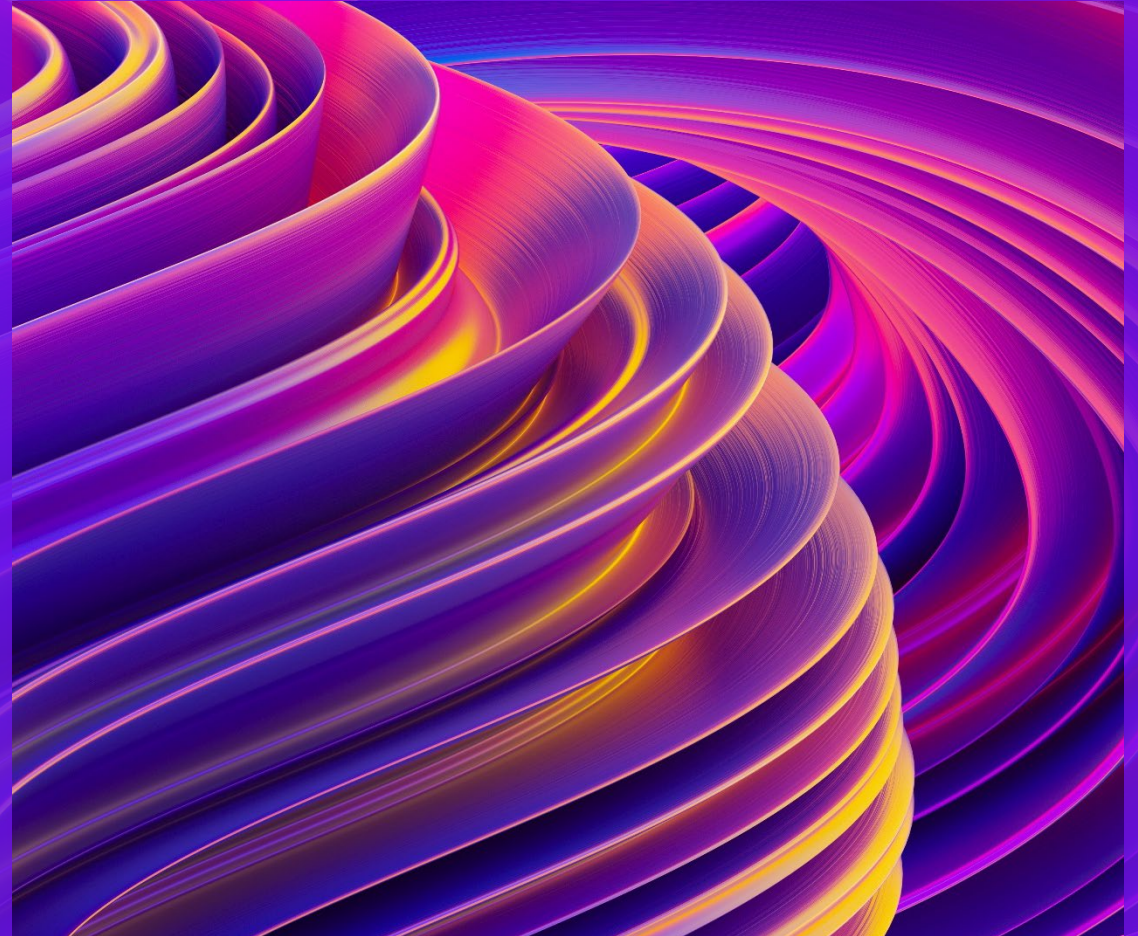
**Audit Findings Report  
for the year ended  
December 31, 2024**

A stylized signature of 'KPMG LLP' in a cursive, handwritten font, with a horizontal line underneath.

Licensed Public Accountants

Prepared as of April 28, 2025 for presentation to the Policy and  
Finance Committee on May 13, 2025

[kpmg.ca/audit](https://kpmg.ca/audit)





# KPMG contacts

## Key contacts in connection with this engagement



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## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



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The purpose of this report is to assist you, as a member of the Policy and Finance Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Policy and Finance Committee, and the Board of Management and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Audit highlights



No matters to report



Matters to report – see link for details

## Group Reporting

Board of Management of the Toronto Zoo (the “Zoo”) is controlled by the City of Toronto (the “City”) and thus the Zoo’s financial results are consolidated into the City’s consolidated financial statements. The audit team for the City (the “Group auditor”) has noted that they will use the work of our audit and the auditor’s report for the Zoo’s financial statements. The Zoo is considered a non-significant component for the audit of the City, i.e. the group audit.

In accordance with Canadian auditing standards, we will be communicating matters of significance to the group auditor throughout the audit including planning and risk assessment, execution and reporting.

## Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

## Risks and results & Significant unusual transactions

- Significant risks
- Other risks of material misstatement
- Going concern matters
- Significant unusual transactions

## Policies and practices & Specific topics

- Accounting policies and practices
- Other financial reporting matters
- Specific topics

## Misstatements - uncorrected

- Uncorrected misstatements

## Misstatements - Corrected

- Corrected misstatements
- See management representation letter for details

## Control deficiencies

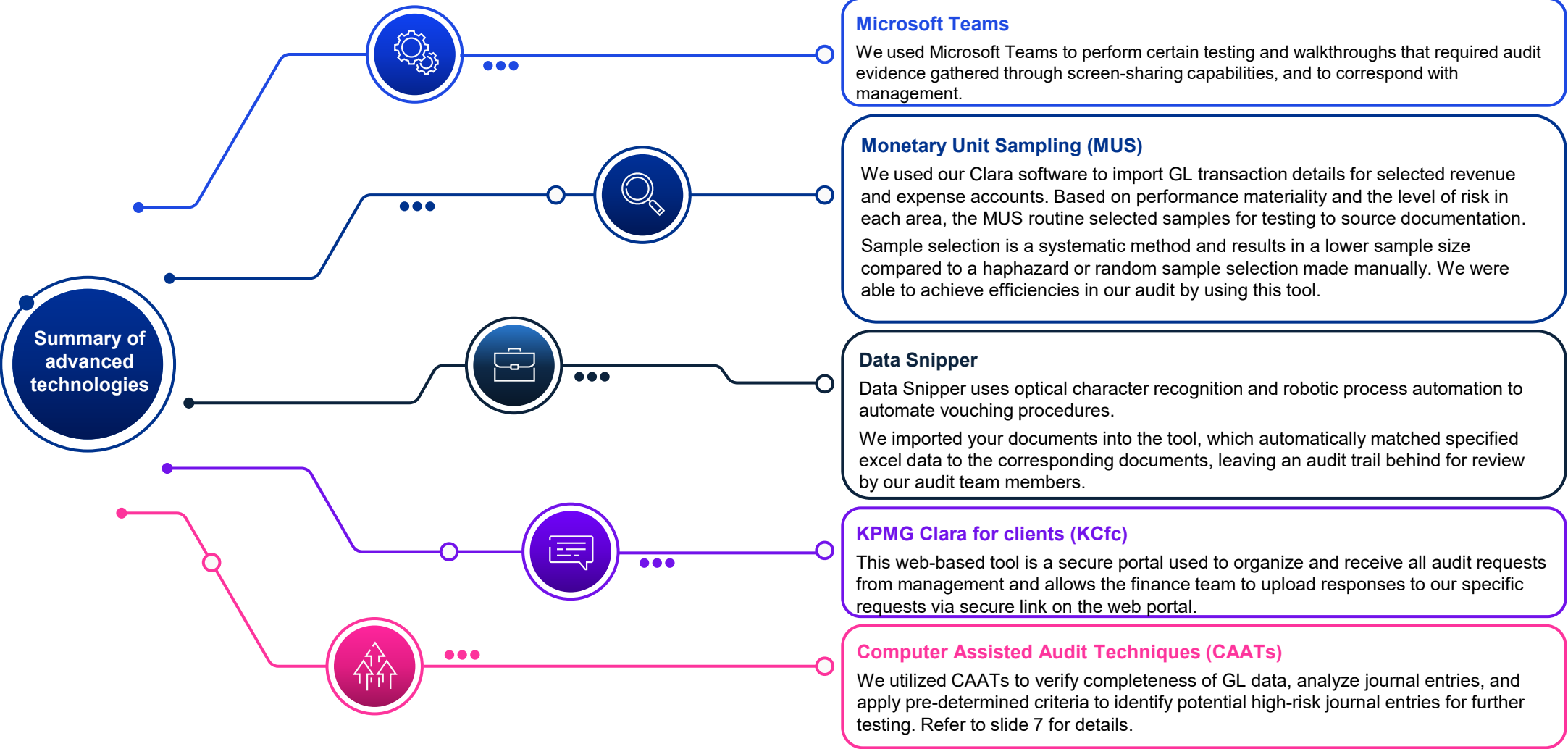
- Non-significant control deficiencies

## Audit Quality

- Learn more about how we deliver audit quality.

# Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.



# Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing of testing of employee future benefits
- Completing our discussions with the Policy and Finance Committee
- Completing subsequent events procedures, including legal updates, up to the date of approval of the financial statements
- Receipt of the signed management representation letter (dated upon Board approval of the financial statements)
- Obtaining evidence of the Board’s approval of the financial statements.

We will update the Policy and Finance Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor’s report is provided in Appendix: Draft Auditor’s Report.

## KPMG Clara for Clients (KCc)



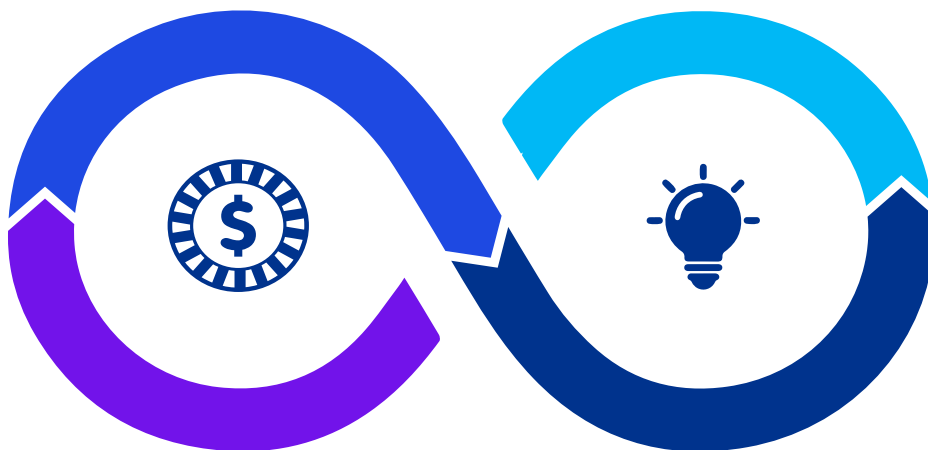
### Real-time collaboration and transparency

We leveraged **KCc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc to coordinate requests with management.

Learn more

# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

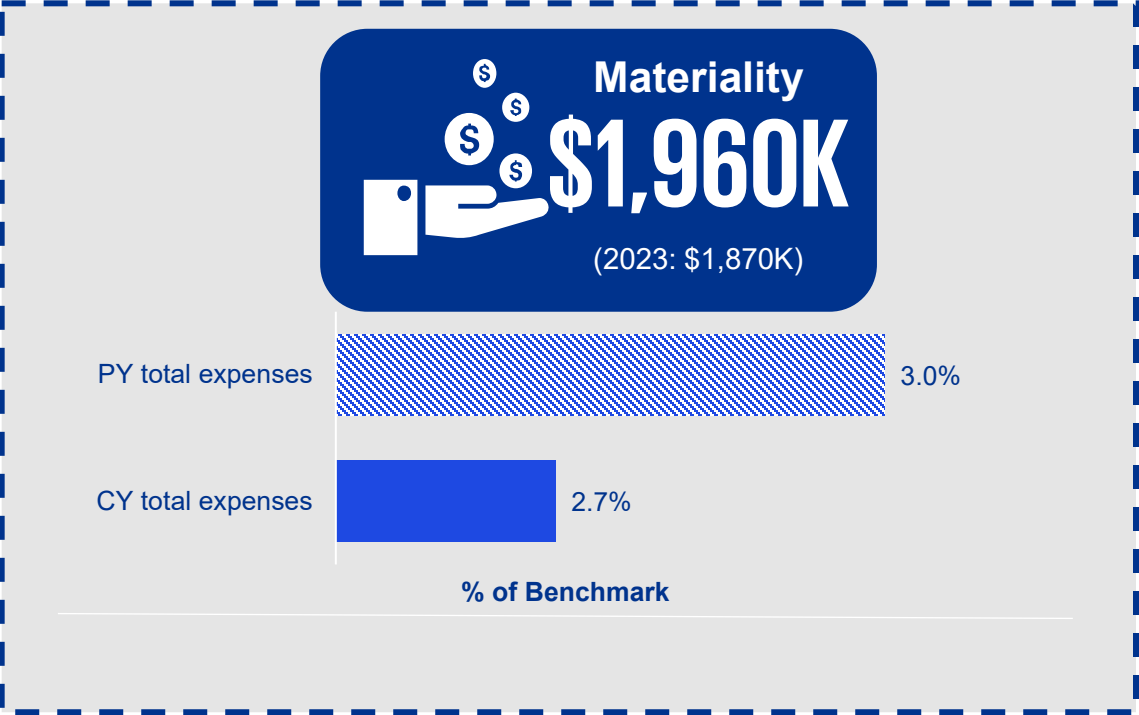
We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

# Materiality



Total expenses  
**\$71,803K**  
(2023: \$63,035K)

Audit misstatement posting threshold  
**\$98K**  
(2023: \$93K)





# Involvement of others


The following party is involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
KPMG professionals with specialized skill or knowledge who are involved in performance of audit procedures – Actuary specialist	<p>Involved in: assessing the reasonableness of the assumptions used in the valuation of the employee future benefit liability.</p> <p>The employee future benefits liability is a significant accounting estimate and management relies on an actuary for the valuation of its employee future benefits. We will use an employed KPMG specialist throughout the audit cycle in assessing the assumptions and estimates used in the accounting valuation at year end.</p>



# Updates to our prior year audit plan


New significant risks

New significant risks

➔


No new significant risks are noted.  
Our indication of significant risks remains consistent with our prior year audit plan.


Other significant changes

Newly effective accounting standards

➔


Refer to Appendix D for newly effective accounting standards. Management concluded that there was no significant impact on the financial statements as a result of the adoption.

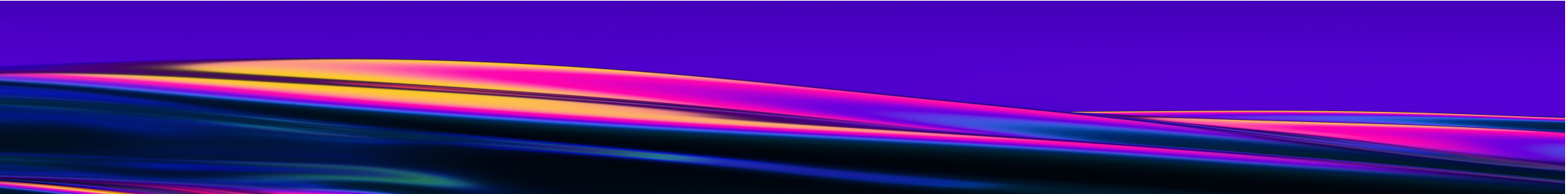
Newly effective accounting standards 

Newly effective auditing standards

➔

We have not identified any significant changes to auditing standards which will impact the Entity in the current year.

Newly effective auditing standards 



# Significant risks and results

We highlight our significant findings in respect of **significant risks**.

Risk of fraud resulting from management override of controls

RISK OF

ERROR

FRAUD

Significant risk	Estimate?	Key audit matter?
<p>Presumption of the risk of fraud resulting from management override of controls.</p> <p>Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.</p>	No	No
Our response		
<ul style="list-style-type: none"> <li>As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. <ul style="list-style-type: none"> <li>We have utilized data and analytics (D&amp;A) in order to enhance the quality and effectiveness of our testing of journal entries. Using extractions of all journal entries recorded during the year, we selected samples and verified if they were supported by proper documentation and followed the journal entry initiation and approval controls and processes in place.</li> <li>We also evaluated the reasonableness of estimates. We found that management's process for identifying accounting estimates is considered adequate.</li> <li>We evaluated the business rationale of significant unusual transactions.</li> <li>We incorporated an element of unpredictability whereby we performed an unpredictable procedure to address the potential risk of fraud and management override.</li> </ul> </li> </ul>		
Significant qualitative aspects of the Zoo's accounting practices		
No matters to report.		

# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

<div></div> Revenue and Deferred Revenue	
Other risk of material misstatement	Estimate?
The majority of the Zoo's revenues, such as admission, membership, and food services, are financially significant. Management follows the revenue recognition policies reported in note 2 to the financial statements to recognize revenue in accordance with PSAS.	No
Our response	
Our procedures included: <ul style="list-style-type: none"><li>• Reviewing the Zoo-prepared calculation of deferred revenue balances and vouching receipts and expenditures on a sample basis. As part of our testing, we ensured recognition of revenue is based on whether the Zoo has fulfilled its obligations relating to the contribution.</li><li>• Reviewing sources of other revenue, and testing revenue items to source documentation on a sample basis.</li><li>• Evaluating revenue recognition, revenue restrictions, deferral and presentation.</li><li>• Reviewing the application of accrual accounting and performing cut off testing for significant revenue streams.</li><li>• Reviewing the continuity/tracking schedule for prepaid memberships and testing revenue recognized based on periods of benefits to members.</li></ul>	
Significant findings	
<b>Gross revenue presentation:</b> <ul style="list-style-type: none"><li>• Consistent with previous years, in our testing of food services revenue, we found an amount of \$100,000 was recorded as food services but represented a contribution. The reclassification correction is reflected in the financial statements.</li><li>• During our testing of food services revenue, we found a difference between trial balance and Compass confirmation. The difference is due to Compass recording certain revenue on a net basis during the year and adjusted to gross base at the year end. The Zoo has made the adjustment accordingly. The reclassification correction is reflected in the financial statements.</li></ul>	



# Other risks of material misstatement and results

<div></div> Capital assets	
Other risk of material misstatement	Estimate?
There is a risk that additions to capital assets are recorded inappropriately when the expenditure is not eligible for capitalization or the assets are not accurately recorded.	No
Our response	
<div><div>• Our procedures included:</div><div><div>• Obtain a continuity schedule for both major capital facilities and other capital assets</div><div>• Selecting a sample of additions and vouching to supporting invoices</div></div></div>	
Significant findings	
During the year, City made the decision that Zoo shall record the major capital facilities controlled by Zoo starting from FY2024, regardless of which party was responsible for the direct financial cost. There were certain major capital facilities built in previous years that were transferred from the City's general ledger to the Zoo's general ledger. We requested a list of invoices for the major capital facilities built and transferred. There was a difference of \$1,080,745 between the invoices listing and the assets transferred from City due to the age of the invoices and cyber attack at the beginning of FY2024. The difference has been included as a judgmental uncorrected misstatement.	

# Other risks of material misstatement and results

<div></div> Related party transactions and balances	
Other risk of material misstatement	Estimate?
There is a risk that related party relationships and transactions are not completely identified.	No
Our response	
<ul style="list-style-type: none"><li>Our procedures included confirmation with the City of Toronto (the “City”)</li></ul>	
Significant qualitative aspects of the Organization’s accounting practices	
There are various related party transactions with the City, which includes a long term loan, appropriation funding, capital funding and a year end funding reconciliation whereby the City may fund operating deficits (or the Zoo repays the City).	
Significant findings	
<p>As part of our audit procedures, we assess related party transactions and balances, and verify appropriate note disclosure in the financial statements. We did not identify significant related party transactions that have not been appropriately authorized and approved. Material transactions with related parties, all of which are in the normal course of operations, are adequately disclosed in the notes to the financial statements.</p> <p>During the testing, we identified prior year additions of City AR related to Animal Transaction Reserve Fund and Endangered Species Reserve Fund of \$164,830 was closed to Net assets during last year’s year end closing process. During current year, the balance was reversed to other revenue and recoveries instead of City AR. We proposed an adjustment to move it from other revenue to City AR and another adjustment to flow through the impact on additional funding from City. Both adjustments are reflected on financial statements.</p> <p>Funding from City of Toronto – Capital works contribution of \$857,747 is City’s funding related to salaries capitalized in major capital facilities. As a result of the change of recording major capital facilities discussed in capital assets slides, the funding had been included in capital assets starting FY2024. The amount shall be taken out of various expenses instead of being recorded as a revenue. Due to the complexity of identifying the expenses, management decided to leave the proposed adjustment uncorrected.</p>	

# Other risks of material misstatement and results

<div></div> Employee future benefits (EFB)	
Other risk of material misstatement	Estimate?
Management is required to disclose information in the financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year.	Yes, there is estimation uncertainty due to assumptions used by the actuary to calculate the liability for the Employee Future Benefits.
Our response	
<ul style="list-style-type: none"><li>Our procedures included:<ul style="list-style-type: none"><li>Reliance on actuaries (management specialist) engaged by the City; obtaining an understanding of the activities over the quality of information used, the assumptions made, the qualifications, competence and objectivity of the preparer of the estimate, and the historical accuracy of the estimates.</li><li>Assessing the method, data, and assumptions used by the actuary and management in the calculation of the EFB liability for reasonableness.</li><li>Communicating with actuaries and testing the HR data provided to the actuaries.</li><li>Utilizing KPMG specialists (KPMG Life &amp; Pensions Actuarial Practice), we reviewed and evaluated the assumptions used in the actuarial reports.</li><li>Assessing the disclosures in the financial statements in accordance with the requirements of public sector accounting standards (“PSAS”).</li></ul></li></ul>	
Significant findings	
<ul style="list-style-type: none"><li>On behalf of the Zoo, the City engaged an external actuarial consultant (the “Actuary”) to undertake a valuation of the City’s non-pension retirement benefits and accumulated sick leave liability as at December 31, 2024. A valuation was performed to determine the liability as reported in the 2024 financial statements. Discount rates ranging from 3.6% to 4.4% (2023 – 3.8% to 4.2%) were used for the determination of the liability.</li><li>The employee future benefits liability as at December 31, 2024 is described in note 7 to the financial statements.</li><li>Based on our review of the Actuary’s report, we note that the method applied for the estimate is acceptable per CIA and PSAS 3250 Retirement Benefits.</li><li>We engaged KPMG Actuary Specialists to assess the reasonableness of the key assumptions used in the valuation.</li><li>We note that the discount rate used by the Actuary is a key assumption. We evaluated the discount rate used against the discount rate curve issued by different reliable sources. Based on this evaluation, we conclude that the discount rate used is reasonable.</li><li>The disclosures included in the financial statements are in accordance with the requirements of PSAS.</li><li>We did not note any issues related to the calculation of the Zoo’s non-pension retirement benefits and accumulated sick leave liability as at December 31, 2024.</li></ul>	

# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Contingent liabilities	
Other risk of material misstatement	Estimate?
PSAS 3300 Contingent Liabilities requires that the Zoo recognize a liability when it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.	<p>Estimation uncertainty exists related to the likelihood and measurement of the contingent liability.</p> <p>However, this estimation uncertainty does not result in a risk of material misstatement.</p>
Our response	
<ul style="list-style-type: none"><li>We obtained a listing of active litigation and potential claims from management and reviewed management's assessments of each matter and the process employed to develop and record the related estimated liabilities.</li><li>We obtained a legal confirmation from City legal and external counsel and evaluated the assessments made by management on the advice of legal counsel on the pending legal matters in terms of determination of likelihood and measurability.</li><li>We reviewed Board and committee meeting minutes to determine the completeness of contingencies and held discussions thereon with management.</li></ul>	
Significant findings	
<ul style="list-style-type: none"><li>At the end of 2024, the Zoo has no accrued liability regarding any legal claims.</li><li>In order to evaluate management's assessment of the claims, and to confirm completeness, we circulated legal letters and obtained a response from the City legal counsel who is overseeing the matters discussed above. Based on the above information provided by City legal, and in reviewing settlement documents, we conclude that contingent liabilities are appropriately recorded as at December 31, 2024.</li><li>At any point in time, the Zoo is subject to a number of employment grievances and other matters which could potentially result in a contingent liability as defined above, including, but not limited to, matters such as legal claims, etc. We circulated a legal letter to an external law firm who handles these matters. There are no accruals recorded in respect of grievances.</li></ul>	



# Accounting policies and practices

Initial selection of significant accounting policies and practices

No new significant or material accounting policies and practices were selected and applied during the period.

Description of new or revised significant accounting policies and practices

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 2 to the financial statements.

Significant qualitative aspects

Nothing to note about qualitative aspects of significant or material accounting policies and practices.



# Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions. As required by professional standards, we request these misstatements be corrected.

### Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
  - This includes the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management’s representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor’s report.
- Discussion about the uncorrected misstatements or matters underlying the uncorrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.

Below is a summary of the impact of the uncorrected misstatement:

Deficiency revenues over expenses		(in \$'000s)	Total assets		(in \$'000s)
As currently presented		\$1,234	As currently presented		\$96,232
Uncorrected misstatements – including rollover effect of uncorrected projected misstatement of \$(532) of PY		\$(602)	Uncorrected misstatements		\$(1,081)
As a % of the balance		(48.82%)	As a % of the balance		1%

# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Cyber incident – update from prior year	On January 5, 2024, the Zoo was hit by a cyberattack involving ransomware. We held numerous discussions with management over the ensuing time period to discuss the incident and related implications. We do not rely upon these financial systems or controls and were able to obtain all supporting information and complete a journal entry reconciliation/roll for the 2024 calendar year without issue.
PS 3400	On January 1, 2024, the Board adopted Canadian public sector accounting standard PS 3400 Revenue. PS 3400 addresses the recognition, measurement, presentation and disclosure of revenue, and introduces a distinction between exchange and non-exchange transactions. The distinguishing feature between the two is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor in return for promised consideration. Exchange transactions are characterized by one or more performance obligations, while non-exchange transactions have no direct transfer of goods or services to a payor. Based on management's assessment of their revenue recognition, they are of the opinion that the new standards would not have an impact on the amounts presented in these financial statements.
PS 3160	On January 1, 2024, the Board adopted Canadian public sector accounting standard PS 3160 Public private partnerships. PS 3160 addresses the accounting for transactions associated with certain public-private partnerships, where public sector entities such as the government procure infrastructure using private sector partners. PS 3160 provides guidance on the recognition, measurement, presentation and disclosure of the tangible capital assets, financial liabilities, revenues and expenses within its scope. Based on management's assessment, they are of the opinion that the new standards would not have an impact on the amounts presented in these financial statements.
PSG - 8	On January 1, 2024, the Board adopted Canadian public sector accounting standard Public Sector Guideline - 8 Purchased intangibles. PSG-8 provides guidance on when purchased intangibles can be recognized as assets in the Statement of Financial Position. Based on management's assessment, they are of the opinion that the new standards would not have an impact on the amounts presented in these financial statements.





# How do we deliver audit quality?

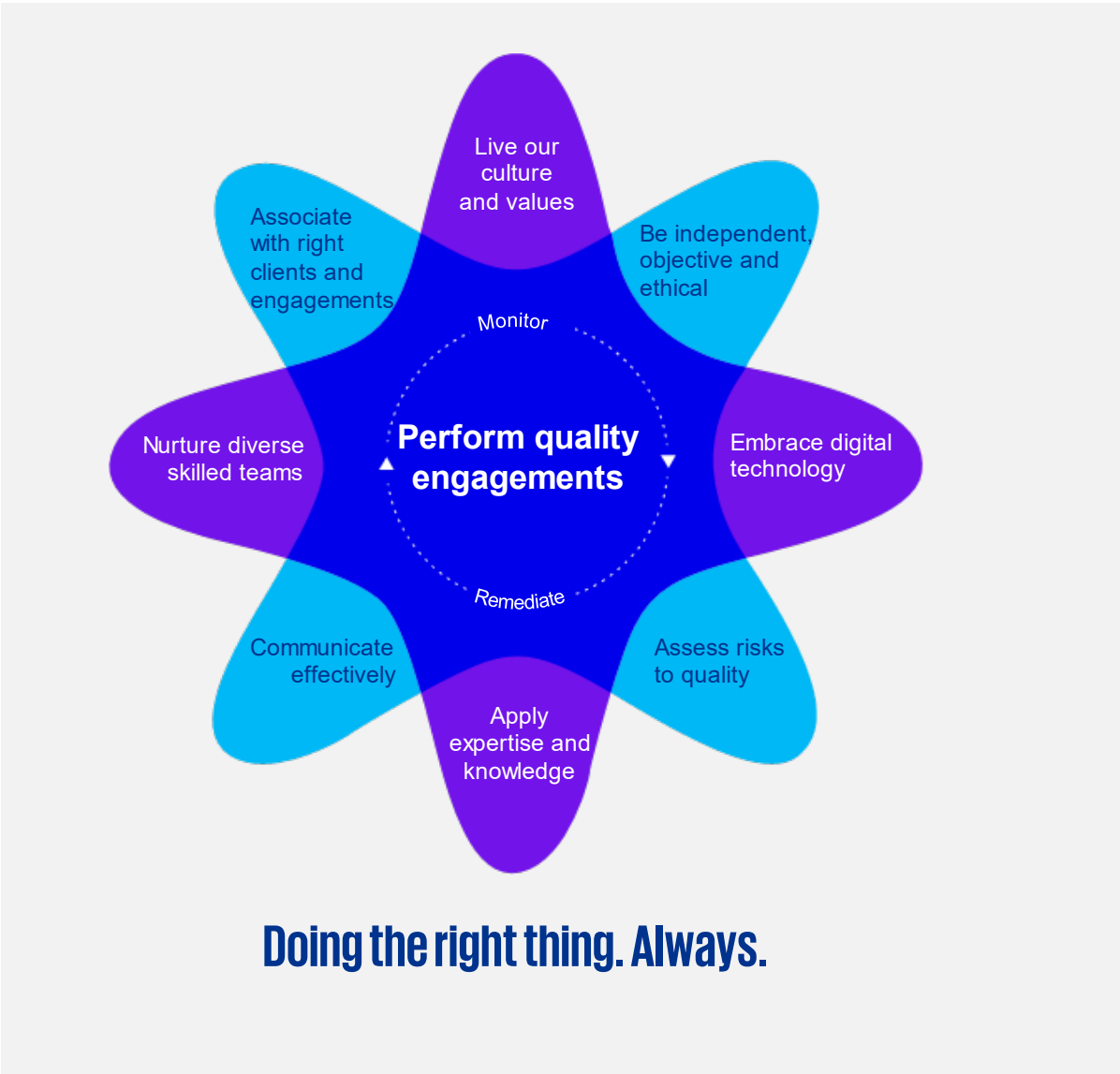
Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG’s globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.

-  ‘**Perform quality engagements**’ sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.
-  Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



# Appendices



Required communications



Draft Audit Report



Management Rep Letter



New accounting standards



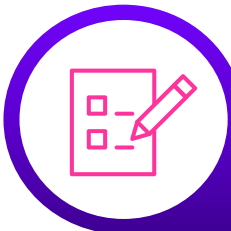
New auditing standards



Insights



# Appendix A: Other required communications



## Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)

# AppendixB: Draft auditor’s report

Refer to draft auditor’s report attached to the draft financial statements.



# Appendix C: Management representation letter(s)

A copy of the management representation letter has been provided to management and should be available in your package.

# Appendix D: Newly effective and upcoming changes to accounting standards

## Revenue

- The new standard PS 3400 *Revenue* is effective for the 2024 fiscal year.
- The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

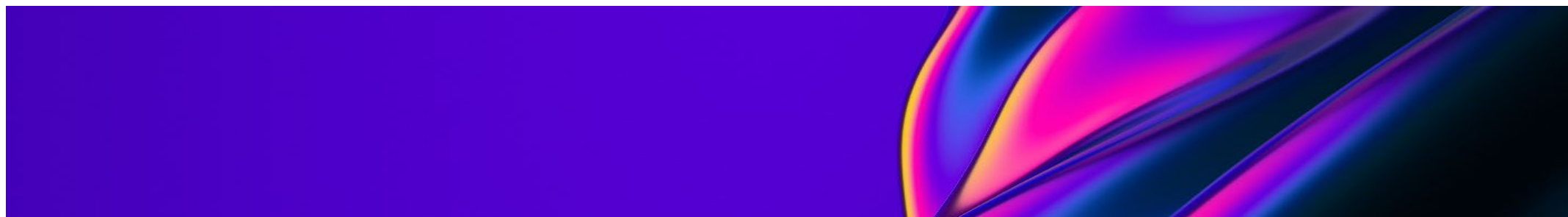
## Purchased Intangibles

- The new Public Sector Guideline 8 *Purchased intangibles* is effective for the 2024 fiscal year.
- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.

# Appendix D: Newly effective and upcoming changes to accounting standards

## Public Private Partnerships

- The new standard PS 3160 *Public private partnerships* is effective for the 2024 fiscal year.
- The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.
- The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
- The standard can be applied retroactively or prospectively.



# Appendix D: Newly effective and upcoming changes to accounting standards

## Concepts Underlying Financial Performance

- The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted (or the 2027 fiscal year for the Zoo).
- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

## Financial Statement Presentation

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
- The proposed section includes the following:
  - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
  - Separating liabilities into financial liabilities and non-financial liabilities.
  - Restructuring the statement of financial position to present total assets followed by total liabilities.
  - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
  - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
  - A new provision whereby an entity can use an amended budget in certain circumstances.
  - Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.
- The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

# Appendix D: Newly effective and upcoming changes to accounting standards

## Employee Benefits

- The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
- Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.
- The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure draft comments. Effective date is currently not determined.



# Appendix E: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments

Effective for periods beginning on or after December 15, 2023

**ISA 600/CAS 600**  
.....  
Revised special considerations – Audits of group financial statements





# Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.





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