



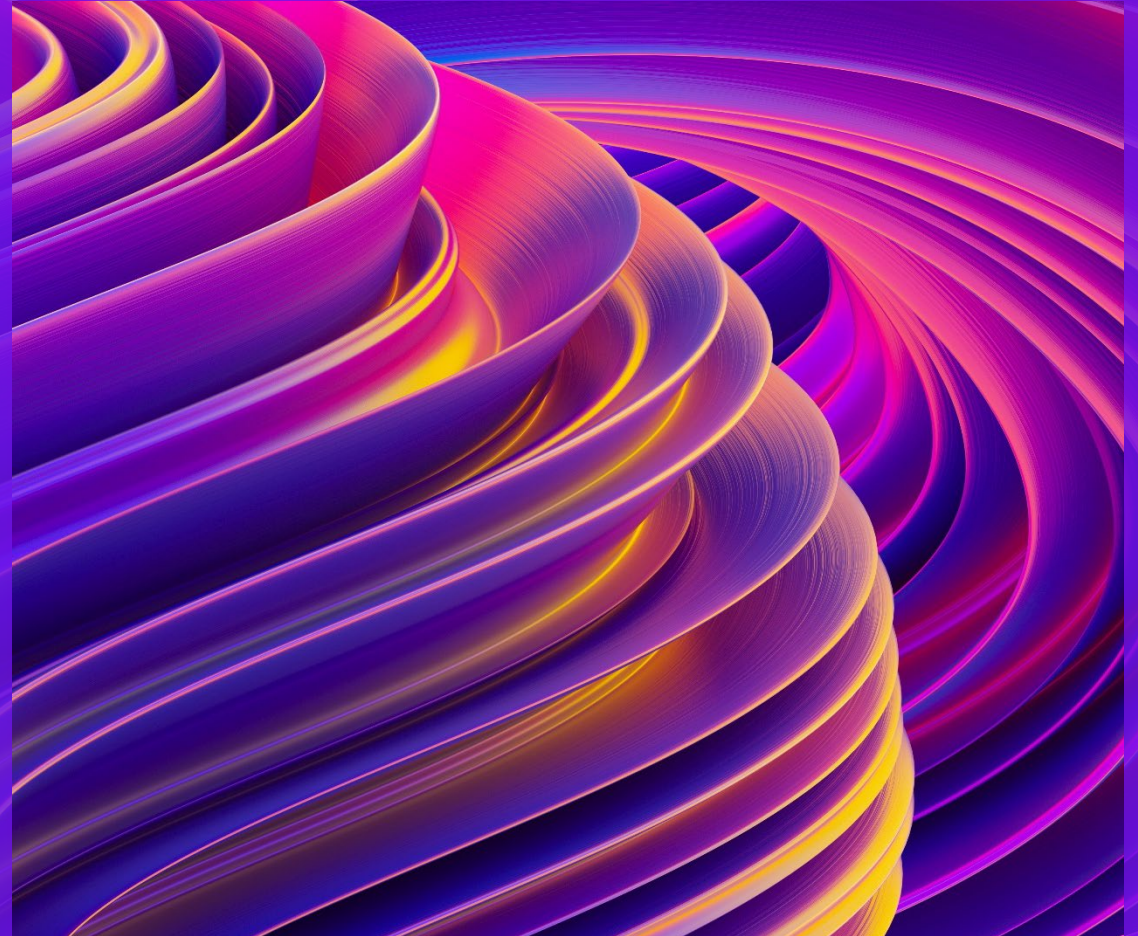
# Create TO

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

Licensed Public Accountants

Prepared on March 26, 2025  
Presentation on April 22, 2025

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





# KPMG contacts

## Key contacts in connection with this engagement



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The purpose of this report is to assist you, as a member of the Board of Directors, 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, and the Board of Directors 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.

## 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.



Click on any item in the table of contents to navigate to that section.



# Audit highlights



No matters to report



Matters to report – see link for details

## Scope

Our audit of the financial statements (“financial statements”) of Create TO(the “Entity”) as of and for the year ended December 31, 2024, was performed in accordance with Public Sector Accounting Standards.

## Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on slide 5 of this report.

## Significant changes



Significant changes since our audit plan

## Risks and results

g

Significant unusual transactions



Significant risks



Other risks of material misstatement



Going concern matters



Significant unusual transactions

## Policies and practices

g



Accounting policies and practices



Other financial reporting matters



Specific topics

## Misstatements uncorrected



Uncorrected misstatements

## Control deficiencies



Significant deficiencies



# Status

As of March 26, 2025, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Board of Directors
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter (dated upon Board approval of the financial statements)
- Completion of subsequent events procedures, up to the date of approval of the financial statements

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

Our auditor's report, will be dated upon the completion of any remaining procedures.

## KPMG Clara for Clients (KCC)



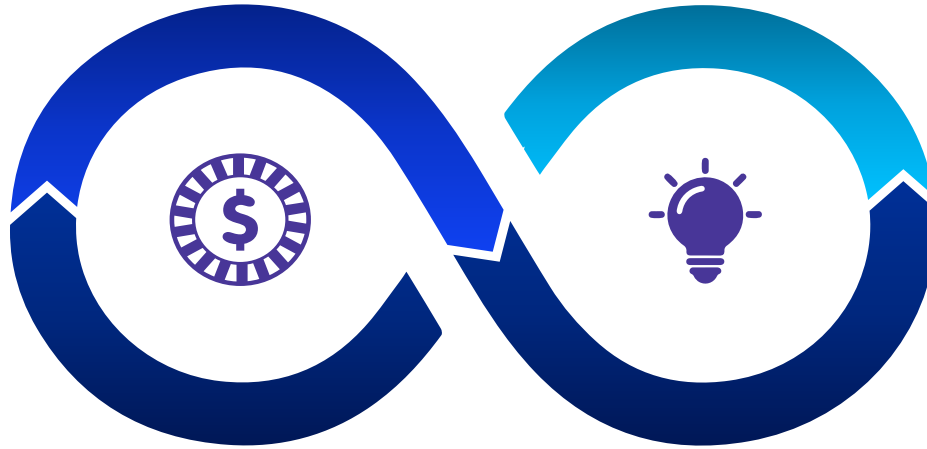
### Real time collaboration and transparency

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





# 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



*Benchmark is based on actual expense amounts for the fiscal 2023 year end.*

**Benchmark: Total Expenditures**

**\$16,558,402**  
(2023: \$15,942,863)

**Audit Misstatement Posting Threshold (AMPT)**

**\$20,600**  
(2023: \$19,850)



# Significant risks and results

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



## Management Override of Controls

RISK OF



FRAUD

### Significant risk

Presumption of the risk of fraud resulting from management override of controls

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.

### Our response

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. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

### Significant Findings

- We did not note any significant control deficiencies in our evaluation of the design and implementation.
- We tested manual journal entries and other adjustments by using Data & Analytics routines. Using extractions from the complete general ledger, we selected a sample of journal entries meeting pre-determined high-risk criteria and verified if they were supported by proper documentation and appropriately recorded in the general ledger. We also followed the journal entry initiation and approval controls and process in place.
- We did not identify any issues or concerns after performing our review of estimates.
- We did not identify any significant unusual transactions or any specific additional risks of management override during our audit.





# Significant risks and results

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



## Presumed Fraud Risk on Revenue has been rebutted

RISK OF



FRAUD

### Significant risk

As per ISA 571, there is a presumed fraud risk over revenue recognition.

### Significant Findings

Based on the factors noted below, we have rebutted the fraud risk on revenue:

- No significant complexity or variability in sales contractual terms or account requirements
- Revenue recognition does not require significant management judgement
- No or low volume of non-routine transactions
- No financial pressure on the management or incentive in the form of management bonuses to perpetuate fraud over revenue recognition.





# Other risks and results



## Management Fee & City Funding Revenue

### Audit procedures and findings

- Obtained an understanding of the revenue recognition policy and controls in place. Reviewed the underlying service agreement between CreateTO, Build Toronto and Toronto Port Lands Corporation (“TPLC”).
- Obtained confirmations from the City of Toronto to verify the total funds received as City funding as well as obtained confirmations for management fee cross charges recorded by Build Toronto and TPLC.
- No issues noted.



## Accounts payable and operating expenses

### Audit procedures and findings

- Performed a search for unrecorded liabilities by extracting lists of subsequent payments and accounts payable details and selected samples for testing. Reviewed supporting documentation for significant accruals.
- Selected a sample of expense transactions and agreed to original invoices to ensure the proper classification of expenses.



## Legal claim liabilities

### Audit procedures and findings

- Reviewed Board and Committee meeting minutes and discussed any outstanding litigations and claims with management.
- Evaluated whether significant contingent liabilities are appropriately disclosed and/or recorded.
- No issues noted.





# Appendices

**A**

Required  
communications

**B**

Audit Quality

**C**

New accounting  
standards

**D**

New auditing  
standards

**E**

Insights

**F**

Environmental, social  
and governance (ESG)





# Appendix A : Other required communications



## Engagement terms

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



## 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](#)





# Appendix B: Audit quality - How do we deliver audit quality?

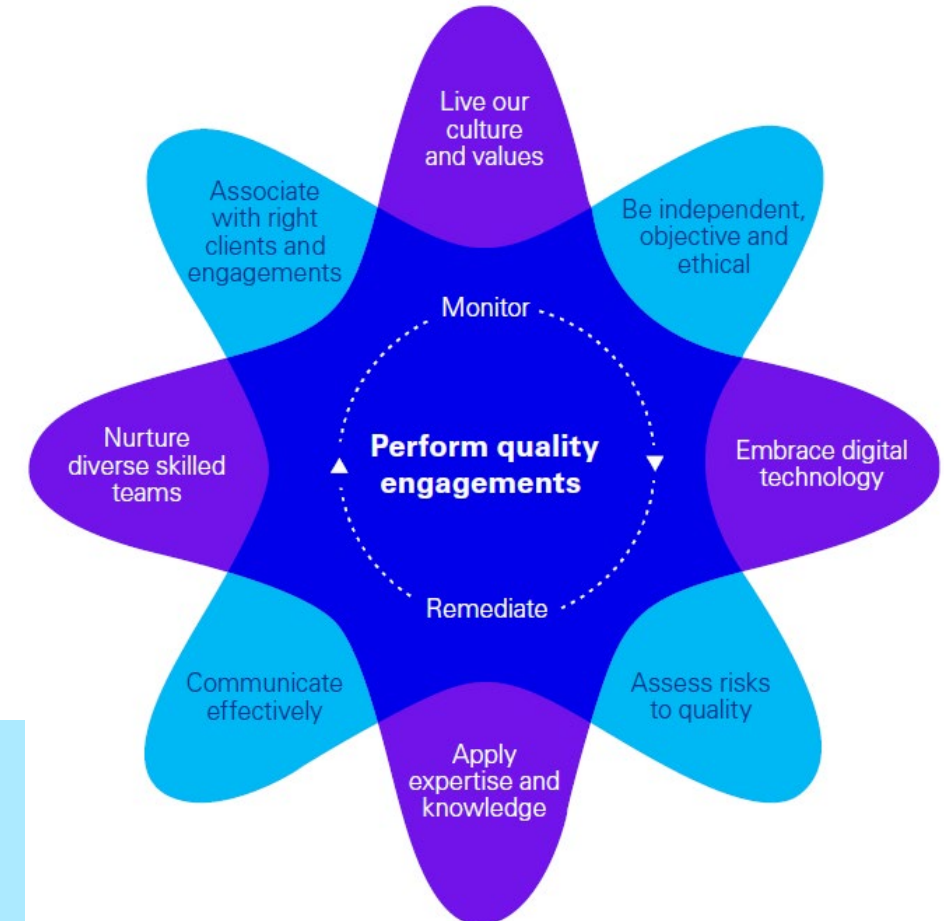
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet 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. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [KPMG Canada Transparency Report](#)

**We define 'audit quality' as being the outcome when:**

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



**Doing the right thing. Always.**



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

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



The new accounting standards below came into effect in 2024 and management has assessed them and determined no material impact

**PS 3160, Public  
Private  
Partnerships**

**PS 3400, Revenue**

**Sector Guideline 8,  
Purchased  
Intangibles**

Effective for periods beginning on or after April 1, 2026

Effective date currently not determined

**Concepts  
Underlying  
Financial  
Performance**

**PS 1202, Financial  
Statement  
Presentation**

**PS 3251,  
Employment  
Benefits**



# Appendix D: 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

Effective for periods beginning on or after December 15, 2024

## ISA 260/CAS 260

.....

Communications with those charged with governance

## ISA 700/CAS 700

.....

Forming an opinion and reporting on the financial statements



# Appendix E: Audit and assurance insights

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

## KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

## Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

## Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

## Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

## Sustainability Reporting

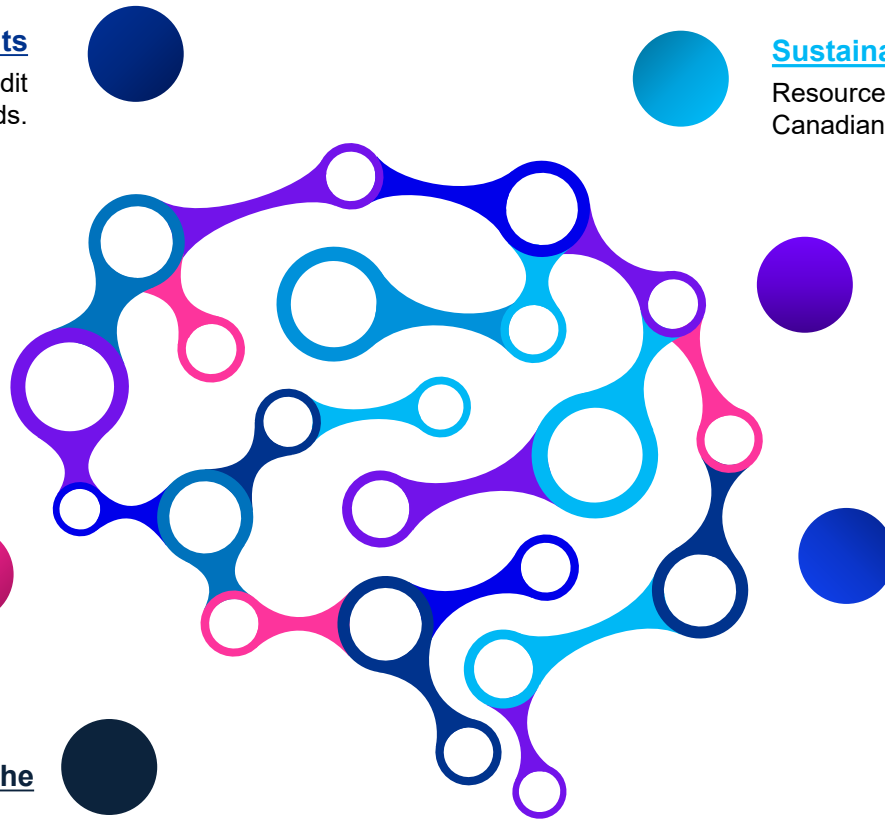
Resource centre on implementing the new Canadian reporting standards

## IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

## Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.







# Appendix F: Canadian ESG reporting activities

## What's here and what's coming?

There continues to be activity in the Canadian ESG reporting space along with regulations introduced in other jurisdictions that may impact Canadian companies, such as the Corporate Sustainability Reporting Directive (CSRD) and California Climate Laws.

### **UPDATE THIS QUARTER: CSSB released its first two final Canadian Sustainability Disclosure Standards**

#### ► Voluntary standards rollout

- In December 2024, the Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards (CSDS).
- The standards are aligned with the IFRS Sustainability Disclosure Standards, with the exception of a Canadian-specific effective date and incremental transition reliefs.
- The standards are effective, on a *voluntary basis* only, for annual reporting periods beginning on or after January 1, 2025.

#### ► Road to mandatory application?

- Canada's regulators and legislators will determine if and when application of the standards should be mandated.
- The Canadian Securities Administrators (CSA) issued a statement that it is working towards a revised climate-related disclosure rule that will consider the Canadian Sustainability Disclosure Standards.

#### ► Why should you prepare?

Momentum toward standardized, transparent and comparable sustainability reporting continues.

- Federally regulated financial institutions are already required to comply with OSFI B-15 which is broadly based on the ISSB standards.
- Despite the CSSB standards being voluntary, legislation and rules continue to evolve in other jurisdictions such as the CSRD and California Climate Laws.
- Canadian government anti-greenwashing regulations introduced (Bill C-59).

#### ► What could you be doing now?

##### 1 (Re) Establish reporting strategy

- Undertake a regulatory impact assessment to determine the sustainability reporting requirements that apply to your organization.
- Document your reporting strategy, including any planned voluntary reporting and assurance.
- Conduct a materiality assessment considering the frameworks you plan to comply with.

##### 2 Assess current state

- Identify the differences between applicable regulations and/or standards and current reporting.
- Conduct a current state maturity analysis of processes, controls, people, technology and governance structures.
- Complete data gap assessment and develop plan to close gaps.

##### 3 Design reporting policies & target operating model (TOM)

- Develop and/or adapt policies, regarding identified material risks and opportunities.
- Develop standard Key Performance Indicator (KPI) definitions and calculation methodologies.
- Determine TOM and solutions to support sustainability reporting and assurance.

##### 4 Implement sustainability reporting roadmap

- Develop roadmap for delivery, identify milestones, interim and final targets.
- Design future reports.
- Rollout of TOM, including implementation and training required.



<https://kpmg.com/ca/en/home.html>

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