

REPORT FOR ACTION

Draft Financial Statements and Audit Results for the Year Ended December 31, 2025

Date: June 4, 2026

To: The Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All Wards

SUMMARY

The auditor of record for the Board, KPMG, audits our financial statements in accordance with Canadian public sector accounting standards and summarizes issues of audit significance, and provides the communications required by their professional standards.

KPMG presents for the information of the Board, for the year ended December 31, 2025, the following:

1. Draft Audited Financial Statements (Attachment 1),
2. Management Representation Letter (Attachment 2), and
3. Audit Findings Report (Attachment 3).

The Management Representation Letter (Attachment 2) provides formal written assertions from management to the auditors. These assertions confirm the accuracy and completeness of the financial statements and disclosures provided during the audit. This letter also includes two (2) uncorrected misstatement identified by the auditors, which management has agreed with. One is a balance sheet reclassification and the other is a non-cash transaction to reflect PSAS government assistance. These entries do not impact the income statement.

The Audit Findings Report (Attachment 3) presents the auditors' suggestions and recommendations based on their findings, aimed at enhancing our accounting and internal control procedures. As detailed in Attachments, the auditors have issued an unqualified opinion on the financial statements for the 2025 audit, indicating no significant internal control issues.

A representative of KPMG will attend the Board meeting on June 18, 2026, to respond to any questions from the Board.

As reported on the Statement of Operations and Accumulated Deficit, the Transfer Payable before Budget Deficit Subsidy funding from the City is \$2.088 million. The Board's 2025 Operating Budget Deficit Subsidy funding was \$0.450 million which was received from the City. Overall, therefore, Exhibition Place will have a Transfer Payable of \$2.538 million to the City.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board approve for the year ended December 31, 2025, the:
 - a) Draft Financial Statements (Attachment 1),
 - b) Management Representation Letter (Attachment 2), and
 - c) Audit Findings Report (Attachment 3).
2. The Board direct the transfer of the 2025 Operating Budget Deficit Subsidy of \$0.450 million to the City of Toronto.
3. The Board direct the transfer of \$2.088 million Operating Surplus into the Conference Centre Reserve Fund ("CCRF") held by the City of Toronto for Exhibition Place or to be applied towards the repayment of the Automotive Building City Loan.
4. The Board recommend that City Council receive for information the Exhibition Place 2025 Draft Financial Statements and Audit Results.

FINANCIAL IMPACT

There are no financial implications to this report.

DECISION HISTORY

The Exhibition Place 2022 – 2026 Strategic Plan has a goal to Ensure Competitively Priced Services and Sustainable Operations. This includes reviewing current systems, agreements, practices, and processes to assess opportunities and embrace change, including future enhancements required to support growth in our events, conventions, and tradeshow business.

Audited financial statements for Exhibition Place are required to be submitted on an annual basis to the Board, City of Toronto Audit Committee, and City Council.

http://www.toronto.ca/legdocs/municode/1184_063.pdf

At its meeting of December 12, 2007, City Council approved of a recommendation to deposit any annual surplus over budget into the Exhibition Place Conference Centre Reserve Fund (CCRF) to provide a source of funding for any cash shortfalls with respect to the Beanfield Centre loan repayment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.EX4.2>

On November 27, 2012, City Council approved of a recommendation to expand the purpose of the Exhibition Place CCRF to provide a source of funding for both Automotive Building (formerly Beanfield Centre) loan repayments and maintaining Enercare Centre and Automotive Building in a state of good repair.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX24.19>

At its meeting on November 23, 2020, Budget Committee approved without amendment an in-year budget adjustment to withdraw the Conference Centre Reserve Fund for any shortfalls in loan payments to the City.

<https://www.toronto.ca/legdocs/mmis/2020/bu/bgrd/backgroundfile-158404.pdf>

COMMENTS

The Audit Findings Report is required to be submitted annually to the Board of Governors, the City of Toronto Audit Committee, and to City Council.

The Exhibition Place Accounting Services Division is responsible for the preparation of the annual financial statements of the Board of Governors of Exhibition Place. These financial statements reflect the financial position and include the results of operations for Enercare Centre, Exhibition Place, and the Automotive Building for the year ended December 31, 2025.

As part of KPMG's audit engagement, they provide a year-end report to the Board to assist in its review of the financial statements. This document is a direct communication from the auditors to the Board. It summarizes the scope of the audit work, describes the audit objectives, identifies issues of audit significance discussed with management, and provides the communications required by Canadian Generally Accepted Auditing Standards, and designed to express an opinion on the financial statements of the Board.

The KPMG Audit Findings Report has five (5) key sections of importance. They sections are (1) Status; (2) Materiality; (3) Significant risks and results; (4) Misstatements; and (4) Control Deficiencies.

Communications to the Board

1) Status

KPMG has completed their audit, except for certain subsequent procedures as reported on page 5 of Attachment 3 under "Status". The audit report will remain in draft form until

adoption after the Board meeting and the completion of any remaining subsequent audit procedures as outlined.

2) Materiality

KPMG highlighted the materiality level of \$2.100 million (2024 - \$1.800 million). In 2025, materiality for the Board is calculated based on preliminary expenses, consistent with 2024. KPMG reassesses materiality throughout the audit and will revise the materiality amount if they become aware of information that would cause them to determine a lower materiality level. There was no change in the initial materiality amount of \$1.800 million.

3) Significant risks and results

- Fraud risk from management - KPMG has not identified any specific risks of management override. Specifically, they did not note any significant deficiencies in design and implementation of our controls over financial reporting. KPMG did not identify any unusual transactions.
- KPMG utilized Data and Analytics ("D&A") to improve the quality and effectiveness of the audit, specifically as relating to testing of journal entries. They used "D&A" to assess the Boards approval controls and processes.

4) Risks of material misstatement and results

KPMG focused on:

- Valuation of receivables. Given the estimation uncertainty regarding collectability, KPMG procedures included reviewing and evaluating management's analysis, obtaining direct confirmation from customers and subsequent cash receipts testing. KPMG concurs with management's assessment.
- Employee future benefits. Given the estimation uncertainty due to assumptions used by the actuary to calculate the liability for employee future benefits. KPMG procedures included reliance on actuaries, assessing the method, data, and assumptions used by the actuary and management.
- Contingent liabilities. Given estimation uncertainty exists related to the likelihood and measurement of the contingent liability; however, KPMG believes that estimation uncertainty does not result in a risk of material misstatement.

5) Control Deficiencies

KPMG has confirmed that there were no disagreements with management regarding financial accounting and reporting matters. Additionally, KPMG noted that there were no significant internal control recommendations to report. The financial statements are free of material misstatement.

Conference Centre Reserve Fund (CCRF)

As of December 31, 2025, the balance in the CCRF held by the City is \$5.889 million (2024 - \$5.831 million). This reserve serves as a source of funding for both state of good repair projects and the repayment of the Automotive Building loan with the City. As disclosed in note seven (7) to the financial statements, the Automotive Building loan is \$22.212 million (2024 - \$25.802 million) with a loan repayment term until 2040.

At this point in time, the funds in the CCRF are sufficient to cover approximately three (3) consecutive years of repayments for the Automotive Building loan if the Board only meets its budgetary targets. In previous years staff have worked towards exceeding annual budget targets to build up this reserve to an amount at a minimum of at least \$10.0 million which we believe is a conservative direction to take so as not to require any City property tax base funding for the Exhibition Place operations.

As the CCRF approaches this minimum threshold, staff recognize that accelerating repayment of the Automotive Building loan during years of operating surplus is a fiscally responsible strategy. Doing so will reduce future budget pressures and generate interest savings, given the loan's current annual interest rate of 4.89%.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Attachment 1 - 2025 Draft Financial Statements and Audit Report
Attachment 2 - 2025 Management Representation Letter
Attachment 3 - 2025 Audit Findings Report