



**Toronto Waterfront  
Revitalization Corporation**  
Planning Report to the FARM Committee

March 2, 2017



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1 City Centre Drive  
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Mississauga, ON L5B 1M2 Canada

March 2, 2017

Members of the FARM Committee  
Toronto Waterfront Revitalization Corporation  
20 Bay Street, Suite 1310  
Toronto, ON M5J 2N8

Dear FARM Committee Members:

We are pleased to present our audit plan for the audit of the financial statements of Toronto Waterfront Revitalization Corporation (the "Organization") for the year ending March 31, 2017.

Our report is designed to highlight and explain key issues which we believe to be relevant to the audit including audit risks, the nature, extent and timing of our audit work and the terms of our engagement, including fees. The audit planning report forms a significant part of our overall communication strategy with the FARM Committee and is designed to promote effective two-way communication throughout the audit process. It is important that we maintain effective two-way communication with the FARM Committee throughout the entire audit process so that we may both share timely information. The audit process will conclude with an FARM Committee meeting and the presentation of our final report to the FARM Committee.

This report has been prepared solely for the use of the FARM Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

The FARM Committee plays an important part in the audit planning process and we look forward to meeting with you to discuss our audit plan as well as any other matters that you consider appropriate.

Yours truly,

A handwritten signature in black ink that reads 'JBarratt'. The signature is stylized and cursive.

Jeffrey M. Barratt, CPA, CA  
Partner  
BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants



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## TERMS OF REFERENCE

Our overall responsibility is to form and express an opinion on the financial statements. These financial statements are prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter (as set out in Appendix A), and a summary of our proposed fees are set out below.

### ENGAGEMENT OBJECTIVES

- Forming and expressing an audit opinion on the financial statements.
- Present significant findings to the FARM Committee including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- Consult regarding accounting and reporting matters as requested throughout the year.
- Work with management towards the timely issuance of financial statements.

## INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to the FARM Committee at least annually, all relationships between BDO Canada LLP and its related entities and Toronto Waterfront Revitalization Corporation and its related entities, that, in our professional judgment, may reasonably be thought to bear on our independence for the forthcoming audit of the Organization. Refer to Appendix B.



## AUDIT TEAM

In order to ensure effective communication between the FARM Committee and BDO Canada LLP, the contact details of the engagement team are outlined below.

Name	Role	Phone number	Email address
Jeff Barratt, CPA, CA	Engagement Partner	905-272-7838	<a href="mailto:jbarratt@bdo.ca">jbarratt@bdo.ca</a>
Patricia Gonsalves, CPA, CA	Engagement Quality Control Partner	905-633-4913	<a href="mailto:pgonsalves@bdo.ca">pgonsalves@bdo.ca</a>
Michael Hiley, CPA, CA, CISA	Senior Manager	905-272-6237	<a href="mailto:mhiley@bdo.ca">mhiley@bdo.ca</a>
Rob Clause, CPA, CA	Senior Manager	905-272-6245	<a href="mailto:rclause@bdo.ca">rclause@bdo.ca</a>
Hanna Freeland, CPA, CA	Manager	905-272-7717	<a href="mailto:hfreeland@bdo.ca">hfreeland@bdo.ca</a>



## RESPONSIBILITIES

It is important for the FARM Committee to understand the responsibilities that rest with the Organization and its management, those that rest with the external auditor and the responsibilities of those charged with governance. BDO's responsibilities are outlined within the annual engagement letter attached as Appendix A to this letter. The oversight and financial reporting responsibilities of management and the FARM Committee are summarized below.

### MANAGEMENT'S RESPONSIBILITIES

- Maintain adequate accounting records and maintain an appropriate system of internal control for the Organization.
- Select and consistently apply appropriate accounting policies.
- Prepare the annual financial statements.
- Safeguard the Organization's assets and take reasonable steps for the prevention and detection of fraud and other irregularities.
- Make available to us, as and when required, all of the Organization's accounting records and related financial information.

### FARM COMMITTEE'S RESPONSIBILITIES

- Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor's report.
- Facilitate the resolution of disagreements between management and the external auditor regarding financial reporting matters.
- Pre-approve all non-audit services to be provided to the Organization or its subsidiaries by the external auditor.

## AUDIT STRATEGY

Our overall audit strategy involves extensive partner and manager involvement in all aspects of the planning and execution of the audit and is based on our overall understanding of the Organization.

We will perform a risk based audit which allows us to focus our audit effort on higher risk areas and other areas of concern for management and the FARM Committee.

To assess risk accurately, we need to gain a detailed understanding of the Organization's business and the environment it operates in. This allows us to identify, assess and respond to the risks of material misstatement.

To identify, assess and respond to risk, we obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.



Based on our risk assessment, we design an appropriate audit strategy to obtain sufficient assurance to enable us to report on the financial statements.

We choose audit procedures that we believe are the most effective and efficient to reduce audit risk to an acceptable low level. The procedures are a combination of testing the operating effectiveness of internal controls, substantive analytical procedures and other tests of detailed transactions.

Having planned our audit, we will perform audit procedures, maintaining an appropriate degree of professional skepticism, in order to collect evidence to support our audit opinion.



## MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

For purposes of our audit, we have set the preliminary materiality at \$2,000,000 for the Organization (based on 1.9% of three-year average expenditures).

Our materiality calculation is based on the Organization's preliminary results as of September 2016. In the event that actual results vary significantly from those used to calculate preliminary materiality, we will communicate these changes to the FARM Committee as part of our year end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the FARM Committee, other than those which we determine to be "clearly trivial". Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.



## RISKS AND PLANNED AUDIT RESPONSES

Based on our knowledge of the Organization’s business, our past experience, and knowledge gained from management and the FARM Committee, we have identified the following significant risks; those risks of material misstatement that, in our judgment, require special audit consideration.

Significant risks arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the valuation of these financial statement areas, and the existence of new accounting pronouncements that affect them. We request your input on the following significant risks and whether there are any other areas of concern that the FARM Committee has identified.

### Revenue Recognition

Significant Risk	Approach
<ul style="list-style-type: none"><li>• There is a standard risk in all audit files surrounding revenue recognition since it may be subject to manipulation in order to present more favourable financial statements.</li></ul>	<ul style="list-style-type: none"><li>• Confirm all government contributions with the respective governments.</li><li>• Assess the nature of non-government revenue to determine the level of specific testing to be completed.</li></ul>

### Management Override of Controls

Significant Risk	Approach
<ul style="list-style-type: none"><li>• Management is in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statement by overriding controls that otherwise appear to be operating effectively. This is a standard risk in all audit files.</li></ul>	<ul style="list-style-type: none"><li>• Test the appropriateness of journal entries recorded as well as other adjustments made in the preparation of the financial statements.</li><li>• Obtain an understanding of the business rationale for significant transactions that we become aware of that are outside the normal course of operations for the Organization.</li><li>• Review accounting estimates for biases.</li></ul>



## OTHER AREAS OF AUDIT INTEREST

In addition to the significant risks noted above, we have also noted certain areas which are of interest to us or the FARM Committee and will be considered in the planning of our audit approach and procedures.

### Assets Under Development

Area of Interest	Approach
The organization capitalizes costs for assets under development.	<ul style="list-style-type: none"><li>Specific testing around the revenue or costs capitalized and review of memorandums of understanding on a project by project basis.</li></ul>

### Deferral of Contributions and Grants

Area of Interest	Approach
<ul style="list-style-type: none"><li>Revenue deferred that relates to future periods. Contributions from the governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the contribution agreements.</li></ul>	Specific testing around the allocation of expenses and related revenues to recognize. Funding received for restricted projects should be deferred if no relating expenses have yet been incurred.

### Accrued Liabilities

Area of Interest	Approach
<ul style="list-style-type: none"><li>Accrued liabilities relating to contractors for existing ongoing projects.</li></ul>	<ul style="list-style-type: none"><li>Specific testing around the completeness of accruals. We will also obtain confirmations from various contractors/ suppliers to ensure accruals are complete.</li></ul>



### Capital Assets

Area of Interest	Approach
<ul style="list-style-type: none"> <li>Capital assets are a significant portion of the total asset value and significant capital expenditures may be incurred.</li> </ul>	<ul style="list-style-type: none"> <li>Review and analysis of all capital asset balances with specific testing around additions or disposals.</li> </ul>

### Contribution Agreements

Area of Interest	Approach
<ul style="list-style-type: none"> <li>Contribution Agreements and other contracts may be complex in nature.</li> </ul>	<ul style="list-style-type: none"> <li>Review of all contribution agreements and discussion with management as necessary.</li> <li>Conclusion on appropriate accounting policies and financial statement disclosures.</li> </ul>

## FRAUD DISCUSSION

Canadian generally accepted auditing standards require us to discuss fraud risk with the FARM Committee on an annual basis. We have prepared the following comments to facilitate this discussion.

Required Discussion	BDO Response	Question to FARM Committee
Details of existing oversight processes with regards to fraud.	Through our planning process, and based on prior years' audits, we have developed an understanding of your oversight processes including: <ul style="list-style-type: none"> <li>FARM Committee charters;</li> <li>Discussions at FARM Committee meetings</li> <li>Consideration of tone at the top</li> </ul>	Are there any new processes or changes in existing processes relating to fraud that we should be aware of?
Knowledge of actual, suspected or alleged fraud.	Currently, we are not aware of any fraud.	Are you aware of any instances of actual, suspected or alleged fraud affecting the Organization?



## AUDITORS' RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- Identifying and assessing the risks of material misstatement due to fraud;
- Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

During the audit, we will perform risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and will make inquiries of management regarding:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; and
- Management's communication, if any, to employees regarding its view on business practices and ethical behaviour.

In response to our risk assessment and our inquiries of management, we will perform procedures to address the assessed risks, which may include:

- Inquire of management, the FARM Committee, and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- Perform disaggregated analytical procedures and consider unusual or unexpected relationships identified in the planning of our audit;
- Incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- Perform additional required procedures to address the risk of management's override of controls including;
  - Testing internal controls designed to prevent and detect fraud;
  - Testing the appropriateness of a sample of adjusting journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
  - Reviewing accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior years' estimates; and
  - Evaluating the business rationale for significant unusual transactions.



## AUDIT TIMING

The following schedule outlines the anticipated timing of the audit of the financial statements of the Organization.

Audit tasks and deliverables	Dates
Interim fieldwork	January 3 to January 7, 2017
Audit fieldwork	April 24 to May 5, 2017
Review of draft financial statements with management	Week of May 8, 2017
Present final report to the FARM Committee	June 1, 2017

As part of the year-end FARM Committee meeting, we will provide the FARM Committee with a copy of our draft audit opinion, discuss our findings, including significant estimates utilized by management, accounting policies, financial statement disclosures, and significant transactions completed during the year. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

## FEES

Our fees for 2017 will be \$59,500 (2016 - \$59,500) for the audit of the financial statements, excluding applicable taxes.

Our fees are based on the Professional Services Agreement signed between BDO Canada LLP and Toronto Waterfront Revitalization Corporation dated May 4, 2016.



## APPENDIX A Engagement Letter



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BDO Canada LLP  
1 City Centre Drive  
Suite 1700  
Mississauga, ON L5B 1M2 Canada

January 3, 2017

Toronto Waterfront Revitalization Corporation  
20 Bay Street  
Suite 1310  
Toronto, Ontario M5J 2N8

Dear Ms. Taylor

We understand that you wish to appoint us as the auditors of Toronto Waterfront Revitalization Corporation commencing with its fiscal year ended March 31, 2017.

We are pleased to accept appointment as your auditors subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Jeffrey M. Barratt, CPA, CA will be the Engagement Partner for all assurance work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of Services.

### ***Our Role as Auditors***

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements prepared in accordance with Canadian public sector accounting standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.



Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.

### ***Reporting***

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian public sector accounting standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

### ***Role of Management and Those Charged with Governance***

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
  - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that we may request for the purpose of the audit;



- unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
- financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
- written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

### ***Financial Statement Services***

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

### ***Additional Services***

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

### ***Standard Terms and Conditions***

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.



It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

**BDO CANADA LLP**

Chartered Professional Accountants, Licensed Public Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:  
Toronto Waterfront Revitalization Corporation

_____	_____	_____	_____
Signature	Name (please print)	Position	Date

_____	_____	_____	_____
Signature	Name (please print)	Position	Date



## *Appendix 1*

### *Standard Terms and Conditions*

#### **1. Overview and Interpretation**

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying Engagement Letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this agreement, the following words and expressions have the meanings set out below:

**This Agreement** - these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter

**Services** - the services provided or to be provided under this Agreement

**We, us, our, BDO** - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

**You, your** - the party or parties contracting with BDO under this agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

**BDO Member Firm or Firms** - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

**Confidential Information** - information that contains identifying features that can be attributed to you or individual personnel

#### **2. BDO Network and Sole Recourse**

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this agreement.



### **3. *Respective Responsibilities***

- 3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.
- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

### **4. *Working Papers and Deliverables***

- 4.1 **Ownership** - Any documents prepared by us or for us in connection with Services belong solely to us.
- 4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any third party other than you and any party to whom the assurance report is addressed. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.
- 4.5 **Consent to use the Report** - If we are requested to consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document, we will consider, at the relevant time, providing consent and any conditions applicable to our consent. Our consent must be in writing. In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information is materially inconsistent with the related financial statements. We will require adequate notice of the request for consent to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost.

### **5. *Confidentiality***

- 5.1 We agree to use Confidential Information provided by you only in relation to the services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may, however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing services.
- 5.2 BDO shall be entitled to include a description of services we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or



potential clients. You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

## **6. Independence**

- 6.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence in writing.

## **7. Offers of Employment**

- 7.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

## **8. Professional and Regulatory Oversight**

- 8.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
- 8.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.
- 8.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

## **9. Privacy and Consents**

- 9.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our services are provided on the understanding that:
  - you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
  - we will hold all personal information in compliance with our Privacy Statement.



## **10. Electronic Communications**

- 10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.
- 10.2 Unless BDO is otherwise advised in writing, by executing this agreement you provide BDO with consent to communicate with you electronically, including sending newsletters, publications, announcements, invitations and other news and alerts.

## **11. Limitation of Liability**

- 11.1 In any dispute, action, claim, demand for losses or damages arising out of the services performed by BDO pursuant to this engagement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.
- 11.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 11.3 You agree that BDO shall not be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the services performed hereunder for an aggregate amount no more than the higher of:
  - three times the fees paid by you to BDO in the twelve months preceding the incident giving rise to the claim; and
  - \$25,000.
- 11.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 11.5 You agree claims or actions relating to the delivery of services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

## **12. Indemnity**

- 12.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:
  - a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest



- the services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your company, failing which, the matter may be referred to dispute resolution in accordance with the terms of this letter.

### **13. *Alternative Dispute Resolution***

- 13.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this agreement or the services provided hereunder through good faith negotiations.
- 13.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

### **14. *Limitation Period***

- 14.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any such claim and in any event no later than two years after the completion of the relevant services. The parties to this Agreement agree that the limitation period established by any limitations act and/or any other applicable legislation shall be considered not to apply (to the extent permitted by law).

### **15. *Québec Personnel***

- 15.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Subsection 13.2 and Sections 11 (Limitation of Liability) and 14 (Limitation Period) shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

### **16. *Termination***

- 16.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).
- 16.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all services performed up to the



date of termination, including services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

## **17. Fees and Billings**

- 17.1 Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place.
- 17.2 Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.
- 17.3 Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided. We also will bill you for our out-of-pocket expenses, our administrative charge (described below), and applicable Harmonized Sales Tax, Goods and Services Tax and Provincial Sales Tax.
- 17.4 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.
- 17.5 Our accounts are due when rendered. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

## **18. Governing Laws**

- 18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

## **19. Entire Agreement and Survival**

- 19.1 This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations or understandings, whether oral or written, with respect to such subject matter. It is understood that this letter will not be superseded by any contract with us for other specific services that are not of the same scope as the Services contemplated in this Agreement, unless the other contract explicitly references this Agreement and an intent to supersede it.
- 19.2 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.



## **20. Force Majeure**

- 20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

## **21. Assignment**

- 21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

## **22. Severability**

- 22.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.



## APPENDIX B Independence Letter



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BDO Canada LLP  
1 City Centre Drive  
Suite 1700  
Mississauga, ON L5B 1M2 Canada

March 2, 2017

Members of the FARM Committee  
Toronto Waterfront Revitalization Corporation  
20 Bay Street, Suite 1310  
Toronto, ON M5J 2N8

Dear FARM Committee Members:

We have been engaged to audit the financial statements of Toronto Waterfront Revitalization Corporation (the "Organization") for the year ended March 31, 2017.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with you regarding all relationships between the Organization and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/ordre covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since June 8, 2016 the date of our last letter.

We are not aware of any relationships between the Organization and our Firm that, in our professional judgment may reasonably be thought to bear on independence that have occurred from June 8, 2016 to March 2, 2017.

We hereby confirm that we are independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants Ontario as of March 2, 2017.

This letter is intended solely for the use of the FARM Committee, the Board of Directors, Management and others within the Organization and should not be used for any other purposes.

Yours truly,

Jeffrey M. Barratt, CPA, CA  
Partner  
BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants