

(Letterhead of Entity)

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada

Date: _____ (date of FS approval)

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Toronto and Region Conservation Authority ("the Entity") as at and for the period ended December 31, 2017.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 17, 2017, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including (i) the names of all related parties and information regarding all relationships and transactions with related parties; and (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements, and providing you with access to such relevant information. All significant board and committee actions are included in the summaries.
 - c) providing you with additional information that you may request from us for the purpose of the engagement.
 - d) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - e) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also

acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- f) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- g) providing you with written representations that you are required to obtain under your professional standards and written representations that you determined are necessary.
- h) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the financial statements and involves: management, employees who have significant roles in internal control over financial reporting, or others, where the fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

- 9) We have provided you with all relevant information relevant to the use of the going concern assumption in the financial statements.

MISSTATEMENTS:

- 10) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

By: Mr. John MacKenzie, Chief Executive Officer

By: Mr. Michael Tolensky, Chief Financial Officer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the 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 are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Canadian public sector accounting standards *related party* is defined as:

- Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management and immediate family members (see paragraph 3840.04).

In accordance with Canadian public sector accounting standards a *related party transaction* is defined as:

- A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Attachment II

Summary of uncorrected misstatement

Method used to evaluate differences: Income statement (Roll over)

									Impact on financial statement captions - DR(CR)								
#	Account #	Account Name	Description / Identified During	Error Type	Amount	Income Effect DR (CR)			Balance Sheet Effect					Cash Flow Effect			Statement of Comprehensive Income - Debit (Credit)
					DR (CR)	Income effect of correcting the balance sheet in prior period \$	Income effect of current period balance sheet	Income effect (Rollover method)	Equity at period end	Current Assets	Non-Curre nt Assets	Current Liabilities	Non-Curre nt Liabilities	Operating Activities	Investing Activities	Financing Activities	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1	1000	Cash	To set up 2018 operating levy as deferred revenue	Factual	782,000				-	782,000	-	-	-	-	-	-	-
	2200	Deferred Revenue			(782,000)				-	-	-	(782,000)	-	(782,000)	-	-	-
2	5100	Amortization Expense	To reflect the change in accounting policy as an adjustment to opening accumulated surplus	Factual	623,000	-	623,000	623,000	623,000					623,000	-	-	-
	3560	Accumulated Surplus			(623,000)				(623,000)	-	-	-	-	(623,000)	-	-	-
Total uncorrected misstatements (before tax)						-	623,000	623,000	-	782,000	-	(782,000)	-	(782,000)	-	-	-
Tax effect of uncorrected misstatements or tax misstatements						-	-	-	-	-	-	-	-	-	-	-	-
Total uncorrected misstatements (after tax)						-	623,000	623,000	-	782,000	-	(782,000)	-	(782,000)	-	-	-
Final financial statement amounts							-	9,961,000	464,887,000	56,603,000	462,810,000	54,526,000	-	11,760,000	6,665,000	(20,688,000)	-
Percentage of uncorrected misstatements after tax financial statement amounts.								6.25%	-%	1.38%	0.00%	1.43%	0.00%	6.65%	0.00%	0.00%	0.00%

Attachment II

Summary of uncorrected misstatements in presentation and disclosures

	Description of Audit Misstatement	Resolution	Type of Misstatement
1	Deferred revenue - PSAS 3100.18 requires disclosure of any changes in deferred revenue balance attributable to each major category of external restriction. No deferred revenue roll is included in the financial statements of the Authority with respect to Authority Generated Revenue.	Uncorrected	Factual
2	In the current year TRCA obtained a letter of credit in line with the requirements of a third party funder. As at December 31, 2017 the available amount of the credit amounted to \$273,000. TRCA has elected not to disclose this commitment as it is not material in nature and is outside of regular operations.	Uncorrected	Factual