



February 21, 2012

Board of Directors  
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To the Members of the Board of Yonge-Dundas Square,

We are pleased to report that we have now substantially completed our audit of financial statements of Yonge-Dundas Square for the year ended December 31, 2011. The results of these audits are included in this letter.

#### **Status of the audit**

The following items need to be addressed/ completed before the release of our audit report:

1. Approval of the financial statements by the board of directors; and
2. Receipt of signed management representation letter;

#### **Our responsibility**

Our function as auditors of Yonge-Dundas Square is to report to the directors by expressing an opinion on whether the financial statements are free from material misstatement and present fairly the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. We conducted our audits in accordance with Canadian generally accepted auditing standards. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit was designed to provide reasonable but not absolute assurance that there are no misstatements in the financial statements resulting from fraud because fraud is usually accompanied by acts designed to conceal its existence.

The audit of the financial statements does not relieve management of those charged with governance of their responsibilities. Our audit was undertaken on a risk based approach; more audit effort is directed in areas where there is a higher risk of material misstatement.

### **Independence**

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

3. Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to Yonge-Dundas Square; and
4. Confirming the independence of our engagement team members.

In accordance with the *Canadian Institute of Chartered Accountants (CICA) Handbook* Section 260.17, we advise that we are independent of Yonge-Dundas Square.

### **Internal control**

The primary objective of an audit is to express an opinion on the financial statements. To meet this objective, we obtained an understanding of internal control relevant to the audit when identifying and assessing the risks of material misstatement. In making those risk assessments, we considered internal control 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 internal control.

During the course of performing our audit, we did not identify areas for improvement in internal control.

### **Fraud and illegal acts**

Our inquiries of management did not reveal any fraud or illegal acts. Furthermore, nothing has come to our attention that indicates any director, officer or senior employee may have an interest that is in conflict with their responsibilities to Yonge-Dundas Square.

### **Legal or regulatory issues**

Our audit procedures included an enquiry of legal counsel regarding legal contingencies. Furthermore, our audit procedures included consideration of any regulatory issues that affect the operation or financial reporting framework of the entity. There were no legal matters reported by legal counsel that require disclosure in the financial statements.

### **Additional services**

We did not provide any services in addition to providing an audit opinion.

### **Significant new accounting policies**

There were no significant new accounting policies noted in the year.

### Summary of misstatements

Our audit identified the adjusted and unadjusted non-trivial misstatements noted below.

Misstatements identified and adjusted in the financial statements by Yonge-Dundas Square as a result of our audit procedures were as follows:

Adjusted misstatements	Over/(Under) statement of:			
	Assets	Liabilities	Equity	Earnings
To adjust amortization expense to agree to recalculated balance	\$(3,914)	\$ -	\$ -	\$(3,914)
To reallocate the hot water tank to a capital asset account from a maintenance expense account. (No depreciation was taken in 2011 since the hot water tank was installed in late December 2011.)	(4,290)	-	-	(4,290)
To adjust for an under payment of levy payments to the City in 2010. (After this entry the balance due to the City is consistent with the City's records.)	262	-	-	262
To adjust for invoices received in February 2012 from Clair Canada for lighting, staging, and sound services provided in November 2011 and December 2011	-	(1,943)	-	1,943
<b>Total adjusted misstatements after estimated tax effect</b>	<b>\$(7,942)</b>	<b>\$ (1,943)</b>	<b>\$ -</b>	<b>\$(5,999)</b>
<b>Percentage of financial statement amounts</b>	<b>(1.3)%</b>	<b>(0.3)%</b>	<b>-%</b>	<b>(0.2)%</b>

Non-trivial misstatements noted during the course of our audit but not adjusted in the financial statements were as follows:

Unadjusted misstatements	Over/(Under) statement of:			
	Assets	Liabilities	Equity	Earnings
To reallocate the control station push button added to the new fabric canopy structure to a capital asset account from a repair expense account	\$ (7,510)	\$ -	\$ -	\$ (7,510)
<b>Total unadjusted misstatements after estimated tax effect</b>	<b>\$ (7,510)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,510)</b>
<b>Percentage of financial statement amounts</b>	<b>(1.2)%</b>	<b>-%</b>	<b>-%</b>	<b>(2.5)%</b>

We have discussed and requested that management correct the unadjusted misstatement for the new push button control added to the Square's fabric canopy. Management has concluded that these misstatements will not be corrected because they are, individually and in aggregate, not material to the financial statements of Yonge-Dundas Square. Management has elected to consider the entire fabric canopy as a repair since it is susceptible to wind damage which requires frequent replacement.

**Cooperation during the audit**

We report that we received cooperation from management and the employees of Yonge-Dundas Square. To our knowledge, we were provided access to all necessary records and other documentation and any issues that arose as a result of our audit were discussed with management and have been resolved to our satisfaction.

**Consultations with other accountants**

To our knowledge, management did not seek the advice or opinion of other external accountants on financial reporting or accounting matters.

**Accounting and auditing standards**

There are no new accounting standards which will affect the organization in 2012.

Yours sincerely,  
**Grant Thornton LLP**

Donnie. Morris, C.A.  
Principal

cc: Taylor Raths and Sue Kilbride