

Rosenswig McRae Thorpe LLP

Chartered Accountants
Associated worldwide with CPA Associated International Inc.

Appendix M-1:

Michael Rosenswig
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David Westerveld
Tony Rosso

February 29, 2012

Board of Directors
Downtown Yonge Business Improvement Area
40 Dundas Street West Suite 300, PO Box 42
Toronto, Ontario
M5B 2C2

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended December 31, 2011 we wish to report to you on our findings.

As mandated by the Institute of Chartered Accountants of Ontario, we inform you that we are independent of your organization. The parameters of independency are outlined in our separate letter of independence.

We wish to thank Sue and your organization's staff for assisting us during the audit. Attached is our list of adjustments we have identified during the audit which have not been adjusted for. Based on our materiality of \$45,000, there are no material differences nor were there any significant unrecorded items.

We would like to report to you the following financial reporting matters:

Related party transactions

We have not identified any related party transaction in the course of our audit.

Other matters

It was noted during our audit that Downtown Yonge Business Improvement Area ("DY BIA") is including the \$400,000 exemption in its calculation and remittance of Employer Health Tax ("EHT"). DY BIA is potentially not eligible for an exemption as it may be considered a public sector employer. Management is currently seeking clarification on the matter.

We would like to report to you the following internal control matters:

We understand that the segregation of duties which is essential for having a high degree of internal controls may be difficult due to the number of personnel involved in accounting and finance functions. The following are our observations and recommendations we feel could be implemented to strengthen the internal controls of your organization. This is not intended to assess the performance or proficiencies of the staff, but is intended to assist in the advancement of your organization. Our observations and related recommendations are as follows:

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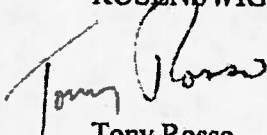
February 29, 2012

- a) It was noted during the audit that pay raises given to Clean Streets Team hourly employees were not being documented. Although the increases are not significant, we recommend that all pay raises be documented and signed by management to avoid any misunderstandings with the employee. Management has subsequently implemented a process in which salary increases to these employees are advised in writing.

We would be pleased to discuss these items with you in more detail and assist you with any such implementation that you require.

Yours very truly,

ROSENWIG McRAE THORPE LLP



Tony Rosso
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