May 30, 2012

We are providing this letter in connection with your audit of the financial statements of North York Performing Arts Centre Corporation (operating as the Toronto Centre for the Arts or the Centre) as of December 31, 2011 and for the years then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the results of operations and the cash flows of the Centre in accordance with Canadian generally accepted accounting principles.

Management’s responsibilities
We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles;
- We are responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information in accordance with Canadian generally accepted accounting principles;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements
The financial statements include all disclosures necessary for fair presentation in accordance with Canadian generally accepted accounting principles and disclosures otherwise required to be included therein by the laws and regulations to which the Centre is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account.
and vice versa. All intracompany and intercompany accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

**Accounting policies**
We confirm that we have reviewed the Centre's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Centre’s particular circumstances to present fairly in all material respects its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles.

**Internal controls over financial reporting**
We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Centre is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware of as of December 31, 2011.

**Disclosure of information**
We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - Contracts and related data;
  - Information regarding significant transactions and arrangements that are outside of the normal course of business;
  - Minutes of the meetings of shareholders, management, directors and committees of directors. The most recent meeting of the Board was held on March 2, 2012;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

**Completeness of transactions**
All contractual arrangements entered into by the Centre with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

**Fraud**
We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting the Centre involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting the Centre’s financial statements, communicated by employees, former employees, analysts, regulators or others.

**Compliance with laws and regulations**
We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
We are not aware of any illegal or possibly illegal acts committed by the Centre's directors, officers or employees acting on the Centre's behalf.
Accounting estimates and fair value measurements
Significant assumptions used by the Centre in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- the measurement methods are appropriate and consistently applied;
- the significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Centre's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with Canadian Institute of Chartered Accountants (CICA) Handbook Section 1508, Measurement Uncertainty and CICA Handbook Section 3862, Financial Instruments – Disclosures, have been appropriately disclosed.

Related parties
We confirm the completeness of information provided to you regarding the identification of related parties as defined by CICA Handbook Section 3840, Related Party Transactions, which include, but are not limited to directors, officers, senior members of management, or immediate family members of such individuals, or entities over which these individuals are able to exert significant influence. We also confirm the completeness of information provided to you regarding the nature of the Centre's relationships with and transactions involving those entities.

The identity and relationship of and balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by Canadian generally accepted accounting principles.

The list of related parties attached to this letter as Appendix A accurately and completely describes the Centre's related parties and the relationships with such parties.

All balances and transactions with the City of Toronto have been accurately and completely reflected in the financial statements.

Going concern
We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities
We have satisfactory title or control over all assets. All liens or encumbrances on the Centre's assets and assets pledged as collateral, to the extent material, have been disclosed in the financial statements.

Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian generally accepted accounting principles. All liabilities and contingencies, including those associated with
guarantees, whether written or oral, under which the Centre is contingently liable in accordance with Accounting Guideline 14, Disclosure of Guarantees, or CICA Handbook Section 3290, Contingencies, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims
All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian generally accepted accounting principles, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit
Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.
We confirm that the financial statements are free of material misstatements, including omissions.

The effects of the uncorrected misstatements in the financial statements, as summarized in the accompanying schedule (Appendix B), are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in Appendix B.

The adjusted misstatements identified during your audit and summarized in the attached table (Appendix C) have been approved by us and adjusted in the financial statements.

Events after balance sheet date
We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Cash and banks
The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Centre.

All cash balances are under the control of the Centre, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts which are not the property of the Centre.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Centre of which we are aware are included in the financial statements at December 31, 2011.
Accounts receivable
All amounts receivable by the Centre were recorded in the books and records.

Amounts receivables amounted to $146,000 and are considered to be fully collectible.

Amount receivable that are non-interest bearing and are expected to be received more than a year after initial recognition date have been initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

All receivables were free from hypothecation or assignment as security for advances to the Centre, except as hereunder stated.

The Centre has accounted for and disclosed transfers of receivables (including securitizations) in accordance with the provisions of AcG-12, Transfers of Receivables.

Loans receivable
We have reviewed loans receivable for impairment, and made appropriate allowances thereon if necessary, in accordance with CICA 3025, Impaired Loans. We have measured impaired loans based upon the present value of expected future cash flows discounted at the loan’s effective interest. The allowance for loan losses encompasses probable credit losses related to specifically-identified loans as well as probable credit losses inherent in the remainder of the loan portfolio that have been incurred as of December 31, 2011. The allowance does not include an amount for loan losses expected to be incurred subsequent to December 31, 2011.

Credit risk
The following information about each class of financial asset, both recognized and unrecognized, has been properly disclosed in the financial statements:

- Amount of the maximum credit risk exposure without regard to collateral; and
- Significant concentrations of credit.

Property, Plant and Equipment
All charges to property, plant and equipment asset accounts represented the actual cost of additions to property, plant and equipment.

No significant property, plant and equipment additions were charged to repairs and maintenance or other expense accounts.

Book values of property, plant and equipment sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Property, plant and equipment assets owned by the Centre are being depreciated on a systematic basis over their estimated useful lives and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering property leased by or from the Centre have been disclosed to you and classified as capital, operating, sales-type or direct financial leases as appropriate.

Assets held under capital leases are being amortized on a systematic basis over the period of expected use.

There have been no events or changes in circumstances that indicate the carrying value of a long-lived asset is not recoverable; accordingly management was not required to perform an impairment test in accordance with CICA 3063, Impairment of Long-lived Assets during the period. We believe that the carrying amount of the Centre’s long-lived assets is fully recoverable.
Accounts Payable
Amounts payable that are non-interest bearing and are expected to be paid more than a year after initial recognition date have been initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Long-term debt
All borrowings and financial obligations of the Centre of which we are aware are included in the financial statements at December 31, 2011, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

The Centre has appropriately classified as current and non-current its loan to the City of Toronto in the Centre’s classified statement of financial position as of December 31, 2011 in accordance with the appropriate authoritative guidance. In evaluating the appropriate classification of its borrowings, the Centre considered all relevant facts and circumstances, for example: contractual terms, the existence of call options, subjective acceleration clauses, material adverse changes clauses, lock-box arrangements, covenant violations, renewal features, conversion features, redemption features, and ability and intent to refinance.

Unearned revenue and deferred credits
All material amounts of unearned revenue and deferred credits including deferred income taxes were appropriately recorded in the books and records.

Commitments
Provisions have been made for losses to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.

Provisions have been made for losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Financial Instruments
The carrying values of the Centre’s financial instruments approximate their fair values unless otherwise noted.

The Centre has chosen to apply the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments – Disclosure and Presentation, in place of Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation.

Revenue Recognition
The conditions, including reasonably dependable estimates, for use of percentage-of-completion accounting under generally accepted accounting principles are present.

We have reviewed the criteria for revenue recognition included in CICA 3400, Revenue, and EIC 141, Revenue Recognition, and EIC 123, Reporting Revenue Gross as a Principal vs. Net as an Agent, namely, evidence of arrangement, delivery, fixed price and collectability and is recognizing revenue in accordance with these standards.

We have fully disclosed to you all sales terms (whether written or oral), including all customer-acceptance provisions, rights of return or price adjustments, and all warranty provisions.

We did not issue any side letters in regards to our sales agreements.
Art Collection
The art collection recorded in the financial statements is property of the Centre. Amounts reflected have been accurately and completely recorded.

Yours truly,

North York Performing Arts Centre Corporation
(operating as the Toronto Centre for the Arts or the Centre)

[Signature]

Pim Schotanus, General Manager
Appendix A – List of related parties

City of Toronto
Appendix B – Summary of Uncorrected Misstatements (SUM)

<table>
<thead>
<tr>
<th>Description</th>
<th>Deficiency of revenue over expense</th>
<th>Statement of financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Over) understated $</td>
<td>Assets (over) understated $</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Liabilities (under) overstated $</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net assets over (under) overstated $</td>
</tr>
<tr>
<td>Dr. Revenue</td>
<td>6,309</td>
<td></td>
</tr>
<tr>
<td>Cr. Retained Earnings</td>
<td></td>
<td></td>
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<tr>
<td><em>(To correct for overstatement of current year revenue and understatement of opening retained earnings)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Expenses</td>
<td>9,000</td>
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</tr>
<tr>
<td>Cr. Revenue</td>
<td><em>(9,000)</em></td>
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<tr>
<td><em>(To reclassify revenues recorded in operating expenses)</em></td>
<td></td>
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<tr>
<td>Total unadjusted differences</td>
<td>6,309</td>
<td>NIL</td>
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</table>
## Appendix C – Summary of Adjusted Misstatements (SAM)

<table>
<thead>
<tr>
<th>Description</th>
<th>Deficiency of revenue over expense</th>
<th>Statement of financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Over) understated $</td>
<td>Assets (over) understated $</td>
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<tr>
<td></td>
<td></td>
<td>Liabilities (over) understated $</td>
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<tr>
<td></td>
<td></td>
<td>Net assets (over) understated $</td>
</tr>
<tr>
<td>Dr. Other Revenue</td>
<td>79,723</td>
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<tr>
<td>Cr. Payroll Expense</td>
<td>(74,802)</td>
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<tr>
<td>Cr. Operating Expense</td>
<td>(542)</td>
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<tr>
<td>Cr. Operating Revenue</td>
<td>(4,379)</td>
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</tr>
<tr>
<td><em>(To net other revenue against payroll expense related to City Culture's employee)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Deferred Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cr. Accounts Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(To reclassify Livent payable from deferred revenue to accounts payable)</em></td>
<td></td>
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</tr>
<tr>
<td>Dr. Payroll Expense</td>
<td>169,047</td>
<td></td>
</tr>
<tr>
<td>Cr. Accruals</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(To record payroll expense for the last pay period in 2012 for crew and front of house staff)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cr. Cash held in Trust</td>
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<td></td>
</tr>
<tr>
<td><em>(To reclassify cash held in trust to cash account to reflect cash for 2011 revenues)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Operating Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cr. Accounts Receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(To record credit issued to Dancap)</em></td>
<td></td>
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<tr>
<td><strong>Total adjusted differences</strong></td>
<td><strong>175,047</strong></td>
<td><strong>(6,000)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>(169,047)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>NIL</strong></td>
</tr>
</tbody>
</table>