

REPORT TO THE BOARD OF MANAGEMENT OF  
**YONGE-DUNDAS SQUARE**

For the year ended December 31, 2017

Prepared by  
Kathy Steffan, CPA, CA,  
Christa Casey, CPA, CA  
Partners  
**Welch LLP**

## **AUDIT STATUS**

Our audit of the financial statements of Yonge-Dundas Square for the year ended December 31, 2017 is substantially complete and we expect to release our auditor's report after the following outstanding matters are completed:

- Receipt of the signed management representation letter
- Board approval of the draft financial statements
- Final subsequent review up to date of approval of the financial statements

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. The following paragraphs provide information we are required to communicate with you in accordance with Canadian generally accepted auditing standards.

## **QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING**

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

## **MANAGEMENT LETTER OF REPRESENTATION**

It is necessary for us to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation in Appendix A. Management has committed to provide us with a signed copy of the letter on a date to coincide with the date of our auditors' report.

## **MISSTATEMENTS**

The corrected misstatements identified during our audit are included in Appendix B. Management made all the corrections we proposed and as a result there are no unadjusted errors to report to you.

## **SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

During our audit we did not identify any significant deficiencies in internal control to report to the Board of Management.

## **INDEPENDENCE**

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between Yonge-Dundas Square and us that, in our professional judgment, may reasonably be thought to bear on our independence.

No matters have been identified that would reasonably be thought to bear on our independence. As a result, we confirm that we are independent.

## **FINANCIAL STATEMENT PRESENTATION**

### **1. Significant Accounting Policies**

The organization's significant accounting policies are disclosed in the notes to the financial statements.

During the year there were no new accounting policies or changes to existing accounting policies.

### **2. Management's Judgments and Accounting Estimates**

During the audit we did not encounter any situations that required significant judgements on the part of management or involved significant estimates.

## **MATTERS SPECIFICALLY REQUIRED BY OTHER CANADIAN AUDITING STANDARDS TO BE COMMUNICATED**

Other sections of Canadian Auditing Standards require us to communicate with those charged with governance in a number of specific circumstances:

- Where we encounter unusual related party transactions or significant matters related to related party transactions;
- Where we encounter other transactions that were unusual or not in the normal course of business;
- Where we suspect or detect fraud;
- Where there is inconsistency between the financial statements and other information in documents containing the financial statements; and
- Where we believe there may be non-compliance with legislative or regulatory requirements.

We did not encounter any such matters during the course of our audit.

#### **DIFFICULTIES ENCOUNTERED DURING THE AUDIT**

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

#### **ACKNOWLEDGEMENTS**

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for efforts and for their constructive approach to the audit.

# YONGE-DUNDAS SQUARE

2 Carlton Street  
Suite 1707  
Toronto, Ontario  
M5G 2C2

APPENDIX A

To be determined

Welch LLP  
123 Slater Street  
3rd Floor  
Ottawa, ON  
K1P 5H2

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of Yonge-Dundas Square as of December 31, 2017 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Yonge-Dundas Square in accordance with Canadian public sector accounting standards.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

## **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 25, 2013, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

## **Information Provided**

1. We have provided you with:
  - (a) 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;
  - (b) Additional information that you have requested from us for the purpose of the audit; and
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
2. All transactions have been recorded in the accounting records and are reflected in the financial statements
3. 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. We have assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

## **Accounts Receivable**

1. Accounts receivable are correctly described in the records and represent valid claims as at the year-end against the persons or companies indicated. These accounts are expected to be collected within twelve months.
2. The accounts receivable are free from hypothecation or assignment except as disclosed in the notes to the financial statements.

3. Adequate allowance has been made for any losses from uncollectible accounts, costs or expenses that may be incurred with respect to sales made or services rendered prior to the year-end.

### **Capital Assets**

1. All charges to capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the organization during the year.
2. All capital assets sold or dismantled have been properly accounted for in the books of the organization.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.
4. The organization has good title to the properties represented by the balance carried in the capital asset accounts, and there are no liens, mortgages or other charges against any of the capital assets shown on the books of the organization.
5. Where the value of any capital assets has been impaired, this fact has been disclosed to you.

### **Liabilities and Commitments**

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the organization are included and fairly stated on the balance sheet.
2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).
3. The organization has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year-end, the organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the organization.
5. All claims outstanding against the organization or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the organization or its reputation or give rise to a claim or claims against the organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

## **Statement of Operations**

1. All of the revenues of the organization for the year has been recorded in the books of account and disclosed in the financial statements.
2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

## **Corporate Minutes**

The minute books of the organization contain an accurate record of all of the business transacted at meetings of the board of management up to the date of this letter.

## **Controlled and Related Entities**

1. All subsidiaries and controlled not-for-profit organizations have been accurately reflected in the financial statements.
2. All enterprises and not for profit organizations where the organization has joint control, exerts significant influence or has an economic interest have been appropriately reflected in the financial statements.

## **Related Party Transactions**

1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
2. There have been no exchanges of goods or services with any related parties for which appropriate accounting recognition and financial statement disclosure has not been given.

## **Recognition, Measurement and Disclosure**

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
2. The organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
3. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.



## **Going Concern**

We confirm that we have assessed the entity's ability to continue as a going concern, taking into account all information which is at least twelve months from the year-end date, and we conclude that the entity is able to continue as a going concern for the foreseeable future.

## **General**

1. We are unaware of any frauds or possible frauds having been committed by the organization, its employees or any of its directors and officers and 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.
2. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
6. In the course of your audit of our financial statements for the year ended December 31, 2017, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our organization.

## **Events Subsequent to the Year-end**

1. All events subsequent to the date of these financial statements and for which Canadian accounting standards for private enterprises require adjustment or disclosures have been adjusted or disclosed.

Yours very truly,

YONGE-DUNDAS SQUARE

Per \_\_\_\_\_  
Taylor Raths, General Manager

## Yonge-Dundas Square

Year End: December 31, 2017

## Adjustments

Number	Date	Name	Account No	Debit	Credit
1	2017-12-31	City of Toronto	1210	20,945.00	
1	2017-12-31	Surplus/(Loss) - Previous Year	3560		-20,945.00
		To record current year deficit receivable from the City of Toronto			
2	2017-12-31	SPONSORSHIPS	4040		-33,100.00
2	2017-12-31	ADVERTISING	5150	33,100.00	
		Record non-monetary transaction with NOW magazine			
3	2017-12-31	DEFERRED CLIENT REVENUE/DEPOSITS	2130		-28,571.00
3	2017-12-31	DEFERRED CLIENT REVENUE/DEPOSITS	2130		-106,751.00
3	2017-12-31	SPONSORSHIPS	4040	28,571.00	
3	2017-12-31	SIGNAGE	4510	106,751.00	
		To defer sponsorship revenue from GM and Outfront signange revenue on a straightline basis over term of contract			
				189,367.00	-189,367.00
				<b>Net Income (Loss) 14,802.29</b>	

To be determined

Yonge-Dundas Square  
2 Carlton Street  
Suite 1707  
Toronto, Ontario  
M5G 2C2

**PRIVATE AND CONFIDENTIAL**

Attention: Mr. Taylor Rath

Dear Sir:

**Re: Audit of the December 31, 2017 Financial Statements**

During the course of our audit of the financial statements for the year ended December 31, 2017, we did not identify any matters which would be of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have discussed our findings, which were minor matters, verbally with your staff and provided some suggestions for their consideration.

As a result of our observations, we have outlined matters below along with some suggestions for your consideration.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff. We have discussed the matters in this report with the management and received his comments thereon.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from the management and their staff.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,

**Welch LLP**

Kathy Steffan, CPA, CA  
Partner

Christa Casey, CPA, CA  
Partner

DRAFT  
For Discussion Purposes Only