

*Foley, Broderick LLP*

CHARTERED ACCOUNTANTS

38 PRINCE ARTHUR AVENUE  
TORONTO, ONTARIO, CANADA M5R 1A9  
TELEPHONE (416) 863-1510  
FAX (416) 863-5217

May 22, 2019

Board of Management  
Liberty Village Business Improvement Area  
67 Mowat Avenue  
Suite 104  
Toronto, Ontario  
M6K 3E3

**Re: Liberty Village Business Improvement Area**

Dear Members of the Board of Management:

We have been appointed to audit the financial statements of Liberty Village Business Improvement Area for the year ended December 31, 2018. Our engagement letter dated March 5, 2019 sets out the terms of our appointment as auditors of Liberty Village Business Improvement Area. We issue this report to assist in your review of the financial statements.

Our responsibilities as auditors are to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Canadian auditing standards require that auditors of 'listed entities' confirm their independence to those charged with governance. Liberty Village Business Improvement Area is not a 'listed entity'; however, we advise that we are not aware of any relationships that may reasonably be thought to bear on our independence as auditors.

We have substantially completed our audit of Liberty Village Business Improvement Area's financial statements in accordance with Canadian generally accepted auditing standards, and plan to release our independent auditors' report, to be dated as of the date of approval of the financial statements by the Board of Management, subject to completion of the following procedures:

- Completion of subsequent events review to the date of the independent auditors' report.
- Receipt of management representation letter.

Our audit approach is based upon an assessment of risk – firstly, the risk of material misstatement occurring (including misstatement as a result of fraud and error), and, secondly, the risk that Liberty Village Business Improvement Area's internal controls will not prevent or detect a material misstatement.

As part of our audit, we obtained a sufficient understanding of the operations and internal control structure to plan the audit. Based upon our knowledge of Liberty Village Business Improvement Area obtained during the course of the current and prior years' audit examinations and audit experience over the years conducting examinations of organizations of similar size and scope, we established a general audit strategy that relies primarily on substantive verification procedures, which include analytical review, overall verification and vouching of balances and transactions, with a limited reliance on internal controls.

Areas of particular audit emphasis and substantive audit work included:

- Purchases, payables and disbursements;
- Levy revenues, TTC VIP program deposits revenues, donations, sponsorships and other revenues in order to assess the proper recognition of revenue; and
- TTC VIP pass expense, administration, promotion, marketing, and advertising expenses.

The materiality level which is the basis of our audit work and testing takes into account both quantitative and qualitative factors. We set our preliminary materiality level at \$ 8,100, or approximately 2% of 2018 revenues.

Significant findings identified during the course of our audit for the 2018 fiscal year are outlined below:

**Misstatements and proposed audit adjustments:**

Please see attached for proposed audit adjustments to the accounts as a result of the audit process. These adjustments are reflected in the draft audited financial statements presented for your review.

**Misstatements, other than trivial errors, not recorded by management:**

None.

**Misstatements that may cause future financial statements to be materially misstated:**

None.

**Significant or unusual transactions:**

None.

**Significant matters affecting the preparation of the financial statements and financial statement disclosures:**

None.

**Fraud or illegal or possibly illegal acts, other than ones considered inconsequential:**

We did not identify any:

- Matters raising questions regarding the honesty and integrity of management.
- Fraud or suspected fraud involving management, employees or others.
- Illegal or possibly illegal acts.

*Please advise if you have any knowledge of fraud or suspected fraud that should be brought to our attention.*

**Material weaknesses in internal control:**

None.

**Related party transactions:**

None.

**Accounting policies:**

Significant accounting policies are described in Note 2 to the financial statements. There are no material balances or transactions involving significant management judgements or estimates.

**Other matters:**

None.

**Dealings with management:**

We received good cooperation from management and employees throughout the audit process.

There were no significant difficulties encountered while performing the audit.

We had no disagreements with management.

All auditing, accounting and presentation issues were resolved to our satisfaction.

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.

This communication is prepared solely for your information and is not intended for any other purpose.

Yours very truly,



John J. Broderick

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encls.