

TORONTO COACH TERMINAL INC REPORT NO.

MEETING DATE: June 21, 2012

SUBJECT: AUDIT RESULTS FOR THE YEAR ENDED
DECEMBER 31, 2011

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Board receive for information the attached report and update letter from PricewaterhouseCoopers regarding the audit of the consolidated financial statements of the Toronto Coach Terminal Inc. (TCTI) for the year ended December 31, 2011.

BACKGROUND

At its meeting of April 30, 2012, the TCTI Audit Committee received this report for information to fulfill its mandate to "...review with staff and the External Auditors the results of the audits, including any significant and reporting issues, and the reasonableness of any significant estimates....".

DISCUSSION

The consolidated financial statements of the Toronto Coach Terminal Inc. for the year ended December 31, 2011 have been prepared by management. They have been audited by PricewaterhouseCoopers ("PWC"). The attached report and update letter from PWC outlines the scope of their audit and provides some comments on significant accounting and disclosure matters.

In the letter, the auditors have updated the Summary of Unadjusted Misstatements to include the late receipt of \$35k from Northumberland General Insurance Company ("Northumberland"). These unexpected proceeds were received in respect of Northumberland's 1985 liquidation for interest owed to policy loss claimants and unearned premium claimants and were identified after the Audit Committee had received the Audit Results report. The proceeds have been recorded as miscellaneous revenue for 2012.

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June 5, 2012

Members of the Audit Committee of the
Toronto Coach Terminal Inc.

Dear Members of the Audit Committee:

Further to our Year-End Audit Committee report, dated April 19, 2012 which was presented to the Audit Committee of the Toronto Coach Terminal Inc. on April 30, 2012, we have provided below an update on the Status of the audit section of our report (page 1) and also have included an updated Summary of unadjusted misstatements as one misstatement was identified in completing subsequent audit procedures, after the presentation of our report.

Status of the audit

All outstanding items detailed within the Status of the Audit section of our report were completed by May 18, 2012, the date of our audit opinion for the Toronto Coach Terminal Inc.

Summary of unadjusted misstatements

The adjustment below was added subsequent to the Audit Committee meeting held on April 30, 2012.

(all amounts presented in table below are in \$000s)

Description	Surplus Over/(Under) Stated	Financial Assets (Over)/Under Stated	Liabilities Over/(Under) Stated	Non-Financial Assets (Over)/Under Stated	Opening Accumulated Surplus Over/(Under) Stated
Current year unadjusted Misstatements:					
Subsequent receipt of legal reimbursement from Northumberland General Insurance	(35)	35			
Total unadjusted misstatements	(35)	35			

Yours very truly,

PricewaterhouseCoopers LLP

Cathy Russell
Partner
Audit and Assurance Group

*PricewaterhouseCoopers LLP, Chartered Accountants
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Toronto Coach Terminal Inc.

*Year-end report to the
Audit Committee
December 31, 2011*

*Prepared as of April
19, 2012*





April 19, 2012

Members of the Audit Committee
Toronto Coach Terminal Inc.

Dear Members of the Audit Committee:

We have substantially completed our audit of the consolidated financial statements of the Toronto Coach Terminal Inc. (the Terminal or TCTI) for the year ended December 31, 2011. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We have issued the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

We propose to review the key elements of this report at the upcoming meeting and discuss with you our key findings.

We would like to express our sincere thanks to the management and the staff of the Terminal who have assisted us in carrying out our work and we look forward to our meeting on April 30, 2012. Should you have any questions or concerns prior to the Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

PricewaterhouseCoopers LLP

Cathy Russell
Partner
Audit and Assurance Group

cc: Members of the Audit Committee
Mr. Vincent Rodo, President, Toronto Coach Terminal Inc.
Mr. Michael Roche, Chief Financial Officer, Toronto Transit Commission

*PricewaterhouseCoopers LLP, Chartered Accountants
PwC Tower, 18 York St, Suite 2600, Toronto, Ontario Canada M5J 0B2
T : 416 947 8941 F : 416 947 8956 ,www.pwc.com/ca*

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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Appendix B: Management representation letter

Appendix C: Independence letter

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted, as the report has not been prepared for, and is not intended for, any other purpose. Comments and conclusions should only be taken in context of the financial statements as a whole as we do not mean to express an opinion on any individual item or accounting estimate.

1. Executive summary

a. Status of the audit

We have substantially completed our audit of the 2011 consolidated financial statements of the Toronto Coach Terminal Inc. (the financial statements). Our auditor's report will be issued once we receive and have completed our audit work on the outstanding items noted below.

This document includes the required communications between an auditor and Audit Committee, as required by Canadian generally accepted auditing standards (Canadian GAAS).

The following items will need to be completed/received prior to the issuance of our audit opinion. We will provide an update on the status of these items at our upcoming meeting.

Outstanding item	Status as at April 30, 2012
i. Responses to our legal confirmation letters from external legal counsel	
ii. Completion of subsequent event procedures to the date of the audit opinion	
iii. Final review of the consolidated financial statements	
iv. Receipt of signed management representation letter	
v. Approval of the consolidated financial statements by the Audit Committee	

b. Key issues for discussion

Discussion item	Summary	For further reference
Public Sector Accounting Standards (PSAS) Conversion	<ul style="list-style-type: none"> • In December 2009, the Canadian Institute of Chartered Accountants ("CICA") amended the Public Sector Accounting Standards. Under the new standards, the Terminal is now classified as an "other government organization" and has elected to adopt Public Sector Accounting Standards (PSAS). • In transitioning to PSAS, management of the TCTI reassessed the Terminal's accounting policies under PSAS and identified areas of significant difference, notably the required consolidation of the Toronto Transit Commission Insurance Company (TTCIC) under PSAS. • Management restated the opening balance sheet, at January 1, 2010 and comparative figures from existing Canadian GAAP to PSAS to incorporate the consolidation of TTCIC. • Based on our audit work performed, we have concluded that the PSAS conversion adjustments are supportable and within our expectations. 	Page 3

Discussion item	Summary	For further reference
Management Override of Controls	<ul style="list-style-type: none"> • In completing our audit, we are responsible for maintaining professional skepticism and considering the potential for management override of controls. • Based on our audit work performed, we found no circumstances that evidenced inappropriate management override of controls. 	Page 4
Summary of unadjusted and adjusted items	<ul style="list-style-type: none"> • As a result of our audit, we did not identify any misstatements that need to be brought to the attention of the Audit Committee • In our opinion, the financial statements, taken as a whole, are free of material misstatement. 	
Fraud	<ul style="list-style-type: none"> • No instances of fraud were noted as part of our audit procedures. • We wish to reconfirm whether the Audit Committee is aware of any known, suspected or alleged incidents of fraud. 	Page 5
Control deficiencies	<ul style="list-style-type: none"> • We have noted no significant internal control recommendations which need to be brought to the attention of the Audit Committee. 	Page 6
Independence	<ul style="list-style-type: none"> • We confirm that we are independent of the TCTI as at April 30, 2012, and our independence letter can be found in Appendix C. 	Appendix C
Management representations	<ul style="list-style-type: none"> • Under Canadian Auditing Standards, we are required to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix B. 	Appendix B

2. Significant audit, accounting and financial reporting matters

Preparation of the financial statements requires management to select accounting policies, as well as make critical accounting estimates and disclosures that may involve significant judgment and measurement uncertainty. These matters can significantly impact the company's reported results.

We are responsible for discussing with the Audit Committee our views about the significant qualitative aspects of the company's accounting practices, including accounting policies, the accounting estimates, and financial statement disclosures in accordance with the requirements of Public Sector Accounting Standards (PSAS).

Our comments and views included in this report should only be taken in the context of the financial statements as a whole and are not meant to express an opinion on any individual item or accounting estimate. We are sharing our views with you to facilitate an open dialogue of these matters.

a. Year-end issues

Item 1	Public Sector Accounting Standards (PSAS) Conversion
<p>Background information and management's process</p>	<ul style="list-style-type: none"> • In December 2009, the Canadian Institute of Chartered Accountants ("CICA") amended the Public Sector Accounting Standards. Under the new standards, the Terminal is now classified as an "other government organization" and has elected to adopt Public Sector Accounting Standards ("PSAS"). • The financial statements for 2010, originally prepared under existing Canadian GAAP at that time have been retrospectively restated using accounting policies permissible under PSAS. • Consolidation of the TTC Insurance Company – Previously under Canadian GAAP, consolidating wholly owned subsidiaries was optional for non-publicly accountable enterprises under differential reporting (CICA HB section 1300). In past years, TCTI made an election not to consolidate the results of its wholly owned investment in the TTC Insurance Company (TTCIC) and instead chose to account for this investment on a cost basis. • Now under PSAS, the option to account for the wholly owned investment at cost is no longer available. As a result, the Terminal is now required to consolidate TTCIC in their financial statements • All transitional exemptions available when converting to PSAS were considered for the TCTI but none of them were considered applicable.
<p>PwC's Views</p>	<ul style="list-style-type: none"> • We have reviewed and assessed the appropriateness of the Public Sector accounting policies selected by the Terminal and we have confirmed that these new accounting policies have been applied retrospectively. • We have also performed audit procedures on the reconciling adjustments recorded to transition the financial statements of the Terminal from Canadian GAAP to Public Sector Accounting Standards. • As well, we have reviewed that the disclosures within the Terminal's annual audited financial statements are compliant with the required disclosures as set out in the Public Sector Accounting Standards.

Item 1	Public Sector Accounting Standards (PSAS) Conversion
Conclusion	Based on our audit work performed, we have no additional matters to report with respect to the PSAS conversion

Item 2	Management Override of Controls
Background information and management's process	<ul style="list-style-type: none"> • In completing our audit, we are responsible for maintaining professional skepticism throughout our audit engagement, considering the potential for management override of controls. • Management has a process to ensure appropriate segregation of duties has been established at the Terminal in order to mitigate the risk of management override of controls. • The Terminal has policies in place to prevent and detect fraud, including a code of conduct, an internal audit department and a process to ensure the review and approval of manual journal entries.
PwC's Views	<ul style="list-style-type: none"> • Through our audit procedures we did not note any circumstances where we believe there was inappropriate segregation of duties. • We performed audit work on a sample of significant and non-standard manual journal entries. We obtained documentation to support the manual entries selected and also confirmed that all were appropriately approved.
Conclusion	Based on our work performed, we found no circumstances that evidence inappropriate management override of controls.

3. Other required communications

Canadian Auditing Standards requires that the external auditor communicate certain matters to the Audit Committee that may assist you in overseeing management's financial reporting and disclosure process.

Below, we summarize these required communications as they apply to you:

Matter to be communicated	PwC's response
Management's representations	<ul style="list-style-type: none"> • Under Canadian Auditing Standards, we are required to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix B.
Significant deficiencies in internal control	<ul style="list-style-type: none"> • Recent changes to Canadian Auditing Standards require us to communicate to the Audit Committee internal control weaknesses identified as part of our audit that are considered to be significant deficiencies. • We have not noted any significant internal control recommendations which need to be brought to the attention of the Audit Committee.
Significant difficulties or disagreements that occurred during the audit	<ul style="list-style-type: none"> • No difficulties or disagreements occurred while performing our audit that require the attention of the Audit Committee
Fraud and illegal acts	<ul style="list-style-type: none"> • No fraud involving senior management, employees with a significant role in internal control or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures

4. Internal control recommendations

The purpose of our audit was to enable us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements 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 our audit, we have noted no significant internal control recommendations which should be brought to the attention of the Audit Committee.

5. 2011 audit fees

a. Fees

The fees detailed below are in accordance with our response to the City's Request for Proposal covering the five year contract period for the years ended December 31, 2010 through to 2014.

Service description	Actual fees for year ended December 31, 2011 \$
Audit of the Toronto Coach Terminal Inc. financial statements	4,880
Audit of the TTC Insurance Company Ltd. financial statements	11,750
Total	16,630

Appendix A: Draft auditor's report

To the Chair and Members of the Toronto Coach Terminal Inc.

We have audited the accompanying consolidated financial statements of the **Toronto Coach Terminal Inc.** which comprise the consolidated statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statement of net debt as at December 31, 2011 and December 31, 2010 and the consolidated statements of operations and accumulated surplus and cash flows for the years then ended, and the related notes including a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Toronto Coach Terminal Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

DRAFT

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
April 30, 2012

Appendix B: Management representation letter



TORONTO COACH TERMINAL INC.

JOHN PARKER
CHAIR

JOSH COLLE
VICE-CHAIR

VINCE RODO
PRESIDENT/GENERAL SECRETARY

MARIA AUGIMERI
GLENN DE BAEREMAEKER
RAYMOND CHO
PETER MILCZYN
KAREN STINTZ
DIRECTORS



May 18, 2012

PricewaterhouseCoopers LLP
Royal Trust Tower
TD Centre, Suite 3000
Toronto, Ontario
M5K 1G8
Attention: Cathy Russell

Dear Sirs,

We are providing this letter in connection with your audit of the consolidated financial statements of the Toronto Coach Terminal Inc. (TCTI) as of December 31, 2011 and for the years then ended (the financial statements) 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 in accordance with Canadian Public Sector Accounting Standards (PSAS).

1. Management's responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 31, 2011. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- 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 PSAS;
- 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:

2. Preparation of financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with PSAS and disclosures otherwise required to be included therein by the laws and regulations to which we are 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 an operations account and vice versa. All inter-governmental unit accounts have



1900 Yonge Street, Toronto, Canada M4S 1Z2 Telephone: 416-393-4000 Web Site: www.ttc.ca



been eliminated or appropriately measured and considered for disclosure in the financial statements.

3. Accounting policies

We confirm that we have reviewed our 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 our particular circumstances to present fairly in all material respects its financial position, results of operations and cash flows in accordance with PSAS.

4. Internal controls over financial reporting

We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to us 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 public sector accounting standards.

We have not identified any deficiency in the design or operation of disclosure controls and procedures and internal control over financial reporting identified as part of our assessment as of December 31, 2011.

5. 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 the TCTI
- 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.

6. Completeness of transactions

All contractual arrangements entered into by us with third parties have been properly reflected in the accounting records and/or, 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.

7. 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 us 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 financial statements, communicated by employees, former employees, analysts, regulators or others.

8. 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 our directors, officers or employees acting on our behalf.



9. Accounting estimates and fair value measurements

Significant assumptions used by us 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
- The significant assumptions used in determining fair value measurements are consistent with our 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 The Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook Section PS 2130, Measurement Uncertainty have been appropriately disclosed.

10. Related parties

We confirm the completeness of information provided to you regarding the identification of related parties as defined by CAS 550 – Related Parties. We also confirm the completeness of information provided to you regarding the nature of our relationships with and transactions involving those entities.

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

11. 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).

12. Assets and liabilities

We have satisfactory title or control over all assets.

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. 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 public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, have been disclosed to you and are appropriately reflected in the financial statements.

13. 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 public sector accounting standards, whether or not they have been discussed with legal counsel.

14. Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Solely for the purpose of this letter, the term "material" means any item referred to in this letter, individually or the aggregate that are more than \$101,000. 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.

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

We also confirm that there were no adjusted misstatements identified during your audit.

15. Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts of the TCTI.

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

All cash and bank accounts and all other properties and assets of the TCTI of which we are aware are included in the financial statements at December 31, 2011.

16. Accounts receivable

All amounts receivable by the TCTI were recorded in the books and records.

Amounts receivable amounted to \$60,000 and is considered to be fully collectible. Except to the extent of \$13,000 in respect of which full allowance has been made in these accounts.

17. Tangible Capital Assets

All charges to capital asset accounts represented the actual cost of additions to capital asset. No significant capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Capital assets owned by the TCTI 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 TCTI have been disclosed to you and classified as capital, operating, sales-type or direct financial leases as appropriate.

There have been no events or changes in circumstances that indicate tangible capital asset no longer contributes to a government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value; accordingly management was not required to perform an impairment test in accordance with PS 3150 "Tangible Capital Assets" during the period. We believe that the carrying amount of the TCTI's long-lived assets is fully recoverable.

18. Financial Instruments

The TCTI has properly classified financial assets with readily determinable fair values as either held for trading, held-to-maturity, or loans and receivables. The TCTI has positive intent and ability to hold to maturity all financial assets that are classified as held-to-maturity.

The TCTI has properly classified financial liabilities with readily determinable fair values as either held for trading or other financial liabilities.



19. Investment in subsidiaries and affiliates

We have appropriately consolidated all entities for which we directly or indirectly have a controlling financial interest.

20. 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.

21. Deferred revenue

All material amounts of deferred revenue meet the definition of a liability and were appropriately recorded in the books and records.

22. Revenue Recognition

The conditions, including reasonably dependable estimates for determining revenues is in line with PSAS.

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.

23. Use of a specialist

We assume responsibility for the findings of specialists in evaluating the unsettled accident claims and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

24. Statements of operations and net debt

All transactions entered into by the TCTI have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and net debt.

The accounting principles and policies followed throughout the period were consistent with prior period practices (except as disclosed in the consolidated financial statements).

25. Consolidation

All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements.

26. Budgetary data

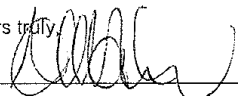
We have included budgetary data in our consolidated financial statements which is relevant to the users of the consolidated financial statements. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

27. Events after balance sheet date

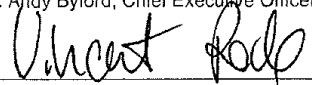
We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.



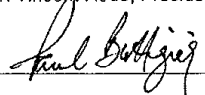
Yours truly,



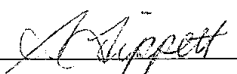
Mr. Andy Byford, Chief Executive Officer, Toronto Transit Commission.



Mr. Vincent Rodo, President, Toronto Coach Terminal Inc.



Mr. Paul Buttigieg, Treasurer, Toronto Coach Terminal Inc.



Ms. Sharon Tippett, Superintendent – Financial Statements



Mr. Alex Cassar, Supervisor – Accounting Policy & Financial Reporting



Appendix A – Listing of Related Parties

- City of Toronto
- Toronto Transit Commission
- Toronto Transit Infrastructure Limited.
- Toronto Transit Commission Insurance Company Limited



Appendix B - Summary of Unadjusted Misstatements

Description	Surplus Over/(Under) Stated	Financial Assets (Over)/Under Stated	Liabilities Over/(Under) Stated	Non-Financial Assets (Over)/Under Stated	Opening Accumulated Surplus Over/(Under) Stated
<i>Current year unadjusted Misstatements:</i>					
Late receipt of legal reimbursement from Northumberland General Insurance	(34,895)	34,895			
Total unadjusted misstatements before impact of reversal of prior year differences	(34,895)	34,895			
Total Unadjusted Misstatements	(34,895)	34,895			



Appendix C: Independence letter



April 30, 2012

Chair of the Audit Committee of Toronto Coach Terminal Inc.
Toronto Coach Terminal Inc.
1900 Yonge Street
Toronto, Ontario
M4S 1Z2

Dear Members of the Audit Committee:

We have been engaged to audit the consolidated financial statements of Toronto Coach Terminal Inc. (TCTI) for the year ended December 31, 2011

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the TCTI, its management and us that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by Ontario provincial institute and applicable legislation, covering such matters as:

- A. holding a financial interest, either directly or indirectly, in a client;
- B. serving as an officer or director of a client;
- C. performance of management functions for an assurance client;
- D. personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or its management;
- E. economic dependence on a client;
- F. long association of senior personnel with a listed entity audit client;
- G. Audit Committee approval of services to a listed entity audit client; and
- H. provision of services in addition to the audit engagement.

We are not aware of any relationships between the TCTI or its management and PricewaterhouseCoopers LLP that may reasonably be thought to bear on our independence that have occurred from April 19, 2011 to April 30, 2012.

We hereby confirm that we are independent with respect to the TCTI within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of April 30, 2012.

This report is intended solely for the use of the Audit Committee, the Commission, management and others within the TCTI and should not be used for any other purpose.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on April 30, 2012.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
c.c: Members of Audit Committee

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*PricewaterhouseCoopers LLP, Chartered Accountants
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, Direct T: +1 xxx xxx xxx, Direct F: +1 416 814 3220, www.pwc.com/ca*

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

