TORONTO COACH TERMINAL INC.
REPORT NO.

MEETING DATE: June 24, 2013

SUBJECT: AUDIT RESULTS FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012.

BACKGROUND

At its meeting of April 25, 2013, the TCTI Audit Committee received this report 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, 2012 have been prepared by management. They have been audited by PricewaterhouseCoopers ("PWC"). The attached report from PWC outlines the scope of their audit.

Included in the key issues summarized on page 1 is a reference to the summary of unadjusted misstatements and an internal control recommendation.

The summary of unadjusted misstatements is shown on page 4 and is a normal component of an audit report. If the total of all differences is below the audit materiality level ($73,000), the auditors do not require a change to the financial statements, which is the case for 2012. There is one item that was adjusted as a result of the audit and this item is reported on page 5.

An internal control recommendation is reported on page 7 of the attached report. Staff welcome these recommendations as they continually strive to improve internal controls and accounting procedures. Management's initial response to the recommendation is included in the attachment. A follow-up report on the internal control recommendation will also be presented to the Audit Committee later this year.

Both staff and PWC would be pleased to answer any questions that you may have about the report and the audit.

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Toronto Coach Terminal Inc.

Year-end report to the Audit Committee
December 31, 2012

Prepared as of April 15, 2013

April 15, 2013

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 Toronto Coach Terminal Inc. (the TCTI) for the year ended December 31, 2012. 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 issues 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 TCTI who have assisted us in carrying out our work and we look forward to our meeting on April 25, 2013. 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

c.c.: Members of the Audit Committee
Mr. Vincent Rodo, Chief Financial & Administration Officer
Mr. Michael Roche, Head of Finance & Treasurer

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

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Appendices

Executive summary

a. Status of the audit

We have substantially completed our audit of the 2012 consolidated financial statements of the Toronto Coach Terminal Inc. ("TCTI"). 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).

Our audit has been performed substantially in accordance with the plan and timeline previously communicated to you.

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

Outstanding item
i. Completion of subsequent event procedures to the date of the audit opinion
ii. Receipt of signed management representation letter
iii. Approval of the financial statements by the Audit Committee
iv. Responses to our legal confirmation letters from external legal counsel

b. Key issues for discussion

Discussion item	**Summary**	**For further reference**
Management Override of Controls	• In completing our audit, we are responsible for maintaining professional scepticism 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 3
Summary of unadjusted and adjusted items	• Unadjusted and adjusted items • In our opinion, the financial statements, taken as a whole, are free of material misstatement.	Page 4
Fraud	• 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 6
Control Deficiencies	• We have noted one internal control recommendation which we have brought to the attention of management and the Audit Committee.	Page 6

Discussion item	Summary	For further reference
Independence	• We confirm that we are independent of the TCTI as at April 15, 2013, and our independence letter can be found in Appendix C.	Appendix C
Management representations	• Under Canadian GAAS, 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

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 TCTI's reported results.

We are responsible for discussing with the Audit Committee our views about the significant qualitative aspects of the TCTI'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.

Item 1	**Management Override of Controls**
Background information and management's process	• In completing our audit, we are responsible for maintaining professional scepticism throughout our audit engagement, considering the potential for management override of controls. • Management has a process to ensure that appropriate segregation of duties has been established at TCTI in order to mitigate the risk of management override of controls. • TCTI 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	• 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. • Through these audit procedures we noted circumstances where we believe there was inappropriate segregation of duties and accordingly we have raised an internal control recommendation as noted in page 7 of this report.
Conclusion	Based on our work performed, we found no circumstances that evidenced inappropriate management override of controls.

Summary of unadjusted and adjusted items

We have concluded that the financial statements taken as a whole are free of material misstatement and pending the completion, to our satisfaction, of the outstanding matters identified in section 1, we are prepared to issue an unqualified opinion on the financial statements.

Our responsibility is to issue an opinion as to whether the financial statements are free of material misstatement.

Under Canadian GAAS, we are required to communicate to you the unadjusted items and the effect that they may have on our opinion. As a result of our audit, we identified certain items and have discussed these with management. Management has concluded that the unadjusted items, which are summarized below, are immaterial individually and in the aggregate.

We are also required to communicate all items adjusted by TCTI management as a result of our audit procedures, all adjusted items have also been summarized below

a. Unadjusted items

Description	Surplus Over / (Under) Stated	Financial Assets (Over) / Under Stated	Liabilities Over / (Under) Stated	Non-Financial Assets (Over) / Under Stated	Opening Accumulated Deficit (Over) / Under Stated
Current year unadjusted misstatements:					
Advance from parent liability incorrectly recorded in accounts payable and accrued liabilities. Dr. Accounts payable and accrued liabilities Cr. Advance from parent	-	-	51,000 (51,000)	-	-
Correction of prior year depreciation expense in current year Dr. Opening accumulated deficit Dr. Accumulated Depreciation Cr. Depreciation Expense	(9,678)	-	-	4,839	4,839
Total unadjusted misstatements	(9,678)	-	-	4,839	4,839

As a result of our audit, we conclude that the above unadjusted items are individually and in the aggregate immaterial to the consolidated financial statements taken as a whole.

b. Adjusted items

Description	Surplus Over / (Under) Stated	Financial Assets (Over) / Under Stated	Liabilities Over / (Under) Stated	Non-Financial Assets (Over) / Under Stated	Opening Accumulated Deficit (Over) / Under Stated
Current year adjusted misstatements:					
Severance expense incorrectly posted to TTC instead of TCTI's general ledger Dr. Customer service and information expense Cr. Accounts payable and accrued liabilities	51,000	-	(51,000)	-	-
Total adjusted misstatements	51,000	-	(51,000)	-	-

Other required communications

Canadian GAAS 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	• Under Canadian GAAS, 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	• Canadian GAAS requires us to communicate to the Audit Committee internal control weaknesses identified as part of our audit that are considered to be significant deficiencies. We noted no significant deficiencies during the course of our audit. • During our audit, we identified one internal control recommendation related to the approval and review of manual journal entries. We have discussed our recommendations with management and wish to bring this to your attention. Please see page 7 for details on this internal control recommendation.
Other information in documents containing audited financial information	• No other documents are circulated that contain the audited financial information.
Significant difficulties or disagreements that occurred during the audit	• No difficulties or disagreements occurred while performing our audit that requires the attention of the Audit Committee.
Fraud and illegal acts	• 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

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 noted one control recommendations which we wish to bring to the attention of the Audit Committee.

Lack of segregation of duties and inappropriate approval in processing manual journal entries

Observation

In our testing manual journal entries in the current year we noted two circumstances where journal entries, drafted by managers and supervisors, were being reviewed by subordinates to those who drafted the entries.

Implications

Inadequate review and approval of manual journal entries may lead to a risk that unauthorized journal entries are made without detection

Recommendation

PwC recommends that all manual journal entries be independently reviewed in accordance with the TTC's approval matrix before being posted to the general ledger.

Management Response

We agree. The current policy will be reviewed, updated and communicated as required, by mid-year.

2012 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	**Fees for year ended December 31, 2012 $**	**Fees for year ended December 31, 2011 $**
Audit of the Toronto Coach Terminal Inc. financial statements	5,240	4,880
Audit of the Toronto Transit Commission Insurance Company financial statements	12,610	11,750
Total	**17,850**	**16,630**

Appendix A: Draft auditor's report

Independent Auditor's Report

To the Chair and Members of the
Toronto Coach Terminal

We have audited the accompanying consolidated financial statements of Toronto Coach Terminal Inc., which comprise the consolidated statements of financial position as at December 31, 2012 and the consolidated statements of operations and accumulated deficit, change in net debt and cash flows for the year then ended, and the related notes, which comprise 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 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 consolidated 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 in our audit 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 Toronto Coach Terminal Inc. as at December 31, 2012, and the results of its operations and accumulated deficit, change in net debt and cash flows for the years then ended in accordance with Canadian Public Sector Accounting Standards.

DRAFT

Chartered Accountants, Licensed Public Accountants
April @@, 2013
Toronto, Canada

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

Appendix B: Management representation letter

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

Date:

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario
M5J 0B2

Attention: Cathy Russell

Dear Sirs,

We are providing this letter in connection with your audit of the consolidated financial statements of Toronto Coach Terminal Inc.(TCTI) as of December 31, 2012 and for the year then ended for the purpose of expressing an opinion as to whether such consolidated financial statements present fairly, in all material respects, the financial position, the results of operations and the cash flows of TCTI in accordance with Canadian public sector accounting standards.

Management's responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 1, 2010. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 public sector accounting standards;
- 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 consolidated financial statements.

We confirm the following representations:

Preparation of consolidated financial statements

The consolidated financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which TCTI is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the consolidated 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 consolidated 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 been eliminated or appropriately measured and considered for disclosure in the consolidated financial statements.

Accounting policies

We confirm that we have reviewed TCTI'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 consolidated financial statements is appropriate in TCTI's particular circumstances to present fairly in all material respects its financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards.

Internal controls over financial reporting

We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to TCTI 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, 2012.

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 consolidated 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 Board;
- 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 TCTI with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the consolidated financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the consolidated 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 TCTI involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the consolidated financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting TCTI's consolidated 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 consolidated financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing consolidated financial statements.

We are not aware of any illegal or possibly illegal acts committed by TCTI's directors, officers or employees acting on TCTI's behalf.

Accounting estimates and fair value measurements

Significant assumptions used by TCTI in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the consolidated 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 consolidated financial statements; and

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

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

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 TCTI's relationships with and transactions involving those entities.

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

Going concern

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

Assets and liabilities

We have satisfactory title or control over all assets.

Receivables recorded in the consolidated financial statements represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position dates 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 public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, have been disclosed to you and are appropriately reflected in the consolidated 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 public sector accounting standards, 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. 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 $73,000. 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.

We confirm that the consolidated financial statements are free of material misstatements, including omissions.

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.

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

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

Cash and banks

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

All cash balances are under the control of TCTI, 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 TCTI.

All cash and bank accounts and all other properties and assets of TCTI of which we are aware are included in the consolidated financial statements at December 31, 2012.

Accounts receivable

All amounts receivable by TCTI were recorded in the books and records. Amounts receivable are considered to be fully collectible.

Capital assets

All charges to tangible capital asset accounts represented the actual cost of additions to capital assets.

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 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 assets leased by or from TCTI have been disclosed to you and classified as leased tangible capital assets or operating leases.

There have been no events, conditions or changes in circumstances that indicate that a tangible capital asset no longer contributes to TCTI'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. We believe that the carrying amount of TCTI's long-lived tangible capital assets is fully recoverable in accordance with PS 3150.

Investments in subsidiaries and affiliates

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

Accounts Payable

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

Use of a specialist

We assume responsibility for the findings of other specialists in evaluating the case reserves and IBNR 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 the specialist 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.

Guidance taken from other standards

Consistent with our results from the 2011 audit, section PS1150 states that where Public Sector Accounting Standards (PSAS) is silent on the accounting treatment of specific transactions, that the entity should take guidance from other sources of GAAP to determine appropriate accounting policies. In regards to Insurance Contract liabilities, the entity has chosen to take guidance from International Financial Reporting Standards (IFRS), IFRS 4 – Insurance Contracts to determine the appropriate accounting policies and relevant disclosures.

Statements of operations and net debt

All transactions entered into by Toronto Coach Terminal 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).

Consolidation

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

Budgetary data

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

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,

Toronto Coach Terminal:

____
Mr. Andy Byford, Chief Executive Office, Toronto Transit Commission

____
Mr. Vincent Rodo, President , Toronto Coach Terminal

____
Mr. Michael Roche, Head of Finance & Treasurer

____
Mr. Paul Buttigieg, Treasurer, Toronto Coach Terminal

____
Ms. Sharon Tippett, Manager – Financial Statements

____
Ms. Elizabeth Thomas, Supervisor – Accounting Policy & Financial Reporting

____
Mr. Sheraz Haroon, General Accounting Co-ordinator

Appendix A – List of related parties

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

Appendix B – Summary of Uncorrected Misstatements (SUM)

Description	Surplus Over / (Under) Stated	Financial Assets (Over) / Under Stated	Liabilities Over / (Under) Stated	Non-Financial Assets (Over) / Under Stated	Opening Accumulated Deficit (Over) / Under Stated
Current year unadjusted misstatements:					
Advance from parent liability incorrectly recorded in accounts payable and accrued liabilities. Dr. Accounts payable and accrued liabilities Cr. Advance from parent	-	-	51,000 (51,000)	-	-
Correction of prior year depreciation expense in current year Dr. Opening accumulated deficit Dr. Accumulated Depreciation Cr. Depreciation Expense	(9,678)	-	-	4,839	4,839
Total unadjusted misstatements	(9,678)	-	-	4,839	4,839

As a result of our audit, we conclude that the above unadjusted items are individually and in the aggregate to the immaterial to the financial statements taken as a whole

Appendix C – Summary of Adjusted Misstatements (SAM)

Description	Surplus Over / (Under) Stated	Financial Assets (Over) / Under Stated	Liabilities Over / (Under) Stated	Non-Financial Assets (Over) / Under Stated	Opening Accumulated Deficit (Over) / Under Stated
Current year adjusted misstatements:					
Severance expense incorrectly posted to TTC instead of TCTI's general ledger Dr. Customer service and information expense Cr. Accounts payable and accrued liabilities	51,000	-	(51,000)	-	-
Total adjusted misstatements	51,000	-	(51,000)	-	-

Appendix C: Independence letter

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

April 15, 2013

Members of the Audit Committee of
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. (the TCTI) for the year ended December 31, 2012.

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.

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 from April 30, 2012, the date of our last independence letter to April 15, 2013.

This report is intended solely for the use of the Audit Committee, the Board of Directors, 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 25, 2013.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

c.c: Members of Audit Committee

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