

**RAFIQ DOSANI, B.Comm. CFE CA**  
CHARTERED ACCOUNTANT

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November 25, 2006

Mr. Charles Gerditschke, Chair  
Knob Hill Plaza Business Improvement Area  
2629 Eglinton Avenue East  
TORONTO, ON M1K 2S2

Dear Mr. Gerditschke:

**MANAGEMENT LETTER  
YEAR ENDED DECEMBER 31, 2005**

The audit of the financial statements of the Knob Hill Plaza Business Improvement Area (BIA) for the year ended December 31, 2005 has recently been completed. The primary purpose of the audit was to express an opinion on the financial position of the BIA as at that date and on the results of its operations for the year then ended.

Given the test nature of my audit, you will appreciate that reliance must be placed on adequate methods of internal control as the Board's principal safeguard against irregularities which a test examination may not disclose.

This letter provides my observations and recommendations on matters arising from the 2005 audit for your consideration.

**ESTABLISHMENT AND OPERATIONS**

**Observation:**

Similar to all BIAs, the Knob Hill Plaza BIA was established with mandate to carry out improvements, beautification and maintenance of municipally owned lands, buildings and structures in the area, together with the promotion of the area as a business or shopping area. Presently the BIA's activities consist mainly of snow removal and property management, such as cleaning and garbage disposal in the plaza, which is a private property.



**Recommendation:**

1. **It is recommended that the BIA should consult the City BIA office staff of Economic Development, Culture & Tourism to ensure its activities are in compliance with its mandate.**

**BOARD OF DIRECTORS' MEETINGS**

**Observation:**

In order to carry out the BIA activities, the Board of Directors are required to meet at least three times a year. In addition, the BIA is expected to hold an annual general meeting of all BIA members to review the previous year's activities, approve financial statements and review and approve the next year's BIA activities and budget. During the year under review the BIA, other than an annual general meeting did not hold Board of Directors' meetings.

**Recommendation:**

2. **In order to conduct, review and approve the BIA activities in an orderly fashion, the Board should consider meeting periodically.**

**GST**

**Observation:**

A review of accounting records indicated that the BIA did not file a claim for the GST rebate in 2004 and 2005. As an agency of the City, the BIA is considered a municipal organization for GST purposes. Accordingly, the BIA is eligible to apply for a rebate of 100 percent of the GST paid. This would result in decreased expenditures and would allow for further expenditures to be made within the same budget constraints.

**Recommendation:**

3. **It is recommended that the BIA retroactively apply for GST rebates not previously claimed in the last two years.**

**INTERIM FINANCIAL STATEMENTS**

**Observation:**

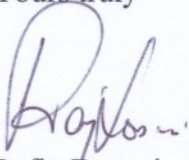
The books of the BIA were written-up once a year consequently no interim financial statements were provided to the Board for their review. Interim financial statements would provide a better financial position of the BIA to the Board.

**Recommendation:**

- 4. Consideration should be given to writing-up books of accounts on an ongoing basis and periodically, interim financial statements should be presented to the Board for their review and approval.**

The above observations and recommendation have been reviewed with the Treasurer. I would be pleased to review further any of these items at your convenience.

Yours truly

A handwritten signature in dark ink, appearing to read 'Rafiq Dosani', with a stylized flourish at the end.

Rafiq Dosani