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May 28, 2008

Mr. Neil Wright, Chair  
Harbord Street Business Improvement Area  
108 Harbord Street  
TORONTO, ON M5S 1G6

Dear Mr. Wright:

**MANAGEMENT LETTER  
YEAR ENDED DECEMBER 31, 2007**

The audit of the financial statements of the Harbord Street Business Improvement Area (BIA) for the year ended December 31, 2007 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 BIA's principal safeguard against irregularities which a test examination may not disclose. This letter provides my comments and recommendations on matters arising from the audit for your consideration.

During the course of the audit I followed up actions taken on recommendations made in the previous management letter and noted that the BIA has implemented all of my recommendations.

Observation:

**CASH**

The Board has been investing cash not immediately required to generate additional revenue for the BIA activities. However, as at December 31, 2007 a large amount of cash (\$ 17,000) was maintain in the current bank account earning minimal interest.

**Recommendation:**

1. **The Board should prepare a cash flow statement and all excess funds not immediately required should be invested in a short-term deposit or**

**guaranteed investment certificate in order to generate additional revenue for the BIA.**

**Management Response:**

Agreed with the recommendation. The BIA will invest excess funds not immediately required in short-term investments in order to generate additional revenue.

**INSURANCE**

**Observation:**

The BIA has no insurance coverage for Directors' and Officers' liability. The BIA board members are personally liable for any negligent act such as for the non-payment of employee deductions to Revenue Canada, breach of contractual obligations etc. In order to assist its members, the Toronto Association of Business Improvement Areas (TABIA) has obtained a competitive group rate for all BIA members of the Association.

**Recommendation:**

- 2. In order to protect its directors, The Board should consider obtaining directors' liability insurance.**

**Management Response:**

The BIA will be obtaining quotes from various insurance companies and from TABIA and will address this issue at the next board of directors' meeting.

Thank you for your cooperation during the course of the audit and taking appropriate actions on a timely manner on audit findings and recommendations.

Yours truly,

  
Rafiq Dosani