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June 30, 2008

Mr. Prakash N. Khatri, Treasurer
Albion-Islington Business Improvement Area
100-964 Albion Road
TORONTO, ON M9V 1A7

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

The audit of the financial statements of the Albion-Islington 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 Board'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.

CASH

Observation:

On average, throughout the year the BIA maintained a monthly balance of \$40,000 in a current account earning no interest. Consequently, the BIA lost interest income of over \$1,200 for the year.

Recommendation:

The Board should prepare a cash flow statement and all excess funds not immediately required should be invested in short-term deposits or guaranteed investment certificates in order to generate additional revenue for the BIA.

Management response:

Agreed with the audit recommendation. All funds not immediately required will be invested in short-term deposits.

GST

Observations:

The Albion-Islington Business Improvement Area is entitled to a rebate of 100 percent of all GST paid. However, during the audit it was noted that the BIA did not record GST rebates and in some cases the BIA paid GST but no GST registration numbers were provided by the suppliers.

Recommendations:

- 2. In order to comply with the Canada Customs and Revenue Agency guidelines, the BIA should not pay GST to a supplier unless the supplier provides a GST registration number.**
- 3. The BIA should retroactively apply for GST rebates not previously claimed.**

Management response:

In order to obtain GST registration numbers the BIA will be contacting those suppliers who charged GST but have not yet provided their GST registration numbers. In addition, the BIA will be filing a GST rebate claim.

INTERIM FINANCIAL STATEMENTS

Observation:

During the year no interim financial statements were provided to the Board members for their review and approval.

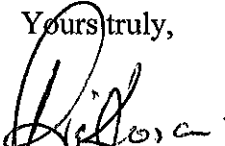
Recommendation:

- 4. Consideration should be given to providing interim financial statements to the Board members for their review and approval. In addition, these financial statements should include year-to-date budgets with comparisons to actual and explanations for all significant variances.**

Management response:

Agreed with the recommendation. The Treasurer will provide interim financial statements with variance reports for the Board members review and approval.

Yours truly,



Rafiq Dosani