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September 19, 2008

Mr. Steven Chan, Chair  
Chinatown Business Improvement Area  
Unit D, 2<sup>nd</sup> Floor, 287 Spadina Avenue  
SCARBOROUGH, ON M5T 2E6

Dear Mr. Chan:

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

The audit of the financial statements of the Chinatown 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 place 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 \$80,000 in a current account earning no interest. Consequently, the BIA lost interest income of over \$1,600 for the year.

**Recommendation:**

- 1. 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.

## **BUDGET**

Observations:

Due to uncertainty in predicting revenue, the BIA did not budget for the Chinatown Festival revenue and expenditures.

**Recommendation:**

- 2. In order to present a realistic budget to the BIA members and City Council, the BIA should budget for the Chinatown Festival revenue and expenditures. Any significant variances from the budget should be explained.**

Management Response:

Agreed with the recommendation. In future the BIA will be budgeting for estimated revenue and expenditure for the Chinatown Festival.

Yours truly,



Rafiq Dosani