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November 6, 2008

Mr. Sam Ghazarian, Chair  
Church-Wellesley Business Improvement Area  
481A Church Street  
TORONTO, ON M4Y 2C6

Dear Mr. Ghazarian:

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

The audit of the financial statements of the Church-Wellesley 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 the 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.

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 the recommendations. This letter provides observations and recommendations on matters arising from the 2007 audit for your consideration

**FINANCIAL STATEMENTS**

**Observation:**

All BIAs are required to provide audited financial statements to the City by April 30, following the year-end. The BIA did not provide the draft financial statements for an audit until October 15, 2008. Consequently, the BIA was almost six months late in providing audited financial statements to the City.

**Recommendation:**

1. **In future, the Treasurer should ensure that the draft financial statements are provided to the auditor one month prior to the City deadline so that audited financial statements can be provided to the City on time.**

**Management Response:**

Agreed with the recommendation. In the early part of 2008 the BIA had a number of software problems which are now rectified. In future, the BIA's audited financial statements will be provided to the City on time.

**Observation:**

The draft financial statements provided for audit indicated a loss of \$48,498 for the year. The draft statements and the books of accounts contained a number of basic accounting errors resulting in several audit adjustments. After recording all audit adjustments, the BIA's operating result was in fact an excess of revenue over expenditure amounting to \$8,250.

Based on the draft financial statements and accounting records provided for audit it appears that Board members are not provided with accurate periodical financial statements in order to make appropriate financial decisions.

**Recommendation:**

2. **In order to obtain periodical accurate financial statements, consideration should be given to retaining an experienced part-time bookkeeper to maintain the BIA books on an ongoing basis.**

**Management Response:**

Agreed with the recommendation. The BIA will be retaining an experienced part-time bookkeeper to provide interim financial statements to the board for review and approval. In addition, it is expected that the retention of an experience bookkeeper will facilitate the provision of audited financial statements to City on time.

**GST****Observation:**

The Business Improvement Area is entitled to a rebate of 100 percent of all GST paid. However, during the audit it was noted that in some cases the BIA paid GST but no GST registration numbers were provided by the suppliers.

**Recommendation:**

- 3. 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.**

**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.

**EMPLOYEE DEDUCTIONS**

**Observation:**

The employee deductions were not paid to Revenue Canada Agency on a timely basis resulting in payment of penalties and overdue interest charges.

**Recommendation:**

- 4. In order to avoid penalties and interest charges, the Treasurer should ensure that all employee deductions are paid to Canada Revenue Agency on time.**

**Management Response:**

Effective immediately the BIA will be making payment of all employee deductions on a timely basis.

**MINUTES**

**Observation:**

The BIA maintains detailed minutes of all Board meetings and these are approved at the next Board meeting. However, the Chair and the Recording Secretary do not sign the minutes.

**Recommendation:**

- 5. In order to maintain an authenticated permanent record, all minutes should be signed by the Chair and the Recording Secretary after their approval by the Board.**

Management Response:

In future all Board minutes, after approval, will be signed by the Chair and the Recording Secretary.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rafiq Bosani', with a long horizontal flourish extending to the right.

Rafiq Bosani