

May 8, 2009

Appendix S-2:

Mr. Emanuel Calleja, Acting Chair
Junction Gardens Business Improvement Area
3042 Dundas Street West.
Toronto, ON M6P 1Z3

Dear Mr. Calleja:

MANAGEMENT LETTER YEAR ENDED DECEMBER 31, 2008

The audit of the financial statements of the Junction Gardens Business Improvement Area (BIA) for the year ended December 31, 2008 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.

FINANCIAL STATEMENTS

Observation:

During the year no interim financial statements were provided to the Board for their review and approval. At the end of the year the BIA retained an accounting firm to write-up the books and prepare draft financial statements for an audit.

Recommendation:

- 1. In order to obtain accurate interim financial statements, consideration should be given to making arrangements with the accounting firm to write-up books periodically and provide interim financial statements to the board for review and approval.**

Management response:

Agreed with the audit recommendation.

CASH

Observation:

As at December 31, 2008 the BIA had a balance of \$109,800 in a current account earning no interest.

Recommendation:

- 2. 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.

Yours truly,



Rafiq Dosani