

## Appendix AV-2:

**RAFIQ DOSANI**, B.Comm. CFE CA  
CHARTERED ACCOUNTANT

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July 17, 2009

Mr. John Paul Macedo, Treasurer  
Bloordale Village Business Improvement Area  
1034 Bloor Street West  
TORONTO, ON M6H 1M3

Dear Mr. Macedo:

### **MANAGEMENT LETTER YEAR ENDED DECEMBER 31, 2008**

The audit of the financial statements of the Bloordale Village 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.

#### **CASH**

##### **Observation:**

As December 31, 2008 a large amount of cash (\$103,000) was maintained in the current bank account earning no 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 audit recommendation. Excess funds not immediately required will be invested in a short-term deposit.

**GST**

**Observation:**

The Bloordale Business Improvement Area is entitled to a rebate of 100 percent of all GST paid. Although the BIA has been recording GST as recoverable it has not yet submitted the GST rebate claims to Canada Customs and Revenue Agency. Canada Customs and Revenue Agency allows organizations to go back four years in applying for the GST rebate.

**Recommendations:**

- 2. In order to improve cash flow, the BIA should retroactively apply for GST rebates not previously claimed.**

**Management Response:**

The BIA will be retroactively applying for GST rebate claims in the near future.

**INSURANCE**

**Observation:**

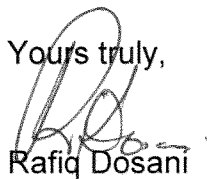
The BIA has no insurance coverage for Directors' and Officers' liability. The BIA board members are personally liable for any negligent act such as for the non-payment of employee deductions to Revenue Canada, breach of contractual obligations etc. In order to assist its members, the Toronto Association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

**Recommendation:**

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

**Management Response:**

The BIA will be contacting TABIA to obtain insurance coverage for Directors' and Officers' liability insurance.

Yours truly,  
  
Rafiq Dosani