

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

90 Risebrough Avenue  
Toronto, Ontario M2M 2E3  
Telephone: (416) 221 - 4095  
Fax: (416) 221 - 4160

---

July 8, 2017

Ms. Liz Guerrier, Chair  
Hillcrest Village Business Improvement Area  
721 St. Clair Avenue West  
Toronto Ontario

### **MANAGEMENT LETTER**

#### **YEAR ENDED DECEMBER 31, 2016**

The audit of the financial statements of the Hillcrest Village Business Improvement Area (BIA) for the year ended December 31, 2016 has recently been completed. The primary purpose of the audit was to express an opinion on the financial statements of the BIA as at that date and on the results of the operations for the year then ended.

During the audit I followed up on the implementation of my recommendations made at the completion of the 2015 audit. Most of my recommendations have been implemented. This letter provides my comments regarding the recommendations which are not yet fully implemented.

#### **Financial Statements**

##### **Observations:**

Review of the Board minutes indicates that no detailed financial statements were presented to the Board for review and approval during the year.

##### **Recommendation:**

Periodically interim financial statements should be presented to the Board for review and approval. These should include a comparison to the authorized budget and an explanation of significant variances.

##### **Management Response:**

The Board agreed with the recommendation. The BIA is in the process of hiring a bookkeeper. Once the bookkeeper is hired the above recommendation will be in place.

##### **Follow-up Comments:**

It took considerable time for the Board to find a suitable Bookkeeper. As there was no Bookkeeper during the year, the Board members were not provided with interim financial statements for review and approval. However, during the summer of 2017 the Board hired a Bookkeeper and it is anticipated that the Bookkeeper will be providing interim financial statements.

## **Recovery of Expenses**

### **Observation:**

During the 2015 audit I noted a number of expenses were paid without board approval or disclosure of conflict of interest. These transactions were processed through the Vice Chair's company at significantly higher cost than typical for such services. For example, payroll and website services.

The BIA board members are volunteer members and under no circumstances should they be providing services at higher than the actual costs. In those cases where the directors are normally providing these types of paid services, they must disclose any conflict of interest and should not participate in the decision making process. In order to be transparent, the Board must obtain three competitive quotes before awarding any contract to the directors.

### **Recommendation:**

As a number of transactions were not approved by the board nor conflict of interest declared by a board member, all payments over and above actual costs should be recovered.

### **Management Response:**

The Board agreed with the recommendation. The Board will appoint a director to ascertain additional cost to the BIA and all efforts will be made to recover the BIA funds.

### **Follow-up Comments:**

The Board has taken appropriate action to ensure no Board members can provide services to the BIA without declaring a conflict of interest and the charges to the BIA would not be over the actual cost. In addition, the Board is in the process of collecting all over payments from the previous Vice Chair.

Yours very truly,

  
Rafiq Dosani, CPA, CA