
February 28, 2018

Mr. Beau Cappella, Chair
Hillcrest Village Business Improvement Area
752 St. Clair Avenue West
Toronto ON M6C 1B5

MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2017

The audit of the financial statements of the Hillcrest Village Business Improvement Area (BIA) for the year ended December 31, 2017 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 2016 audit. Most of my recommendations have been implemented. This letter provides my comments regarding a recommendation which is not yet fully implemented.

Recovery of Expenses

Observation:

During the 2015 audit I noted a number of expenses were paid without board approval or disclosure of conflict of interests. These transactions were processed through the Vice Chair's company at a significantly higher cost than is 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 a conflict of interest declared by a board member, all payments over and above actual costs should be recovered.

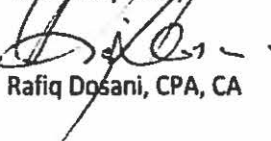
Management Response:

The Board agreed with the recommendation.

Follow-up Comments:

The Board has taken appropriate action to ensure no Board Members 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 seeking professional advice from its lawyer in order to collect all over payments from the previous Vice Chair.

Yours very truly,



Rafiq Dosani, CPA, CA