May 28, 2008

Mr. Neil Wright, Chair
Harbord Street Business Improvement Area
108 Harbord Street
TORONTO, ON M5S 1G6

Dear Mr. Wright:

MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2007

The audit of the financial statements of the Harbord Street 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 my audit, you will appreciate that reliance must be placed on adequate methods of internal control as the BIA’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.

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 my recommendations.

Observation:

CASH

The Board has been investing cash not immediately required to generate additional revenue for the BIA activities. However, as at December 31, 2007 a large amount of cash ($17,000) was maintain in the current bank account earning minimal 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 recommendation. The BIA will invest excess funds not
immediately required in short-term investments in order to generate additional
revenue.

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:

2. In order to protect its directors, The Board should consider obtaining
directors’ liability insurance.

Management Response:

The BIA will be obtaining quotes from various insurance companies and from TABIA
and will address this issue at the next board of directors’ meeting.

Thank you for your cooperation during the course of the audit and taking appropriate
actions on a timely manner on audit findings and recommendations.

Yours truly,

Rafiq Dosani