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May 30, 2013

Mr. Phil Carter, Chair
West Queen West Business Improvement Area
789 Queen Street West
Toronto, Ontario

Dear Mr. Carter:

**MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2012**

The audit of the financial statements of the West Queen West Business Improvement Area (BIA) for the year ended December 31, 2012 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.

During the course of the audit I noted certain areas requiring the Board members immediate attention. This letter provides my observations and recommendations on matters arising from the 2012 audit for your consideration.

Financial statements

Observation:

At the monthly Board meeting a list of cheques paid is presented to the Board members for their review and approval. However, no interim financial statements are presented. Periodically interim financial statements with comparison of actual to budgeted expenses should be presented to the Board members. Explanation should be provided for all significant variances.

Recommendation:

- 1. In order to assist Board members in making better financial decisions, periodically interim financial statements should be provided to the Board members.**

Management Response:

The BIA recently retained a bookkeeper who will be writing-up books on a monthly basis and providing interim financial statements to the Board for their review and approval.

Authorized Signatures:

Observation:

For administrative convenience, all cheques are signed by only one authorized officer.

Recommendation:

- 2. In order to establish better control over the BIA funds and to strengthen accountability, it is recommended that all cheques should be signed by two authorised officers.**

Management Response:

Effective immediately all cheques will be signed by two authorized officers.

Employee-Employer Relationship

Observation:

The BIA has retained an Executive Director to assist in the general administration of the BIA activities. The remuneration is paid without any statutory deductions.

According to Canada Revenue Agency (CRA) guidelines an employer-employee relationship exists when there is "a verbal or written agreement in which an employee agrees to work on full-time or part-time basis for an employer for a specified or indeterminate period of time, in return for salary or wages. The employer has the right to decide where, when, and how the work will be done. In this type of relationship, a contract of services exists." The CRA guidelines also provide other criteria to be used in analysing the terms and conditions of employment.

Where an employer-employee relationship exists, the employer must withhold income tax, Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums on amounts paid to employees and report the employees' income and deductions on the appropriate return. Failure to do so could result in penalties and interest charges.

In my view, the current arrangement with the Executive Director could be interpreted as an employer-employee relationship.

Recommendation:

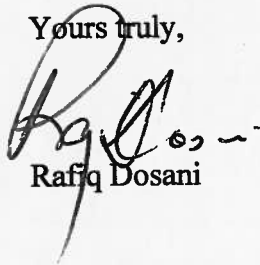
The Board review its current arrangement with the Executive Director, with a view to ensuring that, where an employer-employee relationship exists, its obligations under the Canada Revenue Agency regulations are met.

Management Response:

Effective immediately the BIA will make appropriate statutory deductions and these amounts will be remitted to Canada Revenue Agency as required.

I would like to extend my appreciation to you and the Executive Director for your cooperation and assistance throughout the audit.

Yours truly,



Rafiq Dosani

