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January 27, 2019

Mr. Jason Lee, Chair
Koreatown Business Improvement Area
600 Bloor Street
Toronto ON

Dear Mr. Lee:

MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2017

The audit of the financial statements of the Koreatown Business Improvement Area (BIA) for the year ended December 31, 2017 has been 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 and cash flows 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 observations and recommendations on matters arising from the 2017 audit for your consideration.

FINANCIAL STATEMENTS

Observation:

It is the BIA Treasurer's responsibility to write up the books and provide a periodical financial status to the Board. However, due to the treasurer's business expansion he was out of the county for most of the year. As a result, the BIA books were not written up until the beginning of January 2019. Consequently, no year-end audited financial statements were provided to the Board for review and approval or to the City Audit Committee. The Chair periodically provided cash balances to the Board members at the Board meetings.

Recommendation:

1. The BIA should consider hiring a part-time bookkeeper to write up the books and periodically provide draft financial statements to the Board for review and approval. In addition, a copy of the audited financial statements should be provided to the City Audit Committee by April 30, of the following year.

Management Response:

The Board agreed with the audit recommendation. The BIA at its next Board meeting will review the record keeping requirements and address the audit recommendation in order to write up books on an ongoing basis and have financial statements prepared on time.

INVOICES

Observation:

As the Treasurer was out of the country, a number of invoices were not available for the audit. In accordance with the City document retention policies the BIA is required to keep all financial documents for ten years. In addition, as the BIA is claiming an HST rebate, Canada Revenue Agency may disallow rebate without supporting documents.

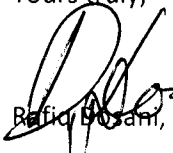
Recommendation:

2. In order to comply with the documents retention policies of the City and the Canada Revenue Agency, the BIA should retain all financial documents for ten years.

Management Response:

The BIA Agreed with the recommendation and will retain all financial documents in accordance with the City retention policies.

Yours truly,



Rafiq Buzam, CPA, CA