

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

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160
E-mail: dosani23@sympatico.ca

January 15, 2024

Ms Michele Roberts, Chair
Shopthequeensway.com Business Improvement Area
836 The Queensway
ETOBICOKE, ON M8Z 1N7

Dear Ms Roberts :

**MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2022**

The audit of the financial statements of the Shopthequeensway.com Business Improvement Area (BIA) for the year ended December 31, 2022 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. This letter provides my comments and recommendations on matters arising from the audit for your consideration.

EMPLOYER-EMPLOYEE RELATIONSHIP

Observation:

The BIA has retained a Co-ordinator to assist in the general administration of 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 a 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 Co-ordinator could be interpreted as an employer-employee relationship.

Recommendation:

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

Management Response:

We agreed with the recommendation. Effective immediately the BIA will make payments to the Co-ordinator subject to statutory deductions and will monthly remit the employee deductions to Canada Revenue Agency.

INTERIM FINANCIAL STATEMENTS

Observation:

The books of the BIA are written-up once a year consequently no interim financial statements are provided to the Board for their review. Interim financial statements would provide a better financial position of the BIA to the Board throughout the year.

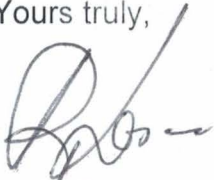
Recommendation:

2. Consideration should be given to writing-up books of accounts on an ongoing basis and periodically interim financial statements should be presented to the Board for their review and approval.

Management response:

We agreed with the recommendation. The BIA will be providing the documents periodically to its Bookkeeper to write-up books on an on-going basis and prepare quarterly financial statements for the board's review and approval.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rafiq Dosani', with a long horizontal stroke extending to the right.

Rafiq Dosani