



Grant Thornton

Financial Statements

Yonge-Dundas Square

December 31, 2007

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Auditors' report

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To the Board of Directors of

Yonge-Dundas Square

We have audited the balance sheet of the **Yonge-Dundas Square** as at December 31, 2007 and the statements of revenue and expenditure, and cash flows for the year then ended. These financial statements are the responsibility of the **Yonge-Dundas Square's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards, those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Yonge-Dundas Square** as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
February 28, 2008

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

Yonge-Dundas Square Balance Sheet

December 31

2007

2006

Assets

Current

Cash and short term investments	\$ 93,145	\$ 203,184
Receivables		
- City of Toronto (Note 4)	38,303	618
- Other (Note 6)	21,699	60,849
Prepays	<u>16,488</u>	<u>4,919</u>
	169,635	269,570

Long term

Receivable - City of Toronto (Note 5)	<u>12,303</u>	-
	\$ 181,938	\$ 269,570

Liabilities

Current

Payables and accruals		
- City of Toronto	\$ 1,750	\$ 94,137
- Other (Note 7)	<u>167,885</u>	<u>175,433</u>
	169,635	269,570

Long term

Employee benefits payable (Note 5)	<u>12,303</u>	-
	\$ 181,938	\$ 269,570

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Yonge-Dundas Square Statement of Revenue and Expenditure

Year Ended December 31

2007

2006

Revenue

City of Toronto	\$ 583,335	\$ 582,585
City of Toronto - funding for employee benefits (Note 5)	12,303	-
Corporate sponsorship and contributions	102,000	77,794
Permit revenue (Page 9)	303,966	195,048
Event support revenue (Page 9)	246,464	138,849
Food and beverages	11,277	6,165
Preferred suppliers	11,090	-
Rental income	132,600	107,222
Signage	80,871	80,500
Other revenue	9,998	5,598
	<u>1,493,904</u>	<u>1,193,761</u>

Expenditures

Event support	258,734	174,752
Marketing	184,678	164,712
Payroll	305,629	255,426
Maintenance	422,825	301,099
Security	135,654	136,418
Administration	138,552	146,331
Amortization	-	6,319
	<u>1,446,072</u>	<u>1,185,057</u>

Operating profit payable to the City of Toronto	\$ <u>47,832</u>	\$ <u>8,704</u>
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See accompanying notes to the financial statements.

Yonge-Dundas Square Statement of Cash Flows

Year Ended December 31

2007

2006

Increase (decrease) in cash

Operating activities

Operating profit payable to the City of Toronto	\$ 47,832	\$ 8,704
Amortization	-	6,319
Increase (decrease) resulting from changes in:		
Prepays	(11,569)	(4,919)
Receivable from / payable to City of Toronto	(177,904)	88,555
Receivables - other	39,150	(35,320)
Payable and accruals - other	<u>(7,548)</u>	<u>37,072</u>
Net (decrease) in cash and short term investments	(110,039)	100,411
Cash and short term investments, beginning of year	<u>203,184</u>	<u>102,773</u>
Cash and short term investments, end of year	\$ <u>93,145</u>	\$ <u>203,184</u>

See accompanying notes to the financial statements.

Yonge-Dundas Square

Notes to the Financial Statements

December 31, 2007

1. Nature of Operations

The Yonge-Dundas Square is an event venue for the general public. The City of Toronto appointed a volunteer Board of Management to operate the Square. Yonge-Dundas Square is a city owned property. It was established in December of 2001 and its purpose is to attract additional retail and entertainment development to the Yonge-Dundas area. The Square commenced operations in January 1, 2003. The Organization is to pay any net revenue to the City of Toronto.

2. Change in accounting policy

The Canadian Institute of Chartered Accountants issued Handbook Section 3855, "Financial Instruments – Recognition and Measurement" the application of which is mandatory for these annual financial statements for the period commencing January 1, 2007.

The new standard requires the Yonge-Dundas Square to classify all financial assets included on the balance sheet as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale categories. In addition, the standards require that all financial assets be measured at fair value with the exception of loans, receivables, and investments classified as held-to-maturity which are measured at amortized cost.

The gain or loss arising from a change in the fair value of a financial asset classified as held for trading is included in excess of revenues over expenditures in the period in which it arises. If the financial asset is classified as available for sale, the gain or loss is recognized in a separate account within the general fund balance until the financial asset is derecognized and the cumulative gains and losses are then recognized in excess of revenues over expenditures. On initial adoption of these accounting policies prior period comparative financial information would not be restated and the opening adjustment would be made to the opening general fund balance.

Similarly, the standard requires that all financial liabilities be measured at fair value on the balance sheet when they are held for trading. Other financial liabilities are measured at amortized cost.

The Young-Dundas Square has classified its cash and short term investments, receivables and payables and accruals as held-for-trading. Upon adoption, as of January 1, 2007, there is no impact from this change in accounting policy.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

Yonge-Dundas Square

Notes to the Financial Statements

December 31, 2007

3. Summary of significant accounting policies (continued)

Temporary investments

Temporary investments include Guaranteed Investment Certificates held for a period of one year or less. Market value is considered equivalent to cost based on the short term holding period.

Revenue recognition

Revenue is recognized on the accrual basis.

Use of estimates

In preparing the organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Capital assets

Capital assets for which funding has been received are recorded as expenses of the period. The related grant is recorded as revenue.

Employee related costs

The Yonge-Dundas Square has adopted the following policy with respect to employee benefit plans; the costs of other employee benefits are determined by an independent actuary using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health care costs.

4. Receivable from the City of Toronto

The net amount receivable from the City of Toronto consists of the following:

	<u>2007</u>	<u>2006</u>
Trade receivable from City of Toronto	\$ -	\$ 9,322
Prior year's operating deficiency	13,885	-
Current year's operating profit	(47,832)	(8,704)
Capital expenses reimbursable by City of Toronto	<u>72,250</u>	<u>-</u>
Receivable from the City of Toronto	<u>\$ 38,303</u>	<u>\$ 618</u>

Yonge-Dundas Square

Notes to the Financial Statements

December 31, 2007

5. Employee benefits payable

Yonge-Dundas Square participates in a benefit plan provided by the City of Toronto. It provides administrative employees with long term disability benefits and the continuation of health, dental and life insurance benefits to disabled employees. The organization was not eligible for long term disability until 2007.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent valuation was completed during 2007 and has been extrapolated to provide the accrued benefit obligation as at December 31, 2007.

A long term receivable from the City of Toronto has resulted from the recording of administration staff benefit costs such as long term disability for administrative employees. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Square.

Information about the Centre's employee benefits is as follows:

	<u>2007</u>	<u>2006</u>
Long term disability plan	\$ 12,695	\$ -
Unamortized actuarial loss	<u>(392)</u>	<u>-</u>
	<u>\$ 12,303</u>	<u>\$ -</u>

The continuity of the accrued benefit obligation during 2007 is as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ -	\$ -
Current service cost	12,414	-
Interest cost	580	-
Amortization of actuarial gain	39	-
Expected benefits paid	<u>(730)</u>	<u>-</u>
	<u>\$ 12,303</u>	<u>\$ -</u>

The organization was not eligible for post-employment benefits until 2007.

6. Other receivables

	<u>2007</u>	<u>2006</u>
Permit and event support receivables	\$ 7,363	\$ 1,697
Artisan/Vendor Market	341	200
GST receivable	11,093	35,561
Other	<u>2,902</u>	<u>23,391</u>
	<u>\$ 21,699</u>	<u>\$ 60,849</u>

Yonge-Dundas Square Notes to the Financial Statements

December 31, 2007

7. Other payables	<u>2007</u>	<u>2006</u>
Contracted services	\$ 33,012	\$ 28,124
Other	<u>134,873</u>	<u>147,309</u>
	<u>\$ 167,885</u>	<u>\$ 175,433</u>

8. Comparative figures

Some comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Yonge-Dundas Square

Schedule of Permit Revenue and Event Support Revenue

Year Ended December 31

2007

2006

Permit revenue

Event permits	\$ 199,737	\$ 116,156
Artisan market permits	<u>104,229</u>	<u>78,892</u>
	\$ <u>303,966</u>	\$ <u>195,048</u>

Event support revenue

Electrician	\$ 10,456	\$ 8,868
Security	51,102	28,961
AV technician	37,454	15,312
Custodial	23,520	24,224
Sound	34,927	29,517
Logistic	71,418	21,443
Utilities	<u>17,587</u>	<u>10,524</u>
	\$ <u>246,464</u>	\$ <u>138,849</u>