

FINANCIAL STATEMENTS
For
YONGE-DUNDAS SQUARE
For the year ended
DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the board of directors of

YONGE-DUNDAS SQUARE AND THE CITY OF TORONTO

We have audited the accompanying financial statements of Yonge-Dundas Square, which comprise the statement of financial position as at December 31, 2014, statements of operations, change in net financial liabilities, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yonge-Dundas Square as at December 31, 2014 and the results of its operations, changes in net financial liabilities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.




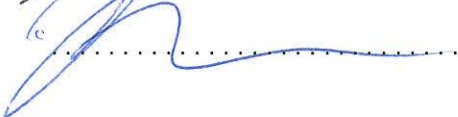
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 26, 2015.

YONGE-DUNDAS SQUARE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and short term investments	\$ 88,864	\$ 105,833
Accounts receivable - Other (note 3)	<u>74,058</u>	<u>106,013</u>
	<u>162,922</u>	<u>211,846</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities - City of Toronto	-	3,185
Accounts payable and accrued liabilities - Other (note 4)	179,867	220,424
Due to City of Toronto - Operating surplus (note 5)	3,599	6,495
Deferred revenue	<u>5,036</u>	<u>6,717</u>
	<u>188,502</u>	<u>236,821</u>
NET FINANCIAL LIABILITIES	<u>(25,580)</u>	<u>(24,975)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	25,580	24,975
Tangible capital assets (note 6)	<u>144,982</u>	<u>182,920</u>
	<u>170,562</u>	<u>207,895</u>
ACCUMULATED SURPLUS	<u>\$ 144,982</u>	<u>\$ 182,920</u>

Approved by the Board:

 Director
 Director

(See accompanying notes)

YONGE-DUNDAS SQUARE
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

	2014 <u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
Revenue			
City of Toronto	\$ 392,911	\$ 392,911	\$ 436,600
Corporate sponsorship and contributions	220,000	245,000	220,000
Permit revenue	345,000	294,211	319,867
Event support revenue (schedule A)	1,000,000	1,052,365	1,004,873
Food and beverages	7,500	1,629	2,439
Preferred suppliers	-	-	1,901
Rental income	120,000	156,236	157,080
Signage	120,000	138,682	160,839
Gain on disposal of capital assets	-	890	-
Other revenue	10,149	6,896	8,803
	<u>2,215,560</u>	<u>2,288,820</u>	<u>2,312,402</u>
Expenses			
Event support	675,000	802,063	666,900
Marketing	186,354	189,017	277,894
Payroll	519,669	507,591	508,833
Seasonal contract employees	22,650	16,225	43,297
Maintenance	448,086	386,928	380,925
Security	190,455	196,978	181,556
Administration	173,346	159,088	176,667
Amortization	-	65,269	57,984
Write-down of tangible capital assets	-	-	15,914
	<u>2,215,560</u>	<u>2,323,159</u>	<u>2,309,970</u>
Net revenue over expenses (expenses over revenues) before item below	-	(34,339)	2,432
Net payable to the City of Toronto	-	(3,599)	(6,495)
Annual surplus (deficit)	-	(37,938)	(4,063)
Accumulated surplus, beginning of year	-	182,920	186,983
Accumulated surplus, end of year	\$ -	\$ 144,982	\$ 182,920

(See accompanying notes)

YONGE-DUNDAS SQUARE
STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Annual surplus (deficit)	\$ (37,938)	\$ (4,063)
Acquisition of tangible capital assets	(30,428)	(69,835)
Proceeds from sales of tangible capital assets	3,987	-
Amortization of tangible capital assets	65,269	57,984
Gain on disposal of tangible capital assets	(890)	-
Write-down of tangible capital assets	-	15,914
Use of prepaid expenses	<u>(605)</u>	<u>(11,698)</u>
Change in net financial assets (liability)	(605)	(11,698)
Net financial liabilities, beginning of year	<u>(24,975)</u>	<u>(13,277)</u>
Net financial assets liabilities, end of year	\$ <u>(25,580)</u>	\$ <u>(24,975)</u>

(See accompanying notes)

YONGE-DUNDAS SQUARE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (37,938)	\$ (4,063)
Adjustments for:		
Amortization	65,269	57,984
Write-down of tangible capital assets	-	15,914
Gain on disposal of tangible capital assets	<u>(890)</u>	<u>-</u>
	26,441	69,835
Non-cash charges to operations:		
Accounts receivable - City of Toronto	-	7,290
Accounts receivable - Other	31,955	(887)
Prepaid expenses	(605)	(11,698)
Accounts payable and accrued liabilities - City of Toronto	(3,185)	(6,449)
Accounts payable and accrued liabilities - Other	(40,557)	(1,293)
Due to City of Toronto - Operating surplus	(2,896)	(234,529)
Deferred revenue	<u>(1,681)</u>	<u>3,810</u>
Cash flows provided by (used in) operating activities	<u>9,472</u>	<u>(173,921)</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(30,428)	(69,835)
Proceeds from sale of tangible capital assets	<u>3,987</u>	<u>-</u>
Cash flows used in capital transactions	<u>(26,441)</u>	<u>(69,835)</u>
DECREASE IN CASH AND SHORT TERM INVESTMENTS	(16,969)	(243,756)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>105,833</u>	<u>349,589</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$ 88,864</u>	<u>\$ 105,833</u>

(See accompanying notes)

YONGE-DUNDAS SQUARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

1. NATURE OF OPERATIONS

The Yonge-Dundas Square (the "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 on January 1, 2003. The Organization is to pay net revenue to the City of Toronto.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB).

Cash and short term investments

Short term 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

The Square follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Tangible capital assets

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 years, straight line
Facilities equipment	5 to 10 years, straight line
Indoor furniture	5 years, straight line
Leasehold improvements	5 years, straight line
Outdoor furniture	3 years, straight line
Outdoor equipment	2 to 5 years, straight line

YONGE-DUNDAS SQUARE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Financial instruments

Yonge-Dundas Square initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short term investments, accounts receivable and amounts due from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to the City of Toronto.

Employee Pension Plan

The Square has adopted the following policies with respect to employee benefit plan. The City of Toronto offers a multiemployer defined benefit pension plan to the Square's eligible employees. Due to the nature of the plan, the Square does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

3. OTHER RECEIVABLES

	<u>2014</u>	<u>2013</u>
Signage receivable	\$ 71,961	\$ 96,998
Rent receivable	-	6,761
Other	<u>2,097</u>	<u>2,254</u>
	<u>\$ 74,058</u>	<u>\$ 106,013</u>

The receivable for Signage includes an amount of \$63,682 (2013 - \$85,839). This amount is based on the Square's advertising reaching a predetermined threshold and may not repeat in future years.

4. OTHER PAYABLES

	<u>2014</u>	<u>2013</u>
Client deposits	\$ 20,000	\$ 20,000
Accruals	3,913	4,693
HST Payable	-	16,025
Trade	<u>155,954</u>	<u>179,706</u>
	<u>\$ 179,867</u>	<u>\$ 220,424</u>

YONGE-DUNDAS SQUARE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2014

5. OPERATING SURPLUS DUE TO THE CITY OF TORONTO

The amount due to the City of Toronto consists of the following:

	<u>2014</u>	<u>2013</u>
Balance payable, beginning of year	\$ 6,495	\$ 241,024
Current year's operating surplus (deficit)	(34,339)	2,432
Current year's tangible capital assets net purchase	(30,428)	(69,835)
Current year's proceeds from sale of tangible capital assets	3,987	-
Current year's amortization	65,269	57,984
Current year's gain on disposal of tangible capital assets	(890)	-
Current year's write-down of tangible capital assets	-	15,914
Net revenue payable to the City of Toronto	<u>10,094</u>	<u>247,519</u>
Adjustments to prior year amount	-	(2,362)
Paid during the current year	<u>(6,495)</u>	<u>(238,662)</u>
Balance payable, end of year	<u>\$ 3,599</u>	<u>\$ 6,495</u>

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computers	\$ 27,985	\$ 23,539	\$ 25,503	\$ 19,962
Facilities equipment	84,588	30,835	70,431	16,441
Furniture	29,338	10,782	27,250	7,204
Leasehold improvements	42,907	17,163	42,907	8,581
Outdoor furniture	40,611	39,448	40,611	35,775
Outdoor equipment	<u>139,443</u>	<u>98,123</u>	<u>133,053</u>	<u>68,872</u>
	364,872	\$ 219,890	339,755	\$ 156,835
Accumulated amortization	<u>219,890</u>		<u>156,835</u>	
	<u>\$ 144,982</u>		<u>\$ 182,920</u>	

7. EMPLOYEE PENSION PLAN

The Square makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$41,067 in 2014 (2013 - \$39,856).

The most recent actuarial valuation of the OMERS plan available at this time was as at December 31, 2013, and indicates the Plan is not fully funded and the plan's December 31, 2013 financial statements indicate a deficit of \$8.6 billion (less an additional \$341 million of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Square's contributions accounted for 0.0023% of the plan's total employer contributions. Additional contributions, if any, required to address the Square's proportionate share of the deficit will be expensed during the period incurred.

YONGE-DUNDAS SQUARE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2014

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Square's financial instruments.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Square will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities.

The Square manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Square believes its overall liquidity risk to be minimal as the Square's financial assets are considered to be highly liquid.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Square's cash and short-term investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

Credit risk

The Square is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Square's maximum exposure to credit risk represents the sum of the carrying value of its cash, short term investments, accounts receivable, and amounts due from the City of Toronto. The Square's cash and short term investments are with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Management believes that the Square's credit risk with respect to accounts receivable and amounts due from the City of Toronto is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Changes in risk

There have been no changes in the Square's risk exposures from the prior year.

9. COMMITMENTS

Yonge-Dundas Square has entered into an agreement to lease office premises until December 31, 2018. The base rent under the agreement is as follows:

2015	\$ 26,744
2016	26,744
2017	27,734
2018	27,734

10. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

YONGE-DUNDAS SQUARE
SCHEDULE OF EVENT SUPPORT REVENUE
YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Event support revenue		
Electrician	\$ 26,901	\$ 21,433
Security	225,290	169,196
AV technician	78,300	74,628
Custodial	55,270	48,495
Sound	76,492	79,260
Logistic and staging	213,699	271,905
Equipment rental	341,788	300,522
Utilities	<u>34,625</u>	<u>39,434</u>
	<u>\$ 1,052,365</u>	<u>\$ 1,004,873</u>