

AU7.2 Appendix F

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2019**

**BLOOR STREET
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Management for Bloor Street Business Improvement Area

Opinion

I have audited the financial statements of Bloor Street Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2019, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the BIA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), 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.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

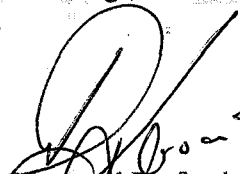
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
May 19, 2020


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

	2019 \$	2018 \$
FINANCIAL ASSETS		
Current		
Cash	1,253,231	1,195,525
Short-term investments (Note 3)	500,000	2,952,480
Accounts receivable		
City of Toronto – special charges (Note 4)	95,580	252,647
Other	41,832	22,984
Current portion of long-term receivable	836,741	654,039
	<u>2,727,384</u>	<u>5,077,675</u>
Long-term receivable		
Amount to be recovered in the future (Note 5)	2,245,860	6,082,602
	<u>4,973,244</u>	<u>11,160,277</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)		-
Other	13,706	9,829
Current Portion of long-term loan payable	836,741	654,039
	<u>850,447</u>	<u>663,868</u>
Long-term payable		
Loan payable (Note 5)	2,245,860	6,082,602
	<u>3,096,307</u>	<u>6,746,470</u>
NET FINANCIAL ASSETS	<u>1,876,937</u>	<u>4,413,807</u>
CAPITAL FUND	<u>1,873,937</u>	<u>4,413,807</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$ Budget (Note 10)	2019 \$ Actual	2018 \$ Actual
REVENUE			
City of Toronto – special charges	1,650,000	1,652,436	1,713,058
Donations and sponsorships	250,000	250,000	250,000
Interest and Other	15,000	38,708	49,011
	<u>1,915,000</u>	<u>1,941,144</u>	<u>2,012,069</u>
EXPENSES			
Administration	7,000	17,864	6,640
Capital (Note 9)	2,855,000	368,282	259,106
Debt repayment	990,872	3,990,872	990,872
Contribution to BSTP Maintenance Reserve Fund (Note 6)	30,000	30,000	30,000
Provision for (recovery of) uncollected special charge (Note 4)	(88,507)	70,996	(37,346)
	<u>3,794,365</u>	<u>4,478,014</u>	<u>1,249,272</u>
NET INCREASE (DECREASE) IN CAPITAL FUND BALANCE FOR THE YEAR	(1,879,365)	(2,536,870)	762,797
CAPITAL FUND BALANCE, BEGINNING OF YEAR	<u>4,413,807</u>	<u>4,413,807</u>	<u>3,651,010</u>
CAPITAL FUND BALANCE, END OF YEAR	<u>2,534,442</u>	<u>1,876,937</u>	<u>4,413,807</u>

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR STREET BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u> \$	<u>2018</u> \$
Net increase (decrease) in capital fund balance for the year	(2,536,870)	762,797
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	-	-
	<u>(2,536,870)</u>	<u>762,797</u>
Balance - Beginning of year	4,413,807	3,651,010
Balance - End of year	<u>1,876,937</u>	<u>4,413,807</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$
Cash flows from operating transactions		
	(2,536,870)	762,797
Net increase (decrease) in capital fund balance for the year		
Non-cash changes to operations		
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	157,067	(257,046)
Accounts receivable – other	(18,848)	(22,309)
Accounts payable - City of Toronto	-	-
Accounts payable – other	3,877	8,303
	<hr/>	<hr/>
Cash Provided (Used) By Operations	(2,394,774)	491,745
	<hr/>	<hr/>
Financing Activities		
Payment of loan	(3,654,039)	(622,895)
Capital contribution	3,654,039	622,895
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Investing Activities		
(Increase) decrease in short-term investment	2,452,480	(49,010)
	<hr/>	<hr/>
Net increase in cash	57,706	442,735
Cash, Beginning of Year	1,195,525	752,790
	<hr/>	<hr/>
Cash, End of Year	1,253,231	1,195,525
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**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. ESTABLISHMENT AND OPERATIONS

The Bloor Street Business Improvement Area (BIA) has been created solely for the purpose of allowing the City of Toronto to recover all costs associated with the Bloor Street Transformation Project. Its only purpose is to approve an annual budget to repay a loan from the City of Toronto including interest charges which will be amortized over a 20-year recovery period.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:

The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

Short-term investments:

Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as short-term investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

Contributed services:

Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

Financial instruments:

Financial instruments are recorded at the approximated fair value.

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. SHORT-TERM INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate with the BMO Wealth Management. This investment bears interest at the rate of 2.11% per annum and will be maturing in 2020.

4. CITY OF TORONTO – SPECIAL CHARGES

Special charges levied by the City are collected and remitted to the Board by the City. The total special charges outstanding consist of amounts collected by the City not yet remitted to the Board and amounts uncollected by the City.

The Board records special charges receivable/payable net of an allowance for uncollected amounts. The special charges receivable from (payable to) the City of Toronto are comprised of:

	2019	2018
	\$	\$
Total special charges outstanding	392,680	601,447
Less: allowance for uncollected special charges	(297,100)	(348,800)
Special charges receivable (payable)	<u>95,580</u>	<u>252,647</u>

The provision for (recovery of) uncollected levies reported on the Statement of Operations and Accumulated Capital Fund comprises of:

	2019	2018
	\$	\$
Special charges written-off	122,696	40,254
Increase (decrease) in provision for losses on assessment appeals	(51,700)	(77,600)
	<u>70,996</u>	<u>(37,346)</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2019**

**5. AMOUNT TO BE RECOVERED IN THE FUTURE
LOAN PAYABLE**

The final construction cost of the Bloor Street Transformation Project was \$18,542,564. Local development projects have contributed \$5,000,000 for this project. The City has applied this amount towards the cost of the project.

In order to finance the net cost, the BIA signed an agreement with the City to obtain a loan amounting to \$13,542,564. The BIA made an initial payment of \$1,400,000 in 2008. The balance amounting to \$12,142,564 was to be paid in 19 annual installments of \$990,872 and a final installment of \$515,704. The installments include principal and interest at the rate of five percent (5%) per annum. The loan will mature in 2027.

During the year, in order to minimize interest expenses and pay off the loan earlier, the BIA made an additional payment of \$3,000,000 out of accumulated capital funds. The Board decided to continue to maintain the same annual installment payments. As a result, the loan will be paid off in 2023.

6. BLOOR STREET TRANSFORMATION MAINTENANCE RESERVE FUND

BIA is required to contribute \$30,000 annually, commencing in 2009 and ending in 2027 to a maximum amount of \$540,000, to the City's Bloor Street Transformation Maintenance Reserve Fund.

The summary of the activities of the Reserve Funds were as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$310,227	\$ 277,058
Contributions	30,000	30,000
Interest	<u>5,062</u>	<u>3,169</u>
Balance, end of year	<u>\$345,289</u>	<u>\$ 310,227</u>

In 2020, the City will transfer the balance of this reserve fund to the BIA in order to continue the management of this reserve fund in accordance with the loan agreement.

7. INSURANCE

The Board is required to deposit with the Treasurer, City of Toronto, insurance policies indemnifying the City against public liability and property damage in respect of the activities of the Board. Insurance coverage providing \$5,000,000 for each occurrence or accident has been obtained by the Board through the City of Toronto.

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2019**

8. FINANCIAL INSTRUMENTS

The carrying value of the BIA's financial instruments approximates their values. The BIA is subject to an interest rate risk with respect to its investments; however, as these instruments are short-term investments the risk is minimal.

9. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them. Once adequate funds have accumulated, the BIA undertakes capital improvement projects. For this reason the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated capital fund.

10. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.