

# AU7.2 Appendix R

**THE BOARD OF MANAGEMENT FOR THE  
CORSO ITALIA  
BUSINESS IMPROVEMENT AREA**

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

# **CORSO ITALIA 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 Corso Italia Business Improvement Area

### ***Opinion***

I have audited the financial statements of Corso Italia 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.

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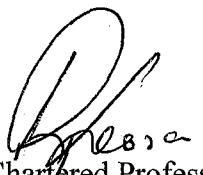
***Auditor's Responsibilities for the Audit of the Financial Statements***

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.

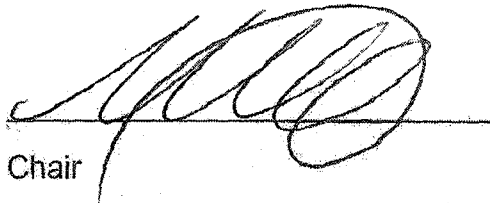
Toronto, Ontario  
May 7, 2020

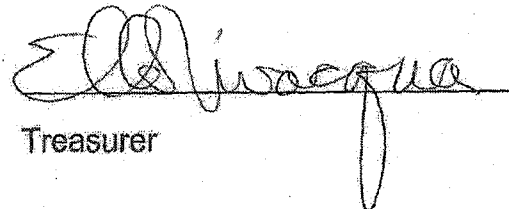
  
Chartered Professional Accountant  
Licensed Public Accountant

THE BOARD OF MANAGEMENT FOR THE  
 CORSO ITALIA BUSINESS IMPROVEMENT AREA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2019

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	161,676	139,506
Prepaid expenses	1,275	-
Accounts receivable		
City of Toronto – levy (Note 3)	11,368	11,866
Other	15,510	16,615
	<u>189,829</u>	<u>167,987</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,568	4,114
	<u>4,568</u>	<u>4,114</u>
<b>NET FINANCIAL ASSETS</b>	185,261	163,873
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	<u>3,563</u>	<u>17,515</u>
<b>ACCUMULATED SURPLUS</b>	<u>188,824</u>	<u>181,388</u>

Approved on behalf of the Board of Management:

  
 Chair

  
 Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
 CORSO ITALIA BUSINESS IMPROVEMENT AREA  
 STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019 \$ Budget (Note 9)</b>	<b>2019 \$ Actual</b>	<b>2018 \$ Actual</b>
<b>REVENUE</b>			
Levy	199,127	199,127	195,053
Interest and other	-	7,440	15
	<u>199,127</u>	<u>206,567</u>	<u>195,068</u>
<b>EXPENSES</b>			
Administration	58,942	45,452	48,524
Promotion and advertising	90,400	50,725	33,523
Maintenance	76,725	84,444	98,708
Capital (Note 7)	4,000	-	-
Amortization (Note 4)	-	13,952	13,952
Provision for uncollected levy (Note 3)	4,060	4,558	7,065
	<u>234,127</u>	<u>199,131</u>	<u>201,772</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(35,000)</b>	<b>7,436</b>	<b>(6,704)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>181,388</b></u>	<u><b>181,388</b></u>	<u><b>188,092</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>146,388</b></u>	<u><b>188,824</b></u>	<u><b>181,388</b></u>

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

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Surplus (deficit) for the year	7,436	(6,704)
Acquisition of tangible capital assets	-	(4,860)
Amortization of tangible capital assets	13,952	13,952
	21,388	2,388
Balance, Beginning of Year	163,873	161,485
Balance, End of Year	<u>185,261</u>	<u>163,873</u>

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

	2019 \$	2018 \$
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the year	7,436	(6,704)
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	13,952	13,952
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	498	3,617
Prepaid expenses	(1,275)	-
Accounts receivable – other	1,105	26,092
Accounts payable – other	454	(1,898)
<b>Cash used in (provided by) operations</b>	22,170	35,059
<b>Investing activities</b>		
Purchase of tangible capital assets	-	(4,860)
(Increase) decrease in short-term investment	-	50,528
<b>Cash, Beginning of Year</b>	<u>139,506</u>	<u>58,779</u>
<b>Cash, End of Year</b>	<u>161,676</u>	<u>139,506</u>



**THE BOARD OF MANAGEMENT FOR THE  
CORSO ITALIA BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**1. ESTABLISHMENT AND OPERATIONS**

The Corso Italia Business Improvement Area (BIA) is established as a Business Improvement Area under the management and control of a Board of Management appointed by Council of the City of Toronto.

The Board is entrusted with the improvements, beautification and maintenance of municipally owned lands, buildings and structures in the area, together with the promotion of the area as a business or shopping area. Funding is provided by property owners of the BIA who are levied a special charge based on an annual operating budget prepared by the Board and approved by Council under Section 220(17) of the Municipal Act, as amended.

**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 levy from its members which is collected by the City of Toronto. It may also receive cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is 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.

**Capital assets:**

Purchased capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Street & Christmas lights	5 years	Banners	3 years
Planters	5 years	Pole Wraps	5 years

**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.

**SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**3. CITY OF TORONTO – LEVY**

The City collects levy from BIA members and remits the amount collected to the Board. The total levy outstanding consists of amounts collected by the City but not yet remitted to the Board and amounts uncollected by the City.

The Board records levy receivable net of an allowance for uncollected amounts. The levy receivable from the City of Toronto is comprised of:

	2019	2018
	\$	\$
Total levy outstanding	16,068	17,266
Less: Allowance for uncollected levy	(4,700)	(5,400)
Levy receivable	<u>11,368</u>	<u>11,866</u>

The provision for uncollected levy reported on the Statement of Operations and Accumulated Surplus comprises:

	2019	2018
	\$	\$
Levy written-off	5,258	4,965
Change in allowance for uncollected levy	(700)	2,100
	<u>4,558</u>	<u>7,065</u>

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

4. CAPITAL ASSETS

	2019				
	Lights	Banners	Pole Wraps	Planters	Total
<b>Cost</b>					
Beginning	3,660	8,847	16,360	34,995	63,862
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>Ending</b>	<b>3,660</b>	<b>8,847</b>	<b>16,360</b>	<b>34,995</b>	<b>63,862</b>
<b>Accumulated Amortization</b>					
Beginning	2,928	5,607	9,816	27,996	46,347
Amortization	732	2,949	3,272	6,999	13,952
Disposals	-	-	-	-	-
<b>Ending</b>	<b>3,660</b>	<b>8,556</b>	<b>13,088</b>	<b>34,995</b>	<b>60,299</b>
<b>Net Book Value</b>	<b>-</b>	<b>291</b>	<b>3,272</b>	<b>-</b>	<b>3,563</b>
	<b>2018</b>				
	Lights	Banners	Pole Wraps	Planters	Total
<b>Cost</b>					
Beginning	3,660	3,987	16,360	34,995	59,002
Additions	-	4,860	-	-	4,860
Disposals	-	-	-	-	-
<b>Ending</b>	<b>3,660</b>	<b>8,847</b>	<b>16,360</b>	<b>34,995</b>	<b>63,862</b>
<b>Accumulated Amortization</b>					
Beginning	2,196	2,658	6,544	20,997	32,395
Amortization	732	2,949	3,272	6,999	13,952
Disposals	-	-	-	-	-
<b>Ending</b>	<b>2,928</b>	<b>5,607</b>	<b>9,816</b>	<b>27,996</b>	<b>46,347</b>
<b>Net Book Value</b>	<b>732</b>	<b>3,240</b>	<b>6,544</b>	<b>6,999</b>	<b>17,515</b>

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

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**5. 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.

**6. FINANCIAL INSTRUMENTS**

The financial instruments recognized in the statement of financial position consist of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

**7. CAPITAL EXPENSES**

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared capital improvement projects with the City. 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 surplus.

**8. COMMITMENTS**

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The Board is committed to capital improvement projects of which the Board's share of \$2,531 (2018 - \$nil) was outstanding as at December 31, 2019.

**9. BUDGET**

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