

Rosenwig McRae Thorpe LLP

Chartered Professional Accountants
Associated worldwide with CPA Associates International, Inc.

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Michael Rosenwig
Jeff McRae
Lori Thorpe
Tony Rosso
Lorraine Varga
Michelle Koscec

April 10, 2018

Board of Directors
Downtown Yonge Business Improvement Area
40 Dundas Street West Suite 300, PO Box 42
Toronto, Ontario
M5B 2C2

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended Monday, December 31, 2018 we wish to report to you on our findings.

We wish to thank M. Garner and the organization's staff for assisting us during the audit. Based on our materiality of \$60,000 there were no identified items that have not been adjusted for.

We would like to report to you the following financial reporting matters:

Related party transactions

We have not identified any related party transaction in the course of our audit.

Other matters

We have not noted any significant internal control matters. Though the segregation of duties is important to having a high degree of internal controls, we understand that this may not be feasible due to the limited number of personnel in the accounting and finance areas.

We would be pleased to discuss these items with you in more detail and assist you with any such implementation that you require.

Yours very truly,

ROSENWIG McRAE THORPE LLP

Lorraine Varga, CPA, CA
LV/dj

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Management for the Downtown Yonge Business Improvement Area:

Opinion

We have audited the financial statements of Downtown Yonge Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2018 and the statements of operations, net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit.

We 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 our 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 BIA'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 BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA 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

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

Rosenwig McRae Thorpe LLP

ROSENWIG MCRAE THORPE LLP

March 21, 2019

36 Toronto Street, Suite 800

Toronto, Ontario

M5C 2C5

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

FINANCIAL ASSETS

	<u>2018</u>	<u>2017</u>
Cash (Note 3)	\$ 870,140	\$ 777,098
Investments (Note 4)	1,421,069	1,400,003
Accounts receivable		
City of Toronto - special charges (Note 5)	257,029	27,752
Other	<u>185,472</u>	<u>113,787</u>
	<u>2,733,710</u>	<u>2,318,640</u>

LIABILITIES

Accounts payable and accrued liabilities	89,665	97,652
Funds held in trust (Note 3)	37,552	131,489
Scholarship payable (Note 6)	<u>13,025</u>	<u>13,025</u>
	<u>140,242</u>	<u>242,166</u>
Net financial assets	<u>2,593,468</u>	<u>2,076,474</u>

NON FINANCIAL ASSETS

Tangible capital assets (Note 7)	1,524,330	1,630,311
Prepaid expenses	<u>5,514</u>	<u>18,928</u>
	<u>1,529,844</u>	<u>1,649,239</u>
Accumulated surplus (Note 8)	<u>\$ 4,123,312</u>	<u>\$ 3,725,713</u>

Approved on behalf of the Board of Management:


_____, Chair


_____, Treasurer

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2018

	2018		2017
	Actual	Budget (Note 12)	
Revenue			
City of Toronto - special charges	\$ 2,745,706	\$ 2,741,889	\$ 2,661,424
Other income	207,908	60,000	155,287
Advertising and sponsorships	90,385	60,000	118,004
Grants	25,000	20,000	5,390
	3,068,999	2,881,889	2,940,105
Expenses			
Administration	1,103,581	1,110,600	1,086,019
Maintenance	484,868	667,645	434,151
Promotion and advertising	397,065	280,000	256,888
Festivals and events	372,383	400,000	432,755
Streetscape improvements	242,547	783,200	546,496
(Recovery of) provision for levies in appeals	(35,025)	249,263	415,580
Amortization	105,981	-	121,977
	2,671,400	3,490,708	3,293,866
Annual surplus (deficit)	\$ 397,599	\$ (608,819)	(353,761)

See accompanying notes.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Annual surplus (deficit)	\$ 397,599	\$ (353,761)
Amortization of tangible capital assets	105,981	121,977
Decrease in prepaid expenses	<u>13,414</u>	<u>14,913</u>
Change in net financial assets	516,994	(216,871)
Net financial assets, beginning of year	<u>2,076,474</u>	<u>2,293,345</u>
Net financial assets, end of year	<u>\$ 2,593,468</u>	<u>\$ 2,076,474</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Cash from operating activities:		
Annual surplus (deficit)	\$ 397,599	\$ (353,761)
Adjustments for:		
Amortization	<u>105,981</u>	<u>121,977</u>
	503,580	(231,784)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	(229,277)	219,671
Other	(71,685)	7,765
Decrease in prepaid expenses	13,414	14,913
Decrease in accounts payable and accrued liabilities	(7,987)	(481,161)
Decrease in amounts held in trust	<u>(93,937)</u>	<u>(26,927)</u>
	<u>114,108</u>	<u>(497,523)</u>
Cash flows from investing activities		
Purchase of investments	<u>(21,066)</u>	<u>(523,944)</u>
Increase (decrease) in cash position	93,042	(1,021,467)
Cash, beginning of year	<u>777,098</u>	<u>1,798,565</u>
Cash, end of year	<u>\$ 870,140</u>	<u>\$ 777,098</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. Establishment of operations

The Downtown Yonge Business Improvement Area was designated as a business improvement area through By-Law 27-2001 enacted on February 1, 2001. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on June 28, 2001.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

Expenditures are recorded on the accrual basis, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been settled by payment of money.

b) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Advertising, sponsorship and grants - revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii) Other income - revenue is recognized when earned.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2. Significant accounting policies (continued)

c) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition, plus related transaction costs.

d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. The BIA records amortization using the following annual rates and methods:

Streetscape fixtures	-	10 - 30 year straight-line
Holiday decor	-	3 - 10 year straight-line
Leasehold improvements	-	over the remaining lease life
Furniture and equipment	-	3 - 5 year straight-line
Computer equipment	-	3 year straight-line

3. Cash

In 2016, the BIA received funds from the City of Toronto for a special project for Culture, Art and Recreation Programs in Ward 27. The funds are allocated to local programs and projects in consultation with the Ward 27 Councilor. At year end, the funds held in trust related to this initiative was \$37,552 (2017 - \$131,489).

4. Investments

Investments consist of amounts invested in guarantee investment certificates (GICs) and money market funds. Interest on these investments range from 1.20% - 2.55%. The GICs have maturity dates. ranging from May 2019 to October 2020.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. City of Toronto - special charges

Special charges levied by the City of Toronto ("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 BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	<u>2018</u>	<u>2017</u>
Total special charges outstanding	\$ 753,629	\$ 683,952
Less: Allowance for special charges in appeals	<u>(496,600)</u>	<u>(656,200)</u>
Special charges receivable	<u>\$ 257,029</u>	<u>\$ 27,752</u>

6. Scholarship payable

The BIA established a scholarship fund for university students enrolled in urban and regional planning programs with the funds received from the Yonge Street Business and Residents Association. During fiscal 2017 and 2018, no amounts were awarded from this fund.

7. Tangible capital assets

<u>Cost</u>	<u>2017</u>	<u>2018</u>		
	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing</u>
Streetscape fixtures	\$2,485,250	\$ -	\$ -	\$2,485,250
Holiday decor	438,735	-	-	438,735
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	77,855	-	-	77,855
Computer equipment	<u>34,018</u>	<u>-</u>	<u>-</u>	<u>34,018</u>
	<u>\$3,158,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,158,356</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7. Tangible capital assets (continued)

	<u>2017</u>	<u>2018</u>		
<u>Accumulated Amortization</u>	<u>Opening</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Closing</u>
Streetscape fixtures	\$ 895,269	\$ -	\$ 87,426	\$ 982,695
Holiday decor	405,643	-	17,214	422,857
Leasehold improvements	115,260	-	1,341	116,601
Furniture and equipment	77,855	-	-	77,855
Computer equipment	<u>34,018</u>	<u>-</u>	<u>-</u>	<u>34,018</u>
	<u>\$1,528,045</u>	<u>\$ -</u>	<u>\$ 105,981</u>	<u>\$1,634,026</u>
<u>Net Book Value</u>		<u>2017</u>	<u>2018</u>	
Streetscape fixtures		\$1,589,981	\$1,502,555	
Holiday decor		33,092	15,878	
Leasehold improvements		<u>7,238</u>	<u>5,897</u>	
		<u>\$1,630,311</u>	<u>\$1,524,330</u>	

8. Accumulated surplus

	<u>2018</u>		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 2,095,402	\$ 1,630,311	\$ 3,725,713
Annual surplus	397,599	-	397,599
Amortization	<u>105,981</u>	<u>(105,981)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 2,598,982</u>	<u>\$ 1,524,330</u>	<u>\$ 4,123,312</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

8. Accumulated surplus (continued)

	2017		
	Unrestricted Operating	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 2,327,186	\$ 1,752,288	\$ 4,079,474
Annual deficit	(353,761)	-	(353,761)
Amortization	<u>121,977</u>	<u>(121,977)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 2,095,402</u>	<u>\$ 1,630,311</u>	<u>\$ 3,725,713</u>

9. Contractual commitments

a) The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2018 the BIA has \$662 (2017- \$1,200) outstanding commitments relating to ongoing capital improvement project to be completed in 2019.

b) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2019	\$	66,023
2020		63,578
2021		63,911
2022		<u>48,122</u>
	\$	<u>241,634</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, funds held in trust and scholarship payable. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 4.

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

11. Insurance

The BIA is required to deposit with the City 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.

12. 2018 Budget

The 2018 budget figures on the statement of operations are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated March 21, 2019.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

13. Annual deficit

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. No capital assets were purchased this year (2017 - nil). The annual surplus (deficit) without amortization of \$105,981 (2017 - 121,977) is \$503,580 (2017 - 231,784 deficit).

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Administration		
Salaries and benefits	\$ 783,665	\$ 784,823
Occupancy costs	124,424	120,748
Professional fees	58,217	58,299
Repairs and maintenance	44,811	39,145
General office	21,822	20,042
Memberships	20,559	14,474
Utilities	17,654	17,050
Travel	16,464	11,684
Insurance	6,771	9,026
Consultants	6,328	8,672
Interest and bank charges	<u>2,866</u>	<u>2,056</u>
	<u>1,103,581</u>	<u>1,086,019</u>
Festivals and events		
Programming	249,633	302,412
Advertising and promotion	65,307	69,306
Consultants	37,374	41,037
Salaries and benefits	<u>20,069</u>	<u>20,000</u>
	<u>372,383</u>	<u>432,755</u>
Maintenance		
Repairs and maintenance	269,648	214,348
Salaries and benefits	169,421	183,584
Occupancy costs	31,808	21,417
Utilities	13,363	14,224
Travel	<u>628</u>	<u>578</u>
	<u>484,868</u>	<u>434,151</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Promotion and advertising		
Consultants	124,108	109,546
Advertising and promotion	164,789	114,219
Outreach	69,582	-
General office	22,579	22,219
Meetings	<u>16,007</u>	<u>10,904</u>
	<u>397,065</u>	<u>256,888</u>
Streetscape improvements	<u>242,547</u>	<u>546,496</u>
(Recovery of) provision for levies in appeals	<u>(35,025)</u>	<u>415,580</u>
Amortization	<u>105,981</u>	<u>121,977</u>
	<u>\$ 2,671,400</u>	<u>\$ 3,293,866</u>

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

DECEMBER 31, 2019

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In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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- 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 BIA'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 BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA 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

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

Rosenswig McRae Thorpe LLP

Toronto, Canada
March 19, 2020

Chartered Professional Accountants
Licensed Public Accountants

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

FINANCIAL ASSETS

	<u>2019</u>	<u>2018</u>
Cash (Note 3)	\$ 1,408,635	\$ 870,140
Investments (Note 4)	1,432,214	1,421,069
Accounts receivable		
City of Toronto - special charges (Note 5)	352,475	257,029
Other	<u>106,804</u>	<u>185,472</u>
	<u>3,300,128</u>	<u>2,733,710</u>

LIABILITIES

Accounts payable and accrued liabilities	158,724	89,665
Funds held in trust (Note 3)	5,047	37,552
Scholarship payable (Note 6)	<u>11,025</u>	<u>13,025</u>
	<u>174,796</u>	<u>140,242</u>
Net financial assets	<u>3,125,332</u>	<u>2,593,468</u>

NON FINANCIAL ASSETS

Tangible capital assets (Note 7)	1,419,317	1,524,330
Prepaid expenses	<u>13,114</u>	<u>5,514</u>
	<u>1,432,431</u>	<u>1,529,844</u>
Accumulated surplus (Note 8)	<u>\$ 4,557,763</u>	<u>\$ 4,123,312</u>

Approved on behalf of the Board of Management:


_____, Chair


_____, Treasurer

See accompanying notes.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2019

	2019		2018
	<u>Actual</u>	<u>Budget</u> (Note 12)	
Revenue			
City of Toronto - special charges	\$ 2,909,481	\$ 2,906,817	\$ 2,745,706
Grants	175,000	20,000	25,000
Other income	102,644	65,000	207,908
Advertising and sponsorships	<u>74,058</u>	<u>80,000</u>	<u>90,385</u>
	<u>3,261,183</u>	<u>3,071,817</u>	<u>3,068,999</u>
Expenses			
Administration	1,127,824	1,120,878	1,103,581
Promotion and advertising	486,682	333,000	397,065
Maintenance	483,852	607,000	484,868
Festivals and events	333,380	408,000	372,383
Streetscape improvements	225,675	750,200	242,547
Provision for (recovery of) levies in appeals	64,306	264,256	(35,025)
Amortization	<u>105,013</u>	<u>-</u>	<u>105,981</u>
	<u>2,826,732</u>	<u>3,483,334</u>	<u>2,671,400</u>
Annual surplus (deficit)	<u>\$ 434,451</u>	<u>\$ (411,517)</u>	<u>397,599</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Annual surplus	\$ 434,451	\$ 397,599
Amortization of tangible capital assets	105,013	105,981
(Increase) decrease in prepaid expenses	<u>(7,600)</u>	<u>13,414</u>
Change in net financial assets	531,864	516,994
Net financial assets, beginning of year	<u>2,593,468</u>	<u>2,076,474</u>
Net financial assets, end of year	<u>\$ 3,125,332</u>	<u>\$ 2,593,468</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Cash from operating activities		
Annual surplus	\$ 434,451	\$ 397,599
Adjustments for:		
Amortization	<u>105,013</u>	<u>105,981</u>
	539,464	503,580
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	(95,446)	(229,277)
Other	78,668	(71,685)
(Increase) decrease in prepaid expenses	(7,600)	13,414
Increase (decrease) in accounts payable and accrued liabilities	69,059	(7,987)
Decrease in amounts held in trust	(32,505)	(93,937)
Decrease in scholarship payable	<u>(2,000)</u>	<u>-</u>
	<u>549,640</u>	<u>114,108</u>
Cash flows from investing activities		
Purchase of investments	<u>(11,145)</u>	<u>(21,066)</u>
Increase in cash position	538,495	93,042
Cash, beginning of year	<u>870,140</u>	<u>777,098</u>
Cash, end of year	<u>\$ 1,408,635</u>	<u>\$ 870,140</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Establishment of operations

The Downtown Yonge Business Improvement Area was designated as a business improvement area through By-Law 27-2001 enacted on February 1, 2001. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on June 28, 2001.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

Expenditures are recorded on the accrual basis, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been settled by payment of money.

b) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Advertising, sponsorship and grants - revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii) Other income - revenue is recognized when earned.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant accounting policies (continued)

c) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition, plus related transaction costs.

d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. The BIA records amortization using the following annual rates and methods:

Streetscape fixtures	-	10 - 30 year straight-line
Holiday decor	-	3 - 10 year straight-line
Leasehold improvements	-	over the remaining lease life
Furniture and equipment	-	3 - 5 year straight-line
Computer equipment	-	3 year straight-line

3. Cash

In 2016, the BIA received funds from the City of Toronto for a special project for Culture, Art and Recreation Programs in Ward 27. The funds are allocated to local programs and projects in consultation with the Ward 27 Councilor. At year end, the funds held in trust related to this initiative was \$5,047 (2018 - \$37,552).

4. Investments

Investments consist of amounts invested in guarantee investment certificates (GICs) and money market funds. Interest on these investments range from 1.45% - 2.40%. The GICs have maturity dates, ranging from May 2020 to November 2021.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. City of Toronto - special charges

Special charges levied by the City of Toronto ("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 BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	<u>2019</u>	<u>2018</u>
Total special charges outstanding	\$ 658,175	\$ 753,629
Less: Allowance for special charges in appeals	<u>(305,700)</u>	<u>(496,600)</u>
Special charges receivable	<u>\$ 352,475</u>	<u>\$ 257,029</u>

6. Scholarship payable

The BIA established a scholarship fund for university students enrolled in urban and regional planning programs with the funds received from the Yonge Street Business and Residents Association. During fiscal 2019, \$2,000 was awarded from this fund (2018 - nil).

7. Tangible capital assets

	<u>2018</u>	<u>2019</u>		
<u>Cost</u>	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing</u>
Streetscape fixtures	\$2,485,250	\$ -	\$ -	\$2,485,250
Holiday decor	438,735	-	-	438,735
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	77,855	-	-	77,855
Computer equipment	<u>34,018</u>	<u>-</u>	<u>(34,018)</u>	<u>-</u>
	<u>\$3,158,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,124,338</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

7. Tangible capital assets (continued)

<u>Accumulated Amortization</u>	<u>2018</u>	<u>2019</u>		
	<u>Opening</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Closing</u>
Streetscape fixtures	\$ 982,695	\$ -	\$ 87,426	\$1,070,121
Holiday decor	422,857	-	15,878	438,735
Leasehold improvements	116,601	-	1,709	118,310
Furniture and equipment	77,855	-	-	77,855
Computer equipment	<u>34,018</u>	<u>(34,018)</u>	<u>-</u>	<u>-</u>
	<u>\$1,634,026</u>	<u>\$ (34,018)</u>	<u>\$ 105,013</u>	<u>\$1,705,021</u>

<u>Net Book Value</u>	<u>2018</u>	<u>2019</u>
Streetscape fixtures	\$1,502,555	\$1,415,129
Holiday decor	15,878	-
Leasehold improvements	<u>5,897</u>	<u>4,188</u>
	<u>\$1,524,330</u>	<u>\$1,419,317</u>

8. Accumulated surplus

	<u>2019</u>		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 2,598,982	\$ 1,524,330	\$ 4,123,312
Annual surplus	434,451	-	434,451
Amortization	<u>105,013</u>	<u>(105,013)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 3,138,446</u>	<u>\$ 1,419,317</u>	<u>\$ 4,557,763</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Accumulated surplus (continued)

	2018		
	Unrestricted Operating	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 2,095,402	\$ 1,630,311	\$ 3,725,713
Annual deficit	397,599	-	397,599
Amortization	<u>105,981</u>	<u>(105,981)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 2,598,982</u>	<u>\$ 1,524,330</u>	<u>\$ 4,123,312</u>

9. Contractual commitments

- a) The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2019 the BIA has \$1,324 (2018 - \$662) outstanding commitments relating to ongoing capital improvement project to be completed in 2019.

- b) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2020	\$ 109,178
2021	109,511
2022	<u>70,922</u>
	<u>\$ 289,611</u>

10. Financial instruments risks

- a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, funds held in trust and scholarship payable. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

10. Financial instruments risks (continued)

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 4.

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

11. Insurance

The BIA is required to deposit with the City 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.

12. 2019 Budget

The 2019 budget figures on the statement of operations are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated March 19, 2020.

13. Annual deficit

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. No capital assets were purchased this year (2018 - nil). The annual surplus without amortization of \$105,013 (2018 - 105,981) is \$539,464 (2018 - 503,580).

14. Subsequent event

Subsequent to year end, the World Health Organization declared a global health emergency due to the outbreak of COVID-19. The outbreak has had significant global financial impacts. At this time, it is not possible to estimate the impact on accounts receivable and future special charges revenue from the City of Toronto.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Administration		
Salaries and benefits	\$ 800,127	\$ 783,665
Occupancy costs	138,498	124,424
Professional fees	53,358	58,217
Repairs and maintenance	36,987	44,811
General office	31,520	21,822
Travel	21,595	16,464
Utilities	19,232	17,654
Insurance	10,313	6,771
Memberships	9,726	20,559
Consultants	4,417	6,328
Interest and bank charges	<u>2,051</u>	<u>2,866</u>
	<u>1,127,824</u>	<u>1,103,581</u>
Festivals and events		
Programming	216,625	249,633
Advertising and promotion	76,930	65,307
Salaries and benefits	23,831	20,069
Consultants	<u>15,994</u>	<u>37,374</u>
	<u>333,380</u>	<u>372,383</u>
Maintenance		
Repairs and maintenance	240,508	269,648
Salaries and benefits	200,987	169,421
Occupancy costs	28,723	31,808
Utilities	13,239	13,363
Travel	<u>395</u>	<u>628</u>
	<u>483,852</u>	<u>484,868</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Promotion and advertising		
Advertising and promotion	192,867	164,789
Outreach	166,349	69,582
Consultants	93,067	124,108
General office	19,528	22,579
Meetings	<u>14,871</u>	<u>16,007</u>
	<u>486,682</u>	<u>397,065</u>
Streetscape improvements	<u>225,675</u>	<u>242,547</u>
Provision for (recovery of) levies in appeals	<u>64,306</u>	<u>(35,025)</u>
Amortization	<u>105,013</u>	<u>105,981</u>
	<u>\$ 2,826,732</u>	<u>\$ 2,671,400</u>