

AU7.2 Appendix AA

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2018**

INDEPENDENT AUDITOR'S REPORT

**To the Council of the Corporation of the City of Toronto and the
Board of Management for the Emery Village Business Improvement Area**

Opinion

I have audited the financial statements of Emery Village Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2018, 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, 2018 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.

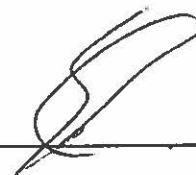
**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	1,581,448	1,135,834
Short-term Investments (Note 3)	4,157,491	4,096,825
Accounts receivable		
City of Toronto – special charges (Note 4)	380,028	128,167
Other	176,667	151,831
	<u>6,295,634</u>	<u>5,512,657</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	280,197	356,696
Other (Note 6)	286,413	282,312
	<u>566,610</u>	<u>639,008</u>
NET FINANCIAL ASSETS	5,729,024	4,873,649
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	20,934	11,500
ACCUMULATED SURPLUS	<u>5,749,958</u>	<u>4,885,149</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
	\$	\$
Surplus for the year	864,809	465,097
Acquisition of tangible capital assets	(31,401)	-
Amortization of tangible capital assets	<u>21,967</u>	<u>29,479</u>
	855,375	494,576
Balance - Beginning of year	4,873,649	4,379,073
Balance - End of year	<u>5,729,024</u>	<u>4,873,649</u>

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. ESTABLISHMENT AND OPERATIONS

The Emery Village 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 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.

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:

Streetscape	5 years	Office Furniture	5 years
Lighting	5 years	Joseph Bannon Statue	5 years
Signs	5 years	Flags, Banners & Poles	3 years
Computers	3 years	Benches	5 years
Street Furniture	5 years	Planters	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.

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2018**

5. TANGIBLE CAPITAL ASSETS

	2018					Total
	Signs	Planters	Lights	Computer	Flags, Banners & Poles	
Cost						
Beginning	27,446	67,517	41,440	18,658	77,475	232,536
Additions	-	-	-	-	31,401	31,401
Disposals	-	-	-	-	-	-
Ending	27,446	67,517	41,440	18,658	108,876	263,937
Accumulated Amortization						
Beginning	26,844	57,715	40,344	18,658	77,475	221,036
Amortization	602	9,802	1,096	-	10,467	21,967
Disposals	-	-	-	-	-	-
Ending	27,446	67,517	41,440	18,658	87,942	243,003
Net Book Value	-	-	-	-	20,934	20,934

	2017					Total
	Signs	Planters	Lights	Computer	Flags, Banners & Poles	
Cost						
Beginning	27,446	67,517	41,440	18,658	77,475	232,536
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Ending	27,446	67,517	41,440	18,658	77,475	232,536
Accumulated Amortization						
Beginning	21,356	46,671	35,641	13,304	74,585	191,557
Amortization	5,488	11,044	4,703	5,354	2,890	29,479
Disposals	-	-	-	-	-	-
Ending	26,844	57,715	40,344	18,658	77,475	221,036
Net Book Value	602	9,802	1,096	-	-	11,500

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE
BUSINESS IMPROVEMENT AREA**

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

**EMERY VILLAGE
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 the Emery Village Business Improvement Area

Opinion

I have audited the financial statements of Emery Village 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.

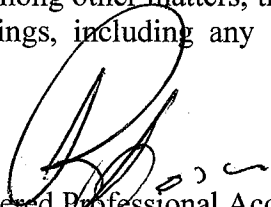
Auditor's Responsibilities for the Audit of the Financial Statements

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 skepticism 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.

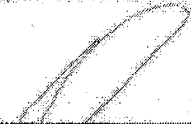
Toronto, Ontario
September 5, 2020


Chartered Professional Accountant
Licensed Public Accountant

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

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	626,416	1,581,448
Short-term Investments (Note 3)	5,861,024	4,157,491
Accounts receivable		
City of Toronto – special charges (Note 4)	234,806	380,028
Other	91,562	176,667
	<u>6,810,808</u>	<u>6,295,634</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	280,197
Other (Note 6)	281,386	286,413
	<u>281,386</u>	<u>566,610</u>
NET FINANCIAL ASSETS	6,529,422	5,729,024
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	96,578	20,034
ACCUMULATED SURPLUS	<u>6,626,000</u>	<u>5,749,058</u>

Approved on behalf of the Board of Management:



 Vice-Chair



 Treasurer

**THE BOARD OF MANAGEMENT FOR THE
EMERY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$ Budget (Note 10)	2019 \$ Actual	2018 \$ Actual
REVENUE			
City of Toronto – special charges	2,598,765	2,602,891	2,687,023
Sponsorships, contributions and grants	-	77,697	77,850
Interest and Other	-	108,292	61,091
	<u>2,598,765</u>	<u>2,788,880</u>	<u>2,825,964</u>
EXPENSES			
Administration	616,282	559,137	536,186
Promotion and advertising	488,000	433,834	409,265
Design, Maintenance & Improvements	857,000	695,339	745,654
Capital (Note 9)	1,301,232	189,086	378,435
Amortization	-	32,616	21,967
Provision for (recovery of) uncollected special charges (Note 4)	(149,522)	2,826	(130,352)
	<u>3,112,992</u>	<u>1,912,838</u>	<u>1,961,155</u>
SURPLUS (DEFICIT) FOR THE YEAR	(514,227)	876,042	864,809
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,749,958	5,749,958	4,885,149
ACCUMULATED SURPLUS, END OF YEAR	<u>5,235,731</u>	<u>6,626,000</u>	<u>5,749,958</u>

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

	2019	2018
	\$	\$
Surplus for the year	876,042	864,809
Acquisition of tangible capital assets	(108,260)	(31,401)
Amortization of tangible capital assets	<u>32,616</u>	<u>21,967</u>
	800,398	855,375
Balance - Beginning of year	5,729,024	4,873,649
Balance - End of year	<u><u>6,529,422</u></u>	<u><u>5,729,024</u></u>

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

	2019	2018
	\$	\$
Cash flows from operating activities		
Surplus for the year	876,042	864,809
Non-cash changes to operations		
Adjustment for non-cash item		
Amortization	32,616	21,967
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	148,222	(251,861)
Accounts receivable – other	98,526	(24,836)
Accounts payable - City of Toronto	(280,197)	(76,499)
Accounts payable – other	(98,531)	4,101
Cash Provided By Operations	776,678	537,681
Investing Activities		
Purchase of tangible capital assets	(108,260)	(31,401)
(Increase) decrease in short-term investments	(1,703,533)	(60,666)
Cash, Beginning Of Year	1,581,448	1,135,834
Cash, End Of Year	546,333	1,581,448

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

1. ESTABLISHMENT AND OPERATIONS

The Emery Village 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.

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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:

Streetscape	5 years	Office Furniture	5 years
Lighting	5 years	Joseph Bannon Statue	5 years
Signs	5 years	Flags, Banners & Poles	3 years
Computers	3 years	Benches	5 years
Street Furniture	5 years	Planters	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.

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

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. SHORT-TERM INVESTMENTS

Short-term investments consist of cashable guaranteed investment certificates with the TD Bank. These investments bear interest at the rate of ranging from 0.90% - 1.45% per annum and will be maturing in 2019.

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 net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2019	2018
	\$	\$
Total special charges outstanding	361,306	555,828
Less: allowance for uncollected special charges	(129,500)	(175,800)
Special charges receivable	<u>231,806</u>	<u>380,028</u>

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

	2019	2017
	\$	\$
Special charges written-off (recovered)	49,126	32,248
Change in provision for losses on assessment appeals	(46,300)	(162,600)
	<u>2,826</u>	<u>(130,352)</u>

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

5. TANGIBLE CAPITAL ASSETS

	2019					
	Signs	Planters	Lights	Computer	Flags, Banners & Poles	Total
Cost						
Beginning	-	-	-	-	108,876	108,876
Additions	22,998	80,249	1,290	3,723	-	108,260
Disposals	-	-	-	-	-	-
Ending	22,998	80,249	1,290	3,723	108,876	217,136
Accumulated Amortization						
Beginning	-	-	-	-	87,942	87,942
Amortization	4,600	16,050	258	1,241	10,467	32,616
Disposals	-	-	-	-	-	-
Ending	4,600	16,050	258	1,241	98,409	120,558
Net Book Value	18,398	64,199	1,032	2,482	10,467	96,578

	2018					
	Signs	Planters	Lights	Computer	Flags, Banners & Poles	Total
Cost						
Beginning	27,446	67,517	41,440	18,658	77,475	232,536
Additions	-	-	-	-	31,401	31,401
Disposals	-	-	-	-	-	-
Ending	27,446	67,517	41,440	18,658	108,876	263,937
Accumulated Amortization						
Beginning	26,844	57,715	40,344	18,658	77,475	221,036
Amortization	602	9,802	1,096	-	10,467	21,967
Disposals	-	-	-	-	-	-
Ending	27,446	67,517	41,440	18,658	87,942	243,003
Net Book Value	-	-	-	-	20,934	20,934

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - OTHER

Accounts payable and accrued liabilities – other includes unspent funds amounting to \$91,504 (2018 - \$84,924) which were raised specifically for charitable and not-for-profit projects. These funds are retained in a separate bank account.

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.

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 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.

10. BUDGET

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