

AU7.2 Appendix AE

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR
BUSINESS IMPROVEMENT AREA**

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

GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2018

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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 Gerrard India Bazaar Business Improvement Area

I have audited the accompanying financial statements of Gerrard India Bazaar Business Improvement Area, 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 Board 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 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 Board'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.

RAFIQ DOSANI, B.Comm. CPA, CA.
CHARTERED PROFESSIONAL ACCOUNTANT

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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
August 21, 2019

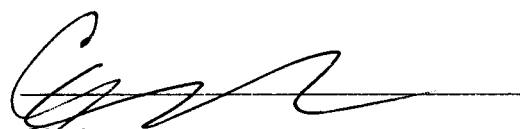


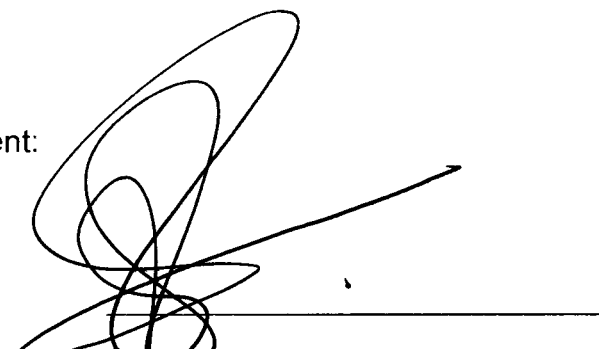
Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	187,918	44,961
Short-term investment (Note 3)	50,086	152,195
Accounts receivable		
City of Toronto – special charges (Note 4)	11,669	3,441
Other	23,410	26,085
	273,083	226,682
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – other	2,214	3,816
Other	5,964	6,039
	8,178	9,855
NET FINANCIAL ASSETS	264,905	216,827
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	5,875	23,010
ACCUMULATED SURPLUS	270,780	239,837

Approved on behalf of the Board of Management:


Chair


Treasurer

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$ Budget (Note 9)	2018 \$ Actual	2017 \$ Actual
REVENUE			
City of Toronto – special charges	159,987	168,508	155,130
Festivals, grants & sponsorships (Schedule 1)	95,000	99,759	84,485
Interest and other	-	4,011	914
	<u>254,987</u>	<u>272,278</u>	<u>240,529</u>
EXPENSES			
Promotion and advertising	37,000	22,137	14,796
Festivals (Schedule 1)	130,000	102,086	120,717
Administration	60,618	57,401	66,893
Maintenance	33,500	32,307	17,804
Capital (note 8)	-	-	3,816
Amortization	-	20,249	19,211
Provision for uncollected levies (note 4)	6,869	7,155	10,437
	<u>267,987</u>	<u>241,335</u>	<u>253,674</u>
SURPLUS (DEFICIT) FOR THE YEAR	(13,000)	30,943	(13,145)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>239,837</u>	<u>239,837</u>	<u>252,982</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>226,837</u>	<u>270,780</u>	<u>239,837</u>

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u> \$	<u>2017</u> \$
Surplus (Deficit) for the year	30,943	(13,145)
Acquisition of tangible capital assets	(3,114)	-
Amortization of tangible capital assets	<u>20,249</u>	<u>19,211</u>
	48,078	6,066
Balance - Beginning of year	216,827	210,761
Balance - End of year	<u><u>264,905</u></u>	<u><u>216,827</u></u>

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
Cash flows from operating activities		
Surplus (Deficit) for the year	30,943	(13,145)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	20,249	19,211
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(8,228)	4,773
Accounts receivable – other	2,675	(12,380)
Accounts payable - City of Toronto	(1,602)	3,816
Accounts payable – other	(75)	(2,820)
Cash Provided By (Used In) Operations	43,962	(545)
Investing activities		
Purchase of tangible capital assets	(3,114)	-
(Increase) decrease in short-term investment	102,109	(62)
Cash, Beginning Of Year	44,961	45,568
Cash, End Of Year	187,918	44,961

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. ESTABLISHMENT AND OPERATIONS

The Gerrard India Bazaar 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:

Banners	3 years	Computers	3 years
Lights	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
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate with RBC Bank. This investment bears interest at the rate of 1.80% 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:

	2018	2017
	\$	\$
Total special charges outstanding	18,569	8,441
Less: allowance for uncollected special charges	<u>(6,900)</u>	<u>(5,000)</u>
Special charges receivable	<u>11,669</u>	<u>3,441</u>

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

	2018	2017
	\$	\$
Special charges written-off	5,255	5,937
Change in allowance for uncollected special charges	<u>1,900</u>	<u>4,500</u>
	<u>7,155</u>	<u>10,437</u>

THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2018

5. CAPITAL ASSETS

	2018			
	Lights	Computers	Banners	Total
Cost				
Beginning	101,027	-	-	101,027
Additions	-	900	2,214	3,114
Disposals	-	-	-	-
Ending	101,027	900	2,214	104,141
Accumulated Amortization				
Beginning	78,017	-	-	78,017
Amortization	19,212	300	737	20,249
Disposals	-	-	-	-
Ending	97,229	300	737	98,266
Net Book Value	3,798	600	1,477	5,875

	2017			
	Lights	Computers	Banners	Total
Cost				
Beginning	101,027	-	-	101,027
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	101,027	-	-	101,027
Accumulated Amortization				
Beginning	58,806	-	-	58,806
Amortization	19,211	-	-	19,211
Disposals	-	-	-	-
Ending	78,017	-	-	78,017
Net Book Value	23,010	-	-	23,010

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

6. 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.

7. 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.

8. 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.

9. BUDGET

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

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
FESTIVAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

SCHEDULE 1

		2018	2017
Revenue			
Sponsorships & Grants		99,759	84,485
		<u>99,759</u>	<u>84,485</u>
Expenses			
FSA			
	Artist Performance	10,957	
	Casual Labour	7,192	
	Facility	10,510	
	Food	2,979	
	Medical	1,007	
	Fees	15,264	
	Music & Décor	3,378	
	Tent & Other	3,935	
	Photography	21,370	
	Security	9,456	
	TTC	600	
		<u>86,648</u>	<u>96,649</u>
Vaishakhi			
	Casual Labour & Other	70	
	Music & Décor	300	
	Food & Facility	483	
		<u>853</u>	<u>8,718</u>
Other			
	Security	5,876	
	Music & Décor	750	
	Food & Facility	4,709	
	Casual Labour & Other	1,058	
		<u>12,393</u>	<u>7,708</u>
Diwali			
	Food & Facility	1,769	
	Casual Labour & Other	423	
		<u>2,192</u>	<u>7,643</u>
		<u>102,086</u>	<u>120,717</u>
EXCESS OF EXPENSES OVER REVENUE		<u>(2,327)</u>	<u>(36,232)</u>