

# **AU7.2 Appendix A1**

**THE BOARD OF MANAGEMENT FOR THE  
JUNCTION GARDENS  
BUSINESS IMPROVEMENT AREA**

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

# JUNCTION GARDENS 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 Junction Gardens Business Improvement Area

### ***Opinion***

I have audited the financial statements of Junction Gardens 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 years 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 years 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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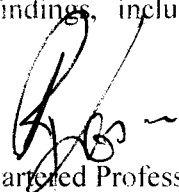
***Auditor's Responsibilities for the Audit of the Financial Statements***

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 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  
 JUNCTION GARDENS BUSINESS IMPROVEMENT AREA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2018**

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash	219,216	170,195
Accounts receivable		
City of Toronto – special charges (Note 3)	10,496	15,280
Other	14,652	33,255
	244,364	218,730
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Other	14,955	4,404
	14,955	4,404
<b>NET FINANCIAL ASSETS</b>	229,409	214,326
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	16,146	2,354
<b>ACCUMULATED SURPLUS</b>	245,555	216,680

Approved on behalf of the Board of Management:

  
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Chair

  
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Treasurer

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

	<b>2018 \$ Budget (Note 8)</b>	<b>2018 \$ Actual</b>	<b>2017 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto -- special charges	282,380	281,753	282,920
Grants	-	11,760	-
Festival and events and other	45,000	23,116	18,253
	<u>327,380</u>	<u>316,629</u>	<u>301,173</u>
<b>EXPENSES</b>			
Administration	119,820	133,629	114,452
Promotion and advertising	83,500	70,554	123,287
Maintenance	69,000	62,971	41,563
Capital (Note 7)	60,000	-	-
Amortization	-	6,391	3,899
Provision for uncollected special charges (Note 3)	25,671	14,209	14,283
	<u>357,991</u>	<u>287,754</u>	<u>297,484</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(30,611)</b>	<b>28,875</b>	<b>3,689</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>214,326</b>	<b>216,680</b>	<b>212,991</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>183,715</u></b>	<b><u>245,555</u></b>	<b><u>216,680</u></b>

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

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	2018 \$	2017 \$
Surplus for the year	23,875	3,689
Acquisition of tangible capital assets	(20,183)	-
Amortization of tangible capital assets	6,391	3,899
	15,083	7,588
Balance – Beginning of year	214,326	206,738
Balance – End of year	<u>229,409</u>	<u>214,326</u>

**THE BOARD OF MANAGEMENT FOR THE  
 JUNCTION GARDENS BUSINESS IMPROVEMENT AREA  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Surplus for the year	28,875	3,689
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	6,391	3,899
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	4,784	(2,664)
Accounts receivable – other	18,603	(5,690)
Accounts payable – other	10,551	(12,446)
<b>Cash Provided By (Used In) Operations</b>	69,204	(13,212)
<b>Investing activities</b>		
Purchase of tangible capital assets	(20,183)	-
<b>Cash, Beginning Of Year</b>	170,195	183,407
<b>Cash, End Of Year</b>	219,216	170,195



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

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**1. ESTABLISHMENT AND OPERATIONS**

The Junction Gardens 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.

**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	Planters	5 years
Plaque	5 years	Lights	5 years
Tree Guards	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  
 JUNCTION GARDENS 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. 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	57,396	50,080
Less: allowance for uncollected special charges	(46,900)	(34,800)
Special charges receivable	<u>10,496</u>	<u>15,280</u>

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

	2018	2017
	\$	\$
Special charges written-off	2,109	11,183
Change in allowance for uncollected special charges	12,100	3,100
	<u>14,209</u>	<u>14,283</u>

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

4. CAPITAL ASSETS

	2018					
	Planters	Tree Guards	Plaque	Banners	Lights	Total
<b>Cost</b>						
Beginning	-	-	10,155	18,782	28,447	57,384
Additions	11,695	8,488	-	-	-	20,183
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>11,695</b>	<b>8,488</b>	<b>10,155</b>	<b>18,782</b>	<b>28,447</b>	<b>77,567</b>
<b>Accumulated Amortization</b>						
Beginning	-	-	9,451	17,132	28,447	55,030
Amortization	2,339	1,698	704	1,650	-	6,391
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>2,339</b>	<b>1,698</b>	<b>10,155</b>	<b>18,782</b>	<b>28,447</b>	<b>61,421</b>
<b>Net Book Value</b>	<b>9,356</b>	<b>6,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,146</b>
	2017					
	Planters	Tree Guards	Plaque	Banners	Lights	Total
<b>Cost</b>						
Beginning	-	-	10,155	18,782	28,447	57,384
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>-</b>	<b>-</b>	<b>10,155</b>	<b>18,782</b>	<b>28,447</b>	<b>57,384</b>
<b>Accumulated Amortization</b>						
Beginning	-	-	9,099	15,482	26,550	51,131
Amortization	-	-	352	1,650	1,897	3,899
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>-</b>	<b>-</b>	<b>9,451</b>	<b>17,132</b>	<b>28,447</b>	<b>55,030</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>704</b>	<b>1,650</b>	<b>-</b>	<b>2,354</b>

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

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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 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.

**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. BUDGET**

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

**9. 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 \$80,000 (2017 - \$nil) was outstanding as at December 31, 2018.

**THE BOARD OF MANAGEMENT FOR THE  
JUNCTION GARDENS  
BUSINESS IMPROVEMENT AREA**

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

# JUNCTION GARDENS 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 Junction Gardens Business Improvement Area

### ***Opinion***

I have audited the financial statements of Junction Gardens 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 years 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 years 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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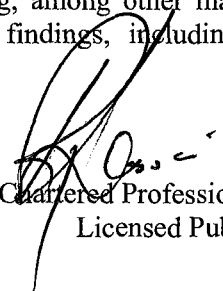
***Auditor's Responsibilities for the Audit of the Financial Statements***

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 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 13, 2020

  
Chartered Professional Accountant  
Licensed Public Accountant



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

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	214,022	219,216
Accounts receivable		
City of Toronto – special charges (Note 3)	31,250	10,496
Other	39,473	14,652
	<u>284,745</u>	<u>244,364</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	29,269	
Other	17,351	14,955
	<u>46,620</u>	<u>14,955</u>
<b>NET FINANCIAL ASSETS</b>	238,125	229,409
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	40,304	16,146
<b>ACCUMULATED SURPLUS</b>	<u>278,429</u>	<u>245,555</u>

Approved on behalf of the Board of Management:

*K. J. SO*

Chair

*Dan Gurchuk*

Treasurer

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

	<b>2019 \$ Budget (Note 8)</b>	<b>2019 \$ Actual</b>	<b>2018 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	333,559	334,352	281,753
Grants	-	11,760	11,760
Festival and events and other	35,000	32,337	23,116
	<u>368,559</u>	<u>378,449</u>	<u>316,629</u>
<b>EXPENSES</b>			
Administration	119,928	181,710	133,629
Promotion and advertising	83,000	100,460	70,554
Maintenance	52,000	54,644	62,971
Capital (Note 7)	125,000	-	-
Amortization	-	12,091	6,391
Provision for uncollected special charges (Note 3)	16,631	(3,330)	14,209
	<u>396,559</u>	<u>345,575</u>	<u>287,754</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(28,000)</b>	<b>32,874</b>	<b>28,875</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>245,555</b></u>	<u><b>245,555</b></u>	<u><b>216,680</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>217,555</b></u>	<u><b>278,429</b></u>	<u><b>245,555</b></u>

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

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	<u>2019</u> \$	<u>2018</u> \$
Surplus for the year	32,874	28,875
Acquisition of tangible capital assets	(36,249)	(20,183)
Amortization of tangible capital assets	<u>12,091</u>	<u>6,391</u>
	8,716	15,083
Balance – Beginning of year	229,409	214,326
Balance – End of year	<u><u>238,125</u></u>	<u><u>229,409</u></u>

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

	2019 \$	2018 \$
<b>Cash flows from operating activities</b>		
Surplus for the year	32,874	28,875
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	12,091	6,391
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	(20,754)	4,784
Accounts receivable – other	(24,821)	18,603
Accounts payable – City of Toronto	29,269	
Accounts payable – other	2,396	10,551
<b>Cash Provided By (Used In) Operations</b>	31,055	69,204
<b>Investing activities</b>		
Purchase of tangible capital assets	(36,249)	(20,183)
<b>Cash, Beginning Of Year</b>	219,216	170,195
<b>Cash, End Of Year</b>	214,022	219,216

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

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**1. ESTABLISHMENT AND OPERATIONS**

The Junction Gardens 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.

**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	Planters	5 years
Plaque	5 years	Lights	5 years
Tree Guards	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  
JUNCTION GARDENS 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. 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	78,950	57,396
Less: allowance for uncollected special charges	<u>(47,700)</u>	<u>(46,900)</u>
Special charges receivable	<u>31,250</u>	<u>10,496</u>

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

	2019	2018
	\$	\$
Special charges written-off	(4,130)	2,109
Change in allowance for uncollected special charges	<u>800</u>	<u>12,100</u>
	<u>(3,330)</u>	<u>14,209</u>

THE BOARD OF MANAGEMENT FOR THE  
 JUNCTION GARDENS BUSINESS IMPROVEMENT AREA  
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
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4. CAPITAL ASSETS

	2019					
	Planters	Tree Guards	Plaque	Banners	Computers	Total
<b>Cost</b>						
Beginning	11,695	8,488	10,155	18,782	-	49,120
Additions	-	30,209	-	4,500	1,540	36,249
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>11,695</b>	<b>38,697</b>	<b>10,155</b>	<b>23,282</b>	<b>1,540</b>	<b>85,369</b>
<b>Accumulated Amortization</b>						
Beginning	2,339	1,698	10,155	18,782	-	32,974
Amortization	2,339	7,739	-	1,500	513	12,091
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>4,678</b>	<b>9,437</b>	<b>10,155</b>	<b>20,282</b>	<b>513</b>	<b>45,065</b>
<b>Net Book Value</b>	<b>7,017</b>	<b>29,260</b>	<b>-</b>	<b>3,000</b>	<b>1,027</b>	<b>40,304</b>
	2018					
	Planters	Tree Guards	Plaque	Banners	Computers	Total
<b>Cost</b>						
Beginning	-	-	10,155	18,782	-	28,937
Additions	11,695	8,488	-	-	-	20,183
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>11,695</b>	<b>8,488</b>	<b>10,155</b>	<b>18,782</b>	<b>-</b>	<b>49,120</b>
<b>Accumulated Amortization</b>						
Beginning	-	-	9,451	17,132	-	26,583
Amortization	2,339	1,698	704	1,650	-	6,391
Disposals	-	-	-	-	-	-
<b>Ending</b>	<b>2,339</b>	<b>1,698</b>	<b>10,155</b>	<b>18,732</b>	<b>-</b>	<b>32,974</b>
<b>Net Book Value</b>	<b>9,356</b>	<b>6,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,146</b>

**THE BOARD OF MANAGEMENT FOR THE  
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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 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.

**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. BUDGET**

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

**9. COMMITMENTS**

(a) 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 \$84,097 (2018 – \$80,000) was outstanding as at December 31, 2019.

(b) The Board is committed to minimum annual operating payments for office space as follows:

	\$
2020	\$11,817
2021	12,843
2022	13,029
	<u>\$37,689</u>