



## AU7.2 Appendix AS

June 27, 2019

Confidential

Midtown Yonge Business Improvement Area  
1984 Yonge Street  
Toronto Ontario M4S 1Z7

Attention: Ms. Jennifer Gittins, Chair

Dear Jennifer:

During the course of our audit of Midtown Yonge Business Improvement Area for the year ended December 31, 2018, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

The matters identified were as follows:

### **Evidence of Approvals**

Although Board meeting minutes verify the requirement for 2 signatures on payment cheques provides implicit approval for all payments, we recommend that all invoices be approved by two Board members prior to payment, ideally including the treasurer and the relevant committee chair or Board Chair.

Implications

The lack of sign off before payment leaves it possible that unauthorized items may be presented for payment.

Recommendations

We recommend that all purchase invoices, including the monthly Visa statements be signed off by 2 Board members prior to submission for payment and that, if possible at least one signatory on the payment cheques be a different person than those in the invoice approval process.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Bob Gore". The signature is fluid and cursive, with the first name "Bob" written in a smaller, more compact style than the last name "Gore", which has a large, sweeping tail.

Bob Gore, CPA,CA

ROBERT GORE & ASSOCIATES

Chartered Professional Accountants

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Financial Statements**  
**Year Ended December 31, 2018**

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Index to Financial Statements**  
**Year Ended December 31, 2018**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Receipts and Disbursements	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Midtown Yonge Business Improvement Area

### *Opinion*

We have audited the financial statements of Midtown Yonge Business Improvement Area (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of receipts and disbursements, changes in net 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 Organization as at December 31, 2018, and its results of operations and its 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 Organization 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 the 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 the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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:

*(continues)*

Independent Auditor's Report to the Members of Midtown Yonge Business Improvement Area *(continued)*

- 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 Organization'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 Organization'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 Organization 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.



Toronto, Ontario  
June 26, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
CURRENT		
Cash (note 8)	\$ 124,322	\$ 211,248
City of Toronto - special charges (note 4)	(6,453)	6,871
HST rebate receivable	14,939	19,555
Trade receivable	57	-
	<u>\$ 132,865</u>	<u>\$ 237,674</u>
 <b>LIABILITIES</b>		
CURRENT		
City of Toronto - special charges (note 4)	\$ -	\$ -
Accounts payable	2,485	51,797
	<u>2,485</u>	<u>51,797</u>
 <b>NET FINANCIAL ASSETS</b>	 <u>130,380</u>	 <u>185,877</u>
 <b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	52,192	39,557
 <b>ACCUMULATED SURPLUS</b>	 <u>\$ 182,572</u>	 <u>\$ 225,434</u>

ON BEHALF OF THE BOARD



Director

Director

See accompanying notes

**Robert Gore & Associates**  
**Chartered Professional Accountants**

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Receipts and Disbursements**  
**Year Ended December 31, 2018**

	Budget 2018	2018	2017
<b>RECEIPTS</b>			
City of Toronto - special charges	\$ 175,090	\$ 175,090	\$ 169,234
Interest and other	-	78	47,501
	<u>175,090</u>	<u>175,168</u>	<u>216,735</u>
<b>DISBURSEMENTS</b>			
Capital / Amortization	33,744	15,710	10,041
Uncollected special charges (Note 5)	31,623	24,261	21,672
Administration	62,780	73,665	61,267
Promotion and advertising	66,750	58,154	28,996
Maintenance	46,500	10,973	7,721
	<u>241,397</u>	<u>182,763</u>	<u>129,697</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS FROM OPERATIONS</b>	<u>(66,307)</u>	<u>(7,595)</u>	<u>87,038</u>
<b>OTHER INCOME (EXPENSES)</b>			
Unapproved expenditures (Note 9)	-	(33,115)	-
Expired HST Rebate	-	(2,156)	(1,455)
	<u>-</u>	<u>(35,271)</u>	<u>(1,455)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>\$ (66,307)</u>	<u>\$ (42,866)</u>	<u>\$ 85,583</u>

See accompanying notes

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

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	2017 Balance	Deficiency of receipts over disbursements	Contributions	Withdrawals	2018 Balance
Accumulated Surplus	\$ 225,438	\$ (42,866)	\$ -	\$ -	\$ 182,572

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See accompanying notes

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA****Statement of Cash Flows****Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of receipts over disbursements	\$ (42,866)	\$ 85,583
Item not affecting cash:		
Amortization of property and equipment	15,710	10,041
	<u>(27,156)</u>	<u>95,624</u>
Changes in non-cash working capital:		
City of Toronto- special charges receivable	13,324	(14,969)
City of Toronto	3	-
Prepaid expenses	-	200
Trade receivable	(57)	-
HST rebate receivable	4,616	(9,210)
Other accounts payable and accruals	(49,312)	43,648
	<u>(31,426)</u>	<u>19,669</u>
Cash flow from (used by) operating activities	<u>(58,582)</u>	<u>115,293</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	(28,344)	(47,175)
Cash flow used by investing activity	<u>(28,344)</u>	<u>(47,175)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(86,926)</b>	<b>68,118</b>
Cash - beginning of year	<u>211,248</u>	<u>143,130</u>
<b>CASH - END OF YEAR (Note 8)</b>	<b>\$ 124,322</b>	<b>\$ 211,248</b>

See accompanying notes

# MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year Ended December 31, 2018

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### 1. PURPOSE OF THE ORGANIZATION

Midtown Yonge 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 the 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 property tax 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.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Banners	5 years	straight-line method
Streetscape Plan	5 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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# MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year Ended December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Revenue recognition

Midtown Yonge Business Improvement Area recognizes revenue on an accrual basis from the following sources.

City of Toronto Special Charges.

These charges are levied to business properties within the BIA on a calendar year basis through the property tax system. The city remits the collected funds to the BIA as well as administering the collection of any unpaid levies. The BIA accounts for the total amount of the levy determined by the City. A general allowance for appeals and reassessments is booked as a provision against the total levies, and any uncollectable levies, as determined by the City of Toronto, are written off to bad debts in the year the City identifies them as uncollectable.

### 3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Banners	\$ 3,028	\$ 1,817	\$ 1,211	\$ 1,817
Streetscape Improvements	75,520	24,539	50,981	37,740
	<u>\$ 78,548</u>	<u>\$ 26,356</u>	<u>\$ 52,192</u>	<u>\$ 39,557</u>

### 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.

	2018	2017
Special charges outstanding	\$ 27,447	\$ 27,971
Less: Allowance for uncollected special charges	<u>(33,900)</u>	<u>(21,100)</u>
Special charges receivable (payable)	<u>\$ (6,453)</u>	<u>\$ 6,871</u>

### 5. PROVISION FOR UNCOLLECTED SPECIAL CHARGES

The provision for uncollected levies reported on the Statement of Revenue and Expenditures is comprised of:

	2018	2017
Special charges written off	\$ 11,461	\$ 4,472
Change in Allowance for uncollected levies	<u>12,800</u>	<u>17,200</u>
	<u>\$ 24,261</u>	<u>\$ 21,672</u>

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**

**Notes to Financial Statements**

**Year Ended December 31, 2018**

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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 incident has been obtained by the Board through the City of Toronto.

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7. BUDGET

Budget Figures are for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

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8. CASH

	<u>2018</u>	<u>2017</u>
Cash in bank	<u>\$ 124,322</u>	<u>\$ 211,248</u>

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9. UNAPPROVED EXPENDITURES

Management has identified certain transactions that were unauthorized. Management has taken the necessary steps to prevent further losses, and an investigation into the matter is ongoing. Recovery of these expenditures is considered unlikely.

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September 3, 2020  
Confidential

Midtown Yonge Business Improvement Area  
1984 Yonge Street  
Toronto Ontario M4S 1Z7

Attention: Ms. Jennifer Gittins, Chair

Dear Jennifer:

During the course of our audit of Midtown Yonge Business Improvement Area for the year ended December 31, 2019, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

The matters identified were as follows:

**Evidence of Approvals**

Although Board meeting minutes verify the requirement for 2 signatures on payment cheques provides implicit approval for all payments, we recommend that all invoices be approved by two Board members prior to payment, ideally including the treasurer and the relevant committee chair or Board Chair.

Implications

The lack of sign off before payment leaves it possible that unauthorized items may be presented for payment.

Recommendations

We recommend that all purchase invoices, including the monthly Visa statements be signed off by 2 Board members prior to submission for payment and that, if possible at least one signatory on the payment cheques be a different person than those in the invoice approval process.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Bob Gore". The signature is fluid and cursive, with the first name "Bob" written in a smaller, more compact script than the last name "Gore", which has a large, sweeping tail.

Bob Gore, CPA,CA

ROBERT GORE & ASSOCIATES

Chartered Professional Accountants

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Financial Statements**  
**Year Ended December 31, 2019**

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Midtown Yonge Business Improvement Area

### *Opinion*

We have audited the financial statements of Midtown Yonge Business Improvement Area (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net 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 Organization as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 Organization in accordance with 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 the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

*(continues)*

Independent Auditor's Report to the Members of Midtown Yonge Business Improvement Area *(continued)*

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 Organization'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 Organization'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 Organization 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.

A handwritten signature in black ink that reads "Robert Jones & Associates". The signature is written in a cursive, flowing style.

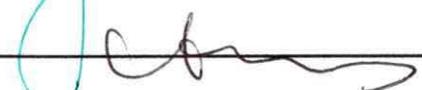
Toronto, Ontario  
September 3, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Financial Position**  
**December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Cash (note 3)	\$ 81,486	\$ 124,322
City of Toronto - special charges (note 4)	10,146	-
HST rebate receivable	27,879	14,939
Trade receivable		57
	<b>\$ 119,511</b>	<b>\$ 139,318</b>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
City of Toronto - special charges (note 4)	\$ 76,985	\$ 6,453
Accounts payable	2,437	2,485
	79,422	8,938
 <b>NET FINANCIAL ASSETS</b>	 40,089	 130,380
 <b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	106,269	52,192
 <b>ACCUMULATED SURPLUS</b>	 \$ 146,358	 \$ 182,572

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

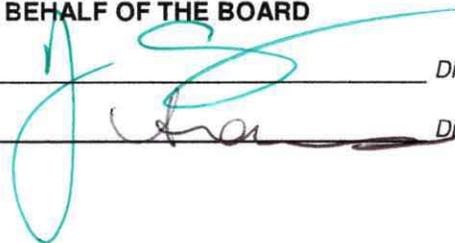
See accompanying notes

**Robert Gore & Associates**  
**Chartered Professional Accountants**

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Financial Position**  
**December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 81,486	\$ 124,322
City of Toronto- special charges receivable (Note 4)	10,146	-
HST rebate receivable	27,879	14,939
Trade receivable	-	57
	<b>119,511</b>	<b>139,318</b>
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<b>106,269</b>	<b>52,192</b>
	<b>\$ 225,780</b>	<b>\$ 191,510</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
City of Toronto	\$ 76,986	\$ 6,453
Other accounts payable and accruals	2,437	2,485
	<b>79,423</b>	<b>8,938</b>
<b>NET ASSETS</b>	<b>146,357</b>	<b>182,572</b>
	<b>\$ 225,780</b>	<b>\$ 191,510</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

See notes to financial statements

**Robert Gore & Associates**  
**Chartered Professional Accountants**

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	Budget 2019	Total 2019	Total 2018
<b>REVENUES</b>			
City of Toronto - special charges	\$ 181,618	\$ 181,618	\$ 175,090
Interest and other	-	11	78
	<u>181,618</u>	<u>181,629</u>	<u>175,168</u>
<b>EXPENSES</b>			
Capital / amortization	75,000	33,156	15,710
Uncollected special charges (Note 6)	16,511	13,741	24,261
Administration	68,528	68,450	73,665
Promotion and advertising	55,250	68,607	58,154
Maintenance	37,500	9,361	10,973
	<u>252,789</u>	<u>193,315</u>	<u>182,763</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>(71,171)</u>	<u>(11,686)</u>	<u>(7,595)</u>
<b>OTHER INCOME</b>			
Unapproved expenditures (Note 9)	-	(24,529)	(33,115)
Expired HST Rebate	-	-	(2,156)
	<u>-</u>	<u>(24,529)</u>	<u>(35,271)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (71,171)</u>	<u>\$ (36,215)</u>	<u>\$ (42,866)</u>

See notes to financial statements

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	2018 Balance	Deficiency of revenues over expenses	Contributions	Withdrawals	<b>2019 Balance</b>
Accumulated Surplus	\$ 182,572	\$ (36,215)	\$ -	\$ -	<b>\$ 146,357</b>
	2017 Balance	Deficiency of revenues over expenses	Contributions	Withdrawals	2018 Balance
Accumulated Surplus	\$ 225,438	\$ (42,866)	\$ -	\$ -	\$ 182,572

See notes to financial statements

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA****Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (36,215)	\$ (42,866)
Item not affecting cash:		
Amortization of property and equipment	33,156	15,710
	<u>(3,059)</u>	<u>(27,156)</u>
Changes in non-cash working capital:		
City of Toronto- special charges receivable	(16,599)	13,324
City of Toronto	76,986	3
Trade receivable	57	(57)
HST rebate receivable	(12,940)	4,616
Other accounts payable and accruals	(48)	(49,312)
	<u>47,456</u>	<u>(31,426)</u>
Cash flow from (used by) operating activities	<u>44,397</u>	<u>(58,582)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	<u>(87,233)</u>	<u>(28,344)</u>
Cash flow used by investing activity	<u>(87,233)</u>	<u>(28,344)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(42,836)</b>	<b>(86,926)</b>
Cash - beginning of year	<u>124,322</u>	<u>211,248</u>
<b>CASH - END OF YEAR</b> (Note 3)	<b>\$ 81,486</b>	<b>\$ 124,322</b>

See notes to financial statements

# MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year Ended December 31, 2019

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### 1. PURPOSE OF THE ORGANIZATION

Midtown Yonge 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 the 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 property tax 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Cash and cash equivalents

Cash includes cash and cash equivalents. In the current and prior year the balance reflected cash held in a Canadian Chartered bank. No cash equivalents are included.

*(continues)*

## MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements

Year Ended December 31, 2019

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Banners	5 years	straight-line method
Streetscape Plan	5 years	straight-line method
Street signs	5 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

##### Revenue recognition

Midtown Yonge Business Improvement Area recognizes revenue on an accrual basis from the following sources.

##### City of Toronto Special Charges

These charges are levied to business properties within the BIA on a calendar year basis through the property tax system. The city remits the collected funds to the BIA as well as administering the collection of any unpaid levies. The BIA accounts for the total amount of the levy determined by the City. A general allowance for appeals and reassessments is booked as a provision against the total levies, and any uncollectable levies, as determined by the City of Toronto, are written off to bad debts in the year the City identifies them as uncollectable.

#### 3. CASH

	<u>2019</u>	<u>2018</u>
Cash	\$ 81,486	\$ 124,322

#### 4. CITY OF TORONTO - SPECIAL CHARGES

	<u>2019</u>	<u>2018</u>
Special charges outstanding	\$ 46,146	\$ 27,447
Less: Allowance for uncollected special charges	<u>(36,000)</u>	<u>(33,900)</u>
Special charges receivable (payable)	<u>\$ 10,146</u>	<u>\$ (6,453)</u>

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Banners	\$ 3,028	\$ 2,422	\$ 606	\$ 1,211
Streetscape Improvements	158,967	56,332	<b>102,635</b>	50,981
Banners	3,785	757	<b>3,028</b>	-
	<b>\$ 165,780</b>	<b>\$ 59,511</b>	<b>\$ 106,269</b>	<b>\$ 52,192</b>

6. PROVISION FOR UNCOLLECTED SPECIAL CHARGES

The provision for uncollected levies reported on the Statement of Revenue and Expenditures is comprised of:

	<b>2019</b>	2018
Special charges written off	<b>\$ 11,641</b>	\$ 11,461
Change in Allowance for uncollected levies	<b>2,100</b>	12,800
	<b>\$ 13,741</b>	<b>\$ 24,261</b>

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 incident has been obtained by the Board through the City of Toronto.

8. BUDGET

Budget Figures are for comparative purposes only and have not been subject to audit procedures. Accordingly, the auditor does not express any opinion regarding the budget figures.

9. UNAPPROVED EXPENDITURES

Management has identified certain transactions that were unauthorized. Management has taken the necessary steps to prevent further losses, and an investigation into the matter is ongoing. Recovery of these expenditures is considered unlikely.

## MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 10. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at , the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices for an indefinite period by provincial decree.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.