

# **AU7.2 Appendix AX**

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
BUSINESS IMPROVEMENT AREA**

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

# **MOUNT PLEASANT 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 Mount Pleasant Business Improvement Area

### ***Opinion***

I have audited the financial statements of Mount Pleasant 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.

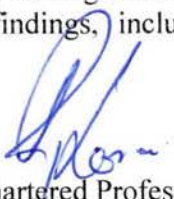
*Auditor's Responsibilities for the Audit of the Financial Statements*

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  
June 6, 2019

  
Chartered Professional Accountant  
Licensed Public Accountant

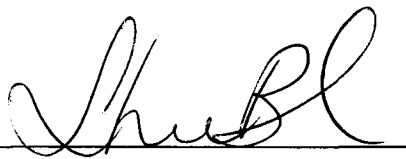
**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash	92,284	158,744
Short-term investment (Note 3)	100,000	-
Accounts receivable		
City of Toronto – special charges (Note 4)	-	-
Other	13,959	14,067
	<u>206,243</u>	<u>172,811</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)	12,920	6,192
Other	4,784	2,144
	<u>17,704</u>	<u>8,336</u>
<b>NET FINANCIAL ASSETS</b>	<b>188,539</b>	<b>164,475</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	3,308	4,888
<b>ACCUMULATED SURPLUS</b>	<u><b>191,847</b></u>	<u><b>169,363</b></u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
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	175,627	175,837	164,935
Section 37	-	-	10,109
Sponsorship and other	10,000	13,646	14,681
	<u>185,627</u>	<u>189,483</u>	<u>189,725</u>
<b>EXPENDITURE</b>			
Administration	62,517	53,301	47,944
Promotion and advertising	56,110	46,056	58,111
Maintenance	25,300	43,636	38,452
Capital	150,000	-	-
Amortization		2,876	9,318
Provision for uncollected special charges (Note 4)	14,200	21,130	18,961
	<u>308,127</u>	<u>166,999</u>	<u>172,786</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(122,500)</b>	<b>22,484</b>	<b>16,939</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>169,393</b>	<b>169,363</b>	<b>152,424</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>46,893</b>	<b>191,847</b>	<b>169,363</b>

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

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	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	22,484	16,939
Acquisition of tangible capital assets	(1,296)	(7,332)
Amortization of tangible capital assets	2,876	9,318
	24,064	18,925
Balance - Beginning of year	164,475	145,550
Balance - End of year	<u>188,539</u>	<u>164,475</u>

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	22,484	16,939
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	2,876	9,318
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	-	1,252
Accounts receivable – other	108	12,945
Accounts payable - City of Toronto	6,728	6,192
Accounts payable – other	2,640	(5,910)
	<hr/>	<hr/>
<b>Cash Provided By Operations</b>	34,836	40,736
<b>Investing Activities</b>		
Purchase of tangible capital assets	(1,296)	(7,332)
(Increase) decrease in short-term investment	(100,000)	120,165
<b>Cash, Beginning Of Year</b>	<hr/> 158,744	<hr/> 5,175
<b>Cash, End Of Year</b>	<hr/> <b>92,284</b>	<hr/> <b>158,744</b>



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

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**1. ESTABLISHMENT AND OPERATIONS**

The Mount Pleasant 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	Planters	5 years
Lights	5 years	Street Signs	5 years
Holiday Decoration	3 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  
MOUNT PLEASANT  
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 guaranteed investment certificate with the Meridian Bank. This investment bears interest at the rate of 2.2% 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 (payable) net of an allowance for uncollected amounts. The special charges receivable from (payable to) the City of Toronto are comprised of:

	2018	2017
	\$	\$
Total special charges outstanding	8,280	6,508
Less: allowance for uncollected special charges	(21,200)	(12,700)
Special charges receivable (payable)	<u>(12,920)</u>	<u>(6,192)</u>

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

	2018	2017
	\$	\$
Special charges written-off	12,630	9,061
Change in provision for losses on assessment appeals	8,500	9,900
	<u>21,130</u>	<u>18,961</u>

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

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5. CAPITAL ASSETS

	2018		
	Banners	Holiday Decorations	Total
<b>Cost</b>			
Beginning	30,344	17,670	48,014
Additions	1,296	-	1,296
Disposals	-	-	-
<b>Ending</b>	<b>31,640</b>	<b>17,670</b>	<b>49,310</b>
<b>Accumulated Amortization</b>			
Beginning	25,456	17,670	43,126
Amortization	2,876	-	2,876
Disposals	-	-	-
<b>Ending</b>	<b>28,332</b>	<b>17,670</b>	<b>46,002</b>
<b>Net Book Value</b>	<b>3,308</b>	<b>-</b>	<b>3,308</b>

	2017		
	Banners	Holiday Decorations	Total
<b>Cost</b>			
Beginning	23,012	17,670	40,682
Additions	7,332	-	7,332
Disposals	-	-	-
<b>Ending</b>	<b>30,344</b>	<b>17,670</b>	<b>48,014</b>
<b>Accumulated Amortization</b>			
Beginning	22,028	11,780	33,808
Amortization	3,428	5,890	9,318
Disposals	-	-	-
<b>Ending</b>	<b>25,456</b>	<b>17,670</b>	<b>43,126</b>
<b>Net Book Value</b>	<b>4,888</b>	<b>-</b>	<b>4,888</b>

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE 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 accident has been obtained by the Board through the City of Toronto.

**7. FINANCIAL INSTRUMENTS**

The financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments

**8. BUDGET**

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

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
BUSINESS IMPROVEMENT AREA**

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

# MOUNT PLEASANT 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 Mount Pleasant Business Improvement Area

### ***Opinion***

I have audited the financial statements of Mount Pleasant 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.

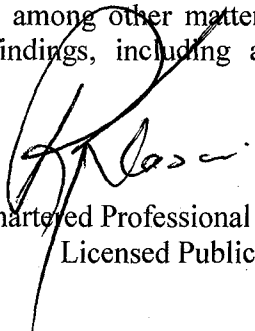
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 10, 2020


  
Chartered Professional Accountant  
Licensed Public Accountant



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

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	129,319	92,284
Short-term investment (Note 3)	102,200	100,000
Accounts receivable		
City of Toronto – special charges (Note 4)	2,645	-
Other	30,163	13,959
	<u>264,327</u>	<u>206,243</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	356	12,920
Other	6,960	4,784
	<u>7,316</u>	<u>17,704</u>
<b>NET FINANCIAL ASSETS</b>	257,011	188,539
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	-	3,308
<b>ACCUMULATED SURPLUS</b>	<u>257,011</u>	<u>191,847</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
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	227,345	227,400	175,837
Sponsorship and other	2,000	14,426	13,646
	<u>229,345</u>	<u>241,826</u>	<u>189,483</u>
<b>EXPENDITURE</b>			
Administration	63,845	56,918	53,301
Promotion and advertising	50,750	60,992	46,056
Maintenance	32,000	38,203	43,636
Capital	-	-	-
Amortization	-	3,308	2,876
Provision for uncollected special charges (Note 4)	32,750	17,241	21,130
	<u>179,345</u>	<u>176,662</u>	<u>166,999</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(50,000)</b>	<b>65,164</b>	<b>22,484</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>191,847</b>	<b>191,847</b>	<b>169,363</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>141,847</b>	<b>257,011</b>	<b>191,847</b>

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

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	65,164	22,484
Acquisition of tangible capital assets	-	(1,296)
Amortization of tangible capital assets	<u>3,308</u>	<u>2,876</u>
	68,472	24,064
Balance - Beginning of year	188,539	164,475
Balance - End of year	<u><u>257,011</u></u>	<u><u>188,539</u></u>

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	65,164	22,484
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	3,308	2,876
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(2,645)	-
Accounts receivable – other	(16,204)	108
Accounts payable - City of Toronto	(12,564)	6,728
Accounts payable – other	2,176	2,640
<b>Cash Provided By Operations</b>	<b>39,235</b>	<b>34,836</b>
<b>Investing Activities</b>		
Purchase of tangible capital assets	-	(1,296)
(Increase) decrease in short-term investment	(2,200)	(100,000)
<b>Cash, Beginning Of Year</b>	<b>92,284</b>	<b>158,744</b>
<b>Cash, End Of Year</b>	<b>129,319</b>	<b>92,284</b>

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

---

**1. ESTABLISHMENT AND OPERATIONS**

The Mount Pleasant 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	Planters	5 years
Lights	5 years	Street Signs	5 years
Holiday Decoration	3 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  
MOUNT PLEASANT  
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 INVESTMENT**

Short-term investment consists of a guaranteed investment certificate with the Meridian Bank. This investment bears interest at the rate of 2.2% per annum and will be maturing in 2020..

**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 (payable) net of an allowance for uncollected amounts. The special charges receivable from (payable to) the City of Toronto are comprised of:

	2019	2018
	\$	\$
Total special charges outstanding	32,145	8,280
Less: allowance for uncollected special charges	(29,500)	(21,200)
Special charges receivable (payable)	<u>2,645</u>	<u>(12,920)</u>

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

	2019	2018
	\$	\$
Special charges written-off	8,941	12,630
Change in provision for losses on assessment appeals	8,300	8,500
	<u>17,241</u>	<u>21,130</u>

THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
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NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2019

5. CAPITAL ASSETS

	2019		
	Banners	Holiday Decorations	Total
<b>Cost</b>			
Beginning	31,640	17,670	49,310
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>31,640</b>	<b>17,670</b>	<b>49,310</b>
<b>Accumulated Amortization</b>			
Beginning	28,332	17,670	46,002
Amortization	3,308	-	3,308
Disposals	-	-	-
<b>Ending</b>	<b>31,640</b>	<b>17,670</b>	<b>49,310</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2018		
	Banners	Holiday Decorations	Total
<b>Cost</b>			
Beginning	30,344	17,670	48,014
Additions	1,296	-	1,296
Disposals	-	-	-
<b>Ending</b>	<b>31,640</b>	<b>17,670</b>	<b>49,310</b>
<b>Accumulated Amortization</b>			
Beginning	25,456	17,670	43,126
Amortization	2,876	-	2,876
Disposals	-	-	-
<b>Ending</b>	<b>28,332</b>	<b>17,670</b>	<b>46,002</b>
<b>Net Book Value</b>	<b>3,308</b>	<b>-</b>	<b>3,308</b>

**THE BOARD OF MANAGEMENT FOR THE  
MOUNT PLEASANT  
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NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
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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 accident has been obtained by the Board through the City of Toronto.

**7. FINANCIAL INSTRUMENTS**

The financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments

**8. BUDGET**

Budget Figures are provided for comparative purposes only and have not been subject 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 \$47,959 was outstanding as at December 31, 2019.