

April 19, 2021

Board of Directors  
Toronto Entertainment District Business Improvement Area  
119 Spadina Ave, Suite 200  
Toronto, Ontario  
M5V 2L1

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended December 31, 2020 we wish to report to you on our findings.

We wish to thank Janice Solomon and the organization's staff for assisting us during the audit. Based on our materiality of \$45,000, there were no identified items that have not been adjusted for.

*Related party transactions*

We have not identified any related party transaction in the course of our audit.

*Internal controls*

We have not noted any significant internal control matters. Though the segregation of duties is important to having a high degree of internal controls, we understand that this may not be feasible due to the limited number of personnel in the accounting and finance areas.

Yours very truly,

ROENSWIG McRAE THORPE LLP



Lorraine Varga, CPA, CA  
LV/dj

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
DECEMBER 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the  
Board of Directors for the Toronto Entertainment District Business Improvement Area:

### Opinion

We have audited the financial statements of Toronto Entertainment District Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2020 and the statements of operations, net financial 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 BIA as at December 31, 2020 and the results of its operations and 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 BIA 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 these 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 these financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative to do so.

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

- 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 BIA'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 BIA'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 BIA 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, Canada  
April 14, 2021

*Rosensweig McKee Thorpe LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,775,845	\$ 1,722,610
Investments (Note 3)	2,986,818	2,855,703
Accounts receivable		
City of Toronto - special charges (Note 4)	260,439	260,444
Other	<u>136,291</u>	<u>224,992</u>
	<u>6,159,393</u>	<u>5,063,749</u>


LIABILITIES

Accounts payable and accrued liabilities		
City of Toronto	4,826	2,445
Other	<u>122,456</u>	<u>174,355</u>
	<u>127,282</u>	<u>176,800</u>
Net financial assets	<u>6,032,111</u>	<u>4,886,949</u>

NON FINANCIAL ASSETS

Prepaid expenses	12,992	10,940
Tangible capital assets (Note 5)	<u>378,371</u>	<u>434,935</u>
	<u>391,363</u>	<u>445,875</u>
Accumulated surplus (Note 6)	<u>\$ 6,423,474</u>	<u>\$ 5,332,824</u>

Approved on behalf of the Board of Management:

  
\_\_\_\_\_, Chair

  
\_\_\_\_\_, Treasurer

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>		<u>2019</u>
	<u>Actual</u>	<u>Budget</u> (Note 10)	
Revenue			
City of Toronto - special charges	\$ 3,084,076	\$ 3,085,761	\$ 3,053,330
Interest income	85,054	70,000	82,626
Other income	<u>807</u>	<u>-</u>	<u>1,400</u>
	<u>3,169,937</u>	<u>3,155,761</u>	<u>3,137,356</u>
Expenses			
Repairs and maintenance	600,732	832,902	575,019
Streetscape improvements	589,645	984,350	573,020
Salaries and benefits	432,798	450,739	417,564
Marketing and promotion	179,518	598,083	236,405
Occupancy costs	120,221	119,129	116,567
Professional fees	31,391	57,576	38,006
Provision for levies in appeals	25,792	280,524	26,954
General office	18,625	24,026	19,598
Insurance	8,908	8,144	7,879
Consultants	6,504	19,334	6,643
Memberships	5,000	5,000	5,000
Meeting expenses	1,796	25,450	21,274
Interest and bank charges	1,761	1,957	2,031
Travel	32	1,600	1,135
Amortization	<u>56,564</u>	<u>-</u>	<u>65,845</u>
	<u>2,079,287</u>	<u>3,408,814</u>	<u>2,112,940</u>
Annual surplus (deficit)	<u>\$ 1,090,650</u>	<u>\$ (253,053)</u>	<u>\$ 1,024,416</u>

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF NET FINANCIAL ASSETS  
DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 1,090,650	\$ 1,024,416
Amortization of tangible capital assets	56,564	65,845
Change in prepaid expenses and other assets	<u>(2,052)</u>	<u>(1,240)</u>
Change in net financial assets	1,145,162	1,089,021
Net financial assets, beginning of year	<u>4,886,949</u>	<u>3,797,928</u>
Net financial assets, end of year	<u>\$ 6,032,111</u>	<u>\$ 4,886,949</u>



**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF CASH FLOWS**

**DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Cash from operating activities		
Annual surplus	\$ 1,090,650	1,024,416
Adjustment for:		
Amortization	<u>56,564</u>	<u>65,845</u>
	1,147,214	1,090,261
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	5	(219,683)
Other	88,701	(48,736)
Decrease in prepaid expenses	(2,052)	(1,240)
Increase (decrease) in accounts payable and accrued liabilities		
City of Toronto	2,381	(152,361)
Other	<u>(51,899)</u>	<u>16,909</u>
	<u>1,184,350</u>	<u>685,150</u>
Cash flows used in investing activities		
Purchase of investments	<u>(131,115)</u>	<u>15,633</u>
(Decrease) increase in cash position	1,053,235	700,783
Cash, beginning of year	<u>1,722,610</u>	<u>1,021,827</u>
Cash, end of year	<u>\$ 2,775,845</u>	<u>\$ 1,722,610</u>

**TORONTO ENTERTAINMENT DISTRICT**  
**BUSINESS IMPROVEMENT AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

1. Establishment of operations

The Toronto Entertainment District Business Improvement Area was designated as a business improvement area through By-Law 125-2008 enacted on January 30, 2008. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on February 12, 2008.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

The BIA follows the accrual method of accounting for revenues and expenses. Expenses are recorded on the accrual basis of accounting, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been finally settled by the payment of money.

b) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition.

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

2. Significant accounting policies (continued)

c) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - The City of Toronto levies special charges to land owners within the BIA boundaries through the property tax system. Special charges revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Interest and other income - revenue is recognized when earned.

d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

- e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. The BIA records amortization using the following annual rates and methods:

Streetscape fixtures	-	3-30 year straight-line
Leasehold improvements	-	over the remaining lease life
Furniture and equipment	-	5 year straight-line
Computer equipment	-	3 year straight-line

- f) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

g) Cost-share expenditures

The Board, in co-operation with the City, agrees to cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually incorporated in a multi-year tender by the city. The BIAs share of the cost are not invoiced by the City until contracts are closed. The BIA accrues the costs in the financial statements when the invoices are received from the City. These amounts are identified in Note 7.

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

3. Investments

Investments consist of amounts invested in guaranteed investment certificates (GIC) with maturity dates between April 2021 to January 2024 earning interest between 0.9% to 3.1%.

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("City") are collected and remitted to the Board by the City. The total special charges outstanding (owing) 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:

	<u>2020</u>	<u>2019</u>
Total special charges outstanding	\$ 628,739	\$ 756,144
Less: Allowance for special charges in appeals	<u>(368,300)</u>	<u>(495,700)</u>
Special charges receivable	<u>\$ 260,439</u>	<u>\$ 260,444</u>

The City decreased allowances for special charges by \$127,400 (2019 - decreased by \$92,500) for uncollectable amounts. The City also wrote off \$153,192 of levies during the year (2019 - \$119,454) .

5. Tangible capital assets

	<u>2019</u>	<u>2020</u>		
<u>Cost</u>	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing</u>
Streetscape fixtures	\$1,021,884	\$ -	\$ (254,204)	\$ 767,680
Leasehold improvements	51,485	-	-	51,485
Furniture and equipment	70,769	-	-	70,769
Computer equipment	<u>19,365</u>	<u>-</u>	<u>-</u>	<u>19,365</u>
	<u>\$1,163,503</u>	<u>\$ -</u>	<u>\$ (254,204)</u>	<u>\$ 909,299</u>

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

5. Tangible capital assets (continued)

	<u>2019</u>	<u>2020</u>		
<u>Accumulated Amortization</u>	<u>Opening</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Closing</u>
Streetscape fixtures	\$ 602,369	\$ (254,204)	\$ 47,242	\$ 395,407
Leasehold improvements	39,146	-	7,357	46,503
Furniture and equipment	70,770	-	-	70,770
Computer equipment	<u>16,284</u>	<u>-</u>	<u>1,965</u>	<u>18,249</u>
	<u>\$ 728,569</u>	<u>\$ (254,204)</u>	<u>\$ 56,564</u>	<u>\$ 530,929</u>
 <u>Net Book Value</u>		<u>2019</u>	<u>2020</u>	
Streetscape fixtures		\$ 419,515	\$ 372,273	
Leasehold improvements		12,339	4,982	
Furniture and equipment		-	-	
Computer equipment		<u>3,081</u>	<u>1,116</u>	
		<u>\$ 434,935</u>	<u>\$ 378,371</u>	

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

6. Accumulated surplus

	2020			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 2,928,872	\$ 1,969,017	\$ 434,935	\$ 5,332,824
Annual surplus	1,090,650	-	-	1,090,650
Amortization	<u>56,564</u>	<u>-</u>	<u>(56,564)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 4,076,086</u>	<u>\$ 1,969,017</u>	<u>\$ 378,371</u>	<u>\$ 6,423,474</u>
	2019			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 1,825,811	\$ 1,981,817	\$ 500,780	\$ 4,308,408
Annual deficit	1,037,216	(12,800)	-	1,024,416
Amortization	<u>65,845</u>	<u>-</u>	<u>(65,845)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 2,928,872</u>	<u>\$ 1,969,017</u>	<u>\$ 434,935</u>	<u>\$ 5,332,824</u>

The board of directors has internally restricted a reserve for John Street lighting and services.

7. Contractual commitments

- a) The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2020 the BIA has \$59,609 (2019 - \$71,486) of commitments outstanding relating to their ongoing capital improvement projects to be completed in 2020.

**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

7. Contractual commitments (continued)

- b) The BIA occupies a premises under a leasing agreement. Future minimum annual lease payments, exclusive of operating costs, under the operating lease are \$41,718 in 2021.

8. Insurance

The Board is required to deposit with the City 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.

9. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses 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.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 3.

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

**TORONTO ENTERTAINMENT DISTRICT**  
**BUSINESS IMPROVEMENT AREA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

10. 2020 Budget

The 2020 budget figures on the statement of operations are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Thorpe LLP dated April 14, 2021.

11. Annual surplus

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. No capital assets were purchased during the year that was capitalized and the amortization of tangible capital assets during the year amounted to \$56,564 which reduced the annual surplus (2019 - \$65,845). The amount of surplus not invested in tangible capital assets for the year is \$1,147,214 (2019 - \$1,090,261).

12. Subsequent events

In March 2021, the Board of Directors of the BIA approved a motion to change the legal name of the BIA to "Toronto Downtown West Business Improvement Area". This name change is expected to be approved by City council in 2021.

13. COVID-19

In March 2020, the World Health Organization declared a global health emergency due to the outbreak of the Coronavirus also known as COVID-19. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus which have caused material disruptions to businesses globally and in Ontario. The impact on the BIA is uncertain and will depend on the duration of the measures put in place. An estimate of the financial effect is not practicable at this time.



**TORONTO ENTERTAINMENT DISTRICT  
BUSINESS IMPROVEMENT AREA**

**SCHEDULE OF EXPENSES**

**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Streetscape improvements and maintenance	\$ <u>589,645</u>	\$ <u>573,020</u>
Administration		
Salaries and benefits	290,616	269,465
Occupancy costs	110,359	106,863
Professional fees	31,391	38,006
General office	18,625	19,598
Utilities	9,861	9,704
Insurance	8,908	7,879
Consultants	6,504	6,643
Memberships	5,000	5,000
Meeting expenses	1,796	8,962
Interest and bank charges	1,761	2,031
Travel	<u>32</u>	<u>1,135</u>
	<u>484,853</u>	<u>475,286</u>
Advertising, marketing and promotion		
Marketing and promotion	164,056	212,753
Salaries and benefits	70,644	67,038
Events	15,462	23,652
Meeting expenses	<u>-</u>	<u>12,312</u>
	<u>250,162</u>	<u>315,755</u>
Maintenance		
Repairs and maintenance	600,730	575,017
Salaries and benefits	<u>71,541</u>	<u>81,063</u>
	<u>672,271</u>	<u>656,080</u>
Provision for levies in appeals	<u>25,792</u>	<u>26,954</u>
Amortization	<u>56,564</u>	<u>65,845</u>
	<u>\$ 2,079,287</u>	<u>\$ 2,112,940</u>