

Appendix E

THE BOARD OF MANAGEMENT FOR THE BLOOR STREET BUSINESS IMPROVEMENT AREA

**Financial Statements
For the Year Ended December 31, 2020**

BLOOR STREET BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2020

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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 Bloor Street Business Improvement Area

Opinion

I have audited the financial statements of Bloor Street Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2020, 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, 2020 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 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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

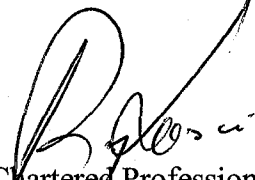
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 Auditing Standards, I exercise professional judgment and maintain professional scepticism 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 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 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 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.

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
April 28, 2021


Chartered Professional Accountant
Licensed Public Accountant

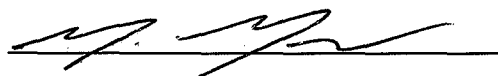
**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Current		
Cash	2,226,364	1,253,231
Short-term investments (Note 3)	505,657	500,000
Accounts receivable		
City of Toronto – special charges (Note 4)	-	95,580
Other	50,783	41,832
Current portion of long-term receivable	878,579	836,741
	<u>3,661,383</u>	<u>2,727,384</u>
Long-term receivable		
Amount to be recovered in the future (Note 5)	1,367,281	2,245,860
	<u>5,028,664</u>	<u>4,973,244</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)	16,802	-
Other	198,050	13,706
Current Portion of long-term loan payable	878,579	836,741
	<u>1,093,431</u>	<u>850,447</u>
Long-term payable		
Loan payable (Note 5)	1,367,281	2,245,860
	<u>2,460,712</u>	<u>3,096,307</u>
NET FINANCIAL ASSETS	<u>2,567,952</u>	<u>1,876,937</u>
CAPITAL FUND	<u>2,567,952</u>	<u>1,873,937</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR STREET BUSINESS IMPROVEMENT AREA
 STATEMENT OF OPERATIONS AND ACCUMULATED CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$ Budget (Note 10)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	1,650,000	1,651,303	1,652,436
Donations and sponsorships	250,000	250,000	250,000
BSTP Maintenance Reserve Fund (Note 6)	-	345,289	-
Interest and Other	15,000	12,316	38,708
	1,915,000	2,258,908	1,941,144
EXPENSES			
Administration	8,000	3,928	17,864
Capital (Note 9)	1,515,000	461,524	368,282
Debt repayment	990,872	990,872	3,990,872
Contribution to BSTP Maintenance Reserve Fund (Note 6)	-	-	30,000
Provision for (recovery of) uncollected special charge (Note 4)	(2,116)	111,569	70,996
	2,511,756	1,567,893	4,478,014
NET INCREASE (DECREASE) IN CAPITAL FUND BALANCE FOR THE YEAR	(596,756)	691,015	(2,536,870)
CAPITAL FUND BALANCE, BEGINNING OF YEAR	1,876,937	1,876,937	4,413,807
CAPITAL FUND BALANCE, END OF YEAR	1,280,181	2,567,952	1,876,937

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR STREET BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u> \$	<u>2019</u> \$
Net increase (decrease) in capital fund balance for the year	691,015	(2,536,870)
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	-	-
	<u>691,015</u>	<u>(2,536,870)</u>
Balance - Beginning of year	1,876,937	4,413,807
Balance - End of year	<u><u>2,567,952</u></u>	<u><u>1,876,937</u></u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
Cash flows from operating transactions		
Net increase (decrease) in capital fund balance for the year	691,015	(2,536,870)
Non-cash changes to operations		
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	95,580	157,067
Accounts receivable – other	(8,951)	(18,848)
Accounts payable - City of Toronto	16,802	-
Accounts payable – other	184,344	3,877
Cash Provided (Used) By Operations	<u>978,790</u>	<u>(2,394,774)</u>
Financing Activities		
Payment of loan	(836,741)	(3,654,039)
Capital contribution	836,741	3,654,039
	<u>-</u>	<u>-</u>
Investing Activities		
(Increase) decrease in short-term investment	<u>(5,657)</u>	<u>2,452,480</u>
Net increase in cash	973,133	57,706
Cash, Beginning of Year	<u>1,253,231</u>	<u>1,195,525</u>
Cash, End of Year	<u>2,226,364</u>	<u>1,253,231</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. ESTABLISHMENT AND OPERATIONS

The Bloor Street Business Improvement Area (BIA) has been created solely for the purpose of allowing the City of Toronto to recover all costs associated with the Bloor Street Transformation Project. Its only purpose is to approve an annual budget to repay a loan from the City of Toronto including interest charges which will be amortized over a 20-year recovery period.

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.

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.

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.

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2020**

3. SHORT-TERM INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate with the BMO Wealth Management. This investment bears interest at the rate of 1.6% per annum and will be maturing in 2021.

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:

	2020	2019
	\$	\$
Total special charges outstanding	312,498	392,680
Less: allowance for uncollected special charges	<u>(329,300)</u>	<u>(297,100)</u>
Special charges receivable (payable)	<u>(16,802)</u>	<u>95,580</u>

The provision for (recovery of) uncollected levies reported on the Statement of Operations and Accumulated Capital Fund comprises of:

	2020	2019
	\$	\$
Special charges written-off	79,369	339
Increase (decrease) in provision for losses on assessment appeals	<u>32,200</u>	<u>(51,700)</u>
	<u>111,569</u>	<u>70,996</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2020**

**5. AMOUNT TO BE RECOVERED IN THE FUTURE
LOAN PAYABLE**

The final construction cost of the Bloor Street Transformation Project was \$18,542,564. Local development projects have contributed \$5,000,000 for this project. The City has applied this amount towards the cost of the project.

In order to finance the net cost, the BIA signed an agreement with the City to obtain a loan amounting to \$13,542,564. The BIA made an initial payment of \$1,400,000 in 2008. The balance amounting to \$12,142,564 was to be paid in 19 annual installments of \$990,872 and a final installment of \$515,704. The installments include principal and interest at the rate of five percent (5%) per annum. The loan will mature in 2027.

In 2019, in order to minimize interest expenses and pay off the loan earlier, the BIA made an additional payment of \$3,000,000 out of accumulated capital funds. The Board decided to continue to maintain the same annual installment payments. As a result, the loan will be paid off in 2023.

6. BLOOR STREET TRANSFORMATION MAINTENANCE RESERVE FUND

BIA is required to contribute \$30,000 annually, commencing in 2009 and ending in 2027 to a maximum amount of \$540,000, to the City Bloor Street Transformation Maintenance Reserve Fund.

The summary of the activities of the Reserve Funds were as follows:

	2020	2019
	\$	\$
Balance, beginning of year	354,289	310,227
Contributions	-	30,000
Transferred to Statement of Operations	(345,289)	-
Interest	-	5,062
Balance, end of year	-	345,289

In accordance with an amended loan agreement, the City waived the requirement of the Bloor Street Transformation Maintenance Reserve Fund and transferred the balance of the fund to the BIA.

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

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2020**

8. FINANCIAL INSTRUMENTS

The carrying value of the BIA's financial instruments approximates their values. The BIA is subject to an interest rate risk with respect to its investments; however, as these instruments are short-term investments the risk is minimal.

9. CAPITAL EXPENSES

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them. Once adequate funds have accumulated, the BIA undertakes capital improvement projects. For this reason, the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated capital fund.

10. BUDGET

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

11. SUBSEQUENT EVENT

The BIA accumulated a significant surplus which was invested in a savings account earning interest of less than on per cent per annum. The BIA was paying interest on its loan at the rate of five per cent per annum. According to the loan agreement, the BIA was permitted to pay down the loan without penalties. In April 2021, in order to minimize interest expenses, the BIA paid a substantial amount to reduce the loan. The balance of the loan will be paid off with the second and third BIA levy instalments. Due to the early payment of the loan, the BIA will save approximately \$132,000 in interest expenses.