

# Appendix Z

## **THE BOARD OF MANAGEMENT FOR THE GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA**

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

# **GERRARD INDIA BAZAAR 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 the Gerrard India Bazaar Business Improvement Area**

I have audited the accompanying financial statements of Gerrard India Bazaar Business Improvement Area, 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 Board 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 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 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 generally accepted auditing standards will always detect a material misstatement when it exists.

**RAFIQ DOSANI, B.Comm. CPA, CA.**  
CHARTERED PROFESSIONAL ACCOUNTANT

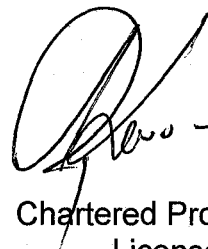
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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of 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 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 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  
August 31, 2021

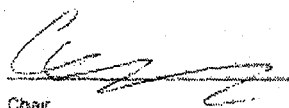


Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
<b>FINANCIAL ASSETS</b>		
Cash	255,979	227,626
Short-term investments (Note 3)	55,663	-
Accounts receivable		
City of Toronto – special charges (Note 4)	17,635	18,434
Other	40,309	30,442
	369,586	276,502
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto – other	1,628	9,853
Other	4,007	5,342
Loan Payable (Note 10)	40,000	
	45,635	15,195
<b>NET FINANCIAL ASSETS</b>	323,951	261,307
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	11,419	14,488
<b>ACCUMULATED SURPLUS</b>	335,370	275,795

Approved on behalf of the Board of Management



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b> <b>\$</b> <b>Budget</b> <b>(Note 9)</b>	<b>2020</b> <b>\$</b> <b>Actual</b>	<b>2019</b> <b>\$</b> <b>Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	165,923	165,923	166,175
Festivals, grants & sponsorships (Schedule 1)	105,000	41,811	78,250
Interest and other	-	1,699	813
	<u>270,923</u>	<u>209,433</u>	<u>245,238</u>
<b>EXPENSES</b>			
Promotion and advertising	20,000	31,186	33,210
Festivals (Schedule 1)	150,000	24,372	107,389
Administration	57,864	56,492	54,982
Maintenance	55,552	29,877	30,106
Capital (note 8)	60,000	-	-
Amortization	-	6,625	9,494
Provision for uncollected levies (note 4)	507	1,306	5,042
	<u>343,923</u>	<u>149,858</u>	<u>240,223</u>
<b>SURPLUS FOR THE YEAR</b>	<b>(73,000)</b>	<b>59,575</b>	<b>5,015</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>275,795</b>	<b>275,795</b>	<b>270,780</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>202,795</u></b>	<b><u>335,370</u></b>	<b><u>275,795</u></b>

**THE BOARD OF MANAGEMENT FOR THE  
 GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
 STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	59,575	5,014
Acquisition of tangible capital assets	(3,557)	(18,107)
Amortization of tangible capital assets	6,626	9,494
	62,644	(3,599)
Balance - Beginning of year	261,307	264,906
Balance - End of year	<u>323,951</u>	<u>261,307</u>

**THE BOARD OF MANAGEMENT FOR THE  
 GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	59,575	5,014
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	6,626	9,494
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	799	(6,765)
Accounts receivable – other	(9,867)	(7,031)
Accounts payable - City of Toronto	(8,225)	7,639
Accounts payable – other	(1,335)	(622)
<b>Cash Provided By Operations</b>	<b>47,573</b>	<b>7,729</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(3,557)	(18,107)
(Increase) decrease in short-term investments	(55,663)	50,086
<b>Financing activities</b>		
Loan payable	40,000	
<b>Cash, Beginning Of Year</b>	<b>227,626</b>	<b>187,918</b>
<b>Cash, End Of Year</b>	<b>255,979</b>	<b>227,626</b>



**THE BOARD OF MANAGEMENT FOR THE  
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1. ESTABLISHMENT AND OPERATIONS**

The Gerrard India Bazaar 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
Lights	5 years

**Contributed services:**

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

**Financial instruments:**

Financial instruments are recorded at the approximated fair value.

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

**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 INVESTMENTS**

Short-term investments consist of GICs with the Royal Bank of Canada. THESE INVESTMENTS EARN INTEREST RANGING FROM 1% TO 1.27% 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 net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2020	2019
	\$	\$
Total special charges outstanding	29,235	30,034
Less: allowance for uncollected special charges	(11,600)	(11,600)
Special charges receivable	<u>17,635</u>	<u>18,434</u>

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

	2020	2019
	\$	\$
Special charges written-off	1,306	342
Change in allowance for uncollected special charges	-	4,700
	<u>1,306</u>	<u>5,042</u>

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

**5. CAPITAL ASSETS**

	2020			
	Lights	Computers	Banners	Total
<b>Cost</b>				
Beginning	111,355	900	9,993	122,248
Additions	1,929		1,628	3,557
Disposals				
<b>Ending</b>	<b>113,284</b>	<b>900</b>	<b>11,621</b>	<b>125,805</b>
<b>Accumulated Amortization</b>				
Beginning	103,092	600	4,068	107,760
Amortization	2,452	300	3,874	6,626
Disposals				
<b>Ending</b>	<b>105,544</b>	<b>900</b>	<b>7,942</b>	<b>114,386</b>
<b>Net Book Value</b>	<b>7,740</b>	<b>-</b>	<b>3,679</b>	<b>11,419</b>
<b>2019</b>				
	Lights	Computers	Banners	Total
<b>Cost</b>				
Beginning	101,027	900	2,214	104,141
Additions	10,328	-	7,779	18,107
Disposals	-	-	-	-
<b>Ending</b>	<b>111,355</b>	<b>900</b>	<b>9,993</b>	<b>122,248</b>
<b>Accumulated Amortization</b>				
Beginning	97,229	300	737	98,266
Amortization	5,863	300	3,331	9,494
Disposals	-	-	-	-
<b>Ending</b>	<b>103,092</b>	<b>600</b>	<b>4,068</b>	<b>107,760</b>
<b>Net Book Value</b>	<b>8,263</b>	<b>300</b>	<b>5,925</b>	<b>14,488</b>

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

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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 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.

**8. CAPITAL EXPENSES**

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

**9. BUDGET**

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

**10. LOAN PAYABLE**

During the year the BIA received Canada Emergency Business Account loan from Government of Canada. This loan is interest free until December 31, 2022. If the BIA paid on or before December 31, 2022, then Government of Canada will forgive \$10,000.

**THE BOARD OF MANAGEMENT FOR THE  
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
FESTIVAL REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 1**

		<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		25,500	78,250
<b>EXPENSES</b>			
	<b>Christmas</b>		
	Facility	5,836	
	Food	20	
		<u>5,856</u>	2,075
	<b>Diwali</b>		
	Food	319	
	Music & Décor	509	
	Photography	200	
		<u>1,028</u>	2,943
	<b>Eid</b>		
	Performance	2,518	
	Fees	13,952	
	Photography	1,017	
		<u>17,487</u>	10,017

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**THE BOARD OF MANAGEMENT FOR THE  
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA  
FESTIVAL REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 1  
CONTD.....**

<b>FSA</b>	Artist		
	Performance		
	casual Labour		
	Facility		
	Food		
	Medical		
	Tent		
	Music & Décor		
	Fees		
	Photography		
	Security		
	TTC		
	Other	<u>                    </u>	87,398
<b>Rhodes</b>	casual Labour		
	Music & Décor		
	Other	<u>                    </u>	1,332
<b>Vaishakhi</b>	casual Labour		
	Food	<u>                    </u>	708
<b>Other</b>	Facility		
	TTC		2,917
		<u>24,372</u>	<u>107,390</u>
<b>EXCESS OF REVENUE (DIFICIT) OVER EXPENSES</b>		<u>1,128</u>	<u>(29,140)</u>

**RAFIQ DOSANI, B.Comm. CPA, CA**  
CHARTERED PROFESSIONAL ACCOUNTANT

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Toronto, Ontario M2M 2E3  
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August 31, 2021

Mr. Chand Kapoor, Chair  
Gerrard India Bazaar Business Improvement Area  
1426 Gerrard St. East  
TORONTO, ON  
M4L 1Z6

Dear Mr. Kapoor:

**MANAGEMENT LETTER  
YEAR ENDED DECEMBER 31, 2020**

The audit of the financial statements of Gerrard India Bazaar Business Improvement Area (BIA) for the year ended December 31, 2020 has recently been completed. The primary purpose of the audit was to express an opinion on the financial position of the BIA as at that date and on the results of its operations for the year then ended.

Given the test nature of my audit, you will appreciate that reliance must be place on adequate methods of internal control as the Board's principal safeguard against irregularities which a test examination may not disclose. This letter provides my observation and recommendation on a matter arising from the audit for your consideration.

**LOAN PAYABLE**

Observation:

During the year the BIA applied for and received a Canada Emergency Business Account Loan from the Government of Canada. The BIA being a Municipal Board is not entitled to this loan.

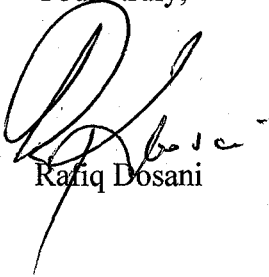
**Recommendation:**

- 1. In order to comply with the Government of Canada guidelines the BIA should repay the loan immediately.**

**Management Response:**

The BIA Coordinator was not aware of Government of Canada Guidelines regarding entitlement to a Canada Emergency Business Account Loan. As soon as this matter came to the attention of the Chair the loan was immediately repaid in full.

Yours truly,



Rafiq Dosani