

Appendix AX

**THE BOARD OF MANAGEMENT FOR THE
SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA**

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

SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2020

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CHARTERED PROFESSIONAL ACCOUNTANT

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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 ShoptheQueensway.com Business Improvement Area

Opinion

I have audited the financial statements of ShoptheQueensway.com 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 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 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.

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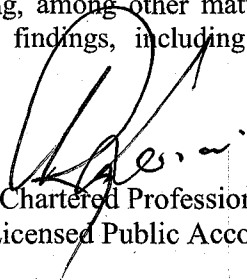
Auditor's Responsibilities for the Audit of the Financial Statements

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 (CAS) 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 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 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
May 16, 2021


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	91,571	18,479
Short-term investment (Note 3)	290,690	290,690
Accounts receivable		
City of Toronto – special charges (Note 4)	16,596	18,671
Other	31,976	27,710
	430,833	355,550
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto		-
Other	5,929	1,700
	5,929	1,700
NET FINANCIAL ASSETS	424,904	353,850
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	31,696	48,802
ACCUMULATED SURPLUS	456,600	402,652

Approved on behalf of the Board of Management:

DocuSigned by:

Michele Roberts

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Chair

Michele Roberts

6/4/2021

DocuSigned by:

Ramal Bhamra

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Treasurer

Ramal Bhamra

6/5/2021

**THE BOARD OF MANAGEMENT FOR THE
SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$ Budget (Note 9)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	159,501	170,365	152,195
Interest and Other	26,500	372	20,787
	<u>186,001</u>	<u>170,737</u>	<u>172,982</u>
EXPENSES			
Administration	25,804	40,372	19,963
Promotion and advertising	14,500	4,094	22,593
Festivals and Events	87,113	-	85,564
Maintenance	42,000	32,837	33,044
Capital (Note 8)	225,000	-	
Amortization	-	22,462	25,408
Provision for (recovery of) uncollected levies (Note 4)	4,084	17,024	(631)
	<u>398,501</u>	<u>116,789</u>	<u>185,941</u>
SURPLUS (DEFICIT) FOR THE YEAR	(212,500)	53,948	(12,959)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	402,652	402,652	415,611
ACCUMULATED SURPLUS, END OF YEAR	<u>190,152</u>	<u>456,600</u>	<u>402,652</u>

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

	2020	2019
	\$	\$
Surplus (deficit) for the year	53,948	(12,959)
Acquisition of tangible capital assets	(5,356)	-
Amortization of tangible capital assets	22,462	25,408
	71,054	12,449
Balance - Beginning of year	353,850	341,401
Balance - End of year	<u>424,904</u>	<u>353,850</u>

**THE BOARD OF MANAGEMENT FOR THE
SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	53,948	(12,959)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	22,462	25,408
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	2,075	7,110
Accounts receivable – other	(4,266)	(16,626)
Accounts payable – City of Toronto	-	(96,871)
Accounts payable – other	4,229	100
Cash Provided By Operations	78,448	(93,838)
Investing activities		
Purchase of tangible capital assets	(5,356)	-
(Increase) decrease in short-term investment	-	(136,509)
Cash, Beginning Of Year	18,479	248,826
Cash, End Of Year	91,571	18,479

**THE BOARD OF MANAGEMENT FOR THE
SHOPTHEQUEENSWAY.COM
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. ESTABLISHMENT AND OPERATIONS

The Shopthequeensway.com 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:

Street furniture	10 years	Banners	3 years
Street signage	5 years	Streetscape	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
SHOPTHEQUEENSWAY.COM
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 INVESTMENT

Short-term investment consists of cash in savings account with Bank of Nova Scotia.

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	21,996	26,271
Less: allowance for uncollected special charges	(5,400)	(7,600)
Special charges receivable	<u>16,596</u>	<u>18,671</u>

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

	2020	2019
	\$	\$
Special charges written-off	19,224	3,169
Change in allowance for uncollected special charges	(2,200)	(3,800)
	<u>17,024</u>	<u>(631)</u>

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

5. CAPITAL ASSETS

		2020			
	Banners	Street Signage	Street Furniture	Streetscape	Total
Cost					
Beginning	14,250	16,961	6,420	96,870	134,501
Additions	5,356				5,356
Disposals					
Ending	19,606	-	6,420	96,870	139,857
Accumulated Amortization					
Beginning	14,250	16,961	5,117	49,371	85,699
Amortization	1,785		1,303	19,374	22,462
Disposals					
Ending	16,035	-	6,420	68,745	108,161
Net Book Value	3,571	-	-	28,125	31,696

		2019			
	Banners	Street Signage	Street Furniture	Streetscape	Total
Cost					
Beginning	14,250	16,961	6,420	96,870	134,501
Additions					
Disposals					
Ending	14,250	16,961	6,420	96,870	134,501
Accumulated Amortization					
Beginning	9,500	16,961	3,833	29,997	60,291
Amortization	4,750		1,284	19,374	25,408
Disposals					
Ending	14,250	16,961	5,117	49,371	85,699
Net Book Value	-	-	1,303	47,499	48,802

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

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.

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May 16, 2021

Ms Michele Roberts, Chair
Shopthequeensway.com Business Improvement Area
836 The Queensway
ETOBICOKE, ON M8Z 1N7

Dear Ms Roberts :

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

The audit of the financial statements of the Shopthequeensway.com 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 placed 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 comments and recommendations on matters arising from the audit for your consideration.

During the course of the audit I followed up actions taken on recommendations made in previous years and noted that the BIA has implemented all the recommendations.

EMPLOYER-EMPLOYEE RELATIONSHIP

Observation:

The BIA has retained a Co-ordinator to assist in the general administration of the BIA activities. The remuneration is paid without any statutory deductions.

According to Canada Revenue Agency (CRA) guidelines an employer-employee relationship exists when there is "a verbal or written agreement in which an employee agrees to work on a full-time or part-time basis for an employer for a specified or indeterminate period of time, in return for salary or wages. The employer has the right to decide where, when, and how the work will be done. In this type of relationship, a

contract of services exists.” The CRA guidelines also provide other criteria to be used in analysing the terms and conditions of employment.

Where an employer-employee relationship exists, the employer must withhold income tax, Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums on amounts paid to employees and report the employees’ income and deductions on the appropriate return. Failure to do so could result in penalties and interest charges.

In my view, the current arrangement with the Co-ordinator could be interpreted as an employer-employee relationship.

Recommendation:

- 1. The Board review its current arrangement with the Co-ordinator, with a view to ensuring that, where an employer-employee relationship exists, its obligations under the Canada Revenue Agency regulations are met.**

Management Response:

We agreed with the recommendation. Effective immediately the BIA will make payments to the Co-ordinator subject to statutory deductions and monthly remit the employee deductions to Canada Revenue Agency.

INTERIM FINANCIAL STATEMENTS

Observation:

The books of the BIA are written-up once a year consequently no interim financial statements are provided to the Board for their review. Interim financial statements would provide a better financial position of the BIA to the Board throughout the year.

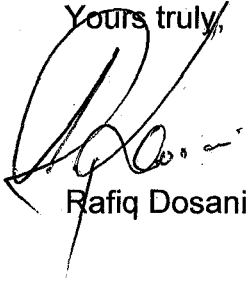
Recommendation:

- 2. Consideration should be given to writing-up books of accounts on an ongoing basis and periodically interim financial statements should be presented to the Board for their review and approval.**

Management response:

We agreed with the recommendation. The BIA will be retaining a local accounting firm to write-up books on an on-going basis and prepare quarterly financial statements for the board's review and approval.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rafiq Dosani', is written over the typed name. The signature is stylized and cursive.

Rafiq Dosani