

Appendix BH

**THE BOARD OF MANAGEMENT FOR THE
YORK- EGLINTON
BUSINESS IMPROVEMENT AREA**

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

**YORK-EGLINTON
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 YORK- EGLINTON Business Improvement Area

Opinion

I have audited the financial statements of YORK- EGLINTON 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.

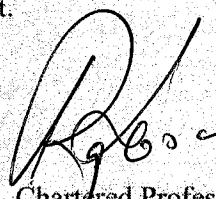
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 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 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.

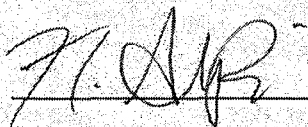
Toronto, Ontario
June 8, 2021


Chartered Professional Accountant
Licensed Public Accountant

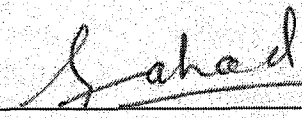
**THE BOARD OF MANAGEMENT FOR THE
YORK-EGLINTON BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
CURRENT		
Cash	869,166	725,592
Accounts receivable		
City of Toronto (Note 3)	2,741	-
Other	54,004	49,531
	<u>925,911</u>	<u>775,123</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
City of Toronto	19,354	8,283
Other	2,650	7,034
	<u>22,004</u>	<u>15,317</u>
NET FINANCIAL ASSETS	903,907	759,806
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	15,484	1,278
ACCUMULATED SURPLUS	<u>919,391</u>	<u>761,084</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
YORK- EGLINTON BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$ Budget (Note 7)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	237,536	237,536	196,256
Grants	-	26,000	-
Interest and other	2,000	33,109	14,900
	239,536	296,645	211,156
EXPENSES			
Administration	162,475	115,628	80,561
Promotion and Marketing	57,000	9,997	30,619
Maintenance	52,500	5,622	43,406
Capital (Note 5)	55,000	407	-
Amortization	-	5,148	1,278
Provision for (recovery of) uncollected special charges (Note 3)	12,561	1,536	25,486
	339,536	138,338	181,350
SURPLUS (DEFICIT) FOR THE YEAR	(100,000)	158,307	29,806
ACCUMULATED SURPLUS, BEGINNING OF YEAR	952,809	761,084	731,278
ACCUMULATED SURPLUS, END OF YEAR	852,809	919,391	761,084

**THE BOARD OF MANAGEMENT FOR THE
YORK-EGLINTON BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
Surplus for the year	158,307	29,806
Acquisition of tangible capital assets	(19,354)	-
Amortization of tangible capital assets	5,148	1,278
	144,101	31,084
Balance - Beginning of year	759,806	728,722
Balance - End of year	<u>903,907</u>	<u>759,806</u>

**THE BOARD OF MANAGEMENT FOR THE
YORK- EGLINTON BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
	\$	\$
Cash flows from operating transactions		
Surplus for the year	158,307	29,806
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	5,148	1,278
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	(2,741)	10,522
Accounts receivable – Other	(4,473)	(33,548)
Accounts payable – City of Toronto	11,071	2,259
Accounts payable - Other	(4,384)	8,283
Cash Provided By Operations	162,928	18,600
Investing Activities		
Purchase of tangible capital assets	(19,354)	-
Cash, Beginning Of Year	<u>725,592</u>	<u>706,992</u>
Cash, End Of Year	<u>869,166</u>	<u>725,592</u>

**THE BOARD OF MANAGEMENT FOR THE
YORK- EGLINTON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. ESTABLISHMENT AND OPERATIONS

The YORK- EGLINTON 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 signage	5 years	:Light Poles	5 years
Flags and banners	3 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
YORK- EGLINTON 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. 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	25,841	14,017
Less: allowance for uncollected special charges	(23,100)	(22,300)
Special charges receivable	<u>2,741</u>	<u>(8,283)</u>

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

	2020	2019
	\$	\$
Special charges written-off	736	19,186
Change in provision for assessment appeals	800	6,300
	<u>1,536</u>	<u>25,486</u>

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

4. TANGIBLE CAPITAL ASSETS

	2020			
	Light Poles	Computer	Lighting	Total
Cost				
Beginning	-	3,833	11,800	15,633
Additions	19,354	-	-	19,354
Disposals	-	-	-	-
Ending	19,354	3,833	11,800	34,987
Accumulated Amortization				
Beginning	-	2,555	11,800	13,555
Amortization	3,870	1,278	-	5,148
Disposals	-	-	-	-
Ending	3,870	3,833	11,800	19,503
Net Book Value	15,484	-	-	15,484
	2019			
	Light Poles	Computer	Lighting	Total
Cost				
Beginning	-	3,833	11,800	15,633
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	-	3,833	11,800	15,633
Accumulated Amortization				
Beginning	-	1,277	11,800	12,277
Amortization	-	1,278	-	1,278
Disposals	-	-	-	-
Ending	-	2,555	11,800	13,555
Net Book Value	-	1,278	-	1,278

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

5. CAPITAL EXPENSES

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as operating 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.

6. INSURANCE

The Board is required to deposit with the Treasurer, City of Toronto, insurance policies indemnifying the City against public liability & property damage in respect of the activities of the Board. Insurance coverage providing \$5,000,000 for each occurrence/accident has been obtained by the Board through the City of Toronto.

7. BUDGET

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

8. COMMITMENTS

The Board, in co-operation with the City, has implemented Cost-shared capital improvement projects on publically 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 \$152 (2019 – \$1,171) was outstanding as at December 31, 2020.

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

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Toronto, Ontario M2M 2E3
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June 8, 2021

Mr. Nick Alampi, Chair
York-Eglinton BIA
1704 Eglinton Avenue West
TORONTO, ON M6E 2H5

Dear Mr Alampi:

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

The audit of the financial statements of the York-Eglinton 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 comment and the recommendation for your consideration.

CASH

Observation:

On average, throughout the year the BIA maintained a monthly balance of approximately \$800,000 in a current account earning no interest. Consequently, the BIA lost substantial interest income for the year.

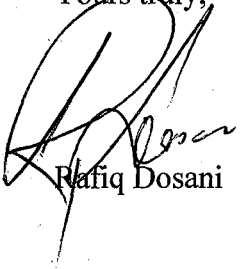
Recommendation:

- 1. The Board should prepare a cash flow statement and all excess funds not immediately required should be invested in short-term deposits or guaranteed investment certificates in order to generate additional revenue for the BIA.**

Management Response:

We agreed with the recommendation. Effective immediately the Board will be investing all excess funds in short-term investments.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rafiq Dosani', is written over the typed name. The signature is stylized with a large initial 'R' and a long horizontal stroke.

Rafiq Dosani