

## **Appendix N:**

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA**

**DECEMBER 31, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the  
Board of Management for the Downtown Yonge Business Improvement Area

We have audited the statement of financial position for the Downtown Yonge Business Improvement Area as at December 31, 2010 and the statements of revenue, expenditures and operating surplus and cash flows for the year then ended.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Downtown Yonge Business Improvement Area as at December 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Toronto, Canada  
May 6, 2011

*Rosenswig McRae Thorpe LLP*

Chartered Accountants  
Licensed Public Accountants

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

### ASSETS

	<u>2010</u>	<u>2009</u>
Current		
Cash and short-term investments (Note 3)	\$ 641,511	\$ 601,005
Accounts receivable		
City of Toronto - special charges (Note 4)	119,178	39,997
Other	87,266	98,119
Prepaid expenses	<u>16,923</u>	<u>23,507</u>
	864,878	762,628
Tangible capital assets (Note 5)	<u>2,080,856</u>	<u>1,937,353</u>
	<u>\$ 2,945,734</u>	<u>\$ 2,699,981</u>

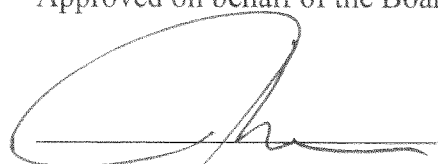
### LIABILITIES

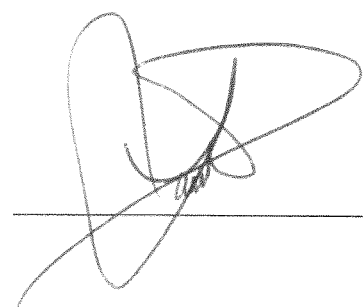
Current		
Accounts payable and accrued liabilities		
City of Toronto - other	\$ 291,263	\$ 265,941
Other	<u>96,171</u>	<u>112,601</u>
	<u>387,434</u>	<u>378,542</u>

### OPERATING SURPLUS

Restricted surplus	2,080,856	1,937,353
Unrestricted surplus	<u>477,444</u>	<u>384,086</u>
	<u>\$ 2,945,734</u>	<u>\$ 2,699,981</u>

Approved on behalf of the Board of Management:

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

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

See accompanying notes.

## DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

### STATEMENT OF REVENUE, EXPENDITURES AND OPERATING SURPLUS

YEAR ENDED DECEMBER 31, 2010

	2010		2009
	Actual	Budget (Note 8)	Actual
Revenue			
City of Toronto - special charges	\$ 2,378,531	2,266,868	\$ 2,290,593
Grants	66,701	5,000	40,025
Other	50,976	39,536	5,869
Advertising and sponsorships	17,621	32,241	82,622
Interest income	6,754	10,000	11,474
	<u>2,520,583</u>	<u>2,353,645</u>	<u>2,430,583</u>
Expenditures			
Winter magic program	506,798	452,442	531,168
Administration	454,224	465,922	459,338
Provision for levies in appeals	328,311	295,830	269,734
Clean streets program	267,944	288,533	271,196
Member services and advocacy	236,633	231,953	231,441
Marketing	161,691	197,200	253,206
Streetscape improvement - non-cost share	139,932	81,200	77,372
Safe streets program	30,850	80,658	56,579
Streetscape improvement - cost share	-	307,194	-
Amortization	157,339	-	148,118
	<u>2,283,722</u>	<u>2,400,932</u>	<u>2,298,152</u>
Excess of revenue over expenditures for the year (Note 9)	\$ 236,861	<u>(47,287)</u>	132,431
Operating surplus, beginning of year	<u>2,321,439</u>		<u>2,189,008</u>
Operating surplus, end of year	<u>\$ 2,558,300</u>		<u>\$ 2,321,439</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Cash from operating activities		
Excess of revenue over expenditures for the year	\$ 236,861	\$ 132,431
Adjustment for:		
Amortization	<u>157,339</u>	<u>148,118</u>
	394,200	280,549
Changes in non-cash working capital:		
Accounts receivable		
(Increase) decrease in City of Toronto - special charges	(79,181)	82,617
Decrease in other	10,853	17,976
Decrease (increase) in prepaid expenses	6,585	(3,554)
Accounts payable and accrued liabilities		
Increase (decrease) in City of Toronto - other	25,323	(214,647)
(Decrease) in other	<u>(16,430)</u>	<u>(69,586)</u>
Cash flows provided from operating activities	<u>341,350</u>	<u>93,355</u>
Cash flows used in investing activities		
Purchases of tangible capital assets	<u>(300,844)</u>	<u>(335,281)</u>
Increase (decrease) in cash position	40,506	(241,926)
Cash and short-term investments, beginning of year	<u>601,005</u>	<u>842,931</u>
Cash and short-term investments, end of year	<u>\$ 641,511</u>	<u>\$ 601,005</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 1. Establishment of operations

The Downtown Yonge Business Improvement Area was designated as a business improvement area by By-Law 27-2001 enacted on February 1, 2001. The appointment of members to a Board of Management ("Board") to manage and control the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on June 28, 2001.

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

These financial statements are the representation of management and have been prepared in accordance with the Canadian generally accepted accounting principles for local governments as prescribed by the Canadian Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"), the most significant of which are as follows:

#### a) Accrual basis of accounting

Expenditures are recorded on the accrual basis, 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 payment of money.

#### b) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Advertising, sponsorship and grants - revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii) Interest and other income - revenue is recognized when earned.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

2. Significant accounting policies (continued)

c) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition, plus related transaction costs.

d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future.

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	-	15 - 30 year straight-line
Computer equipment	-	3 year straight-line
Furniture and fixtures	-	5 year straight-line
Equipment	-	3 year straight-line
Holiday decor	-	5 - 10 year straight-line
Leasehold improvements	-	over the remaining lease life

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

3. Cash and short-term investments

	<u>2010</u>	<u>2009</u>
Cash	\$ 69,260	\$ 180,479
Short-term investments	<u>572,251</u>	<u>420,526</u>
	<u>\$ 641,511</u>	<u>\$ 601,005</u>

The short-term investments consist of amounts invested in a term deposits and a money market fund. The rate of returns being realized on the investments range from 1.25% - 2.55%.



# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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 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>2010</u>	<u>2009</u>
Total special charges outstanding	\$ 1,762,678	\$ 1,469,697
Less: Allowance for special charges in appeals	<u>(1,643,500)</u>	<u>(1,429,700)</u>
Special charges receivable	<u>\$ 119,178</u>	<u>\$ 39,997</u>

5. Tangible capital assets

	2010		2009	
Cost	Amortization	Net Book Value	Net Book Value	Net Book Value
Streetscape fixtures	\$2,167,141	\$ 292,891	\$1,874,250	1,656,185
Computer equipment	17,197	13,763	3,434	3,487
Furniture and fixtures	36,017	29,174	6,843	9,328
Equipment	5,395	899	4,496	-
Holiday decor	408,370	227,721	180,649	245,985
Leasehold improvements	<u>55,920</u>	<u>44,736</u>	<u>11,184</u>	<u>22,368</u>
	<u>\$2,690,040</u>	<u>\$ 609,184</u>	<u>\$2,080,856</u>	<u>\$1,937,353</u>

Tangible capital assets purchased during the year amounted to \$300,844 (\$335,281 - 2009).

6. 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, 2010 the BIA had no such commitments outstanding relating to their 2010 capital improvement projects.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. Contractual commitments (continued)

- b) The Board has contractual commitments to minimum annual operating payments for office space, equipment, and other contractual obligations as follows:

2011	\$	58,847
2012		<u>456</u>
	\$	<u><u>59,303</u></u>

7. 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.

8. 2010 Budget

The 2010 budget figures on the statement of revenue, expenditures and operating surplus are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated May 6, 2011.

9. Excess of revenue over expenditures for the year

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. The difference between tangible capital assets purchased and the amount of tangible capital assets amortized during the year was \$143,503 (\$187,163 - 2009) which contributed to the excess over revenue for the year leaving a net surplus (deficit) of \$93,363 ((\$54,732) - 2009).

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.