

**FINANCIAL STATEMENTS**

**For**

**YONGE-DUNDAS SQUARE**

**For the year ended**

**DECEMBER 31, 2013**

**INDEPENDENT AUDITOR'S REPORT**

To the board of directors of

**YONGE-DUNDAS SQUARE AND THE CITY OF TORONTO**

We have audited the accompanying financial statements of Yonge-Dundas Square, which comprise the statement of financial position as at December 31, 2013, statements of operations, change in net financial assets (liability), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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.

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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, the financial statements present fairly, in all material respects, the financial position of Yonge-Dundas Square as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other Matters*

The financial statements of Yonge-Dundas Square for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on April 4, 2013.

A handwritten signature in black ink that reads "Welch LLP". The signature is written in a cursive, flowing style.


Chartered Accountants  
Licensed Public Accountants


Toronto, Ontario  
May 8, 2014.

**YONGE-DUNDAS SQUARE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013**

	<u>Dec. 31,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash and short term investments	\$ 105,833	\$ 349,589
Accounts receivable - City of Toronto	-	7,290
Accounts receivable - Other (note 3)	<u>106,013</u>	<u>105,126</u>
	<u>211,846</u>	<u>462,005</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities - City of Toronto	3,185	9,634
Accounts payable and accrued liabilities - Other (note 4)	220,424	221,717
Due to City of Toronto - Operating surplus (note 5)	6,495	241,024
Deferred revenue	<u>6,717</u>	<u>2,907</u>
	<u>236,821</u>	<u>475,282</u>
<b>NET FINANCIAL ASSETS (LIABILITY)</b>	<u>(24,975)</u>	<u>(13,277)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	24,975	13,277
Tangible capital assets (note 6)	<u>182,920</u>	<u>186,983</u>
	<u>207,895</u>	<u>200,260</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 182,920</u>	<u>\$ 186,983</u>

Approved by the Board:

 ..... Director

 ..... Director

(See accompanying notes)

**YONGE-DUNDAS SQUARE**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Revenue</b>		
City of Toronto	\$ 436,600	\$ 463,664
Corporate sponsorship and contributions	220,000	150,000
Permit revenue	319,867	435,147
Event support revenue (schedule A)	884,464	1,042,854
Food and beverages	2,439	5,130
Preferred suppliers	1,901	3,347
Rental income	277,489	307,743
Signage	160,839	157,089
Other revenue	<u>8,803</u>	<u>8,298</u>
	<u>2,312,402</u>	<u>2,573,272</u>
<b>Expenses</b>		
Event support	666,900	807,999
Marketing	277,894	170,035
Payroll	508,833	446,779
Seasonal contract employees	43,297	48,221
Maintenance	380,925	410,249
Security	181,556	173,429
Administration	176,667	181,753
Amortization	57,984	55,397
Write-down of tangible capital assets	<u>15,914</u>	<u>2,363</u>
	<u>2,309,970</u>	<u>2,296,225</u>
<b>Net revenues over expenses before item below</b>	2,432	277,047
<b>Net payable to the City of Toronto</b>	<u>(6,495)</u>	<u>(241,024)</u>
<b>Annual surplus (deficit)</b>	(4,063)	36,023
<b>Accumulated surplus, beginning of year</b>	<u>186,983</u>	<u>150,960</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 182,920</u>	<u>\$ 186,983</u>

(See accompanying notes)

**YONGE-DUNDAS SQUARE**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITY)**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Annual surplus (deficit)	\$ (4,063)	\$ 36,023
Acquisition of tangible capital assets	(69,835)	(93,783)
Amortization of tangible capital assets	57,984	55,397
Write-down of tangible capital assets	15,914	2,363
Use of prepaid expenses	<u>(11,698)</u>	<u>(5,961)</u>
Change in net financial assets (liability)	(11,698)	(5,961)
Net financial assets (liability), beginning of year	<u>(13,277)</u>	<u>(7,316)</u>
Net financial assets (liability), end of year	<u>\$ (24,975)</u>	<u>\$ (13,277)</u>

(See accompanying notes)

**YONGE-DUNDAS SQUARE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (4,063)	\$ 36,023
Adjustments for:		
Amortization	57,984	55,397
Write-down of tangible capital assets	<u>15,914</u>	<u>2,363</u>
	69,835	93,783
Non-cash charges to operations:		
Accounts receivable - City of Toronto	7,290	41,971
Accounts receivable - Other	(887)	30,569
Prepaid expenses	(11,698)	(5,961)
Accounts payable and accrued liabilities - City of Toronto	(6,449)	7,358
Accounts payable and accrued liabilities - Other	(1,293)	(459)
Due to City of Toronto - Operating surplus	(234,529)	5,138
Deferred revenue	<u>3,810</u>	<u>1,960</u>
<b>Cash flows provided by (used in) operating activities</b>	<u>(173,921)</u>	<u>174,359</u>
<b>CASH FLOWS FROM CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(69,835)</u>	<u>(93,783)</u>
<b>Cash flows used in capital transactions</b>	<u>(69,835)</u>	<u>(93,783)</u>
<b>INCREASE IN CASH AND SHORT TERM INVESTMENTS</b>	(243,756)	80,576
<b>CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR</b>	<u>349,589</u>	<u>269,013</u>
<b>CASH AND SHORT TERM INVESTMENTS, END OF YEAR</b>	<u>\$ 105,833</u>	<u>\$ 349,589</u>

(See accompanying notes)

**YONGE-DUNDAS SQUARE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**1. NATURE OF OPERATIONS**

The Yonge-Dundas Square (the "Square") is an event venue for the general public. The City of Toronto appointed a volunteer Board of Management to operate the Square. Yonge-Dundas Square is a city owned property. It was established in December of 2001 and its purpose is to attract additional retail and entertainment development to the Yonge-Dundas area. The Square commenced operations on January 1, 2003. The Organization is to pay net revenue to the City of Toronto.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB).

*Cash and short term investments*

Short term investments include Guaranteed Investment Certificates held for a period of one year or less. Market value is considered equivalent to cost based on the short term holding period.

*Revenue recognition*

The Square follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized and are recorded as deferred contributions on the statement of financial position. Externally restricted contributions for depreciable tangible capital assets are deferred and amortized over the life of the related tangible capital assets. Externally restricted contributions for tangible capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

*Tangible capital assets*

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 years, straight line
Facilities equipment	5 to 10 years, straight line
Indoor furniture	5 years, straight line
Leasehold improvements	5 years, straight line
Outdoor furniture	3 years, straight line
Outdoor equipment	2 to 5 years, straight line



**YONGE-DUNDAS SQUARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Financial instruments*

Yonge-Dundas Square initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short term investments, accounts receivable and amounts due from the City of Toronto.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to the City of Toronto.

*Employee Pension Plan*

The Square has adopted the following policies with respect to employee benefit plan. The City of Toronto offers a multiemployer defined benefit pension plan to the Square's eligible employees. Due to the nature of the plan, the Square does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

*Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

**3. OTHER RECEIVABLES**

	<u>2013</u>	<u>2012</u>
Permit and event support receivables	\$ -	\$ 10,381
Signage receivable	96,998	92,760
Rent receivable	6,761	247
Other	<u>2,254</u>	<u>1,738</u>
	<u>\$ 106,013</u>	<u>\$ 105,126</u>

The receivable for Signage includes an amount of \$85,839 (2012 - \$82,089). This amount is based on the Square's advertising reaching a predetermined threshold and may not repeat in future years.

**4. OTHER PAYABLES**

	<u>2013</u>	<u>2012</u>
Client deposits	\$ 20,000	\$ 20,000
Accruals	4,693	14,884
HST Payable	16,025	24,087
Trade	<u>179,706</u>	<u>162,746</u>
	<u>\$ 220,424</u>	<u>\$ 221,717</u>

**YONGE-DUNDAS SQUARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2013**

**5. OPERATING SURPLUS DUE TO THE CITY OF TORONTO**

The amount due to the City of Toronto consists of the following:

	<u>2013</u>	<u>2012</u>
Balance payable, beginning of year	\$ 241,024	\$ 235,886
Current year's operating surplus (deficit)	2,432	277,047
Current year's tangible capital assets purchase	(69,835)	(93,782)
Current year's amortization	57,984	55,397
Current year's write-down of tangible capital assets	<u>15,914</u>	<u>2,362</u>
Net revenue payable to the City of Toronto	247,519	241,024
Adjustments to prior year amount	(2,362)	-
Paid during the current year	<u>(238,662)</u>	<u>(235,886)</u>
Balance payable (receivable), end of year	<u>\$ 6,495</u>	<u>\$ 241,024</u>

**6. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2013		2012	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computers	\$ 25,503	\$ 19,962	\$ 22,537	\$ 13,957
Facilities equipment	70,431	16,441	39,396	8,561
Furniture	27,250	7,204	33,111	7,345
Leasehold improvements	42,907	8,581	42,907	-
Outdoor furniture	40,611	35,775	40,611	27,659
Outdoor equipment	<u>133,053</u>	<u>68,872</u>	<u>120,345</u>	<u>54,402</u>
	339,755	<u>\$ 156,835</u>	298,907	<u>\$ 111,924</u>
Accumulated amortization	<u>156,835</u>		<u>111,924</u>	
	<u>\$ 182,920</u>		<u>\$ 186,983</u>	

**7. EMPLOYEE PENSION PLAN**

The Square makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$39,856 in 2013 (2012 - \$32,408).

The most recent actuarial valuation of the OMERS plan as at December 31, 2013 indicates the Plan is not fully funded and the plan's December 31, 2013 financial statements indicate a deficit of \$8.6 billion (less an additional \$341 million of deferred gains that must be recognized over the next four years). The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Square's contributions accounted for 0.0023% of the plan's total employer contributions. Additional contributions, if any, required to address the Square's proportionate share of the deficit will be expensed during the period incurred.

**YONGE-DUNDAS SQUARE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2013**

**8. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Square's financial instruments.

*Liquidity risk*

Liquidity risk refers to the adverse consequence that the Square will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities.

The Square manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Square believes its overall liquidity risk to be minimal as the Square's financial assets are considered to be highly liquid.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Square's cash and short-term investments earn interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

*Credit risk*

The Square is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Square's maximum exposure to credit risk represents the sum of the carrying value of its cash, short term investments, accounts receivable, and amounts due from the City of Toronto. The Square's cash and short term investments are with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote.

Management believes that the Square's credit risk with respect to accounts receivable and amounts due from the City of Toronto is limited. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

*Changes in risk*

There have been no changes in the Square's risk exposures from the prior year.

**9. COMMITMENTS**

Yonge-Dundas Square has entered into an agreement to lease office premises until December 31, 2018. The base rent under the agreement is as follows:

2014	\$ 25,753
2015	26,744
2016	26,744
2017	27,734
2018	27,734

**YONGE-DUNDAS SQUARE**  
**SCHEDULE OF EVENT SUPPORT REVENUE**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Event support revenue</b>		
Electrician	\$ 21,433	\$ 22,010
Security	169,196	185,393
AV technician	74,628	98,716
Custodial	48,495	56,370
Sound	79,260	108,680
Logistic and staging	271,905	300,165
Equipment rental	180,113	231,589
Utilities	<u>39,434</u>	<u>39,931</u>
	<u>\$ 884,464</u>	<u>\$ 1,042,854</u>