

**Appendix G:**

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA**

**DECEMBER 31, 2014**

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# Rosenswig McRae Thorpe LLP

Chartered Accountants  
Associated worldwide with CPA Associates International, Inc.

Michael Rosenswig  
Jeff McRae  
Lon Thorpe  
David Westerveld  
Tony Rosso

## 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 accompanying financial statements of Downtown Yonge Business Improvement Area, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, net financial assets 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.

### Auditors' 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 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, the financial statements present fairly, in all material respects, the financial position of the Downtown Yonge Business Improvement Area as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Rosenswig McRae Thorpe LLP*

Toronto, Canada  
February 28, 2015

Chartered Accountants  
Licensed Public Accountants

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

### FINANCIAL ASSETS

	<u>2014</u>	<u>2013</u>
Cash	\$ 95,148	\$ 131,472
Investments (Note 3)	1,589,100	1,270,298
Accounts receivable		
City of Toronto - special charges (Note 4)	677,140	425,072
Other	<u>65,202</u>	<u>85,573</u>
	<u>2,426,590</u>	<u>1,912,415</u>

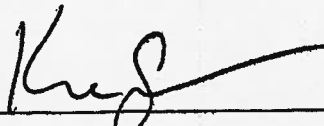
### LIABILITIES

Accounts payable and accrued liabilities	91,163	127,633
Scholarship payable (Note 5)	<u>15,025</u>	<u>16,025</u>
	<u>106,188</u>	<u>143,658</u>
Net financial assets	<u>2,320,402</u>	<u>1,768,757</u>

### NON FINANCIAL ASSETS

Tangible capital assets (Note 6)	2,027,455	2,194,832
Prepaid expenses	<u>32,229</u>	<u>24,383</u>
	<u>2,059,684</u>	<u>2,219,215</u>
Accumulated surplus (Note 7)	<u>\$ 4,380,086</u>	<u>\$ 3,987,972</u>

Approved on behalf of the Board of Management:

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

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

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

	2014		2013
	<u>Actual</u>	<u>Budget</u>	
		(Note 11)	
<b>Revenue</b>			
City of Toronto - special charges	\$ 2,459,581	2,721,081	\$ 2,396,576
Advertising and sponsorships	60,633	75,000	76,764
Other	62,971	37,445	38,654
Interest income	20,755	5,000	15,244
Grants	<u>4,570</u>	<u>37,500</u>	<u>-</u>
	<u>2,608,510</u>	<u>2,876,026</u>	<u>2,527,238</u>
<b>Expenses</b>			
Administration	940,085	969,300	793,460
Events	433,036	447,648	284,600
Clean streets program	389,330	445,959	395,298
Streetscape improvement - non-cost share	268,046	413,700	51,894
Member services and advocacy	174,628	168,000	184,569
Marketing	85,575	96,855	185,257
Capital expenditures - other	21,666	46,000	1,229
Streetscape improvement - cost share	11,696	65,000	-
Provision for levies in appeals	(290,003)	223,564	(265,069)
Amortization	<u>182,337</u>	<u>-</u>	<u>176,693</u>
	<u>2,216,396</u>	<u>2,876,026</u>	<u>1,807,931</u>
<b>Annual surplus before undernoted item</b>	392,114	-	719,307
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>10,380</u>
<b>Annual surplus (Note 12)</b>	<u>\$ 392,114</u>	<u>-</u>	<u>708,927</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Annual surplus	\$ 392,114	\$ 708,927
Acquisition of tangible capital assets	(14,960)	(85,135)
Loss on disposition of tangible capital assets	-	10,380
Amortization of tangible capital assets	182,337	176,693
Increase in prepaid expense	<u>(7,846)</u>	<u>(8,570)</u>
Change in net financial assets	551,645	802,295
Net financial assets, beginning of year	<u>1,768,757</u>	<u>966,462</u>
Net financial assets, end of year	<u>\$ 2,320,402</u>	<u>\$ 1,768,757</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Cash from operating activities</b>		
Annual surplus	\$ 392,114	\$ 708,927
Adjustments for:		
Amortization	182,337	176,693
Loss on disposal of tangible capital assets	<u>-</u>	<u>10,380</u>
	574,451	896,000
<b>Changes in non-cash working capital:</b>		
(Increase) decrease in accounts receivable		
City of Toronto - special charges	(252,068)	(349,433)
Other	20,371	13,200
Increase in prepaid expenses	(7,846)	(8,570)
(Decrease) increase in accounts payable and accrued liabilities	(36,470)	34,484
Decrease in scholarship fund	<u>(1,000)</u>	<u>(1,000)</u>
	<u>297,438</u>	<u>584,681</u>
<b>Cash flows used in investing activities</b>		
Purchases of tangible capital assets	(14,960)	(85,135)
Purchase of investments	<u>(318,802)</u>	<u>(505,871)</u>
	<u>(333,762)</u>	<u>(591,006)</u>
<b>Decrease in cash position</b>	(36,324)	(6,325)
<b>Cash, beginning of year</b>	<u>131,472</u>	<u>137,797</u>
<b>Cash, end of year</b>	<u>\$ 95,148</u>	<u>\$ 131,472</u>

# **DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

### **1. Establishment of operations**

The Downtown Yonge Business Improvement Area was designated as a business improvement area through By-Law 27-2001 enacted on February 1, 2001. The appointment of members to a Board of Management ("Board") to manage 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 public sector accounting standards. 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 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, 2014

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

### 3. Investments

Investments consist of amounts invested in guarantee investment certificates (GICs) and investment savings accounts. Interest on these investments range from 1% - 1.90%. The GICs have maturity dates ranging from April 2015 to October 2016.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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 BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	<u>2014</u>	<u>2013</u>
Total special charges outstanding	\$ 1,264,040	\$ 1,571,772
Less: Allowance for special charges in appeals	<u>(586,900)</u>	<u>(1,146,700)</u>
Special charges receivable	<u>\$ 677,140</u>	<u>\$ 425,072</u>

5. Scholarship payable

The BIA established a scholarship fund for university students enrolled in urban and regional planning programs with the funds received from the Yonge Street Business and Residents Association. In fiscal 2011, the BIA entered into an agreement with Ryerson University where they pledged \$5,000 over a period of five years to be awarded to qualifying students. During fiscal 2014, \$1,000 (2013 - \$1,000) was awarded from this fund.

6. Tangible capital assets

	<u>2014</u>		<u>2013</u>	
<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>	<u>Net Book</u>
	<u>Amortization</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
Streetscape fixtures	\$2,485,250	\$ 632,644	\$1,852,606	\$1,944,946
Computer equipment	34,018	34,018	-	3,001
Furniture and fixtures	51,844	51,844	-	9,671
Equipment	26,011	18,019	7,992	4,476
Holiday decor	438,735	308,496	130,239	182,804
Leasehold improvements	<u>122,498</u>	<u>85,880</u>	<u>36,618</u>	<u>49,934</u>
	<u>\$3,158,356</u>	<u>\$ 1,130,901</u>	<u>\$2,027,455</u>	<u>\$2,194,832</u>

Tangible capital assets purchased during the year amounted to \$14,960 (2013 - \$85,135).

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

7. Accumulated surplus

	2014		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 1,793,140	\$ 2,194,832	\$ 3,987,972
Annual surplus	392,114	-	392,114
Amortization	182,337	(182,337)	-
Purchase of tangible capital assets	<u>(14,960)</u>	<u>14,960</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 2,352,631</u>	<u>\$ 2,027,455</u>	<u>\$ 4,380,086</u>

	2013		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 982,275	\$ 2,296,770	\$ 3,279,045
Annual surplus	708,927	-	708,927
Amortization	176,693	(176,693)	-
Purchase of tangible capital assets	(85,135)	85,135	-
Loss on disposition of tangible capital assets	<u>10,380</u>	<u>(10,380)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 1,793,140</u>	<u>\$ 2,194,832</u>	<u>\$ 3,987,972</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 8. 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, 2014 the BIA has \$2,760 (2013 - \$nil) of outstanding commitments relating to ongoing capital improvement project to be completed in 2015.
- b) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2015	\$	54,083
2016		48,110
2017		<u>36,083</u>
	\$	<u>138,276</u>

### 9. Financial instruments risks

#### a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

#### b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 3.

#### c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

# **DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

### **10. Insurance**

The BIA 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.

### **11. 2014 Budget**

The 2014 budget figures on the statement of operations are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated February 28, 2015.

### **12. Annual surplus**

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 a deficit of \$167,377 (2013 - \$91,558) which contributed to the excess over revenue for the year leaving a net surplus of \$559,491 (2013 - \$800,483).

### **13. Comparative figures**

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

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Administration</b>		
Salaries and benefits	\$ 654,085	\$ 567,790
Occupancy costs	110,026	107,262
Professional fees	46,498	45,014
Repairs and maintenance	33,973	17,361
Travel	22,769	23,711
Consultants	21,604	-
Memberships	16,021	438
General office	13,338	16,783
Utilities	13,082	8,858
Insurance	6,713	5,799
Interest and bank charges	<u>1,976</u>	<u>442</u>
	<u>940,085</u>	<u>793,458</u>
<b>Events</b>		
Programming	324,149	223,839
Advertising and promotion	100,024	46,527
Consultants	8,863	13,019
General office	<u>-</u>	<u>1,216</u>
	<u>433,036</u>	<u>284,601</u>
<b>Clean streets</b>		
Repairs and maintenance	191,224	218,975
Salaries and benefits	161,920	123,266
Occupancy costs	24,931	24,215
Utilities	11,090	9,956
Travel	165	14,043
Memberships	-	1,000
Insurance	<u>-</u>	<u>3,844</u>
	<u>389,330</u>	<u>395,299</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Marketing</b>		
Salaries and benefits	\$ 41,460	\$ 38,903
Marketing and promotion	44,115	74,454
Events	-	52,600
Consultants	-	12,872
General office	-	2,720
Repairs and maintenance	-	2,690
Memberships	-	<u>1,018</u>
	<u>85,575</u>	<u>185,257</u>
<b>Member services and advocacy</b>		
Consultants	79,715	132,093
Advertising and promotion	76,454	808
Meetings	22,037	30,225
Travel	-	13,396
Memberships	-	7,256
General office (recovery)	<u>(3,578)</u>	<u>791</u>
	<u>174,628</u>	<u>184,569</u>
<b>Streetscape improvements - non-cost share</b>	<u>268,046</u>	<u>51,894</u>
<b>Capital expenditures - other</b>	<u>21,666</u>	<u>1,229</u>
<b>Streetscape improvements - cost share</b>	<u>11,696</u>	<u>-</u>
<b>Provision for levies in appeals</b>	<u>(290,003)</u>	<u>(265,069)</u>
<b>Amortization</b>	<u>182,337</u>	<u>176,693</u>
	<u>\$ 2,216,396</u>	<u>\$ 1,807,931</u>

FOR THE COMMISSIONERS OF THE BOARD OF HEALTH

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