

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

DECEMBER 31, 2015

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Operations	3
Statement of Net Financial Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11
Schedule of Expenses	12 - 13

Rosenswig McRae Thorpe LLP

Chartered Professional Accountants
Associated with CPA Association of Ontario, Inc.

Michael Rosenswig
Jeff McRae
Lori Thorpe
Tony Russo
Lorraine Verge

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, 2015, 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, 2015 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
March 3, 2016

Chartered Professional Accountants
Licensed Public Accountants

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

FINANCIAL ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 1,324,779	\$ 95,148
Investments (Note 3)	963,685	1,589,100
Accounts receivable		
City of Toronto - special charges (Note 4)	195,011	677,140
Other	<u>90,573</u>	<u>65,202</u>
	<u>2,574,048</u>	<u>2,426,590</u>

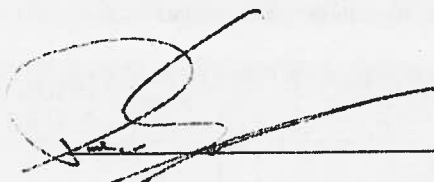
LIABILITIES

Accounts payable and accrued liabilities	196,467	91,163
Scholarship payable (Note 5)	<u>13,025</u>	<u>15,025</u>
	<u>209,492</u>	<u>106,188</u>
Net financial assets	<u>2,364,556</u>	<u>2,320,402</u>

NON FINANCIAL ASSETS

Tangible capital assets (Note 6)	1,890,129	2,027,455
Prepaid expenses	<u>14,347</u>	<u>32,229</u>
	<u>1,904,476</u>	<u>2,059,684</u>
Accumulated surplus (Note 7)	<u>\$ 4,269,032</u>	<u>\$ 4,380,086</u>

Approved on behalf of the Board of Management:


_____, Chair


_____, Treasurer

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

	2015		2014
	Actual	Budget (Note 11)	
Revenue			
City of Toronto - special charges	\$ 2,510,947	3,075,454	\$ 2,459,581
Other	93,572	47,000	62,971
Advertising and sponsorships	38,309	75,000	60,633
Grants	31,000	45,000	4,570
Interest income	20,279	5,000	20,755
	2,694,107	3,247,454	2,608,510
Expenses			
Administration	1,036,846	1,053,870	940,085
Events	635,546	547,500	433,036
Clean streets program	462,681	547,500	389,330
Streetscape improvement - non-cost share	111,146	500,200	268,046
Member services and advocacy	168,994	222,280	174,628
Marketing	100,250	103,000	85,575
Provision for levies in appeals	145,707	228,069	(290,003)
Capital expenditures - other	6,665	45,035	21,666
Streetscape improvement - cost share	-	-	11,696
Amortization	137,326	-	182,337
	2,805,161	3,247,454	2,216,396
Annual (deficit) surplus (Note 12)	\$ (111,054)	-	392,114

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Annual (deficit) surplus	\$ (111,054)	\$ 392,114
Acquisition of tangible capital assets	-	(14,960)
Amortization of tangible capital assets	137,326	182,337
Decrease (increase) in prepaid expense	<u>17,882</u>	<u>(7,846)</u>
Change in net financial assets	44,154	551,645
Net financial assets, beginning of year	<u>2,320,402</u>	<u>1,768,757</u>
Net financial assets, end of year	<u>\$ 2,364,556</u>	<u>\$ 2,320,402</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Cash from operating activities		
Annual (deficit) surplus	\$ (111,054)	\$ 392,114
Adjustments for:		
Amortization	<u>137,326</u>	<u>182,337</u>
	26,272	574,451
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable		
City of Toronto - special charges	482,129	(252,068)
Other	(25,371)	20,371
Decrease (increase) in prepaid expenses	17,882	(7,846)
Increase (decrease) in accounts payable and accrued liabilities	105,304	(36,470)
Decrease in scholarship fund	<u>(2,000)</u>	<u>(1,000)</u>
	<u>604,216</u>	<u>297,438</u>
Cash flows from (used in) investing activities		
Purchases of tangible capital assets	-	(14,960)
Sale (purchase) of investments	<u>625,415</u>	<u>(318,802)</u>
	<u>625,415</u>	<u>(333,762)</u>
Increase (decrease) in cash position	1,229,631	(36,324)
Cash, beginning of year	<u>95,148</u>	<u>131,472</u>
Cash, end of year	<u>\$ 1,324,779</u>	<u>\$ 95,148</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants. The significant accounting policies are summarized 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, 2015

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 CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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

3. Investments

Investments consist of amounts invested in guarantee investment certificates (GICs) and an investment savings account. Interest on these investments range from 0.75% - 1.90%. The GICs have maturity dates ranging from June 2016 to October 2018.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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>2015</u>	<u>2014</u>
Total special charges outstanding	\$ 897,211	\$ 1,264,040
Less: Allowance for special charges in appeals	<u>(702,200)</u>	<u>(586,900)</u>
Special charges receivable	<u>\$ 195,011</u>	<u>\$ 677,140</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 2015, \$2,000 (2014 - \$1,000) was awarded from this fund.

6. Tangible capital assets

	<u>2015</u>		<u>2014</u>	
<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>
Streetscape fixtures	\$2,485,250	\$ 720,243	\$1,765,007	\$1,852,606
Holiday decor	438,735	342,183	96,552	130,239
Leasehold improvements	122,498	99,196	23,302	36,618
Equipment	26,011	20,743	5,268	7,992
Furniture and fixtures	51,844	51,844	-	-
Computer equipment	<u>34,018</u>	<u>34,018</u>	<u>-</u>	<u>-</u>
	<u>\$3,158,356</u>	<u>\$ 1,268,227</u>	<u>\$1,890,129</u>	<u>\$2,027,455</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

7. Accumulated surplus

	<u>2015</u>		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 2,352,631	\$ 2,027,455	\$ 4,380,086
Annual deficit	(111,054)	-	(111,054)
Amortization	<u>137,326</u>	<u>(137,326)</u>	-
Accumulated surplus, end of year	<u>\$ 2,378,903</u>	<u>\$ 1,890,129</u>	<u>\$ 4,269,032</u>

	<u>2014</u>		
	<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>	-
Accumulated surplus, end of year	<u>\$ 2,352,631</u>	<u>\$ 2,027,455</u>	<u>\$ 4,380,086</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 the BIA has \$nil (2014 - \$2,760) of outstanding commitments relating to ongoing capital improvement project to be completed in 2016.

b) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2016	\$	50,882
2017		38,855
2018		2,772
2019		<u>2,772</u>
	\$	<u>95,281</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, 2015

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. 2015 Budget

The 2015 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 March 3, 2016.

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 surplus of \$137,326 (2014 - \$167,377 deficit) which contributed to the excess over revenue for the year leaving a net surplus of \$26,272 (2014 - \$559,491).

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Administration		
Salaries and benefits	\$ 733,497	\$ 654,085
Occupancy costs	115,515	110,026
Professional fees	52,284	46,498
Repairs and maintenance	36,830	33,973
Travel	26,118	22,769
Memberships	23,010	16,021
Utilities	14,943	13,082
Consultants	12,236	21,604
General office	11,868	13,338
Insurance	8,393	6,713
Interest and bank charges	<u>2,152</u>	<u>1,976</u>
	<u>1,036,846</u>	<u>940,085</u>
Events		
Programming	435,566	324,149
Advertising and promotion	174,995	100,024
Consultants	<u>24,985</u>	<u>8,863</u>
	<u>635,546</u>	<u>433,036</u>
Clean streets		
Repairs and maintenance	232,274	191,224
Salaries and benefits	187,238	161,920
Occupancy costs	30,305	24,931
Utilities	12,196	11,090
Travel	<u>668</u>	<u>165</u>
	<u>462,681</u>	<u>389,330</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Member services and advocacy		
Consultants	71,574	79,715
Advertising and promotion	69,824	76,454
Meetings	16,263	22,037
General office (recovery)	<u>9,958</u>	<u>(3,578)</u>
	<u>167,619</u>	<u>174,628</u>
Provision for levies in appeals	<u>145,707</u>	<u>(290,003)</u>
Streetscape improvements - non-cost share	<u>111,146</u>	<u>268,046</u>
Marketing		
Marketing and promotion	51,042	44,115
Salaries and benefits	<u>49,208</u>	<u>41,460</u>
	<u>100,250</u>	<u>85,575</u>
Capital expenditures - other	<u>6,665</u>	<u>21,666</u>
Streetscape improvements - cost share	<u>-</u>	<u>11,696</u>
Amortization	<u>137,326</u>	<u>182,337</u>
	<u>\$ 2,803,786</u>	<u>\$ 2,216,396</u>

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

5300 S. DICKINSON DRIVE

CHICAGO, ILLINOIS 60637

