

**QUEEN STREET WEST BUSINESS  
IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

# **QUEEN STREET WEST BUSINESS IMPROVEMENT AREA**

## **FINANCIAL STATEMENTS December 31, 2016**

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**C.C.L.** Chartered Professional Accountants  
Professional Corporation  
(Member of LAWCPA network)

Terence Chan MBA, CPA (ILL, US), CPA, CA  
Michele Chan MBA, CPA (ILL, US), CPA, CA  
Anne Law B.Comm, CPA, CA

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
QUEEN STREET WEST BUSINESS IMPROVEMENT AREA**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **QUEEN STREET WEST BUSINESS IMPROVEMENT AREA**, which comprise the statements of financial position as at **December 31, 2016** and the statements of operations, changes in accumulated surplus 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 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.

### **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.

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 Queen Street West Business Improvement Area as at December 31, 2016 and the results of its operations, changes in accumulated surplus 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).

A large, stylized handwritten signature in black ink, consisting of the letters 'C.C.I.' in a cursive, bold font.

**Chartered Professional Accountants Professional Corporation**  
**Licensed Public Accountants**

Toronto, Ontario  
August 16, 2017

# QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Financial Position December 31, 2016

	<u>2016</u> \$	<u>2015</u> \$
<b>Financial Assets</b>		
Cash		
Accounts receivable	843,322	707,626
- City of Toronto - special charges (note 3)	67,091	42,642
- Others	31,064	22,153
Prepaid and deposits	<u>3,562</u>	<u>-</u>
	<u>945,039</u>	<u>772,421</u>
<b>Liabilities</b>		
Accounts payable		
- City of Toronto	46,881	2,007
- Others	<u>13,044</u>	<u>12,596</u>
	<u>59,925</u>	<u>14,603</u>
<b>Net Financial Assets</b>	885,114	757,818
<b>Non Financial Assets</b>		
Equipment (note 4)	<u>8,800</u>	<u>12,246</u>
Accumulated Surplus	<u>893,914</u>	<u>770,064</u>

Approved on behalf of the Board of Management

X  , Chair

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



Vice Chair

## QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

### Statement of Changes in Accumulated Surplus Year Ended December 31, 2016

	<u>2016</u> \$	<u>2015</u> \$
<b>Accumulated Surplus</b>		
Balance, beginning of year	770,064	609,809
Surplus for the year	<u>123,849</u>	<u>160,255</u>
Balance, end of year	<u>893,913</u>	<u>770,064</u>

# QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Operations Year Ended December 31, 2016

	<b>Budget 2016 \$</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>Revenue</b>			
City of Toronto - special charges	277,180	277,445	263,310
Miscellaneous income	<u>20,000</u>	<u>5,947</u>	<u>-</u>
	<b><u>297,180</u></b>	<b><u>283,392</u></b>	<b><u>263,310</u></b>
<b>Expenses</b>			
Advertising and promotion	70,000	18,738	30,596
Administration	80,082	64,563	39,355
Amortization	-	3,447	4,334
Repair and maintenance	21,900	16,318	16,049
Streetscape	100,000	71,532	25,064
Provision for uncollected special charges (recovered)	<u>25,198</u>	<u>(15,055)</u>	<u>(12,343)</u>
	<b><u>297,180</u></b>	<b><u>159,543</u></b>	<b><u>103,055</u></b>
<b>Surplus for the year</b>	<b><u>-</u></b>	<b><u>123,849</u></b>	<b><u>160,255</u></b>

# QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows Year Ended December 31, 2016

	<u>2016</u> \$	<u>2015</u> \$
<b>Fund provided (used):</b>		
<b>Operating Activities</b>		
Excess of revenues over expenses	123,849	160,255
- amortization	3,447	4,334
Changes in non-cash working capital components (1)	<u>8,400</u>	<u>(34,004)</u>
	<u>135,696</u>	<u>130,585</u>
<b>Investing Activities</b>		
Acquisition of equipment	<u>-</u>	<u>(915)</u>
<b>Net increase in cash</b>	<b>135,696</b>	<b>129,670</b>
Cash, beginning of year	<u>707,626</u>	<u>577,956</u>
<b>Cash, end of year</b>	<b><u>843,322</u></b>	<b><u>707,626</u></b>
 (1) Changes in non-cash working capital components represented by:		
Accounts receivable - City of Toronto	(24,449)	(31,972)
Accounts receivable - Other	(8,911)	(6,051)
Prepaid and deposits	(3,562)	-
Accounts payable - City of Toronto	44,874	(2,953)
Accounts payable - Other	<u>448</u>	<u>6,972</u>
	<u>8,400</u>	<u>(34,004)</u>

# QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

December 31, 2016

### 1. Nature of the Organization

Queen Street West Business Improvement Area is a not-for-profit volunteer-based association dedicated to create a safe and competitive business area that attract shoppers and new businesses 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.

### 2. Significant Accounting Policies

The Organization follows Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) which include the following policies:

#### Revenue recognition:

The Organization receives special charges from the City of Toronto, cash donations from corporate sponsors and private donors, as well as grants for operating purposes and capital projects. Revenue are being recorded upon signing of contract, and when collection can be reasonably ascertained.

#### Equipment:

Equipment are stated at cost and amortized using straight-line basis over the estimated useful lives of the assets at the following rates per annum:

Banners	3 years
Computer equipment	3 years
Bike Racks	5 years
Street furniture	5 years
Lights	5 years

#### Contributed services:

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

#### Financial instruments:

Financial instruments are recorded at the approximated fair value.

#### Use of Estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

## QUEEN STREET WEST BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements December 31, 2016

#### 3. City of Toronto - Special Charges

Special charges levied by the City are collected from BIA members 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>2016</u>	<u>2015</u>
	\$	\$
Total special charges outstanding	88,291	86,142
Less: allowance for uncollected special charges	<u>(21,200)</u>	<u>(43,500)</u>
Accounts receivable - City of Toronto (special charges)	<u>67,091</u>	<u>42,642</u>

The provision for uncollected levies reported on the Statement of Operations comprises of:

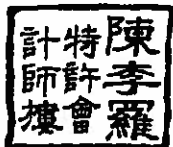
	<u>2016</u>	<u>2015</u>
	\$	\$
Special charges written-off	7,245	2,657
Changes in allowance for uncollected special charges	<u>(22,300)</u>	<u>(15,000)</u>
	<u>(15,055)</u>	<u>(12,343)</u>

#### 4. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>	<u>2015</u>
	\$	\$	\$	\$
Banners	4,380	4,380	-	-
Bike racks	11,365	11,365	-	-
Lights	16,317	8,158	8,159	11,422
Street furniture	13,475	12,834	641	824
Computer equipment	<u>669</u>	<u>669</u>	<u>-</u>	<u>-</u>
	<u>46,206</u>	<u>37,406</u>	<u>8,800</u>	<u>12,246</u>

#### 5. Insurance

The Board is required to deposit with the 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.



July 17, 2017

Queen Street West Business Improvement Area  
577 Queen St. West  
Toronto, Ontario  
M5V 2B6

Dear Amlani:

You have requested that we audit the financial statements of Queen Street West Business Improvement Area which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in accumulated surplus and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objective of our expressing an opinion on the financial statements.

#### **Our Responsibilities**

We will conduct our audit of Queen Street West Business Improvement Area 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence of 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

#### **Content of Audit Opinion**

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors**

**QUEEN STREET WEST BUSINESS IMPROVEMENT AREA**

### **Report on the Financial Statements**

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### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **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.

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 Queen Street West Business Improvement Area as at December 31, 2016 and the results of its operations, changes in accumulated surplus 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).

**Chartered Professional Accountants Professional Corporation**  
**Licensed Public Accountants**

**Toronto, Ontario**  
**Dated**

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form, or have not formed, an opinion on the financial statements, we may withdraw from the audit before issuing an auditor's report or we may disclaim an opinion on the financial statements. If this occurs, we will communicate the reasons and provide you details of any misstatements identified during the audit.

### **Use and Distribution of our Report**

The examination of the financial statements and the issuance of our audit opinion are solely for the use of Queen Street West Business Improvement Area and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us.

### **Reproduction of Auditor's Report**

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

### **Management's Responsibilities**

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility for:

- a) the preparation and fair presentation of the financial statements in accordance with the Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB);
- b) 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; and
- c) providing us with:
  - i. unrestricted access to persons within the entity from whom we determine it is necessary to make inquiries;
  - ii. access to all information, of which management is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters; and
  - iii. additional information that we may request from management for the purpose of the audit.

As part of our audit process, we will request written confirmation from management and, where appropriate, those charged with governance concerning representations made to us in connection with the audit.

### ***Preparation of Schedules***

We understand that you will prepare certain schedules and locate specified documents for our use before our engagement is planned to commence on August 1, 2017.

This assistance will facilitate our work and help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or withdraw from the engagement.

### ***Working Papers***

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

### ***File Inspections***

In accordance with professional regulations (and by our Firm's policy), our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

### ***Governing Legislation***

This engagement letter is subject to, and governed by, the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

### ***Dispute Resolution***

You agree that:

- (a) any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation; and
- (b) you will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.

Any mediation initiated as a result of this engagement shall be administered within the Province of Ontario by a mediation organization to be decided, according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

### ***Indemnity***

Queen Street West Business Improvement Area hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our Firm, and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- (a) The breach by Queen Street West Business Improvement Area, or its directors, officers, agents, or employees, of any of the covenants made by Queen Street West Business Improvement Area herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our Firm.

- (b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our Firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by the Organizations.

### ***Time Frames***

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by Queen Street West Business Improvement Area of its obligations.

Any initial audit considerations.

### ***Fees at Regular Billing Rates***

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable GST/HST, and are due when rendered. Fees for any additional services will be established separately.

Our estimated fees for auditing of the two years, exclusive of HST, are as follows:

2015 : \$1,600 and

2016: \$1,650

### ***Billing***

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of [2.0%] per month. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including lawyers' fees.

### ***Termination***

If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all of our out-of-pocket costs, through to the date of termination.

### ***Costs of Responding to Government or Legal Processes***

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST/HST) incurred.

### ***Other Services***

In addition to the audit services referred to above, we will, as allowed by the Rules of Professional Conduct, prepare your federal and provincial income tax returns and other special reports as required. Management will provide the information necessary to complete these returns / reports and will file them with the appropriate authorities on a timely basis.

### ***Use of Information***

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

(a) you represent to us that management has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and

(b) we will hold all personal information in compliance with our Privacy Statement.

### ***Communications***

In connection with this engagement, we may communicate with you or others via telephone, facsimile, post, courier and e-mail transmission. As all communications can be intercepted or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from: communications, including any consequential, incidental, direct or indirect; or special damages, such as loss of revenues or anticipated profits; or disclosure or communication of confidential or proprietary information.

This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to the Organizations.

Yours truly,

C.C.L. Chartered Professional Accountants Professional Corporation



Terence Chan, MBA, CPA (ILL, US), CPA, CA

Acknowledged and agreed on behalf of Queen Street West Business Improvement Area by:

X 

Shamez Amlani

Queen Street West Business Improvement Area

Date July 17, 2017