

**MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2017**

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Midtown Yonge Business Improvement Area

We have audited the accompanying financial statements of Midtown Yonge Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, 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 generally accepted accounting principles, 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 Midtown Yonge Business Improvement Area as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 20, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

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MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 211,248	\$ 143,130
City of Toronto- special charges receivable (Note 4)	6,871	(8,098)
HST rebate receivable	19,555	10,345
Prepaid expenses	-	200
	<u>237,674</u>	<u>145,577</u>
PROPERTY AND EQUIPMENT (Note 3.)	<u>39,557</u>	<u>2,422</u>
	<u>\$ 277,231</u>	<u>\$ 147,999</u>
LIABILITIES		
City of Toronto	\$ -	\$ (1)
Other accounts payable and accruals	<u>51,797</u>	<u>8,149</u>
	51,797	8,148
ACCUMULATED SURPLUS	<u>225,434</u>	<u>139,851</u>
	<u>\$ 277,231</u>	<u>\$ 147,999</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

Robert Gore & Associates
Chartered Accountants

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Statement of Revenues and Expenditures
Year Ended December 31, 2017

	Budget 2017 (note 7)	2017	2016
REVENUE			
City of Toronto - special charges (Note 4)	\$ 169,234	\$ 169,234	\$ 149,457
Grants and other	-	47,501	-
	<u>169,234</u>	<u>216,735</u>	<u>149,457</u>
EXPENSES			
Capital / Amortization	40,000	10,041	606
Provision for uncollected special charges (Note 5)	15,385	21,672	24,121
Administration	39,093	61,267	36,831
Promotion and advertising	60,000	28,996	9,578
Maintenance	23,500	7,721	44,341
	<u>177,978</u>	<u>129,697</u>	<u>115,477</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM	(8,744)	87,038	33,980
EXTRAORDINARY ITEM	-	1,455	1,634
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (8,744)</u>	<u>\$ 85,583</u>	<u>\$ 32,346</u>

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2017

	2016 Balance	Excess of revenue over expenses	2017 Balance
Accumulated surplus	\$ 139,851	\$ 85,583	\$ 225,434

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 85,583	\$ 32,346
Item not affecting cash:		
Amortization of property, plant and equipment	10,041	606
	<u>95,624</u>	<u>32,952</u>
Changes in non-cash working capital:		
City of Toronto- special charges receivable	(14,969)	42,681
Accounts Receivable- Other	(9,210)	(9,243)
City of Toronto	-	(1)
Accounts payable-other	43,648	5,822
Prepaid expenses	200	-
	<u>19,669</u>	<u>39,259</u>
Cash flow from operating activities	<u>115,293</u>	<u>72,211</u>
Capital Transactions		
Purchase of property, plant and equipment	<u>(47,175)</u>	<u>(3,028)</u>
INCREASE IN CASH FLOW	68,118	69,183
Cash - beginning of year	<u>143,130</u>	<u>73,947</u>
CASH - END OF YEAR	<u>\$ 211,248</u>	<u>\$ 143,130</u>
CASH CONSISTS OF:		
Cash	<u>\$ 211,248</u>	<u>\$ 143,130</u>

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2017

1. PURPOSE OF THE ORGANIZATION

Midtown Yonge Business Improvement Area (BIA) is established as a Business Improvement Area 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 the 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 property tax charge based on an annual operating budget prepared by the Board and approved by Council under Section 220(17) of the municipal act, as amended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

(continues)

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Banners	5 years	straight-line method
Streetscape Plan	5 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Midtown Yonge Business Improvement Area recognizes revenue on an accrual basis from the following sources.

City of Toronto Special Charges.

These charges are levied to business properties within the BIA on a calendar year basis through the property tax system. The city remits the collected funds to the BIA as well as administering the collection of any unpaid levies. The BIA accounts for the total amount of the levy determined by the City. A general allowance for appeals and reassessments is booked as a provision against the total levies, and any uncollectable levies, as determined by the City of Toronto, are written off to bad debts in the year the City identifies them as uncollectable.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Banners	\$ 3,028	\$ 1,211	\$ 1,817	\$ 2,422
Streetscape Improvements	47,175	9,435	37,740	-
	<u>\$ 50,203</u>	<u>\$ 10,646</u>	<u>\$ 39,557</u>	<u>\$ 2,422</u>

4. CITY OF TORONTO - SPECIAL CHARGES

Special charges levied by the 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.

	2017	2016
Special charges outstanding	\$ 27,971	\$ (4,198)
Less: Allowance for uncollected special charges	(21,100)	(3,900)
Special charges receivable (payable)	<u>\$ 6,871</u>	<u>\$ (8,098)</u>

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2017

5. PROVISION FOR UNCOLLECTED SPECIAL CHARGES

The provision for uncollected levies reported on the Statement of Revenue and Expenditures is comprised of:

	<u>2017</u>		<u>2016</u>
Special charges written off	\$ 4,472	\$	32,721
Change in Allowance for uncollected levies	<u>17,200</u>		<u>(8,600)</u>
	<u>\$ 21,672</u>	\$	<u>24,121</u>

6. 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 incident has been obtained by the Board through the City of Toronto.

7. BUDGET

Budget Figures are for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.