Appendix BG

THE BOARD OF MANAGEMENT FOR THE YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements
For the Year Ended December 31, 2018

THE BOARD OF MANAGEMENT FOR THE YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Management for the Yonge-Lawrence Business Improvement Area

Opinion

I have audited the financial statements of Yonge-Lawrence Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2018 and its financial performance 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).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the BIA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
April 17, 2019

Chartered Professional Accountant
Licensed Public Accountant

THE BOARD OF MANAGEMENT FOR THE
YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018 $	2017 $
FINANCIAL ASSETS		
Cash	61,913	35,622
Short-term investment (Note 3)	52,174	51,981
Accounts receivable		
City of Toronto – special charges (Note 4)	13,682	631
Other	21,302	49,651
	149,071	137,885
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – Other	13,969	2,343
Other	9,493	5,310
	23,462	7,653
NET FINANCIAL ASSETS	125,609	130,232
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	17,115	2,460
ACCUMULATED SURPLUS	142,724	132,692

Approved on behalf of the Board of Management:

Matthew Cole

Chair

Treasurer

THE BOARD OF MANAGEMENT FOR THE
YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 $ Budget (Note 9)	2018 $ Actual	2017 $ Actual
REVENUE			
City of Toronto – special charges	208,051	208,628	207,100
Sponsorship, interest and other	10,200	10,193	10,383
	218,251	218,821	217,483
EXPENSES			
Administration	77,170	79,956	77,586
Promotion & advertising	68,195	64,645	71,724
Maintenance	52,800	51,711	53,854
Amortization		8,224	1,458
Capital (Note 8)	11,900	1,050	8,914
Provision for (recovery of) uncollected special charges (Note 4)	15,686	3,203	19,615
	225,751	208,789	233,151
SURPLUS (DEFICIT) FOR THE YEAR	(7,500)	10,032	(15,668)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	132,692	132,692	148,360
ACCUMULATED SURPLUS, END OF YEAR	125,192	142,724	132,692

THE BOARD OF MANAGEMENT FOR THE
YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 $	2017 $
Surplus (deficit) for the year	10,032	(15,668)
Acquisition of tangible capital assets	(22,879)	(2,340)
Amortization of tangible capital assets	8,224	1,458
	(4,623)	(16,550)
Balance - Beginning of year	130,232	146,782
Balance - End of year	125,609	130,232

THE BOARD OF MANAGEMENT FOR THE
YONGE-LAWRENCE VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 $	2017 $
Cash flows from operating activities		
Surplus (deficit) for the year	10,032	(15,668)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	8,224	1,458
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(13,051)	35,437
Accounts receivable – other	28,349	(17,046)
Accounts payable - City of Toronto	11,626	2,343
Accounts payable – other	4,183	3,207
Cash Provided By Operations	49,363	9,731
Investing Activities		
Purchase of tangible capital assets	(22,879)	(2,340)
(Increase) decrease in Short-term Investment	(193)	(207)
Cash, Beginning Of Year	35,622	28,438
Cash, End Of Year	61,913	35,622

1. ESTABLISHMENT AND OPERATIONS

The Yonge-Lawrence Village 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 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, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:
The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

Short-term Investments:
Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

Capital assets:
Purchased capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Benches	5 years
Flags & Banners	3 years

Contributed services:
Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

Financial instruments:
Financial instruments are recorded at the approximated fair value.

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. SHORT-TERM INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate bearing annual interest of 0.5% and matures on September 19, 2019.

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.

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:

	2018 $	2017 $
Total special charges outstanding	40,782	28,031
Less: allowance for uncollected special charges	(27,100)	(27,400)
Special charges receivable	13,682	631

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

	2018 $	2017 $
Special charges written-off	3,503	4,315
Increase (decrease) in allowance for uncollected special charges	(300)	15,300
	3,203	19,615

5. CAPITAL ASSETS

2018

	Banners	Benches	Total
Cost			
Beginning	-	13,206	13,206
Additions	8,910	13,969	22,879
Disposals	-	-	-
Ending	**8,919**	**27,175**	**36,085**
Accumulated Amortization			
Beginning	-	10,746	10,746
Amortization	2,970	5,254	8,224
Disposals	-	-	-
Ending	**2,970**	**16,000**	**18,970**
Net Book Value	**5,940**	**11,175**	**17,115**

2017

	Banners	Benches	Total
Cost			
Beginning	-	10,866	10,866
Additions	-	2,340	2,340
Disposals	-	-	-
Ending	**-**	**13,206**	**13,206**
Accumulated Amortization			
Beginning	-	9.288	9,288
Amortization	-	1,458	1,458
Disposals	-	-	-
Ending	**-**	**10,746**	**10,746**
Net Book Value	**-**	**2,460**	**2,460**

6. INSURANCE

The Board 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.

7. FINANCIAL INSTRUMENTS

The carrying value of the BIA's financial instruments approximates their values. The BIA is subject to an interest rate risk with respect to its investments; however, as these instruments are short-term investments the risk is minimal.

8. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them as operating surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared capital improvement projects with the City. For this reason the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated surplus.

9. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.

10. COMMITMENTS

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The Board is committed to capital improvement projects of which the Board's share of $509 (2017 - $nil) was outstanding as at December 31, 2018.