

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2020**

**BLOOR ANNEX
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2020**

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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 Bloor Annex Business Improvement Area

Opinion

I have audited the financial statements of Bloor Annex Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2020, 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, 2020 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.

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
February 17, 2022


Chartered Professional Accountant
Licensed Public Accountant

THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 STATEMENT OF FINANCIAL POSITION
 As At DECEMBER 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	329,376	282,914
Short-term investments (Note 3)	474,882	392,105
Accounts receivable		
City of Toronto – special charges (Note 4)	-	5,640
Other	44,565	33,631
	<u>848,823</u>	<u>714,290</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)	21,259	-
City of Toronto - Other	846,342	755,669
Other	3,762	7,542
	<u>871,363</u>	<u>763,211</u>
NET FINANCIAL ASSETS	(22,540)	(48,921)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	758,111	777,164
ACCUMULATED SURPLUS	<u>735,571</u>	<u>728,243</u>

Approved on behalf of the Board of Management:



 Chair
 FEB 17/22



 Treasurer

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$ Budget (Note 10)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	296,387	294,255	295,147
Interest, grant and other	5,750	19,407	12,720
	<u>302,137</u>	<u>313,662</u>	<u>307,867</u>
EXPENSES			
Administration	53,552	39,643	48,642
Promotion and advertising	52,800	40,262	29,647
Maintenance	53,074	23,638	29,764
Capital (Note 8)	5,000	50,587	-
Amortization	-	109,726	201,397
Provision for uncollected special charges (Note 4)	17,711	42,478	4,429
	<u>182,137</u>	<u>306,334</u>	<u>313,879</u>
SURPLUS (DEFICIT) FOR THE YEAR	120,000	7,328	(6,012)
OPERATING SURPLUS, BEGINNING OF YEAR	<u>728,243</u>	<u>728,243</u>	<u>734,255</u>
OPERATING SURPLUS, END OF YEAR	<u>848,243</u>	<u>735,571</u>	<u>728,243</u>

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
Surplus (deficit) for the year	7,328	(6,012)
Acquisition of tangible capital assets	(90,673)	(927,494)
Amortization of tangible capital assets	109,726	201,397
	<u>26,381</u>	<u>(732,109)</u>
Balance - Beginning of year	(48,921)	683,188
Balance - End of year	<u>(22,540)</u>	<u>(48,921)</u>

THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 \$	2019 \$
Cash flows from operating activities		
Surplus (deficit) for the year	7,328	(6,012)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	109,726	201,397
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	5,640	2,208
Accounts receivable – other	(10,934)	(23,325)
Accounts payable - City of Toronto	111,932	743,824
Accounts payable – other	(3,780)	(4,640)
Cash Provided By Operations	219,912	913,452
Investing Activities		
Purchase of tangible capital assets	(90,673)	(927,494)
(Increase) decrease in short-term investments	(82,777)	(34,798)
Cash, Beginning Of Year	282,914	331,754
Cash, End Of Year	329,376	282,914

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. ESTABLISHMENT AND OPERATIONS

The Bloor Annex 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.

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:

Streetscape	10 years
Lights	5 years
Pole Wraps	5 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.

THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D
 FOR THE YEAR ENDED DECEMBER 31, 2020

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 INVESTMENTS

Short-term investments consist of a BNS Powered GIC with the Scotia Bank which has a maximum potential of earning 7% growth maturing in 2022 and a savings account with Scotiabank which is cashable on demand.

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 (payable) net of an allowance for uncollected amounts. The special charges receivable from (payable to) the City of Toronto are comprised of:

	2020	2019
	\$	\$
Total special charges outstanding	(4,759)	23,840
Less: allowance for uncollected special charges	(16,500)	(18,200)
Special charges receivable	<u>(21,259)</u>	<u>5,640</u>

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

	2020	2019
	\$	\$
Special charges written-off	44,178	13,029
Change in allowance for uncollected special charges	(1,700)	(8,600)
	<u>42,478</u>	<u>4,429</u>

THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D
 FOR THE YEAR ENDED DECEMBER 31, 2020

5. TANGIBLE CAPITAL ASSETS

	2020		Total
	Lights	Street Scape	
Cost			
Beginning	38,667	1,006,983	1,045,650
Additions	-	90,673	90,673
Disposals	-	-	-
Ending	38,667	1,097,656	1,136,323
Accumulated Amortization			
Beginning	38,667	229,819	268,486
Amortization	-	109,726	109,726
Disposals	-	-	-
Ending	38,667	339,545	378,212
Net Book Value	-	758,111	758,111

	2019		Total
	Lights	Streetscape	
Cost			
Beginning	38,667	79,489	118,158
Additions	-	927,494	927,494
Disposals	-	-	-
Ending	38,667	1,006,983	1,045,652
Accumulated Amortization			
Beginning	38,667	28,422	67,089
Amortization	-	201,397	201,397
Disposals	-	-	-
Ending	38,667	229,819	268,486
Net Book Value	-	777,164	777,164

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 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 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. 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 \$256,694 (2019 - \$287,416) was outstanding as at December 31, 2020.

10. BUDGET

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

RAFIQ DOSANI, B.Comm. CPA, CA
CHARTERED PROFESSIONAL ACCOUNTANT

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December 11, 2021

Mr. Brian Burchell, Chair
Bloor Annex Business Improvement Area
Toronto, Ontario

Dear Mr. Burchell:

**MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2020**

The audit of the financial statements of the Bloor Annex Business Improvement Area (BIA) for the year ended December 31, 2020 has been completed. The primary purpose of the audit was to express an opinion on the financial position of the BIA as at that date and on the results of its operations for the year then ended.

Given the test nature of my audit, you will appreciate that reliance must be placed on adequate methods of internal control as the Board's principal safeguard against irregularities which a test examination may not disclose.

This letter provides my observations and recommendations on matters arising from the 2020 audit for your consideration.

Payments for Volunteer Services

Observation:

All City of Toronto appointed or elected Board and Agencies members are volunteers and are not entitled to payment for their volunteer services. During the year the BIA Coordinator left the BIA employment. The Chair of the BIA, in addition to performing the Chair's responsibilities is also acting as a Coordinator of the BIA. For his Coordinator duties he has been billing the BIA bi-weekly through his company. His time sheets are approved by the Vice-Chair of the BIA. However, he is the sole cheque signing officer and signs cheques paid to his company.

Recommendation:

- 1. As BIA directors are not entitled to compensation for their volunteer services, the BIA should immediately stop payments to the Chair and hire an independent Co-ordinator.**

Management Response:

The BIA is aware of this conflict and of the need to have staff independent of the Board of Management. The situation was created by the crisis that the COVID pandemic brought upon many organizations where “all hands on deck” was required.

To be clear, all activities as chair and coordinator were itemized in a daily work log and approved by the Vice-Chair/Treasurer. Tasks performed in the Chair role were never compensated as the detailed record will confirm. This does not diminish the perception of conflict but it is an important point for the official record.

Recognizing the conflict, the Chair is resigning his executive position and his position on the Board of Management and will advise the City using the designated forms provided by the BIA office.

Conflict of Interest

For administrative convenience the BIA has been renting office space at a nominal rent from a local newspaper. The Chair of the BIA is a Publisher of the newspaper and is also a signing officer of the cheques paid to the newspaper for rent. As the Chair is a Senior Officer of the newspaper, it is a perceived conflict of interest. It should be noted that three years ago at the recommendation of the City Integrity Commissioner, the City Council issued a Conflict of Interest Policy. In order to avoid conflicts of interest, or perceived conflicts of interest this policy specifically prohibits all board directors from providing any goods or services to their respective Boards and Agencies.

Recommendation:

- 2. In order to comply with the City Conflict of Interest Policy the BIA should find an alternative office space for the BIA as soon as practical.**

Management Response:

The amount of rent paid by the Bloor Annex BIA is \$300 per month. This provides the BIA with a secure space to store records and have internal meetings between staff and the chair. In addition, the BIA enjoys shared use of a landline, desks, printer, internet, a washroom, and a mailing address that is not someone's home. As well significant amount

of storage space is provided. Management is aware of the perceived conflict and has sought and obtained alternative accommodation for the BIA, the BIA will now pay rent directly to an independent landlord.

Given the aforementioned resignation, the issue of a conflict is now somewhat moot.

Cheque Signing Procedures

Observation:

The City of Toronto Economic Development Division and the Toronto Association of Business Improvement Areas (TABIA) have issued a Toronto BIA Operating Handbook which specifically states that all cheques issued by a BIA should be signed by two independent authorized signing officers. It was noted that a number of cheques issued by the BIA had only the Chair's signature. Also the cheques paid to the Chair for reimbursement of expenses had only the Chair's signature.

Recommendation:

- 3. It is recommended that under no circumstances should officers be signing cheque issued to themselves. All cheques should be signed by two independent signing officers. It is a good business practice to have three cheque signing officers so that there are two independent officers always available in order to avoid conflicts.**

Management Response:

Every cheque signed by the BIA is recorded alongside fully verifiable back-up documents. The issue of how many signatures appeared on cheques resulted purely from the extreme impact that the COVID pandemic had on our Board operations and the availability of directors. This health crisis had a particular impact on our individual Board membership not felt by all BIA boards. Nevertheless, the BIA was particularly effective had helping BIA members get through the economic impacts, but keeping the bills paid was important and the cheque signing process was borne of necessity.

HST

Observations:

The BIA as a municipal board is entitled to an HST rebate and as such has been receiving the rebate. In order to claim a rebate the Canada Revenue Agency (CRA) expects all

BIA's to ensure the HST payments are paid only to suppliers who are registered with CRA for HST collection and have an HST number. However, a number of suppliers billed the BIA for HST but did not provide an HST number.

The HST rebates cheques received by the BIA are not deposited promptly in the BIA bank account.

Recommendations:

- 4. In order to comply with CRA guidelines, the BIA should ensure that the HST payments are only made to suppliers who provide an HST number.**
- 5. All cheques received should be promptly deposited into the BIA account.**

Management Response:

Management is not aware of paying HST to entities who are not registered with the CRA. Management will in the future carefully scrutinize all invoices to insure they reflect an HST number.

Management agrees it took too long to deposit two HST cheques. It was a pure oversight that was fixed in 2021.

T4As

Observation:

Canada Revenue Agency requires all entities to issue T4As to all providers of goods and services who receive at least \$500 in a year and are not incorporated or are not registered to collect HST. A number of persons received more than \$500 but were not provided T4As.

Recommendation:

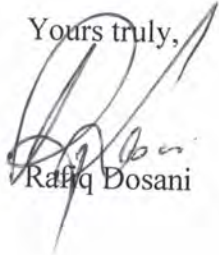
- 6. In order to avoid penalties for non-compliance with the CRA guidelines, T4As should be issued to all persons who are paid \$500 or more.**

Management Response:

Management was unaware that it was required to File T4As for non-employees. Management will review this practice for the 2022 fiscal year. The BIA has a number of street cleaners sourced from various social service programs who earn approximately \$100 per week. Management will advise these individuals in advance that their earning declarations to the CRA need to match the BIA's T4As.

I will be available to discuss my observations and recommendations with the Board members at a mutually convenient time.

Yours truly,



Rafiq Dosani