

**THE BOARD OF MANAGEMENT FOR THE
MIRVISH VILLAGE
BUSINESS IMPROVEMENT AREA**

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

MIRVISH VILLAGE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2020

CONTENTS

	<u>Page</u>
Independent auditor's report	3 - 4
Financial statements	
Statement of financial position	5
Statement of operations and accumulated capital fund	6
Statement of changes in net financial assets	7
Statement of cash flows	8
Notes to financial statements	9 – 12

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Mirvish Village Business Improvement Area

Opinion

I have audited the financial statements of Mirvish Village 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 Auditing Standards (CAS). 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 BIA or to cease operations, or has no realistic alternative but to do so.

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

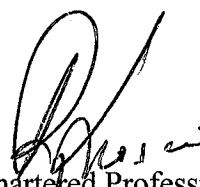
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 BIA'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 BIA'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 BIA 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
June 7, 2021


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
MIRVISH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
CURRENT		
Cash	117,138	109,224
Accounts receivable		
City of Toronto	-	-
Other	7,314	5,082
	<u>124,452</u>	<u>114,306</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
City of Toronto (Note 3)	1,368	25,375
City of Toronto - Others	6,657	-
Other	3,951	1,450
	<u>11,976</u>	<u>26,825</u>
NET FINANCIAL ASSETS	112,476	87,481
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	5,834	-
ACCUMULATED SURPLUS	<u>118,310</u>	<u>87,481</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2020 \$ Budget (Note 8)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	68,649	68,649	65,701
Interest and other	30,000	-	-
	98,649	68,649	65,701
EXPENSES			
Administration	17,438	16,499	14,596
Promotion and Marketing	6,070	400	891
Maintenance	18,900	15,831	15,322
Capital (Note 5)	50,000	-	-
Amortization	-	1,459	-
Provision for uncollected special charges (Note 3)	6,241	3,631	4,806
	98,649	37,820	35,615
SURPLUS FOR THE YEAR	-	30,829	30,086
ACCUMULATED SURPLUS, BEGINNING OF YEAR	87,481	87,481	57,395
ACCUMULATED SURPLUS, END OF YEAR	87,481	118,310	87,481

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

	2020	2019
	\$	\$
Surplus for the year	30,829	30,086
Acquisition of tangible capital assets	(7,293)	-
Amortization of tangible capital assets	1,459	-
	24,995	30,086
Balance - Beginning of year	87,481	57,395
Balance - End of year	<u>112,476</u>	<u>87,481</u>

**THE BOARD OF MANAGEMENT FOR THE
MIRVISH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
	\$	\$
Cash flows from operating transactions		
Surplus for the year	30,829	30,086
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	1,459	-
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	-	-
Accounts receivable – Other	(2,232)	(2,112)
Accounts payable – City of Toronto	(24,007)	3,644
Accounts payable – City of Toronto (other)	6,657	
Accounts payable - Other	2,501	75
	<hr/>	<hr/>
Cash Provided By Operations	15,207	31,693
Investing Activities		
Accounts Purchase of tangible capital assets	(7,293)	-
	<hr/>	<hr/>
Cash, Beginning Of Year	109,224	77,531
	<hr/>	<hr/>
Cash, End Of Year	117,138	109,224
	<hr/>	<hr/>

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

1. ESTABLISHMENT AND OPERATIONS

The Mirvish 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:

Street signage	5 years
Flags and banners	3 years
Streetscape	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
MIRVISH VILLAGE 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. 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:

	2020	2019
	\$	\$
Total special charges outstanding	2,431	(22,575)
Less: allowance for uncollected special charges	(3,800)	(2,800)
Special charges receivable	<u>(1,368)</u>	<u>(25,375)</u>

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

	2020	2019
	\$	\$
Special charges written-off	2,631	32,906
Change in provision for assessment appeals	1,000	(28,100)
	<u>3,631</u>	<u>4,806</u>

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

4. CAPITAL ASSETS

	2020	
	Street Scape	Total
Cost		
Beginning	-	-
Additions	7,293	7,293
Disposals	-	-
Ending	<u>7,293</u>	<u>7,293</u>
Accumulated Amortization		
Beginning	-	-
Amortization	1,459	1,459
Disposals	-	-
Ending	<u>1,459</u>	<u>1,459</u>
Net Book Value	<u>5,834</u>	<u>5,834</u>

5. 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

6. INSURANCE

The Board is required to deposit with the Treasurer, City of Toronto, insurance policies indemnifying the City against public liability & property damage in respect of the activities of the Board. Insurance coverage providing \$5,000,000 for each occurrence/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.

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

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160
E-mail: dosani23@sympatico.ca

December 11, 2021

Mr. Brian Burchell, Chair
Mirvish Village Business Improvement Area
Toronto, Ontario

Dear Mr. Bruchell:

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

The audit of the financial statements of the Mirvish Village 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.

Conflict of Interest

Observation:

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 co-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 the board directors from providing any good and services to their respective Boards and Agencies.

Recommendation:

- 1. In order to comply with the City's Conflict of Interest Policy the BIA should find alternative office space as soon as practical**

Management Response:

The amount of rent paid by the Mirvish Village BIA is \$200 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. Management is aware of the perceived conflict and will seek alternative accommodation for the BIA at a competitive rate. The conflict has been declared to the Board of Management.

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 the Chair is a co-signing officer. He co-signs the cheques paid to him for reimbursement of internet expenses paid by his credit card.

Recommendation:

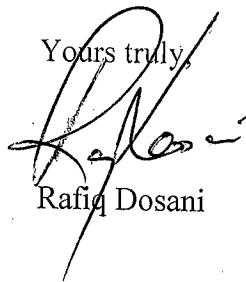
1. **It is recommended that under no circumstances should officers be signing cheque issued to themselves. All cheques should be signed by two independent signing officers. It is a good business practice to have three cheque signing officers so that there are two independent officers always available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

Management Response:

To the best of Management's knowledge the reimbursement in question relates to the Chair's credit card being used automatically each month by the BIA's web service provider for the BIA's monthly fee of less than \$20 per month. With respect, we do not regard the scale of the transaction in question as "material". However, Management will inquire if it may pay the web service provider for their services by BIA cheque thereby avoiding the perception of a conflict of interest.

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

Yours truly,



Rafiq Dosani