

**THE BOARD OF MANAGEMENT FOR THE
WYCHWOOD HEIGHTS
BUSINESS IMPROVEMENT AREA**

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

WYCHWOOD HEIGHTS 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 Wychwood Heights Business Improvement Area

Opinion

I have audited the financial statements of Wychwood Heights 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.

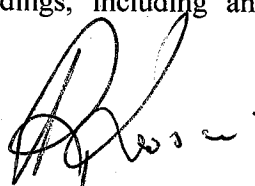
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 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.

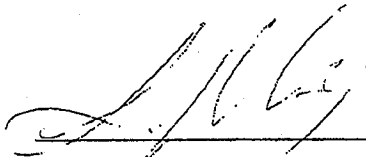
Toronto, Ontario
November 12, 2021


Chartered Professional Accountant
Licensed Public Accountant

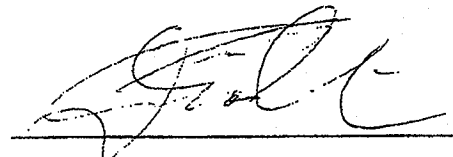
**THE BOARD OF MANAGEMENT FOR THE
WYCHWOOD HEIGHTS BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	99,320	126,503
Short-term investments (Note 3)	212,855	211,796
Accounts receivable		
City of Toronto – special charges (Note 4)	18,055	-
Other	14,557	11,090
	344,787	349,389
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – Special charges (Note 4)	-	26,734
City of Toronto	33,354	33,354
Other	2,850	2,350
	36,204	62,438
NET FINANCIAL ASSETS	308,583	286,951
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	639	1,277
ACCUMULATED SURPLUS	309,222	288,228

Approved on behalf of the Board of Management:



Chair
SAFA NEMATY



Treasurer T. DEDATI

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

	2020 \$ Budget (Note 9)	2020 \$ Actual	2019 \$ Actual
REVENUE			
City of Toronto – special charges	36,161	36,161	60,244
Interest and other	-	1,059	3,290
	<u>36,161</u>	<u>37,220</u>	<u>63,534</u>
EXPENSES			
Administration	20,327	6,851	6,916
Promotion and advertising	16,961	-	-
Maintenance	46,000	31,187	24,880
Capital (Note 8)	-	-	-
Amortization	-	638	638
Provision for uncollected special charges (Note 4)	17,873	(22,450)	29,374
	<u>101,161</u>	<u>16,226</u>	<u>61,808</u>
SURPLUS (DEFICIT) FOR THE YEAR	(65,000)	20,994	1,726
ACCUMULATED SURPLUS, BEGINNING OF YEAR	288,228	288,228	286,502
ACCUMULATED SURPLUS, END OF YEAR	223,228	309,222	288,228

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

	2020	2019
	\$	\$
Surplus for the year	20,994	1,726
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	638	638
	21,632	2,364
Balance - Beginning of year	286,951	284,587
Balance - End of year	<u>308,583</u>	<u>286,951</u>

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

	2020	2019
	\$	\$
Cash flows from operating activities		
Surplus for the year	20,994	1,726
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	638	638
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(18,055)	-
Accounts receivable – other	(3,467)	(2,852)
Accounts payable - City of Toronto	(26,734)	24,648
Accounts payable – other	500	700
Cash Provided By Operations	(26,124)	24,860
Investing Activities		
Purchase of tangible capital assets	-	-
(Increase) decrease in Short-term Investments	(1,059)	(3,290)
Cash, Beginning Of Year	126,503	104,933
Cash, End Of Year	99,320	126,503

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

1. ESTABLISHMENT AND OPERATIONS

The Wychwood Heights 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:

Street & Christmas lights	5 years
Planters	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.

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 report them at their fair market value.

**THE BOARD OF MANAGEMENT FOR THE
WYCHWOOD HEIGHTS 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 guaranteed investment certificates with the TD Bank. These investments bear interest at the rate of ranging from 0.65% - 0.95% per annum and will be maturing in 2021.

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 (payable) from the City of Toronto are comprised of:

	2020	2019
	\$	\$
Total special charges outstanding	59,755	37,966
Less: allowance for uncollected special charges	(41,700)	(64,700)
Special charges receivable (payable)	<u>18,055</u>	<u>(26,734)</u>

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

	2020	2019
	\$	\$
Special charges written-off (recovered)	550	974
Change in provision for losses on assessment appeals	(23,000)	28,400
	<u>(22,450)</u>	<u>29,374</u>

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

5. CAPITAL ASSETS

	2020		
	Lights	Planters	Total
Cost			
Beginning	79,618	3,189	82,807
Additions	-	-	-
Disposals	-	-	-
Ending	79,618	3,189	82,807
Accumulated Amortization			
Beginning	79,618	1,912	81,530
Amortization	-	638	638
Disposals	-	-	-
Ending	79,618	2,550	82,168
Net Book Value	-	639	639

	2019		
	Lights	Planters	Total
Cost			
Beginning	79,618	3,189	82,807
Additions	-	-	-
Disposals	-	-	-
Ending	79,618	3,189	82,807
Accumulated Amortization			
Beginning	79,618	1,274	80,892
Amortization	-	638	638
Disposals	-	-	-
Ending	79,618	1,912	81,530
Net Book Value	-	1,277	1,277

**THE BOARD OF MANAGEMENT FOR THE
WYCHWOOD HEIGHTS 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. 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 7, 2021

Mr. Safa Nematy, Chair
Wychwood Village Business Improvement Area
Toronto, Ontario

Dear Mr. Nematy:

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

The audit of the financial statements of the Wychwood Village Business Improvement Area (BIA) for the year ended December 31, 2020 has recently 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.

During the course of the audit I noted my all prior year's recommendations have been implemented. This letter provides my observations and recommendations on matters arising from the 2020 audit for your consideration.

Document Retention

Observation:

According to the City of Toronto's document retention policy all City Boards are required to keep all financial records for ten years. The Board does not have the 2020 original documents in its possession. I understand that despite various requests the past executive officers have not yet transferred the documents to the new executives.

Recommendation:

- 1. The Board should continue its efforts to obtain the prior years' records**

Management Response:

The Board agreed with the recommendation. The new executives have made several requests to obtain the documents but for some unknown reason the Past Chair is not providing these documents to the new Board. As a last resort the Board has requested the City Integrity Commissioner to assist the BIA in obtaining the documents.

Board of Directors' Minutes and Detailed Budget

Observation:

For the 2020 audit the Board did not provide the 2020 minutes and the 2020 detailed approved budget. During the audit it was not possible to ensure all major expenses were either budgeted or approved by the Board.

Recommendation:

- 2. The Board should ensure that the Board of Directors' minutes and the detailed budget would be available for the future audits.**

Management Response:

Despite various attempts, the Board was not successful in obtaining the 2020 detailed budget or the Board of Directors' minutes from prior years' executives. As mentioned earlier the Board has requested the City Integrity Commissioner to obtain all the prior years' documents. For the 2021 audit the Board will ensure all the Board of Directors' minutes and the 2021 detailed budget will be available for the 2021 audit.

Cheque Signing Procedures

Observation:

It is the BIA's policy that all cheques issued should be signed by two authorized cheque signing officers. However, it was noted that two cheques were issued to the Past Chair for reimbursement of expenses. One was signed by the Past Chair herself and co-signed by other person the other cheque had only one signature.

Recommendation:

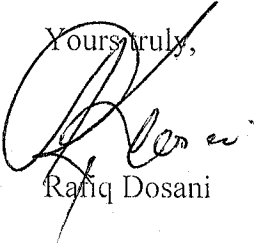
- 3. It is recommended that under no circumstances should officers be signing cheque issued to them. All cheques should be signed by two independent signing officers.**

Management Response:

The Board agreed with the recommendation. It should be noted the Past Chair signed her own cheque. The new Board has strict policy that all cheques should only be signed by two independent authorized offices.

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

Yours truly,

A handwritten signature in black ink, appearing to read 'Rafiq Dosani', is written over the typed name. The signature is stylized and cursive.

Rafiq Dosani