

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

**Financial Statements
For the Year Ended December 31, 2021**

**BLOOR ANNEX
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2021**

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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, 2021, 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, 2021 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
January 15, 2023


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, 2021

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	117,833	329,376
Short-term investments (Note 3)	44,366	474,882
Accounts receivable		
City of Toronto – special charges (Note 4)	57,973	-
Other	41,548	44,565
	261,720	848,823
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)	-	21,259
City of Toronto - Other	246,342	846,342
Other	21,750	3,762
	268,092	871,363
NET FINANCIAL ASSETS	(6,372)	(22,540)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	677,994	758,111
ACCUMULATED SURPLUS	671,622	735,571

Approved on behalf of the Board of Management



 Chair



 Treasurer

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 \$ Budget (Note 10)	2021 \$ Actual	2020 \$ Actual
REVENUE			
City of Toronto – special charges	276,529	276,529	294,255
Interest, grant and other	25,475	30,790	19,407
	<u>302,004</u>	<u>307,319</u>	<u>313,662</u>
EXPENSES			
Administration	77,217	70,659	39,643
Promotion and advertising	42,706	65,452	40,262
Maintenance	62,820	96,628	23,638
Capital (Note 8)	31,000	-	50,587
Amortization	-	117,128	109,726
Provision for uncollected special charges (Note 4)	42,135	21,401	42,478
	<u>255,788</u>	<u>371,268</u>	<u>306,879</u>
SURPLUS (DEFICIT) FOR THE YEAR	46,216	(63,949)	(6,012)
OPERATING SURPLUS, BEGINNING OF YEAR	<u>735,571</u>	<u>735,571</u>	<u>728,243</u>
OPERATING SURPLUS, END OF YEAR	<u>781,787</u>	<u>671,622</u>	<u>735,571</u>

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR ANNEX BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
Surplus (deficit) for the year	(63,949)	7,328
Acquisition of tangible capital assets	(37,011)	(90,673)
Amortization of tangible capital assets	117,128	109,726
	16,168	26,381
Balance - Beginning of year	(22,540)	(48,921)
Balance - End of year	<u>(6,372)</u>	<u>(22,540)</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	(63,949)	7,328
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	117,128	109,726
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(57,973)	5,640
Accounts receivable – other	3,017	(10,934)
Accounts payable - City of Toronto	(621,259)	111,932
Accounts payable – other	17,988	(3,780)
Cash Provided By Operations	(605,048)	219,912
Investing Activities		
Purchase of tangible capital assets	(37,011)	(90,673)
(Increase) decrease in short-term investments	430,516	(82,777)
Cash, Beginning Of Year	329,376	282,914
Cash, End Of Year	117,833	329,376

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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
Snow Plow & Trailers	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, 2021

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 2023 and a high 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:

	2021	2020
	\$	\$
Total special charges outstanding	74,973	(4,759)
Less: allowance for uncollected special charges	(17,000)	(16,500)
Special charges receivable	<u>57,973</u>	<u>(21,259)</u>

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

	2021	2020
	\$	\$
Special charges written-off	20,901	44,178
Change in allowance for uncollected special charges	500	(1,700)
	<u>21,401</u>	<u>42,478</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, 2021

5. TANGIBLE CAPITAL ASSETS

	2021		Total
	Snow Plow & Trailers	Street Scope	
Cost			
Beginning	-	1,097,656	1,097,656
Additions	37,011		37,011
Disposals			
Ending	37,011	1,097,656	1,134,667
Accumulated Amortization			
Beginning	-	339,545	339,545
Amortization	7,402	109,726	117,128
Disposals			
Ending	7,402	449,271	456,673
Net Book Value	29,609	648,385	677,994

	2020		Total
	Lights	Streetscape	
Cost			
Beginning	38,667	1,006,983	1,045,650
Additions	-	90,673	109,726
Disposals	-	-	-
Ending	38,667	1,097,256	1,136,323
Accumulated Amortization			
Beginning	38,667	229,819	109,726
Amortization	-	109,726	219,531
Disposals			
Ending	38,667	339,545	378,212
Net Book Value	-	758,111	758,111

**THE BOARD OF MANAGEMENT FOR THE
BLOOR ANNEX BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 \$129,467 (2020 - \$256,694) was outstanding as at December 31, 2021.

10. BUDGET

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

January 20, 2023

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

Dear Mr. Burchell:

**MANAGEMENT LETTER
YEAR ENDED DECEMBER 31, 2021**

The audit of the financial statements of the Bloor Annex Business Improvement Area (BIA) for the year ended December 31, 2021 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 2021 audit for your consideration.

Employment Contract

Observation:

During the year the BIA hired the Past Chair as the General Manager. The BIA does not have an employment contract with the General Manager.

Recommendation:

- 1. The BIA should sign an employment contract with the General Manager. An important aspect of an employment contract is that it documents approval of the Board of Directors regarding salaries, roles and responsibilities, and employment start and end date. This document is necessary should disagreement in those areas arise in the future between the General Manager and the Board.**

Management Response:

Agreed. A contract will be signed with the General Manager and shared with the auditor as part of the upcoming audit of the 2022 books and records.

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 Coordinator's signature. Also the cheques paid to the Coordinator for reimbursement of expenses had only his signature although all reimbursement of expenses had appropriate supporting documents.

Recommendation:

- 2. It is recommended that under no circumstances should officers be signing cheques 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:

It is part of the General Manager's duties to dispense the budget in a diligent and timely manner. It is a result of Administrative convenience that BIA cheques are routinely signed by one entity. This is with the approval of the Board and the bank from which the funds are drawn. There is more than one cheque signer.

We also understand that for 2020 and onward BIA's are prohibited by the City from physically meeting, due to COVID 19 risks, making obtaining other signatures unsafe, impractical, and in violation of the health restrictions imposed by the City on BIAs.

Thank you for observing that all expenses you examined had the requisite supporting documents.

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 BIAs to ensure the HST payments are paid only to suppliers who are registered with CRA for HST collection and have an HST number. A number of suppliers billed the BIA for HST but did not provide an HST number.

Recommendations:

- 3. 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.**

Management Response:

It is our policy to obtain appropriate HST numbers and it has been followed up. However, in some instances due to time pressure we may have not been successful in obtain HST number. In future we will be more diligent to comply with CRA guidelines.

T4As

Observation:

Canada Revenue Agency requires all entities to issue T4As to all providers of 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:

- 4. 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:

Following last year's exchange on this very subject the BIA has obtained legal advice. The advice we received is that this is an area of tax law that the CRA does not routinely enforce as it recognizes that its own rules on the subject are at the very least conflicting. Further, the advice suggests that the compliance costs would be prohibitive.

Financial Statements

Observation:

For the last two years the BIA has been late in complying with the City deadlines to provide audited financial statements on a timely basis.

Recommendation:

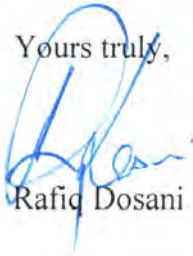
- 5. It is imperative that the BIA should provide audited financial statements to its Board for approval and a copy of audited financial statements to the City Accounting Services Division on or before the due date.**

Management Response:

Agreed. The BIA has successfully shifted into an on-line accounting system and fully expects meeting all timetable requirements for the audit of the 2022 tax year.

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

Yours truly,



Rafiq Dosani