

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**DOWNTOWN YONGE BUSINESS  
IMPROVEMENT AREA**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the  
Board of Management for the Downtown Yonge Business Improvement Area:

### Opinion

We have audited the financial statements of Downtown Yonge Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations, net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 these financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit.

We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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

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

Toronto, Canada  
April 7, 2022

*Rosenswig McKee Thorpe LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

### FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
Cash (Note 3)	\$ 1,876,235	\$ 2,345,729
Investments (Note 4)	2,450,000	1,460,671
Accounts receivable		
City of Toronto - special charges (Note 5)	361,835	191,894
Other	<u>146,107</u>	<u>116,909</u>
	<u>4,834,177</u>	<u>4,115,203</u>

### LIABILITIES

Accounts payable and accrued liabilities	141,915	132,247
Funds held in trust (Note 3)	191,215	47
Deferred revenue	-	10,000
Scholarship payable	<u>11,025</u>	<u>11,025</u>
	<u>344,155</u>	<u>153,319</u>
Net financial assets	<u>4,490,022</u>	<u>3,961,884</u>

### NON FINANCIAL ASSETS

Tangible capital assets (Note 6)	1,241,590	1,327,703
Prepaid expenses	<u>48,604</u>	<u>19,150</u>
	<u>1,290,194</u>	<u>1,346,853</u>
Accumulated surplus (Note 7)	<u>\$ 5,780,216</u>	<u>\$ 5,308,737</u>

Approved on behalf of the Board of Management:

  
\_\_\_\_\_, Chair

  
\_\_\_\_\_, Treasurer

See accompanying notes.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	2021		2020
	Actual	Budget (Note 12)	
<b>Revenue</b>			
City of Toronto - special charges	\$ 3,048,685	\$ 2,995,325	\$ 2,995,433
Grants	237,500	170,000	170,000
Other income	169,205	70,000	90,272
Advertising and sponsorships	61,000	85,000	64,563
	3,516,390	3,320,325	3,320,268
<b>Expenses</b>			
Administration	1,041,080	1,110,823	1,053,127
Maintenance	658,710	600,000	596,214
Streetscape improvements	523,156	500,200	257,461
Promotion and advertising	464,312	731,000	363,983
Festivals and events	239,456	300,000	258,380
Provision for (recovery of) levies in appeals	32,084	272,302	(51,485)
Amortization	86,113	-	91,614
	3,044,911	3,514,325	2,569,294
Annual surplus (deficit)	\$ 471,479	\$ (194,000)	750,974

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Annual surplus	\$ 471,479	\$ 750,974
Amortization of tangible capital assets	86,113	91,614
Increase in prepaid expenses	<u>(29,454)</u>	<u>(6,036)</u>
Change in net financial assets	528,138	836,552
Net financial assets, beginning of year	<u>3,961,884</u>	<u>3,125,332</u>
Net financial assets, end of year	<u>\$ 4,490,022</u>	<u>\$ 3,961,884</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Cash from operating activities		
Annual surplus	\$ 471,479	\$ 750,974
Adjustments for:		
Amortization	<u>86,113</u>	<u>91,614</u>
	557,592	842,588
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	(169,941)	160,581
Other	(29,198)	(10,105)
Increase in prepaid expenses	(29,454)	(6,036)
Increase (decrease) in accounts payable and accrued liabilities	9,667	(26,477)
Increase (decrease) in amounts held in trust	191,168	(5,000)
(Decrease) increase in deferred revenue	<u>(10,000)</u>	<u>10,000</u>
	<u>519,834</u>	<u>965,551</u>
Cash flows from investing activities		
Purchase of investments	<u>(989,328)</u>	<u>(28,457)</u>
(Decrease) increase in cash position	(469,494)	937,094
Cash, beginning of year	<u>2,345,729</u>	<u>1,408,635</u>
Cash, end of year	<u>\$ 1,876,235</u>	<u>\$ 2,345,729</u>



# **DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

### 1. Establishment of operations

The Downtown Yonge Business Improvement Area was designated as a business improvement area through By-Law 27-2001 enacted on February 1, 2001. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on June 28, 2001.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

### 2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants. The significant accounting policies are summarized as follows:

#### a) Accrual basis of accounting

Expenditures are recorded on the accrual basis, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been settled by payment of money.

#### b) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Advertising, sponsorship and grants - revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii) Other income - revenue is recognized when earned.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 2. Significant accounting policies (continued)

#### c) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition, plus related transaction costs.

#### d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

#### e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. The BIA records amortization using the following annual rates and methods:

Streetscape fixtures	-	10 - 30 year straight-line
Holiday decor	-	3 - 10 year straight-line
Leasehold improvements	-	over the remaining lease life
Furniture and equipment	-	3 - 5 year straight-line
Computer equipment	-	3 year straight-line

### 3. Cash

In 2021, the BIA received funds from the City of Toronto for a special project for Culture, Art and Recreation Programs in Ward 13. The funds are restricted in use and intended to be allocated to local programs and projects in consultation with the Ward 13 Councilor. At year end, the funds held in trust related to this initiative was \$191,215 (2020 - \$47).

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 4. Investments

Investments consist of amounts invested in guarantee investment certificates (GICs) and money market funds. Interest on these investments range from 0.5% - 1.10%. The GICs have maturity dates ranging from May 2022 to August 2024.

### 5. City of Toronto - special charges

Special charges levied by the City of Toronto ("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 BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	<u>2021</u>	<u>2020</u>
Total special charges outstanding	\$ 546,135	\$ 346,794
Less: Allowance for special charges in appeals	<u>(184,300)</u>	<u>(154,900)</u>
Special charges receivable	<u>\$ 361,835</u>	<u>\$ 191,894</u>

The City increased allowances for special charges by \$29,400 (2020 - decreased by \$150,800) for uncollectable amounts. The City also wrote off \$2,684 of levies during the year (2020 - \$99,315).

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2021**

6. Tangible capital assets

<u>Cost</u>	<u>2020</u>		<u>2021</u>	
	Opening	Additions	Disposals	Closing
Streetscape fixtures	\$ 2,485,250	\$ -	\$ -	\$ 2,485,250
Holiday decor	301,769	-	-	301,769
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	<u>77,855</u>	<u>-</u>	<u>-</u>	<u>77,855</u>
	<u>\$ 2,987,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,987,372</u>

<u>Accumulated Amortization</u>	<u>2020</u>		<u>2021</u>	
	Opening	Disposals	Amortization	Closing
Streetscape fixtures	1,157,547	-	86,113	1,243,660
Holiday decor	301,769	-	-	301,769
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	<u>77,855</u>	<u>-</u>	<u>-</u>	<u>77,855</u>
	<u>\$ 1,659,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745,782</u>

<u>Net Book Value</u>	<u>2020</u>	<u>2021</u>
Streetscape fixtures	<u>\$1,327,703</u>	<u>\$1,241,590</u>

7. Accumulated surplus

	<u>2021</u>		
	<u>Unrestricted Operating</u>	<u>Invested in capital assets</u>	<u>Total</u>
Accumulated surplus, beginning of year	\$ 3,981,034	\$ 1,327,703	\$ 5,308,737
Annual surplus	471,479	-	471,479
Amortization	<u>86,113</u>	<u>(86,113)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 4,538,626</u>	<u>\$ 1,241,590</u>	<u>\$ 5,780,216</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2021**

7. Accumulated surplus (continued)

	2020		
	Unrestricted Operating	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 3,138,446	\$ 1,419,317	\$ 4,557,763
Annual surplus	750,974	-	750,974
Amortization	<u>91,614</u>	<u>(91,614)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 3,981,034</u>	<u>\$ 1,327,703</u>	<u>\$ 5,308,737</u>

8. Contractual commitments

- a) The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2021 the BIA has \$14,582 (2020 - \$3,747) outstanding commitments relating to ongoing capital improvement project to be completed in 2022.
- b) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2022	\$ 143,542
2023	87,750
2024	<u>12,350</u>
	<u>\$ 243,642</u>

9. Financial instruments risks

- a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, funds held in trust and scholarship payable. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 9. Financial instruments risks (continued)

#### b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 4.

#### c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

### 10. Insurance

The BIA 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.

### 11. 2021 Budget

The 2021 budget figures on the statement of operations are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated April 7, 2022.

### 12. Annual surplus

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. No capital assets were purchased this year (2020 - nil). The annual surplus without amortization of \$86,113 (2020 - 91,614) is \$557,592 (2020 - 842,588).

### 13. COVID-19

In March 2020, the World Health Organization declared a global health emergency due to the outbreak of the Coronavirus also known as COVID-19. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus which have caused material disruptions to businesses globally and in Ontario. The impact on the BIA is uncertain and will depend on the duration of the measures put in place. An estimate of the financial effect is not practicable at this time.

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Administration		
Salaries and benefits	\$ 736,693	\$ 728,761
Occupancy costs	130,797	142,696
Professional fees	55,091	52,702
Repairs and maintenance	51,796	48,092
Utilities	17,794	22,156
General office	16,187	24,882
Insurance	11,337	9,305
Memberships	9,676	10,334
Travel	6,604	9,120
Consultants	2,834	2,433
Interest and bank charges	<u>2,271</u>	<u>2,646</u>
	<u>1,041,080</u>	<u>1,053,127</u>
Festivals and events		
Programming	185,425	183,932
Advertising and promotion	54,031	67,737
Consultants	<u>-</u>	<u>6,711</u>
	<u>239,456</u>	<u>258,380</u>
Maintenance		
Repairs and maintenance	382,943	347,616
Salaries and benefits	208,960	200,338
Occupancy costs	54,057	35,489
Utilities	11,295	12,193
Travel	<u>1,455</u>	<u>578</u>
	<u>658,710</u>	<u>596,214</u>

# DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

## SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Promotion and advertising		
Outreach	171,950	126,057
Advertising and promotion	162,206	148,602
Consultants	111,210	76,805
General office	13,962	8,164
Meetings	<u>4,984</u>	<u>4,355</u>
	<u>464,312</u>	<u>363,983</u>
Streetscape improvements	<u>523,156</u>	<u>257,461</u>
Provision for (recovery of) levies in appeals	<u>32,084</u>	<u>(51,485)</u>
Amortization	<u>86,113</u>	<u>91,614</u>
	<u>\$ 3,044,911</u>	<u>\$ 2,569,294</u>



# Rosenswig McRae Thorpe LLP

Chartered Professional Accountants  
Associated worldwide with CPA Associates International, Inc.

Michael Rosenswig  
Jeff McRae  
Tony Rosso  
Lorraine Varga  
Michelle Koscec  
Dustin Jainaraine

April 7, 2022

Board of Directors  
Downtown Yonge Business Improvement Area  
40 Dundas Street West Suite 300, PO Box 42  
Toronto, Ontario  
M5B 2C2

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended Friday, December 31, 2021 we wish to report to you on our findings.

We wish to thank M. Garner and the organization's staff for assisting us during the audit. Based on our materiality of \$60,000 there were no identified items that have not been adjusted for.

We would like to report to you the following financial reporting matters:

### *Related party transactions*

We have not identified any related party transaction in the course of our audit.

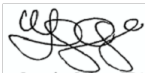
### *Other matters*

We have not noted any significant internal control matters. Though the segregation of duties is important to having a high degree of internal controls, we understand that this may not be feasible due to the limited number of personnel in the accounting and finance areas.

We would be pleased to discuss these items with you in more detail and assist you with any such implementation that you require.

Yours very truly,

ROSENSWIG McRAE THORPE LLP



Lorraine Varga, CPA, CA  
LV/dj