

**THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE
BUSINESS IMPROVEMENT AREA**

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

DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2021

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 DUPONT BY THE CASTLE Business Improvement Area

Opinion

I have audited the financial statements of DUPONT BY THE CASTLE 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 BIA's financial reporting process.

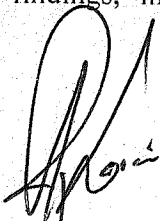
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 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
August 3, 2022


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

	2021 \$	2020 \$
FINANCIAL ASSETS		
CURRENT		
Cash	154,706	104,696
Short-term Investment (Note 10)	100,711	100,497
Accounts receivable		
City of Toronto (Note 3)	3,983	4,712
Other	16,332	14,480
	<u>275,732</u>	<u>224,385</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
City of Toronto	86,790	1,171
Other	19,673	5,474
	<u>106,463</u>	<u>6,645</u>
NET FINANCIAL ASSETS	169,269	217,740
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	82,453	35,045
ACCUMULATED SURPLUS	<u>251,722</u>	<u>252,785</u>

Approved on behalf of the Board of Management:

DocuSigned by:

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Chair

DocuSigned by:

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Treasurer

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

	2021 \$ Budget (Note 8)	2021 \$ Actual	2020 \$ Actual
REVENUE			
City of Toronto – special charges	137,841	137,841	137,842
Interest and other	5,000	310	497
	<u>142,841</u>	<u>138,151</u>	<u>138,339</u>
EXPENSES			
Administration	87,522	78,516	46,196
Promotion and Marketing	18,000	5,627	16,094
Maintenance	35,000	1,699	8,331
Capital (Note 5)	105,000	5,533	-
Amortization	-	42,355	24,402
Provision for (recovery of) uncollected special charges (Note 3)	4,750	5,484	8,577
	<u>250,272</u>	<u>139,214</u>	<u>103,600</u>
SURPLUS (DEFICIT) FOR THE YEAR	(107,431)	(1,063)	34,739
ACCUMULATED SURPLUS, BEGINNING OF YEAR	252,785	252,785	218,046
ACCUMULATED SURPLUS, END OF YEAR	145,354	251,722	252,785

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

	2021	2020
	\$	\$
Surplus (deficit) for the year	(1,063)	34,739
Acquisition of tangible capital assets	(89,763)	(21,661)
Amortization of tangible capital assets	42,355	24,402
	(48,471)	37,480
Balance - Beginning of year	217,740	180,260
Balance - End of year	<u>169,269</u>	<u>217,740</u>

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
Cash flows from operating transactions		
Surplus (deficit) for the year	(1,063)	34,739
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	42,355	24,402
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	729	(2,339)
Accounts receivable – Other	(1,852)	(7,132)
Accounts payable – City of Toronto	85,619	(5,618)
Accounts payable - Other	14,199	674
	<u>139,987</u>	<u>44,726</u>
Cash Provided By Operations		
	139,987	44,726
Investing Activities		
Purchase of tangible capital assets	(89,763)	(21,661)
Increase in Short-term investments	(214)	(100,497)
	<u>104,696</u>	<u>182,128</u>
Cash, Beginning Of Year		
	104,696	182,128
Cash, End Of Year	<u>154,706</u>	<u>104,696</u>

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. ESTABLISHMENT AND OPERATIONS

The DUPONT BY THE CASTLE 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
DUPONT BY THE CASTLE 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. 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:

	2021	2020
	\$	\$
Total special charges outstanding	6,283	6,812
Less: allowance for uncollected special charges	(2,300)	(2,100)
Special charges receivable	<u>3,983</u>	<u>4,712</u>

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

	2021	2020
	\$	\$
Special charges written-off	5,284	9,377
Change in provision for assessment appeals	200	(800)
	<u>5,484</u>	<u>8,577</u>

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2021

4. TANGIBLE CAPITAL ASSETS

	2021		
	Flags and Banners	Street scape	Total
Cost			
Beginning	5,150	116,862	122,012
Additions		89,763	89,763
Disposals			
Ending	5,150	206,625	211,775
Accumulated Amortization			
Beginning	4,120	82,847	86,967
Amortization	1,030	41,325	42,355
Disposals			
Ending	5,150	124,172	129,322
Net Book Value	-	82,453	82,453

	2020		
	Flags and Banners	Street scape	Total
Cost			
Beginning	5,150	95,201	100,351
Additions	-	21,661	21,661
Disposals	-	-	-
Ending	5,150	116,862	122,012
Accumulated Amortization			
Beginning	3,090	59,475	62,565
Amortization	1,030	23,372	24,402
Disposals	-	-	-
Ending	4,120	82,847	86,967
Net Book Value	1,030	34,015	35,045

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

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.

8. BUDGET

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

9. COMMITMENTS

The Board, in co-operation with the City, has implemented Cost-shared capital improvement projects on publically 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 17,745 (2020 – \$9,667) was outstanding as at December 31, 2021.

10. SHORT-TERM INVESTMENT

Short-term investment consists of cashable guaranteed investment certificates with the TD Bank. The investment bears interest at the rate of 0.25% per annum and will be maturing on February 18, 2022.

11. CONTINGENT LIABILITY

An ex-employee of the BIA commenced litigation for alleged wrongful dismissal and breach of contract amounting to \$35,000. In the management's opinion this allegation has no merit and the BIA will defend the claim.