

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2021

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Index to Financial Statements
Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11



INDEPENDENT AUDITOR'S REPORT

To the Council of the City of Toronto and the Board of Management for the Midtown Yonge Business Improvement Area

Opinion

We have audited the financial statements of Midtown Yonge Business Improvement Area (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in accumulated surplus, changes in 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 organization 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 (PSAS).

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 organization in accordance with 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 the financial statements in accordance with PSAS, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

(continues)

Independent Auditor's Report to the Members of Midtown Yonge Business Improvement Area *(continued)*

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 organization'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 organization'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 organization 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, Ontario
April 2, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021

FINANCIAL ASSETS

Cash	\$ 140,242	\$ 101,131
City of Toronto- special charges receivable	25,738	13,021
Harmonized sales tax recoverable	13,961	24,175
	<u>179,941</u>	<u>138,327</u>

LIABILITIES

Other accounts payable and accruals	<u>6,041</u>	<u>6,573</u>
-------------------------------------	--------------	--------------

NET FINANCIAL ASSETS

<u>173,900</u>	<u>131,754</u>
----------------	----------------

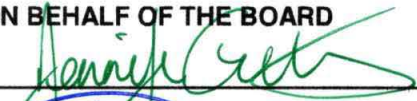
NON-FINANCIAL ASSETS

Tangible capital assets (Note 4)	<u>51,666</u>	<u>87,918</u>
----------------------------------	---------------	---------------

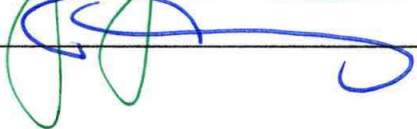
ACCUMULATED SURPLUS

<u>\$ 225,566</u>	<u>\$ 219,672</u>
-------------------	-------------------

ON BEHALF OF THE BOARD



Councillor



Councillor

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**Statement of Operations****Year Ended December 31, 2021**

	Budget 2021	Total 2021	Total 2020
REVENUES			
City of Toronto - special charges	\$ 185,214	\$ 164,919	\$ 185,214
Interest and other	-	12,042	3,850
	185,214	176,961	189,064
EXPENSES			
Capital / amortization	20,000	36,252	36,857
Uncollected special charges	16,838	(3,274)	4,165
Administration	45,774	47,769	47,314
Promotion and advertising	39,900	50,021	35,545
Maintenance	32,500	38,292	25,983
	155,012	169,060	149,864
SURPLUS FROM OPERATIONS	30,202	7,901	39,200
OTHER INCOME	-	(2,007)	34,115
ANNUAL SURPLUS	\$ 30,202	\$ 5,894	\$ 73,315

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2021

	2021	2020
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ 219,672	\$ 146,357
ANNUAL SURPLUS	<u>5,894</u>	<u>73,315</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 225,566</u>	<u>\$ 219,672</u>

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year Ended December 31, 2021

	2021	2020
SURPLUS FOR THE YEAR	\$ 5,894	\$ 73,315
Amortization of property, plant and equipment	36,252	36,857
Purchase of property, plant and equipment	-	(18,507)
	36,252	18,350
INCREASE IN NET FINANCIAL ASSETS	42,146	91,665
NET FINANCIAL ASSETS - BEGINNING OF YEAR	131,754	40,089
NET FINANCIAL ASSETS - END OF YEAR	\$ 173,900	\$ 131,754

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 5,894	\$ 73,315
Item not affecting cash:		
Amortization of property, plant and equipment	<u>36,252</u>	36,857
	<u>42,146</u>	110,172
Changes in non-cash working capital:		
City of Toronto- special charges receivable	(12,717)	(2,875)
City of Toronto	-	(76,985)
Harmonized sales tax recoverable	10,214	3,704
Other accounts payable and accruals	<u>(532)</u>	4,136
	<u>(3,035)</u>	(72,020)
Cash flow from operating activities	<u>39,111</u>	38,152
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>-</u>	(18,507)
Cash flow from (used by) investing activity	<u>-</u>	(18,507)
INCREASE IN CASH FLOW	39,111	19,645
Cash - beginning of year	<u>101,131</u>	81,486
CASH - END OF YEAR	\$ 140,242	\$ 101,131

See notes to financial statements

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

1. PURPOSE OF THE ORGANIZATION

Midtown Yonge 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 the 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 property tax 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and cash equivalents

Cash includes cash and cash equivalents. In the current and prior year the balance reflected cash held in a Canadian Chartered bank. No cash equivalents are included.

(continues)

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Banners	5 years	straight-line method
Streetscape Plan	5 years	straight-line method
Street signs	5 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Midtown Yonge Business Improvement Area recognizes revenue on an accrual basis from the following sources.

City of Toronto Special Charges

These charges are levied to business properties within the BIA on a calendar year basis through the property tax system. The city remits the collected funds to the BIA as well as administering the collection of any unpaid levies. The BIA accounts for the total amount of the levy determined by the City. A general allowance for appeals and reassessments is booked as a provision against the total levies, and any uncollectable levies, as determined by the City of Toronto, are written off to bad debts in the year the City identifies them as uncollectable.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

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 uncollectable levies and accounts receivables and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

3. CITY OF TORONTO - SPECIAL CHARGES

Special charges levied by the City of Toronto 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:

	<u>2021</u>	<u>2020</u>
Special charges outstanding	\$ 30,238	\$ 34,421
Less: Allowance for uncollected special charges	<u>(4,500)</u>	<u>(21,400)</u>
Special charges receivable	<u>\$ 25,738</u>	<u>\$ 13,021</u>

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Banners	\$ 7,938	\$ 4,992	\$ 2,946	\$ 3,928
Streetscape Improvements	172,564	125,358	47,206	81,719
Banners	3,785	2,271	1,514	2,271
	<u>\$ 184,287</u>	<u>\$ 132,621</u>	<u>\$ 51,666</u>	<u>\$ 87,918</u>

5. PROVISION FOR UNCOLLECTED SPECIAL CHARGES

The provision for uncollected levies reported on the Statement of Revenue and Expenditures is comprised of:

	<u>2021</u>	<u>2020</u>
Special charges written off	\$ 13,626	\$ 18,765
Change in allowance for uncollected levies	<u>(16,900)</u>	<u>(14,600)</u>
	<u>\$ (3,274)</u>	<u>\$ 4,165</u>

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 incident has been obtained by the Board through the City of Toronto.

MIDTOWN YONGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

7. BUDGET

Budget figures are for comparison purposes only as prepared by the Board and have not been subject to audit procedures. Accordingly, the auditor does not express any opinion regarding the budget figures.

8. IMPACT OF COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at March 25, 2022, the organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices [for an indefinite period or until by provincial decree].

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.



May 4, 2022

Confidential

Midtown Yonge Business Improvement Area
1984 Yonge Street
Toronto Ontario M4S 1Z7

Attention: Ms. Jennifer Gittins, Chair

Dear Jennifer:

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement; our audit was not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to you and it is inappropriate to conclude that no such matters exist.

During the course of our audit of Midtown Yonge Business Improvement Area for the year ended December 31, 2021, we did not identify any of the following matters: misstatements, other than trivial errors; fraud; misstatements that may cause future financial statements to be materially misstated; illegal or possibly illegal acts, other than ones considered inconsequential; or significant weaknesses in internal control.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours truly,

Bob Gore, CPA,CA

ROBERT GORE & ASSOCIATES

Chartered Professional Accountants