

LIBERTY VILLAGE BIA
Financial Statements
Year Ended December 31, 2022

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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Council of the City of Toronto and the Board of Management for the Liberty Village Business Improvement Area

Opinion

We have audited the financial statements of Liberty Village BIA (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and 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, 2022, 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.

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Independent Auditor's Report to the Council of the City of Toronto and the Board of Management for the Liberty Village 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.

A handwritten signature in black ink, appearing to read "Robert J. MacKinnon".


Toronto, Ontario
May 23, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants


LIBERTY VILLAGE BIA
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
Cash	\$ 386,961	\$ 419,850
Due from the City of Toronto (<i>Note 3</i>)	32,542	62,694
Harmonized sales tax recoverable	66,147	82,339
	<u>485,650</u>	<u>564,883</u>
LIABILITIES		
Accounts payable and accrued liabilities	15,084	25,501
Employee deductions payable	1,834	2,062
Deferred revenue	16,000	13,462
Due to the City of Toronto (<i>Note 4</i>)	-	168,768
	<u>32,918</u>	<u>209,793</u>
NET FINANCIAL ASSETS	<u>452,732</u>	<u>355,090</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	7,648	1,405
Tangible capital assets (<i>Note 5</i>)	4,914	10,093
	<u>12,562</u>	<u>11,498</u>
ACCUMULATED SURPLUS	<u>\$ 465,294</u>	<u>\$ 366,589</u>

ON BEHALF OF THE BOARD



Chair



Treasurer

See notes to financial statements

LIBERTY VILLAGE BIA
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2022

	Budget 2022 <i>(note 12)</i>	Total 2022	Total 2021
REVENUES			
Business improvement area levy	\$ 394,763	\$ 385,305	\$ 423,984
Festival and event revenue	50,000	33,411	-
Government grants	17,500	22,462	11,000
Other revenue	-	2,160	16,856
	462,263	443,338	451,840
EXPENSES			
General and administrative <i>(Note 6)</i>	198,318	130,096	163,190
Streetscape improvement	50,000	7,780	169,919
Amenity and maintenance <i>(Note 7)</i>	71,500	43,466	34,580
Festival and event <i>(Note 8)</i>	105,000	96,444	23,776
Promotion and communication <i>(Note 9)</i>	44,500	51,510	37,132
Provision for uncollected levies	35,888	10,157	1,821
Amortization	-	5,179	6,806
	505,206	344,632	437,224
SURPLUS (DEFICIT) FOR THE YEAR	(42,943)	98,706	14,616
OPERATING SURPLUS - BEGINNING OF YEAR	366,588	366,588	351,973
OPERATING SURPLUS (DEFICIT) - END OF YEAR	\$ 323,645	\$ 465,294	\$ 366,589

See notes to financial statements

LIBERTY VILLAGE BIA
Statement of Changes in Net Financial Assets
Year Ended December 31, 2022

	Budget 2022	2022	2021
SURPLUS (DEFICIT) FOR THE YEAR	\$ (42,943)	\$ 98,706	\$ 14,616
Amortization of tangible capital assets	-	5,179	6,806
Proceeds on disposal of tangible capital assets	-	-	6,500
Decrease (increase) in prepaid expenses	-	(6,243)	(516)
	-	(1,064)	12,790
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(42,943)	97,642	27,406
NET FINANCIAL ASSETS - BEGINNING OF YEAR	355,090	355,090	327,684
NET FINANCIAL ASSETS - END OF YEAR	\$ 312,147	\$ 452,732	\$ 355,090

See notes to financial statements

LIBERTY VILLAGE BIA
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 98,706	\$ 14,616
Item not affecting cash:		
Amortization	5,179	6,806
	<u>103,885</u>	<u>21,422</u>
Changes in non-cash working capital:		
Due from the City of Toronto	30,152	(59,430)
Accounts receivable	-	27
Harmonized sales tax recoverable	16,192	(33,055)
Accounts payable and accrued liabilities	(10,417)	(17,195)
Deferred revenue	2,538	9,962
Employee deductions payable	(228)	2,062
Prepaid expenses	(6,243)	(514)
Due to the City of Toronto	(168,768)	168,768
	<u>(136,774)</u>	<u>70,625</u>
Cash flow from (used by) operating activities	<u>(32,889)</u>	<u>92,047</u>
INVESTING ACTIVITY		
Proceeds on disposal of tangible capital assets	-	6,500
Cash flow from investing activity	<u>-</u>	<u>6,500</u>
INCREASE (DECREASE) IN CASH FLOW	(32,889)	98,547
Cash - beginning of year	<u>419,850</u>	<u>321,303</u>
CASH - END OF YEAR	<u>\$ 386,961</u>	<u>\$ 419,850</u>

See notes to financial statements

LIBERTY VILLAGE BIA
Notes to Financial Statements
Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

Liberty Village 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 "City").

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.

Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred

Revenue recognition

Revenues are recognized as follows:

The BIA receives special charges levied and collected by the City and are recognized as revenue in the calendar year to which the tax assessment applies and at the time the assessment is known.

Fundraising and other revenues are recognized when the services have been performed and amounts have been collected.

Government grants are recognized in the period in which the transfer is authorized and any eligibility criteria are met unless restricted through stipulations that required specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Benches	5 years straight-line method
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The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Services provided without charge by the City and others are not recorded in these financial statements.

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LIBERTY VILLAGE BIA
Notes to Financial Statements
Year Ended December 31, 2022

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

Cost-share expenditures

The Board, in co-operation with the City, agrees to cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually incorporated in a multi-year tender by the city. The BIAs share of the cost are not invoiced by the City until contracts are closed. The BIA accrues the costs in the financial statements when the invoices are received from the City.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued.

Use of Estimates

The preparation of these financial statements in accordance with Canadian public sector accounting standards 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.

3. DUE FROM CITY OF TORONTO

Special charges levied by the City are collected and remitted to the BIA by the City. The total special charges outstanding consist of amounts collected by the City not yet remitted to the BIA 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 are comprised of:

	<u>2022</u>	<u>2021</u>
Total levies outstanding	\$ 35,643	\$ 67,895
Less: allowance for uncollected levies	<u>(3,100)</u>	<u>(5,200)</u>
Total	<u>\$ 32,543</u>	<u>\$ 62,695</u>

4. DUE TO CITY OF TORONTO

The Board is committed to capital improvement projects of which the Board's share of \$NIL (2021-\$168,768) was outstanding as at December 31, 2022.

In order to finance major capital expenditures, the BIA annually budgets certain amounts and accumulates these amounts 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 expenditures are financed out of the accumulated surplus.

LIBERTY VILLAGE BIA
Notes to Financial Statements
Year Ended December 31, 2022

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Benches	\$ 53,210	\$ 48,296	\$ 4,914	\$ 10,093

6. GENERAL AND ADMINISTRATIVE

	2022	2021
General and administration expense consists of:		
Accounting and legal	\$ 6,760	\$ 17,094
Audit fees	4,257	4,362
Bank charges	1,507	1,805
Consultants	-	45,181
Insurance	7,370	6,144
Membership and associations	5,000	5,000
Office	6,017	10,180
Rent	18,856	18,474
Salaries and benefits	80,329	54,948
	\$ 130,096	\$ 163,188

7. AMENITY AND MAINTENANCE

	2022	2021
Amenity and maintenance expense consists of:		
Flowers and floral care	\$ 25,101	\$ 18,305
Hydro	492	469
Repairs and maintenance	17,873	15,806
	\$ 43,466	\$ 34,580

8. FESTIVAL AND EVENTS

	2022	2021
Festival and events consist of:		
Walk Liberty	\$ 900	\$ 11,611
Give Me Liberty	80,488	-
Live at Liberty	11,853	7,853
Holiday events	3,203	4,312
	\$ 96,444	\$ 23,776

LIBERTY VILLAGE BIA
Notes to Financial Statements
Year Ended December 31, 2022

9. PROMOTION AND COMMUNICATION

	<u>2022</u>	<u>2021</u>
Promotion and communication expense consist of:		
Marketing and promotional material	\$ 42,301	\$ 26,001
Website and social media	961	1,920
Retail and restaurant program	<u>8,248</u>	<u>9,211</u>
	<u>\$ 51,510</u>	<u>\$ 37,132</u>

10. INSURANCE

The BIA 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 BIA. Insurance coverage providing \$5,000,000 for each occurrence or incident has been obtained by the BIA through the City.

11. FINANCIAL INSTRUMENTS

The financial instruments of the BIA consist of cash on deposit with the Bank of Montreal, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the BIA is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

12. BUDGET

The budget adopted by the Organization on November 2, 2021 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards requires a full accrual basis. The budget expensed all tangible capital expenditures on acquisition rather than annually including amortization expense. For presentation purposes the amounts budgeted for capital expenditures are shown on the statement of change in net financial assets and actual amortization for the year added to the budget in the statement of operations

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

SIGNATURE CERTIFICATE



REFERENCE NUMBER

991ABA8A-BB0C-4BFE-8DB4-D39B634D21D2

TRANSACTION DETAILS	DOCUMENT DETAILS
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SIGNERS

SIGNER	E-SIGNATURE	EVENTS
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AUDITS

TIMESTAMP	AUDIT
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