



Financial statements

Yonge-Dundas Square

December 31, 2023

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Management's Responsibility for the Financial Statements

The financial statements of Yonge-Dundas Square (the "Square") are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Square's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Square's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Square's financial statements.


Name **GIDEON ARTHURS**
Chairperson
Name **SAMANTHA SUMMERS**
Treasurer

Independent Auditor's Report

To the Council of the Corporation of the City of Toronto and the Board of Directors of **Yonge-Dundas Square**

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Opinion

We have audited the financial statements of Yonge-Dundas Square (the "Square"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, changes in net debt 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 Yonge-Dundas Square as at December 31, 2023, and its results of operations, its changes in its net debt, and its 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 Square in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 qualified audit opinion.

Other Matter

The financial statements of the Square for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those financial statements on April 27, 2023.

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 the financial statements, management is responsible for assessing the Square'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 Square or to cease operations, or has no realistic alternative but to do so.

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
April 11, 2024

Chartered Professional Accountants
Licensed Public Accountants

Yonge-Dundas Square

Statement of Financial Position

December 31

2023

2022

Financial assets

Cash	\$ 726,575	\$ 81,057
Investments (Note 4)	-	603,682
Accounts receivable (Note 5)	673,780	465,037
Government remittances receivable	29,274	-
	<u>1,429,629</u>	<u>1,149,776</u>

Liabilities

Accounts payable and accrued liabilities	228,741	325,260
Government remittances payable	-	67
Due to City of Toronto – operating surplus (Note 6)	1,210,500	836,308
Customer deposits	-	3,684
	<u>1,439,241</u>	<u>1,165,319</u>

Net debt

(9,612) (15,543)

Non-financial assets

Prepaid expenses	9,609	15,540
Tangible capital assets (Note 7)	115,032	115,117
	<u>124,641</u>	<u>130,657</u>

Accumulated surplus

\$ 115,029 \$ 115,114

Approved by the Board

Approved by the Board



Director *Gideon Anthurys-Chair*



Director *Samantra Summy-Treasurer*

See accompanying notes to the financial statements.

Yonge-Dundas Square

Statement of Operations

Year ended December 31, 2023

	2023 <u>Budget</u>	2023 <u>Total</u>	2022 <u>Total</u>
Revenue			
City of Toronto	\$ 589,000	\$ 1,298,367	\$ 1,165,283
City of Toronto – Tax stabilization	33,519	21,422	53,076
Event support revenue (Schedule A)	1,560,000	1,256,456	1,336,298
Signage (Note 5)	650,000	825,746	782,095
Rental income	200,000	313,814	247,998
Permit revenue	300,000	160,915	165,214
Other revenue	25,000	26,115	13,582
Corporate sponsorship and contributions	500,000	-	-
	<u>3,857,519</u>	<u>3,902,835</u>	<u>3,763,546</u>
Expenses (Note 11)			
Administration	1,320,250	1,398,092	959,130
Facilities management	1,302,250	1,171,780	1,119,229
Event Management	1,201,500	958,856	955,115
	<u>3,824,000</u>	<u>3,528,728</u>	<u>3,033,474</u>
Operating surplus	<u>33,519</u>	<u>374,107</u>	730,072
Net surplus payable to the City of Toronto (Note 6)		<u>(374,192)</u>	<u>(693,778)</u>
Annual (deficit) surplus		(85)	36,294
Accumulated surplus, beginning of year		<u>115,114</u>	<u>78,820</u>
Accumulated surplus, end of year		\$ 115,029	\$ 115,114

See accompanying notes to the financial statements.

Yonge-Dundas Square

Statement of Changes in Net Debt

Year ended December 31, 2023

	2023 <u>Budget</u>	2023 <u>Total</u>	2022 <u>Total</u>
Annual (deficit) surplus	\$ -	\$ (85)	\$ 36,294
Acquisition of tangible capital assets	-	(42,687)	(71,086)
Amortization of tangible capital assets	-	42,772	34,792
Use (acquisition) of prepaid expenses	-	5,931	(3,820)
Increase (decrease) in net debt	\$ -	<u>5,931</u>	<u>(3,820)</u>
Net debt, beginning of year		<u>(15,543)</u>	(11,723)
Net debt, end of year		\$ <u>(9,612)</u>	\$ <u>(15,543)</u>

See accompanying notes to the financial statements.

Yonge-Dundas Square

Statement of Cash Flows

Year ended December 31

2023

2022

Cash flows from (used in) operating activities

Annual (deficit) surplus	\$ (85)	\$ 36,294
Amortization of tangible capital assets	<u>42,772</u>	<u>34,792</u>
	<u>42,687</u>	<u>71,086</u>

Non-cash charges to operations:

Accounts receivable	(208,743)	(71,904)
Government remittances receivable	(29,274)	7,167
Accounts payable and accrued liabilities	(96,519)	55,196
Government remittances payable	(67)	67
Due to City of Toronto – operating surplus	374,192	538,718
Customer deposits	(3,684)	(12,934)
Prepaid expenses	<u>5,931</u>	<u>(3,820)</u>
	<u>84,523</u>	<u>583,576</u>

Capital activities

Purchase of tangible capital assets	<u>(42,687)</u>	<u>(71,086)</u>
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Investing activities

Proceeds from (purchase of) investments	<u>603,682</u>	<u>(603,682)</u>
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Increase (decrease) in cash

645,518	(91,192)
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Cash, beginning of year

<u>81,057</u>	<u>172,249</u>
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Cash, end of year

<u>\$ 726,575</u>	<u>\$ 81,057</u>
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See accompanying notes to the financial statements.

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

1. Nature of operations

The Yonge-Dundas Square (the "Square") is an event venue for the general public. The City of Toronto appointed a volunteer Board of Management ("Board") to operate the Square. The Square is a city owned property. It was established in December of 2001 and its purpose is to attract additional retail and entertainment development to the Yonge-Dundas area. The Square commenced operations on January 1, 2003. The Board, on the direction of the City of Toronto, has approved the change of name of the Square to Sankofa Square on December 14, 2023. The effective date of this change of name will be decided during 2024.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue recognition

The Square recognizes revenue when it is realized or realizable and earned. The Square considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the service has been provided to the customer, the sales price is fixed or determinable and collectability is reasonably assured.

Amounts received for future services are deferred until the service is provided. Specifically, sponsorship, signage and rental income are recognized ratably over the terms indicated in the agreements. Permits, event support and food and beverage are recognized once the event has occurred.

Tangible capital assets

Purchased tangible capital assets are recorded at cost and contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Computer equipment	3 years
Facilities equipment	5 to 10 Years
Indoor furniture	5 years
Leasehold improvements	5 years
Outdoor furniture	3 years
Outdoor equipment	2 to 5 years

Financial instruments

The Square initially measures its financial assets and financial liabilities at fair value.

Except for the variable rate guaranteed investment certificates, which are subsequently measured at fair value, the Square subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and amounts due from the City of Toronto.

Financial Liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to the City of Toronto

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Non-monetary transactions

Non-monetary transactions are measured at the more reliable of the fair value of the asset given up and the fair value of the asset received unless the transaction lacks commercial substance or the transaction is an exchange of a product held for sale in the ordinary course of business, in which case the transaction is measured at the carrying amount of the asset given up.

Employee pension plan

The Square's eligible employees are members of a multi-employer defined benefit pension plan offered by the City of Toronto. Due to the nature of the Plan, the Square does not have sufficient information to account for the Plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining useful life of its tangible capital assets, assessing the allowance of doubtful accounts, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

3. Change in accounting policy

Effective January 1, 2023, the Square adopted new Public Sector Accounting Standards Sections PS3450 *Financial Instruments* and PS1201 *Financial Statement Presentation* along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

4. Investments

Investments consisted of guaranteed investment certificates earning interest at a rate of 3.35% matured during the year on December 2, 2023.

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

5. Accounts receivable

Accounts receivable includes \$278,944 (2022 - \$330,002) of the following sponsorship and signage activities.

	<u>2023</u>	<u>2022</u>
Sponsorship and signage receivable, beginning of year	\$ 330,002	\$ 378,429
Less: Signage revenue received	(517,720)	(517,721)
Add: Signage revenue recognized	491,139	491,139
Less: Signage recoveries recognized	<u>(24,477)</u>	<u>(21,845)</u>
Sponsorship and signage receivable, end of year	278,944	330,002
Other receivables	<u>394,836</u>	<u>135,035</u>
	<u>\$ 673,780</u>	<u>\$ 465,037</u>

6. Operating surplus due to the City of Toronto

The amount due to the City of Toronto consists of the following:

	<u>2023</u>	<u>2022</u>
Balance payable, beginning of year	\$ 836,308	\$ 297,590
Current year's operating surplus	374,107	730,072
Current year's tangible capital assets purchase	(42,687)	(71,086)
Current year's amortization	<u>42,772</u>	<u>34,792</u>
Net payable to the City of Toronto for current year	<u>374,192</u>	<u>693,778</u>
Paid during the current year	<u>-</u>	<u>(155,060)</u>
Balance payable, end of year	<u>\$ 1,210,500</u>	<u>\$ 836,308</u>

The Due to City of Toronto balance is comprised of.

	<u>2023</u>	<u>2022</u>
2020 surplus payable	\$ 142,530	\$ 142,530
2022 surplus payable	693,778	693,778
2023 surplus payable	<u>374,192</u>	<u>-</u>
	<u>\$ 1,210,500</u>	<u>\$ 836,308</u>

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

7. Tangible capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 61,982	\$ 54,443	\$ 7,539	\$ 4,877
Facilities equipment	274,521	247,013	27,508	36,308
Indoor furniture	29,338	29,338	-	-
Leasehold improvements	42,907	42,907	-	-
Outdoor furniture	82,582	51,497	31,085	44,913
Outdoor equipment	<u>176,390</u>	<u>127,490</u>	<u>48,900</u>	<u>29,019</u>
	<u>\$ 667,720</u>	<u>\$ 552,688</u>	<u>\$ 115,032</u>	<u>\$ 115,117</u>

8. Employee pension plan

The Square makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of most of its eligible employees. The OMERS plan (the "Plan") is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$66,142 in 2023 (2022 - \$43,966).

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of \$7,571 million (a deficit of \$4,202 million plus adjustment of \$3,369 million of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Square's contributions accounted for an insignificant portion of the Plan's total employer contributions. Additional contributions, if any, required to address the Square's proportionate share of the deficit will be expensed during the period incurred.

9. Contractual rights

In 2017, the Square entered into a 10-year agreement with Outfront Media for the installation, maintenance, display and operation of electronic signs. This agreement was subsequently amended on June 1, 2020. Outfront Media has agreed to pay the Square the following minimum annual guaranteed payments:

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

9. Contractual rights (continued)

2017	\$ 250,000
2018	400,000
2019	400,000
2020	283,333
2021	417,721
2022	517,721
2023	517,721
2024	517,721
2025	517,721
2026	517,721
2027	<u>510,341</u>
	<u>\$ 4,850,000</u>

This agreement also includes commitments to purchase the electronic signs.

10. Commitments

The Square has entered into an operating lease for office premises ending December 2024. The total minimum lease payments for the remaining year is as follows:

2024	\$ 39,620
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11. Expenditures by object

	<u>2023</u>	<u>2022</u>
Event support	\$ 931,682	\$ 900,881
Payroll (Note 8)	818,280	566,132
Security	599,828	540,107
Maintenance	599,126	567,258
Administration	414,019	327,014
Marketing	123,021	97,290
Amortization	<u>42,772</u>	<u>34,792</u>
	<u>\$ 3,528,728</u>	<u>\$ 3,033,474</u>

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

12. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Square's financial instruments. The maximum exposure to credit risk for the financial assets would be the carrying values shown on the statement of financial position.

Credit risk

The Square is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Square's maximum exposure to credit risk represents the sum of the carrying value of its cash, investments, and accounts receivable. The Square's cash and investments are with a Canadian chartered bank and as a result management believes the risk of loss to be remote. The Square provides credit to its customers in the normal course of operations. Management believes that the Square's credit risk with respect to accounts receivable is limited. The Square manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Square will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities. The Square manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Square's financial assets are considered to be highly liquid. The following table sets out the expected maturities, representing undiscounted cash flows of its financial liabilities.

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Due to City of Toronto	\$ 1,210,500	\$ -	\$ -	\$ -	\$ 1,210,500
Accounts payable and accrued liabilities	\$ 228,741	\$ -	\$ -	\$ -	\$ 228,741

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

It is management's opinion that unless otherwise noted, the Square is not exposed to significant market risk arising from its financial instruments.

Yonge-Dundas Square

Notes to the financial statements

December 31, 2023

12. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Square's cash and investments earn interest at prevailing market rates and management believes the interest rate exposure related to these financial instruments is negligible.

Changes in risk

There have been no significant changes in the Square's risk exposures from the prior year.

13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Yonge-Dundas Square

Schedule of Event Support Revenue

Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Event support revenue		
Logistic and Staging	\$ 316,684	\$ 316,447
Security	282,699	325,273
Equipment rental	201,264	255,993
AV Technician	128,169	106,004
Digital event services	117,041	103,800
Sound	84,605	101,722
Custodial	70,176	56,358
Utilities	44,271	53,807
Electrician	<u>11,547</u>	<u>16,984</u>
	\$ 1,256,456	\$ 1,336,298