

**THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2023**

THE JUNCTION BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for THE JUNCTION BUSINESS IMPROVEMENT AREA

Opinion

I have audited the financial statements of THE JUNCTION BUSINESS IMPROVEMENT AREA (BIA), which comprise the statement of financial position as at December 31, 2023 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the years 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, 2023 and its financial performance and its cash flows for the years 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 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.

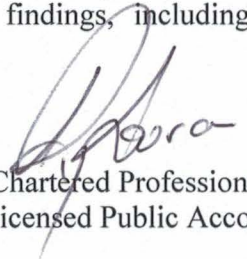
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 auditing standards, I exercise professional judgment and maintain professional skepticism 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 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 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
July 18, 2024


Chartered Professional Accountant
Licensed Public Accountant

**THE JUNCTION BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
As At December 31, 2023**

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	144,285	188,151
Short-term Investment (Note 9)	89,889	84,156
Accounts receivable		
City of Toronto – special charges (Note 3)	-	67,842
Other	18,208	25,307
	<u>252,382</u>	<u>365,456</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 3)	11,341	-
City of Toronto	6,302	-
Other	28,780	38,925
	<u>46,423</u>	<u>38,925</u>
NET FINANCIAL ASSETS	205,959	326,531
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	82,253	34,277
ACCUMULATED SURPLUS	<u>288,212</u>	<u>360,808</u>

Approved on behalf of the Board of Management:



Kiyo Elliott-Armstrong
Chair, Board of Management
The Junction BIA
July 25, 2024



Dan Yurchuk
Treasurer, Board of Management
The Junction BIA
July 25, 2024

**THE JUNCTION BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 \$ Budget (Note 8)	2023 \$ Actual	2022 \$ Actual
REVENUE			
City of Toronto – special charges	361,285	361,284	344,080
Grants	5,000	149,955	158,755
Festival and events and other	93,500	-	55,690
	<u>459,785</u>	<u>511,239</u>	<u>558,525</u>
EXPENSES			
Administration	214,096	239,749	231,735
Promotion and advertising	123,000	165,563	199,085
Maintenance	97,600	98,406	88,762
Capital (Note 7)	98,000	-	-
Amortization	-	38,869	24,108
Provision for uncollected special charges (Note 3)	(38,029)	41,248	(32,019)
	<u>494,667</u>	<u>583,835</u>	<u>511,671</u>
SURPLUS (DEFICIT) FOR THE YEAR	(34,882)	(72,596)	46,854
ACCUMULATED SURPLUS, BEGINNING OF YEAR	360,808	360,808	313,954
ACCUMULATED SURPLUS, END OF YEAR	<u>325,926</u>	<u>288,212</u>	<u>360,808</u>

**THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
Surplus (deficit) for the year	(72,596)	46,854
Acquisition of tangible capital assets	(86,845)	-
Amortization of tangible capital assets	<u>38,869</u>	<u>24,108</u>
	(120,572)	70,962
Balance – Beginning of year	326,531	255,569
Balance – End of year	<u><u>205,959</u></u>	<u><u>326,531</u></u>

THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 \$	2022 \$
Cash flows from operating activities		
Surplus (deficit) for the year	(72,596)	46,854
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	38,869	24,108
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	67,842	(24,789)
Accounts receivable – other	7,099	57,488
Accounts payable – City of Toronto	17,643	-
Accounts payable – other	(10,145)	(9,110)
Cash Provided By Operations	48,712	94,551
Investing activities		
Purchase of tangible capital assets	(86,845)	-
Increase (decrease) in short-term investment	(5,733)	13,000
Cash, Beginning Of Year	188,151	80,600
Cash, End Of Year	144,285	188,151

THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. ESTABLISHMENT AND OPERATIONS

THE JUNCTION 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.

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:

Banners	3 years	Planters	5 years
Pole Wraps	5 years	Street Furniture	5 years
Tree Guards	5 years	Computer	3 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
THE JUNCTION BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2023

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:

	2023	2022
	\$	\$
Total special charges outstanding	1,459	73,342
Less: allowance for uncollected special charges	<u>(12,800)</u>	<u>(5,500)</u>
Special charges receivable	<u>(11,341)</u>	<u>67,842</u>

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

	2023	2022
	\$	\$
Special charges written-off (recovered)	33,948	(21,719)
Change in allowance for uncollected special charges	<u>7,300</u>	<u>(10,300)</u>
	<u>41,248</u>	<u>(32,019)</u>

THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2023

4. CAPITAL ASSETS

2023					
	Benches	Tree Guards	Street furniture	Pole Wraps	Total
Cost					
Beginning	-	65,921	3,175	38,405	107,501
Additions	86,845				86,845
Disposals	-				-
Ending	86,845	65,921	3,175	38,405	194,346
Accumulated Amortization					
Beginning	-	48,989	1,905	22,330	73,224
Amortization	17,369	13,184	635	7,681	38,869
Disposals	-	-	-	-	-
Ending	17,369	62,173	2,540	30,011	112,093
Net Book Value	69,476	3,748	635	8,394	82,253

2022					
	Benches	Tree Guards	Street furniture	Pole Wraps	Total
Cost					
Beginning	-	65,921	3,175	38,405	107,501
Additions	-				-
Disposals	-				-
Ending	-	65,921	3,175	38,405	107,501
Accumulated Amortization					
Beginning	-	35,805	1,270	14,649	51,724
Amortization	-	13,184	635	7,681	21,500
Disposals	-				-
Ending	-	48,989	1,905	22,330	73,224
Net Book Value	-	16,932	1,270	16,075	34,277

**THE BOARD OF MANAGEMENT FOR THE
THE JUNCTION BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. 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 accident has been obtained by the Board, through the City of Toronto.

6. 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.

7. CAPITAL EXPENSES

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as 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.

8. BUDGET

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

9. SHORT-TERM INVESTMENT

Short-term investment consists of guaranteed investment certificates from BMO. These investments earn interest at the rate of 5% per annum and will be maturing in 2024.

10. NAME CHANGE

At the request of the Board, on May 15, 2023, the City of Toronto Council approved the name change from The Junction Gardens Business Improvement Area to The Junction Business Improvement Area.