

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Directors for the Toronto Downtown West Business Improvement Area:

Opinion

We have audited the financial statements of Toronto Downtown West Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2023 and the statements of operations, 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 BIA as at December 31, 2023 and the results of its operations and 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 BIA in accordance with the 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 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 these financial statements, management is responsible for assessing the BIA'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 BIA or to cease operations, or has no realistic alternative 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

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 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 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 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

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.

RMB Rosenswig McKee Rosso LLP

Toronto, Canada
April 26, 2024

Chartered Professional Accountants
Licensed Public Accountants

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Cash	\$ 164,613	\$ 1,811,467
Investments (Note 3)	7,796,360	5,578,410
Accounts receivable		
City of Toronto - special charges (Note 4)	649,998	479,470
Other (Note 5)	<u>765,055</u>	<u>562,164</u>
	<u>9,376,026</u>	<u>8,431,511</u>

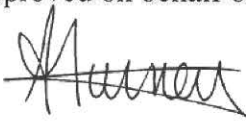
LIABILITIES

Accounts payable and accrued liabilities		
City of Toronto	-	146,397
Other	210,675	197,659
Deferred revenue	<u>25,000</u>	<u>25,000</u>
	<u>235,675</u>	<u>369,056</u>
Net financial assets	<u>9,140,351</u>	<u>8,062,455</u>

NON FINANCIAL ASSETS

Prepaid expenses	7,440	6,326
Tangible capital assets (Note 6)	<u>263,799</u>	<u>299,276</u>
	<u>271,239</u>	<u>305,602</u>
Accumulated surplus (Note 7)	<u>\$ 9,411,590</u>	<u>\$ 8,368,057</u>

Approved on behalf of the Board of Management:


_____, Chair


_____, Treasurer

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Actual</u>	<u>Budget</u> (Note 10)	
Revenue			
City of Toronto - special charges	\$ 4,271,873	\$ 3,940,240	\$ 3,085,497
Interest income	329,560	167,000	159,960
Grants	94,957	-	145,694
Other income	<u>3,387</u>	<u>-</u>	<u>1,600</u>
	<u>4,699,777</u>	<u>4,107,240</u>	<u>3,392,751</u>
Expenses			
Streetscape improvements	1,155,239	1,569,000	856,080
Repairs and maintenance	1,019,042	1,007,952	775,153
Salaries and benefits	861,433	927,195	621,261
Marketing and promotion	365,508	675,703	209,522
Professional fees	44,221	63,570	47,216
Provision for levies in appeals	38,072	358,204	21,077
Occupancy costs	35,370	53,666	19,778
Meeting expenses	31,308	15,450	14,060
General office	31,280	27,400	15,827
Consultants	22,508	19,334	6,347
Insurance	9,742	14,092	12,437
Memberships	5,000	5,000	5,000
Interest and bank charges	1,932	2,002	1,863
Travel	112	1,000	-
Amortization	<u>35,477</u>	<u>-</u>	<u>36,406</u>
	<u>3,656,244</u>	<u>4,739,568</u>	<u>2,642,027</u>
Annual surplus (deficit)	<u>\$ 1,043,533</u>	<u>\$ (632,328)</u>	<u>\$ 750,724</u>

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA
STATEMENT OF NET FINANCIAL ASSETS
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 1,043,533	\$ 750,724
Amortization of tangible capital assets	35,476	36,406
Change in prepaid expenses and other assets	<u>(1,113)</u>	<u>(6,326)</u>
Change in net financial assets	1,077,896	780,804
Net financial assets, beginning of year	<u>8,062,455</u>	<u>7,281,651</u>
Net financial assets, end of year	<u>\$ 9,140,351</u>	<u>\$ 8,062,455</u>

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Cash from operating activities		
Annual surplus	\$ 1,043,533	750,724
Adjustment for:		
Amortization	<u>35,476</u>	<u>36,406</u>
	1,079,009	787,130
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	(170,528)	(3,780)
Other	(202,891)	(34,968)
Increase in prepaid expenses	(1,113)	(6,326)
Increase (decrease) in accounts payable and accrued liabilities		
City of Toronto	(146,397)	145,691
Other	<u>13,016</u>	<u>80,112</u>
	<u>571,096</u>	<u>967,859</u>
Cash flows used in investing activities		
Purchase of investments	<u>(2,217,950)</u>	<u>(2,800,000)</u>
Decrease in cash position	(1,646,854)	(1,832,141)
Cash, beginning of year	<u>1,811,467</u>	<u>3,643,608</u>
Cash, end of year	\$ <u><u>164,613</u></u>	\$ <u><u>1,811,467</u></u>

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Establishment of operations

The Toronto Downtown West District Business Improvement Area was designated as a business improvement area through By-Law 125-2008 enacted on January 30, 2008. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on February 12, 2008. The BIA formerly operated as "Toronto Entertainment District Business Improvement Area" prior to its name change in March 2021.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

The BIA follows the accrual method of accounting for revenues and expenses. Expenses are recorded on the accrual basis of accounting, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been finally settled by the payment of money.

b) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition.

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. Significant accounting policies (continued)

c) Revenue recognition

- i) City of Toronto special charges - The City of Toronto levies special charges to land owners within the BIA boundaries through the property tax system. Special charges revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Interest, grants and other income - revenue is recognized when earned.
- iii) Restricted revenues are initially recorded as deferred revenue and are recognized as revenue in the year in which the related expenses are incurred.

d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

- e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. The BIA records amortization using the following annual rates and methods:

Streetscape fixtures	-	3-30 year straight-line
Computer equipment	-	3 year straight-line

- f) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

g) 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 BIA's 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.

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. Investments

Investments consist of amounts invested in guaranteed investment certificates (GIC) with maturity dates between February 2024 and July 2027 earning interest from 2.3% to 5.2%.

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("City") are collected and remitted to the Board by the City. The total special charges outstanding (owing) 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>2023</u>	<u>2022</u>
Total special charges outstanding	\$ 663,998	\$ 563,670
Less: Allowance for special charges in appeals	<u>(14,000)</u>	<u>(84,200)</u>
Special charges receivable	<u>\$ 649,998</u>	<u>\$ 479,470</u>

The City decreased allowances for special charges by \$70,200 (2022 - decreased by \$116,100) for uncollectable amounts. The City also wrote off \$108,272 of levies during the year (2022 - \$137,177).

5. Other accounts receivable

Included in other accounts receivable is \$389,028 due from the City (2022 - \$279,444).

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Tangible capital assets

	<u>2022</u>	<u>2023</u>		
<u>Cost</u>	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing</u>
Streetscape fixtures	\$ 767,680	\$ -	\$ (164,900)	\$ 602,780
Computer equipment	<u>6,819</u>	<u>-</u>	<u>-</u>	<u>6,819</u>
	<u>\$ 774,499</u>	<u>\$ -</u>	<u>\$ (164,900)</u>	<u>\$ 609,599</u>
	<u>2022</u>	<u>2023</u>		
<u>Accumulated Amortization</u>	<u>Opening</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Closing</u>
Streetscape fixtures	\$ 468,404	\$ (164,900)	\$ 35,477	\$ 338,981
Computer equipment	<u>6,819</u>	<u>-</u>	<u>-</u>	<u>6,819</u>
	<u>\$ 475,223</u>	<u>\$ (164,900)</u>	<u>\$ 35,477</u>	<u>\$ 345,800</u>
		<u>2022</u>	<u>2023</u>	
<u>Net Book Value</u>				
Streetscape fixtures		<u>\$ 299,276</u>	<u>\$ 263,799</u>	

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. Accumulated surplus

	2023			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 6,304,191	\$ 1,764,590	\$ 299,276	\$ 8,368,057
Annual surplus	-	1,043,533	-	1,043,533
Amortization and other	35,477	-	(35,477)	-
Re-allocation of opening surplus	<u>(849,107)</u>	<u>849,107</u>	<u>-</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 5,490,561</u>	<u>\$ 3,657,230</u>	<u>\$ 263,799</u>	<u>\$ 9,411,590</u>

	2022			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 5,017,061	\$ 2,264,590	\$ 335,682	\$ 7,617,334
Annual surplus	1,250,724	(500,000)	-	750,724
Amortization	<u>36,406</u>	<u>-</u>	<u>(36,406)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 6,304,191</u>	<u>\$ 1,764,590</u>	<u>\$ 299,276</u>	<u>\$ 8,368,057</u>

The board of directors have internally restricted reserves for John Street maintenance, public realm contingencies, appeal provisions and Adelaide Street maintenance.

8. Contractual commitments

The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2023 the BIA has \$40,895 (2022 - \$40,895) of commitments outstanding relating to their ongoing capital improvement projects to be completed in 2024.

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

9. Insurance

The Board is required to deposit with the City 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.

10. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, prepaid expenses and accounts payable, accrued liabilities and deferred revenue. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 3.

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

11. 2023 Budget

The 2023 budget figures on the statement of operations are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Thorpe LLP dated April 26, 2024.

12. Annual surplus

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. No capital assets were purchased during the year that were capitalized. The amortization of tangible capital assets during the year amounted to \$35,477 which reduced the annual surplus (2022 - \$36,406). The amount of surplus not invested in tangible capital assets for the year is \$1,079,010 (2022 - \$787,130).

**TORONTO DOWNTOWN WEST
BUSINESS IMPROVEMENT AREA**

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Streetscape improvements and maintenance	\$ <u>1,155,239</u>	\$ <u>856,080</u>
Administration		
Salaries and benefits	352,702	340,947
Professional fees	44,221	47,216
General office	31,280	15,827
Occupancy costs	29,366	15,199
Consultants	22,508	6,347
Insurance	9,742	12,437
Utilities	6,005	4,579
Memberships	5,000	5,000
Interest and bank charges	1,932	1,863
Travel	<u>112</u>	<u>-</u>
	<u>502,868</u>	<u>449,415</u>
Advertising, marketing and promotion		
Marketing and promotion	236,832	184,628
Salaries and benefits	175,032	149,400
Events	128,676	24,893
Meeting expenses	<u>31,308</u>	<u>14,060</u>
	<u>571,848</u>	<u>372,981</u>
Maintenance		
Repairs and maintenance	1,019,042	775,153
Safety and security	248,842	46,333
Salaries and benefits	<u>84,857</u>	<u>84,582</u>
	<u>1,352,741</u>	<u>906,068</u>
Provision for levies in appeals	<u>38,072</u>	<u>21,077</u>
Amortization	<u>35,476</u>	<u>36,406</u>
	<u>\$ 3,656,244</u>	<u>\$ 2,642,027</u>

Monday, April 29, 2024

Ms. Janice Solomon,
Toronto Downtown West Business Improvement Area
157 Adelaide Street W, Suite 414
Toronto, Ontario M5H 4E7

Dear Ms. Solomon:

The Objective and Scope of the Audit

You have requested that we audit the financial statements of Toronto Downtown West Business Improvement Area, which comprise the statement of financial position as at Tuesday, December 31, 2024, and the statement of operations, statement of net financial assets and statement of cash flow for the year then ended, and notes to the financial statements (including a summary of significant accounting policies).

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement, and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audits(s) 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.

The Responsibilities of the Auditor

We will conduct our audit(s) in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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:

- a. 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.
- b. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d. 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 entity'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 entity to cease to continue as a going concern.
- e. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

The Responsibilities of Management

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards ("CPSAS").
- b. For the design and implementation of 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.
- c. To provide us with timely:
 - i. Access to all information of which management is aware that is relevant to the preparation of the financial statements (such as records, documentation and other matters);
 - ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non compliance with legislative or regulatory requirements;
 - iii. Additional information that we may request from management for the purpose of the audit; and
 - iv. Unrestricted access to persons within Toronto Downtown West Business Improvement Area from whom we determine it necessary to obtain audit evidence.

As part of our audit process:

- a. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management and, where appropriate, those charged with governance written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the form contained in the following form:

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Toronto Downtown West Business Improvement Area

Opinion

We have audited the financial statements of the Toronto Downtown West Business Improvement Area ("BIA"), which comprise the statement of financial position as at December 31, 2024 and the statement of operations, net financial assets and 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2024 and the results of its operations and 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 Organization in accordance with the 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 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 these financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative 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.

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 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 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 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.

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.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Toronto Downtown West Business Improvement Area unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the provincial Code of Professional Conduct/Code of Ethics; or
- c. The information requested is (or enters into) public domain.

Communications

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus, or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

Use of Information

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit report are solely for the use of Toronto Downtown West Business Improvement Area and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Toronto Downtown West Business Improvement Area.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Toronto Downtown West Business Improvement Area) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

Reproduction of Auditor's Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Should some of the information in the annual report not be available until after the date of the auditor's report, we will request that management provide a written representation that the final version of the document(s) will be provided to us when available (and prior to its issuance) so we can complete our required procedures.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by our firm's policy), our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm's standards. File reviewers are required to maintain confidentiality of client information.

Accounting Advice

Except as outlined in this letter, the Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

Other Services

In addition to the audit services referred to above, we will, as allowed by the provincial Code of Professional Conduct/Code of Ethics, prepare your federal and provincial income tax returns as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST/HST/PST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete these federal and provincial income tax returns and will review and file them with the appropriate authorities on a timely basis.

Dispute Resolution

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation.

Indemnity

Toronto Downtown West Business Improvement Area hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Toronto Downtown West Business Improvement Area, or its directors, officers, agents, or employees, of any of the covenants or obligations of Toronto Downtown West Business Improvement Area herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. A misrepresentation by a member of your management or board of directors.

Fees

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable GST/HST, and are due when rendered. Fees for any additional services will be established separately.

If significant additional time is likely to be incurred, we will discuss the reasons with you and agree on a revised fee estimate before we incur the additional costs.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST/HST) incurred.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party not less than 30 calendar days before the effective date of termination. If early termination takes place, Toronto Downtown West Business Improvement Area shall be responsible for all time and expenses incurred up to the termination date.

This includes all costs in terminating any agreement with any specialist or other third party retained by us in connection with this Engagement.

If we are unable to complete the audit or are unable to form, or have not formed, an opinion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may disclaim an opinion on the financial statements. If this occurs, we will communicate the reasons and provide details.

Survival of Terms

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

Yours truly,

RMB Rosenswig McKee Rosso LLP

Chartered Professional Accountants
Licensed Public Accountants

Acknowledged and agreed on behalf of Toronto Downtown West Business Improvement Area by:

j solomon

Ms. Janice Solomon

Toronto Downtown West Business Improvement Area



Chartered Professional Accountants
Associated with MGI Worldwide

Michael Rosenswig
Jeff McRae
Tony Rosso
Lorraine Varga
Michelle Koscec
Dustin Jainaraine

April 29, 2024

Board of Directors
Toronto Downtown West Business Improvement Area
157 Adelaide Street W, Suite 414
Toronto, Ontario
M5H 4E7

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended December 31, 2023 we wish to report to you on our findings.

We wish to thank Janice Solomon and the organization's staff for assisting us during the audit. Based on our materiality of \$70,000, there were no identified items that have not been adjusted for.

Related party transactions

We have not identified any related party transaction in the course of our audit.

Internal controls

We have not noted any significant internal control matters. Though the segregation of duties is important to having a high degree of internal controls, we understand that this may not be feasible due to the limited number of personnel in the accounting and finance areas.

Yours very truly,

ROSENSWIG McRAE ROSSO LLP

A handwritten signature in dark ink, appearing to read 'Dustin Jainaraine', written over a light blue horizontal line.

Dustin Jainaraine, CPA, CA
DJ/dj