

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

DECEMBER 31, 2023

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To the Council of the Corporation of the City of Toronto and the
Board of Management for the Downtown Yonge Business Improvement Area:

Opinion

We have audited the financial statements of Downtown Yonge 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.

Toronto, Canada
April 16, 2024

RMB Rosenswig McRae Rosso LLP

Chartered Professional Accountants
Licensed Public Accountants

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Cash (Note 3)	\$ 2,522,884	\$ 2,381,749
Investments (Note 4)	2,521,127	2,454,844
Accounts receivable		
City of Toronto - special charges (Note 5)	227,798	265,846
Other	<u>252,196</u>	<u>142,063</u>
	<u>5,524,005</u>	<u>5,244,502</u>

LIABILITIES

Accounts payable and accrued liabilities	202,051	75,789
Funds held in trust (Note 3)	92,278	100,215
Deferred revenue (Note 6)	147,500	226,119
Scholarship payable	<u>8,025</u>	<u>8,025</u>
	<u>449,854</u>	<u>410,148</u>
Net financial assets	<u>5,074,151</u>	<u>4,834,354</u>

NON FINANCIAL ASSETS

Tangible capital assets (Note 7)	1,069,364	1,155,477
Prepaid expenses	<u>23,487</u>	<u>27,343</u>
	<u>1,092,851</u>	<u>1,182,820</u>
Accumulated surplus (Note 8)	<u>\$ 6,167,002</u>	<u>\$ 6,017,174</u>

Approved on behalf of the Board of Management:


_____, Chair


_____, Treasurer

See accompanying notes.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Actual</u>	<u>Budget</u> (Note 12)	
Revenue			
City of Toronto - special charges	\$ 3,002,517	\$ 2,995,325	\$ 3,018,203
Grants	180,000	200,000	220,131
Other income	441,711	70,000	221,922
Advertising and sponsorships	<u>180,017</u>	<u>85,000</u>	<u>102,687</u>
	<u>3,804,245</u>	<u>3,350,325</u>	<u>3,562,943</u>
Expenses			
Administration	1,089,678	1,170,200	1,021,394
Maintenance	791,226	767,000	722,333
Promotion and advertising	702,572	682,000	599,692
Streetscape improvements	528,626	577,923	495,665
Festivals and events	448,641	381,000	306,716
Provision for levies in appeals	7,561	272,302	94,072
Amortization	<u>86,113</u>	<u>-</u>	<u>86,113</u>
	<u>3,654,417</u>	<u>3,850,425</u>	<u>3,325,985</u>
Annual surplus (deficit)	\$ <u>149,828</u>	\$ <u>(500,100)</u>	<u>236,958</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 149,828	\$ 236,958
Amortization of tangible capital assets	86,113	86,113
Change in prepaid expenses	<u>3,856</u>	<u>21,261</u>
Change in net financial assets	239,797	344,332
Net financial assets, beginning of year	<u>4,834,354</u>	<u>4,490,022</u>
Net financial assets, end of year	<u>\$ 5,074,151</u>	<u>\$ 4,834,354</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Cash from operating activities		
Annual surplus	\$ 149,828	\$ 236,958
Adjustments for:		
Amortization	<u>86,113</u>	<u>86,113</u>
	235,941	323,071
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	38,048	95,989
Other	(110,134)	4,044
Decrease in prepaid expenses	3,856	21,261
Increase (decrease) in accounts payable and accrued liabilities	126,263	(66,126)
Decrease in amounts held in trust	(7,937)	(91,000)
Increase in deferred revenue	(78,619)	226,119
Decrease in scholarship payable	<u>-</u>	<u>(3,000)</u>
	<u>207,418</u>	<u>510,358</u>
Cash flows from investing activities		
Purchase of investments	<u>(66,283)</u>	<u>(4,844)</u>
Increase in cash position	141,135	505,514
Cash, beginning of year	<u>2,381,749</u>	<u>1,876,235</u>
Cash, end of year	<u>\$ 2,522,884</u>	<u>\$ 2,381,749</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Establishment of operations

The Downtown Yonge Business Improvement Area was designated as a business improvement area through By-Law 27-2001 enacted on February 1, 2001. 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 June 28, 2001.

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 Canadian Professional Accountants. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

Expenditures are recorded on the accrual basis, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been settled by payment of money.

b) Revenue recognition

The BIA recognizes revenue as follows:

- i) City of Toronto special charges - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.**
- ii) Advertising, sponsorship and grants - revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.**
- iii) Other income - revenue is recognized when earned.**

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Significant accounting policies (continued)

c) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition, plus related transaction costs.

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	-	10 - 30 year straight-line
Holiday decor	-	3 - 10 year straight-line
Leasehold improvements	-	over the remaining lease life
Furniture and equipment	-	3 - 5 year straight-line
Computer equipment	-	3 year straight-line

3. Cash

The BIA received funds from the City of Toronto for a special project for Culture, Art and Recreation Programs in Ward 13. The funds are restricted in use and intended to be allocated to local programs and projects in consultation with the Ward 13 Councilor. At year end, the funds held in trust related to this initiative was \$92,278 (2022 - \$100,215).

There are additional restricted funds as described in Note 6.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Investments

Investments consist of amounts invested in a guarantee investment certificates (GIC) and a savings account. Interest on these investments range from 1.01% - 4.55%. The GIC matures August 2024.

5. 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 consist of amounts collected by the City not yet remitted to the Board 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 of Toronto are comprised of:

	<u>2023</u>	<u>2022</u>
Total special charges outstanding	\$ 283,597	\$ 395,446
Less: Allowance for special charges in appeals	<u>(55,799)</u>	<u>(129,600)</u>
Special charges receivable	<u>\$ 227,798</u>	<u>\$ 265,846</u>

The City decreased allowances for special charges by \$73,801 (2022 - decreased by \$54,700) for uncollectable amounts. The City also wrote off \$81,361 of levies during the year (2022 - \$148,772) .

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Deferred revenue

Deferred revenue consists of:

	<u>Opening</u>	<u>Additions</u>	<u>Recognized as Revenue</u>	<u>Closing</u>
Federal grant	\$ 101,119	\$ -	\$ (101,119)	\$ -
Municipal grant	<u>125,000</u>	<u>147,500</u>	<u>(125,000)</u>	<u>147,500</u>
	<u>\$ 226,119</u>	<u>\$ 147,500</u>	<u>\$ (226,119)</u>	<u>\$ 147,500</u>

The municipal grants relate to contributions from the City of Toronto, for services to be completed in 2024.

7. 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	\$ 2,485,250	\$ -	\$ -	\$ 2,485,250
Holiday decor	301,769	-	-	301,769
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	<u>77,855</u>	<u>-</u>	<u>-</u>	<u>77,855</u>
	<u>\$ 2,987,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,987,372</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	\$ 1,329,773	\$ -	\$ 86,113	\$ 1,415,886
Holiday decor	301,769	-	-	301,769
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	<u>77,855</u>	<u>-</u>	<u>-</u>	<u>77,855</u>
	<u>\$ 1,831,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,918,008</u>
<u>Net Book Value</u>	<u>2022</u>		<u>2023</u>	
Streetscape fixtures	<u>\$1,155,477</u>		<u>\$1,069,364</u>	

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. Accumulated surplus

	2023		
	Unrestricted Operating	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 4,861,697	\$ 1,155,477	\$ 6,017,174
Annual surplus	149,828	-	149,828
Amortization	<u>86,113</u>	<u>(86,113)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 5,097,638</u>	<u>\$ 1,069,364</u>	<u>\$ 6,167,002</u>
	2022		
	Unrestricted Operating	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 4,538,626	\$ 1,241,590	\$ 5,780,212
Annual surplus	236,958	-	236,958
Amortization	<u>86,113</u>	<u>(86,113)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 4,861,697</u>	<u>\$ 1,155,477</u>	<u>\$ 6,017,174</u>

9. Contractual commitments

- a) 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 \$nil (2022- \$6,252) of outstanding commitments to the City relating to ongoing capital improvement project to be completed in 2024.
- b) The BIA entered into an agreement for Trinity Square Clock Tower improvements totalling \$420,081. At year end, the BIA had \$131,836 remaining as a future commitment. The City has contractually agreed to contribute up to \$321,855 to the BIA as part of this project, and at year end the BIA expects to receive up to \$245,868 of future contributions from the City. The project is expected to complete in 2024.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

9. Contractual commitments (continued)

- c) The BIA has contractual commitments to minimum annual operating payments for their office premises, equipment and other contractual obligations as follows:

2024	\$	227,860
2025		172,127
2026		174,957
2027		<u>132,810</u>
	\$	<u><u>707,754</u></u>

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, accounts payable and accrued liabilities, funds held in trust, deferred revenue and scholarship payable. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

- 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 4.

- 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.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

11. Insurance

The BIA 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.

12. 2023 Budget

The 2023 budget figures on the statement of operations are presented for information purposes only and are not commented on by the independent audit opinion of Rosenswig McRae Thorpe LLP dated April 16, 2024.

13. 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 this year (2022 - nil). The annual surplus without amortization of \$86,113 (2022 - 86,113) is \$235,941 (2022 - 323,071).

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Administration		
Salaries and benefits	\$ 723,141	\$ 694,279
Occupancy costs	148,090	120,490
Repairs and maintenance	65,317	64,352
Professional fees	59,501	57,865
General office	26,705	24,775
Memberships	19,907	18,717
Insurance	13,259	12,732
Travel	23,123	12,106
Utilities	6,669	10,694
Interest and bank charges	3,411	3,462
Consultants	<u>555</u>	<u>1,922</u>
	<u>\$ 1,089,678</u>	<u>\$ 1,021,394</u>
Festivals and events		
Programming	\$ 348,858	\$ 199,737
Advertising and promotion	62,564	71,092
Salaries and benefits	23,914	19,493
Consultants	<u>13,305</u>	<u>16,394</u>
	<u>\$ 448,641</u>	<u>\$ 306,716</u>
Maintenance		
Repairs and maintenance	\$ 511,438	\$ 453,557
Salaries and benefits	212,461	212,034
Occupancy costs	51,070	43,995
Utilities	13,706	11,717
Travel	<u>2,551</u>	<u>1,030</u>
	<u>\$ 791,226</u>	<u>\$ 722,333</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Promotion and advertising		
Outreach	\$ 334,482	\$ 244,771
Consultants	175,201	144,806
Advertising and promotion	145,694	168,496
General office	28,085	33,001
Meetings	<u>19,110</u>	<u>8,618</u>
	\$ <u>702,572</u>	\$ <u>599,692</u>
Streetscape improvements	<u>528,626</u>	<u>495,665</u>
Provision for levies in appeals	<u>7,561</u>	<u>94,072</u>
Amortization	<u>86,113</u>	<u>86,113</u>
	\$ <u><u>3,654,417</u></u>	\$ <u><u>3,325,985</u></u>



Chartered Professional Accountants
Associated with MGI Worldwide

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

April 19, 2024

Board of Directors
Downtown Yonge Business Improvement Area
40 Dundas Street West Suite 300, PO Box 42
Toronto, Ontario
M5B 2C2

Dear Board of Directors:

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

We wish to thank P. Larsen and the organization's staff for assisting us during the audit. Based on our materiality of \$65,000 there were no identified items that have not been adjusted for.

We would like to report to you the following financial reporting matters:

Related party transactions

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

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.

We would be pleased to discuss these items with you in more detail and assist you with any such implementation that you require.

Yours very truly,

RMR ROSENSWIG McRAE ROSSO LLP

A handwritten signature in black ink, appearing to read 'Dustin Jainaraine'.

Dustin Jainaraine, CPA, CA
DJ/dj