

**THE BOARD OF MANAGEMENT FOR THE  
VILLAGE OF ISLINGTON  
BUSINESS IMPROVEMENT AREA**

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

# **VILLAGE OF ISLINGTON BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2023**

## **CONTENTS**

	<u>Page</u>
Independent auditor's report	3 - 4
Financial statements	
Statement of financial position	5
Statement of operations and Accumulated Surplus	6
Statement of changes in net financial assets	7
Statement of cash flows	8
Notes to financial statements	9 – 12



## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

I have audited the financial statements of Village of Islington 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 year 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 year 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 generally accepted 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 BIA 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.



---

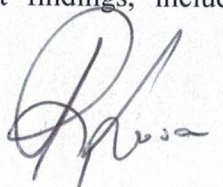
***Auditor's Responsibilities for the Audit of the Financial Statements***

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 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, I exercise professional judgment and maintain professional scepticism 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 Board'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 Board'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 Board 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  
November 21, 2024

  
Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
VILLAGE OF ISLINGTON BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash	115,527	55,798
Accounts receivable		
City of Toronto – special charges (Note 3)	9,570	8,228
Other	37,352	35,107
	<u>162,449</u>	<u>99,133</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Other	70,673	4,297
	<u>70,673</u>	<u>4,297</u>
<b>NET FINANCIAL ASSETS</b>	91,776	94,836
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	-	-
<b>ACCUMULATED SURPLUS</b>	<u>91,776</u>	<u>95,836</u>

Approved on behalf of the Board of Management:

  
Chair

  
Treasurer



**THE BOARD OF MANAGEMENT FOR THE  
VILLAGE OF ISLINGTON BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>2023 \$ Budget (Note 8)</b>	<b>2023 \$ Actual</b>	<b>2022 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	164,105	164,104	150,230
Sponsorships, grants and other	34,500	20,215	27,536
	<u>198,605</u>	<u>184,319</u>	<u>177,766</u>
<b>EXPENSES</b>			
Administration	36,739	41,110	33,694
Promotion and advertising	108,150	98,828	88,433
Maintenance	73,700	45,924	57,545
Amortization	-	-	4,240
Capital (Note 7)	28,250	-	-
Provision for uncollected levies (Note 3)	2,766	1,517	5,491
	<u>249,605</u>	<u>187,379</u>	<u>189,403</u>
		(3,060)	
<b>(DEFICIT) SURPLUS FOR THE YEAR</b>	(51,000)		(11,637)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>94,836</u>	<u>94,836</u>	<u>106,473</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>43,836</u>	<u>91,776</u>	<u>94,836</u>

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

---

	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Surplus (deficit) for the year	(3,060)	(11,637)
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	-	4,240
	(3,060)	(7,397)
Balance - Beginning of year	94,836	102,233
Balance - End of year	<u>91,776</u>	<u>94,836</u>



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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	(3,060)	(11,637)
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	-	4,240
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(1,342)	7,417
Accounts receivable – other	(2,245)	8,729
Accounts payable – City of Toronto	-	-
Accounts payable – other	66,376	(7,830)
<b>Cash Provided By (Used In) Operations</b>	<b>59,729</b>	<b>919</b>
<b>Investing Activities</b>		
Purchase of tangible capital assets	-	-
<b>Cash, Beginning Of Year</b>	<b>55,798</b>	<b>54,879</b>
<b>Cash, End Of Year</b>	<b>115,527</b>	<b>55,798</b>



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

---

**1. ESTABLISHMENT AND OPERATIONS**

The Village of Islington 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:

Street & Christmas lights	5 years
Christmas Decorations	5 years
Planters	5 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  
VILLAGE OF ISLINGTON BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONTD  
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	10,570	9,328
Less: allowance for uncollected special charges	(1,000)	(1,100)
Special charges receivable	<u>9,570</u>	<u>8,228</u>

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

	2023	2022
	\$	\$
Special charges written-off	1,617	6,891
Change in allowance for uncollected special charges	(100)	(1,400)
	<u>1,517</u>	<u>5,491</u>



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

4. CAPITAL ASSETS

2023

	Lights	Planters	Total
<b>Cost</b>			
Beginning	21,200	3,770	24,970
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>21,200</b>	<b>3,770</b>	<b>24,970</b>
<b>Accumulated Amortization</b>			
Beginning	21,200	3,770	24,970
Amortization	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>21,200</b>	<b>3,770</b>	<b>24,970</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>

2022

	Lights	Planters	Total
<b>Cost</b>			
Beginning	21,200	3,770	24,970
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>21,200</b>	<b>3,770</b>	<b>24,970</b>
<b>Accumulated Amortization</b>			
Beginning	16,960	3,770	20,730
Amortization	4,240	-	4,240
Disposals	-	-	-
<b>Ending</b>	<b>21,200</b>	<b>3,770</b>	<b>24,970</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>

**THE BOARD OF MANAGEMENT FOR THE  
VILLAGE OF ISLINGTON BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONTD  
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 values of the BIA's financial instruments approximate their values.

**7. CAPITAL EXPENSES**

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as operating surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared capital improvement projects with the City. For this reason, the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital 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.



**RAFIQ DOSANI, B.Comm. CPA, CA**  
CHARTERED PROFESSIONAL ACCOUNTANT

90 Risebrough Avenue  
Toronto, Ontario M2M 2E3  
Telephone: (416) 221 - 4095  
Fax: (416) 221 - 4160  
E-mail: dosani23@sympatico.ca

November 21, 2024

Ms. Lola Macanowicz , Chair  
Village of Islington Business Improvement Area  
5048 Dundas Street West  
ETOBICOKE, ON M9a 1b9

Dear Ms. Macanowicz :

### **MANAGEMENT LETTER YEAR ENDED DECEMBER 31, 2023**

The audit of the financial statements of the Village of Islington Business Improvement Area (BIA) for the year ended December 31, 2023 has recently been completed. The primary purpose of the audit was to express an opinion on the financial position of the BIA as at that date and on the results of its operations for the year then ended.

Given the test nature of my audit, you will appreciate that reliance must be placed on adequate methods of internal control as the Board's principal safeguard against irregularities which a test examination may not disclose. This letter provides my comments and recommendations on matters arising from the audit for your consideration.

#### **EMPLOYER-EMPLOYEE RELATIONSHIP**

Observation:

The BIA has retained a Manager to assist in the general administration of BIA activities. The remuneration is paid without any statutory deductions.

According to Canada Revenue Agency (CRA) guidelines an employer-employee relationship exists when there is "a verbal or written agreement" in which an employee agrees to work on a full-time or part-time basis for an employer for a specified or indeterminate period of time, in return for salary or wages. The employer has the right to decide where, when, and how the work will be done. In this type of relationship, a contract of services exists." The CRA guidelines also provide other criteria to be used in analysing the terms and conditions of employment.

Where an employer-employee relationship exists, the employer must withhold Income Tax, Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums on amounts paid to employees and report the employees' income and deductions on the appropriate return. Failure to do so could result in penalties and interest charges.

In my view, the current arrangement with the Manager could be interpreted as an employer-employee relationship.

**Recommendation:**

1. The Board review its current arrangement with the Manager, with a view to ensuring that, where an employer-employee relationship exists, its obligations under the Canada Revenue Agency regulations are met.

**Management Response:**

We agreed with the recommendation. The Board will review the arrangement with the Manager.

**INTERIM FINANCIAL STATEMENTS**

**Observation:**

The books of the BIA are written-up once a year and consequently no interim financial statements are provided to the Board for their review. Interim financial statements would provide the Board with a status of the financial position of the BIA throughout the year.

**Recommendation:**

2. Consideration should be given to writing-up books of accounts on an ongoing basis and periodically interim financial statements should be presented to the Board for their review and approval.

**Management response:**

We agreed with the recommendation. The BIA will be providing the documents periodically to its Bookkeeper to write-up books on an on-going basis and prepare quarterly financial statements for the board's review and approval.



## **CASH**

### **Observation:**

During the year the BIA maintained a significant amount of cash in a current account earning no interest income.

### **Recommendation:**

- 3. Consideration should be given to investing excess cash, which is not immediately required, in short-term investments to earn interest income.**

### **Management response:**

We agreed with the recommendation. The BIA will prepare a cash flow statement and invest excess cash in short-term investments.

## **HST**

### **Observation:**

The BIA is entitled to claim semi-annually an HST rebate at the rate of 11.24% on all input tax credits. The BIA records the HST rebate accurately, however, it has not claimed HST rebates for a number of years. It should be noted that the Canada Revenue Agency will not rebate any HST not claimed within four years.

### **Recommendations:**

- 4. In order not to forfeit HST rebates, the BIA should file all outstanding HST rebate claims as soon as possible.**

### **Management response:**

The BIA will be authorizing the Bookkeeper to file all outstanding HST rebates immediately.

I appreciate the cooperation of the Manager and the Bookkeeper throughout the audit. I will be available to discuss the observations and recommendations on a mutually convenient time.

Yours truly,

  
Rafiq Dosani