

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**DOWNTOWN YONGE BUSINESS
IMPROVEMENT AREA**

DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

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, 2024 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, 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 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
July 30, 2025



Chartered Professional Accountants
Licensed Public Accountants

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

FINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Cash (Note 3)	\$ 1,326,500	\$ 2,522,884
Investments (Note 4)	4,035,798	2,521,127
Accounts receivable		
City of Toronto - special charges (Note 5)	228,080	227,798
Other	<u>344,966</u>	<u>252,196</u>
	<u>5,935,344</u>	<u>5,524,005</u>

LIABILITIES

Accounts payable and accrued liabilities	172,937	202,051
Funds held in trust (Note 3)	92,278	92,278
Deferred revenue (Note 6)	266,965	147,500
Scholarship payable	<u>6,425</u>	<u>8,025</u>
	<u>538,605</u>	<u>449,854</u>
Net financial assets	<u>5,396,739</u>	<u>5,074,151</u>

NON FINANCIAL ASSETS

Tangible capital assets (Note 7)	983,251	1,069,364
Prepaid expenses	<u>62,607</u>	<u>23,487</u>
	<u>1,045,858</u>	<u>1,092,851</u>
Accumulated surplus (Note 8)	<u>\$ 6,442,597</u>	<u>\$ 6,167,002</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, 2024

	<u>2024</u>		<u>2023</u>
	<u>Actual</u>	<u>Budget</u> (Note 12)	
Revenue			
City of Toronto - special charges	\$ 3,044,945	\$ 3,040,255	\$ 3,002,517
Grants	465,960	80,000	180,000
Other income	285,140	90,000	441,711
Advertising and sponsorships	<u>134,169</u>	<u>105,000</u>	<u>180,017</u>
	<u>3,930,214</u>	<u>3,315,255</u>	<u>3,804,245</u>
Expenses			
Administration	1,215,943	1,317,859	1,089,678
Maintenance	868,234	900,433	1,033,757
Festivals and events	641,976	467,500	540,593
Promotion and advertising	382,766	355,000	368,089
Streetscape improvements	381,769	435,000	528,626
Provision for levies in appeals	77,822	276,387	7,561
Amortization	<u>86,113</u>	<u>-</u>	<u>86,113</u>
	<u>3,654,623</u>	<u>3,752,179</u>	<u>3,654,417</u>
Annual surplus (deficit)	\$ <u>275,591</u>	\$ <u>(436,924)</u>	<u>149,828</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF NET FINANCIAL ASSETS

DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Annual surplus	\$ 275,591	\$ 149,828
Amortization of tangible capital assets	86,113	86,113
Change in prepaid expenses	<u>(39,116)</u>	<u>3,856</u>
Change in net financial assets	322,588	239,797
Net financial assets, beginning of year	<u>5,074,151</u>	<u>4,834,354</u>
Net financial assets, end of year	<u>\$ 5,396,739</u>	<u>\$ 5,074,151</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Cash from operating activities		
Annual surplus	\$ 275,591	\$ 149,828
Adjustments for:		
Amortization	<u>86,113</u>	<u>86,113</u>
	361,704	235,941
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	(282)	38,048
Other	(92,769)	(110,134)
(Increase) decrease in prepaid expenses	(39,120)	3,856
(Decrease) increase in accounts payable and accrued liabilities	(29,113)	126,263
Decrease in amounts held in trust	-	(7,937)
Increase in deferred revenue	119,465	(78,619)
Decrease in scholarship payable	<u>(1,600)</u>	<u>-</u>
	<u>318,285</u>	<u>207,418</u>
Cash flows from investing activities		
Purchase of investments	<u>(1,514,669)</u>	<u>(66,283)</u>
Increase in cash position	(1,196,384)	141,135
Cash, beginning of year	<u>2,522,884</u>	<u>2,381,749</u>
Cash, end of year	<u>\$ 1,326,500</u>	<u>\$ 2,522,884</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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.
- iv) Restricted funding is recognized as deferred revenue when received, and subsequently recognized as revenue when the funds have been spent in accordance with funding agreements.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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 (2023 - \$92,278).

There are additional restricted funds as described in Note 6.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

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% - 4.80%. The GIC's mature between February and August 2025.

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>2024</u>	<u>2023</u>
Total special charges outstanding	\$ 274,180	\$ 283,597
Less: Allowance for special charges in appeals	<u>(46,100)</u>	<u>(55,799)</u>
Special charges receivable	<u>\$ 228,080</u>	<u>\$ 227,798</u>

The City decreased allowances for special charges by \$9,700 (2023 - decreased by \$73,801) for uncollectable amounts. The City also wrote off \$87,522 of levies during the year (2023 - \$81,361).

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

6. Deferred revenue

Deferred revenue consists of:

	<u>Opening</u>	<u>Additions</u>	<u>Recognized as Revenue</u>	<u>Closing</u>
Federal grant	\$ -	\$ 105,000	\$ -	\$ 105,000
Municipal grants	147,500	41,965	(147,500)	41,965
Private grant	-	120,000	-	120,000
	<u>\$ 147,500</u>	<u>\$ 266,965</u>	<u>\$ (147,500)</u>	<u>\$ 266,965</u>

The federal grant is under the Tourism Growth Program related to the 2025 Illuminite festival. The municipal grants are from the City of Toronto related to the CafeTO Dining Districts and SafeTO Grant Programs. The private grant relates to the Friars Music Museum. All deferred revenues are for services to be completed in 2025.

7. Tangible capital assets

	<u>2023</u>		<u>2024</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	77,855	-	-	77,855
	<u>\$ 2,987,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,987,372</u>

	<u>2023</u>		<u>2024</u>	
<u>Accumulated Amortization</u>	<u>Opening</u>	<u>Disposals</u>	<u>Amortization</u>	<u>Closing</u>
Streetscape fixtures	\$ 1,415,886	\$ -	\$ 86,113	\$ 1,501,999
Holiday decor	301,769	-	-	301,769
Leasehold improvements	122,498	-	-	122,498
Furniture and equipment	77,855	-	-	77,855
	<u>\$ 1,918,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,004,121</u>

<u>Net Book Value</u>	<u>2023</u>	<u>2024</u>
Streetscape fixtures	<u>\$1,069,364</u>	<u>\$ 983,251</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

8. Accumulated surplus

	2024		
	Operating Surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 5,097,638	\$ 1,069,364	\$ 6,167,002
Annual surplus	275,595	-	275,595
Amortization	<u>86,113</u>	<u>(86,113)</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 5,459,346</u>	<u>\$ 983,251</u>	<u>\$ 6,442,597</u>
	2023		
	Operating Surplus	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>

\$1,500,000 of the operating surplus has been internally restricted for public realm upgrades related to the YongeTOMorrow project. An additional \$1,500,000 has been internally restricted in the event of unforeseen circumstances impacting the ability of the BIA to continue operations. The remainder of the operating surplus is unrestricted.

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, 2024 the BIA has \$nil (2023 - \$nil) of outstanding commitments to the City relating to ongoing capital improvement project to be completed in 2025.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. Contractual commitments (continued)

- b) The BIA has contractual commitments to minimum annual operating payments for their office premises, IT support and real estate software subscriptions as follows:

2025	\$	281,294
2026		284,124
2027		<u>201,536</u>
	\$	<u><u>766,954</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, 2024

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. 2024 Budget

The 2024 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 July 30, 2025.

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 (2023 - nil). The annual surplus without amortization of \$86,113 (2023 - 86,113) is \$361,704 (2022 - 235,941).

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Administration		
Salaries and benefits	\$ 823,975	\$ 723,141
Occupancy costs	174,451	148,090
Professional fees	63,097	59,501
Repairs and maintenance	60,507	65,317
General office	29,172	26,705
Memberships	28,128	19,907
Insurance	14,315	13,259
Travel	11,856	23,123
Utilities	6,904	6,669
Interest and bank charges	3,538	3,411
Consultants	<u>-</u>	<u>555</u>
	<u>\$ 1,215,943</u>	<u>\$ 1,089,678</u>
Festivals and events		
Programming	\$ 561,204	\$ 440,810
Advertising and promotion	41,335	62,564
Salaries and benefits	30,551	23,914
Consultants	<u>8,886</u>	<u>13,305</u>
	<u>\$ 641,976</u>	<u>\$ 540,593</u>
Maintenance		
Repairs and maintenance	\$ 417,256	\$ 419,486
Outreach and community safety	290,367	334,483
Salaries and benefits	91,614	212,461
Occupancy costs	54,229	51,070
Utilities	14,768	13,706
Travel	<u>-</u>	<u>2,551</u>
	<u>\$ 868,234</u>	<u>\$ 1,033,757</u>

DOWNTOWN YONGE BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Promotion and advertising		
Advertising and promotion	\$ 210,400	\$ 145,695
Consultants	129,639	175,199
General office	28,688	28,085
Meetings	<u>14,039</u>	<u>19,110</u>
	<u>\$ 382,766</u>	<u>\$ 368,089</u>
Streetscape improvements	<u>381,769</u>	<u>528,626</u>
Provision for levies in appeals	<u>77,822</u>	<u>7,561</u>
Amortization	<u>86,113</u>	<u>86,113</u>
	<u>\$ 3,654,623</u>	<u>\$ 3,654,417</u>

July 30, 2025

Board of Directors
Downtown Yonge Business Improvement Area
40 Dundas Street West
Toronto, Ontario
M5B 2C2

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended December 31, 2024 we wish to report to you on our findings.

We wish to thank Phillip and Pauline for assisting us during the audit. Attached is our list of adjustments we have identified during the audit which have not been adjusted for. Based on our materiality of \$75,000, there are no material differences nor were there any significant unrecorded items.

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

Deferred revenues under government/private funding agreements

The BIA is able to secure secondary financing sources through restricted grants/funding agreements. We think it is best practice to summarize all outstanding agreements before year end, and reconcile revenues received/receivable as well as spending incurred. The revenues received under funding agreements should be deferred until funds are spent. Revenues not received but earned in accordance with their funding agreement milestones/deliverables should be accrued as receivable when earned. Funding received shortly after year end should be tied to funding agreements to determine when it should be recorded as revenue.

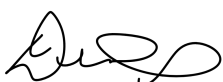
Many of these funding agreements will often require interim and/or final project spend reporting. We have discussed this concept with Phillip around utilizing internal Quickbooks reporting to separately track funds under each agreement so that reporting can be easily generated from Quickbooks to service these reporting requirements under agreements.

We did not identify any significant internal control matters to report.

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

Yours very truly,

ROSENSWIG McRAE THORPE LLP



Dustin Jainaraine, CPA, CA