

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2024

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Liberty Village Business Improvement Area (the organization), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in 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 organization 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 (PSAS).

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 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 the financial statements in accordance with PSAS, 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 organization'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 organization or to cease operations, or has no realistic alternative but 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.

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Independent Auditor's Report to the Council of the City of Toronto and the Board of Management for the Liberty Village Business Improvement Area (*continued*)

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 organization'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 organization'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 organization 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, Ontario
September 10, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
Statement of Financial Position
December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and short-term deposits	\$ 455,154	\$ 423,510
Accounts receivable	2,844	5,011
Harmonized sales tax recoverable	34,613	67,793
	<u>492,611</u>	<u>496,314</u>
LIABILITIES		
Accounts payable and accrued liabilities	11,221	19,561
Employee deductions payable	-	1,795
Deferred revenue	2,544	3,500
Due to the City of Toronto (Note 3)	11,448	6,627
	<u>25,213</u>	<u>31,483</u>
NET FINANCIAL ASSETS	<u>467,398</u>	464,831
NON-FINANCIAL ASSETS		
Prepaid expenses	1,335	8,246
Tangible capital assets (Note 5)	-	1,301
	<u>1,335</u>	<u>9,547</u>
ACCUMULATED SURPLUS	<u>\$ 468,733</u>	<u>\$ 474,378</u>

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

Sandy Weir 2025-09-11_Chair

Ben Hahn 2025-09-11_Treasurer

See notes to financial statements

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2024

	Budget 2024 <i>(note 12)</i>	Total 2024	Total 2023
REVENUES			
Business improvement area levy <i>(Note 3)</i>	\$ 422,657	\$ 424,183	\$ 406,207
Festivals and events revenue	55,000	54,939	50,813
Government grants	57,500	60,945	59,726
Interest income	-	7,350	2,493
	535,157	547,417	519,239
EXPENSES			
Amenity and maintenance <i>(Note 6)</i>	86,500	41,438	37,686
Capital / amortization	-	1,301	3,613
Festivals and events <i>(Note 7)</i>	140,000	148,617	149,865
General and administrative <i>(Note 8)</i>	226,477	192,749	211,890
Promotion and communication <i>(Note 9)</i>	60,000	135,151	59,846
Provision for uncollectible levies <i>(Note 3)</i>	38,423	26,173	39,623
Streetscape improvements	30,000	7,633	7,632
	581,400	553,062	510,155
SURPLUS (DEFICIT) FOR THE YEAR	(46,243)	(5,645)	9,084
OPERATING SURPLUS - BEGINNING OF YEAR	516,173	474,378	465,294
OPERATING SURPLUS - END OF YEAR	\$ 469,930	\$ 468,733	\$ 474,378

See notes to financial statements

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
Statement of Changes in Net Financial Assets
Year Ended December 31, 2024

	Budget 2024	2024	2023
SURPLUS (DEFICIT) FOR THE YEAR	\$ (46,243)	\$ (5,645)	\$ 9,084
Amortization of tangible capital assets	-	1,301	3,613
Decrease (increase) in prepaid expenses	-	6,911	(598)
	-	8,212	3,015
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(46,243)	2,567	12,099
NET FINANCIAL ASSETS - BEGINNING OF YEAR	464,831	464,831	452,732
NET FINANCIAL ASSETS - END OF YEAR	\$ 418,588	\$ 467,398	\$ 464,831

See notes to financial statements

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Surplus (deficit) for the year	\$ (5,645)	\$ 9,084
Item not affecting cash:		
Amortization	<u>1,301</u>	3,613
	<u>(4,344)</u>	<u>12,697</u>
Changes in non-cash working capital:		
Accounts receivable	2,167	(4,412)
Prepaid expenses	6,911	(598)
Harmonized sales tax recoverable	33,180	(1,646)
Accounts payable and accrued liabilities	(8,340)	3,877
Employee deductions payable	(1,795)	(39)
Deferred revenue	(956)	(12,500)
Due from (to) the City of Toronto	<u>4,821</u>	<u>39,170</u>
	<u>35,988</u>	<u>23,852</u>
INCREASE IN CASH FLOW	31,644	36,549
Cash - beginning of year	<u>423,510</u>	<u>386,961</u>
CASH - END OF YEAR	\$ 455,154	\$ 423,510

See notes to financial statements

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2024

1. PURPOSE OF THE ORGANIZATION

Liberty Village 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 "City").

The Board is entrusted with the improvements, beautification and maintenance of the 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 property tax 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred.

Revenue recognition

Revenues are recognized as follows:

The BIA receives special charges levied and collected by the City and are recognized as revenue in the calendar year to which the tax assessment applies and at the time the assessment is known.

Fundraising and other revenues are recognized when the services have been performed and amounts have been collected.

Government grants are recognized in the period in which the transfer is authorized and any eligibility criteria are met unless restricted through stipulations that required specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Benches	5 years	straight-line method
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The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Services provided without charge by the City and others are not recorded in these financial statements.

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LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 BIAs 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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Use of Estimates

The preparation of these financial statements in accordance with Canadian public sector accounting standards 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 uncollectable levies and accounts receivables and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. DUE FROM (TO) CITY OF TORONTO

Special charges levied and collected by the City are subsequently remitted to the BIA. The total outstanding balance represents amounts collected by the City but not yet remitted (or amounts over-remitted) to the BIA.

The BIA records special charges receivable net of an allowance for amounts that may not be collected. The balance due from (to) the City is comprised of the following:

	<u>2024</u>	<u>2023</u>
<u>Due from (to) the City of Toronto</u>		
Net balance, beginning of year	\$ (9,029)	\$ 35,643
Levies	424,182	406,207
Payments received	(399,449)	(407,254)
Insurance assessment	(978)	(902)
BIA tax levies written off	(25,774)	(41,123)
Provision for loss on assessment appeals	(400)	(1,600)
Subtotal	(11,448)	(9,029)
Other grants receivable	-	2,402
Net balance, end of year	<u>\$ (11,448)</u>	<u>\$ (6,627)</u>

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2024

4. COMMITMENTS

Long-term Capital Funding Commitments to City of Toronto

In order to finance major capital expenditures, the BIA budgets and allocates certain amounts each year, which are accumulated as operating surplus until sufficient funds have been set aside. Once adequate funds are available, the BIA undertakes cost-shared capital improvement projects with the City of Toronto. As a result, actual capital expenditures in any given year may differ significantly from the budgeted amounts. Any excess of actual expenditures over budget is financed out of the accumulated surplus.

As at December 31, 2024 there are no outstanding commitments for capital improvement projects (2023 - \$Nil) and during the year \$Nil was paid for capital improvement projects (2023 - \$Nil).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Benches	\$ 53,210	\$ 53,210	\$ -	\$ 1,301

6. AMENITY AND MAINTENANCE

	2024	2023
Amenity and maintenance expense consists of:		
Flowers and floral care	\$ 34,373	\$ 31,931
Hydro	523	537
Repairs and maintenance	6,542	5,218
	\$ 41,438	\$ 37,686

7. FESTIVALS AND EVENTS

	2024	2023
Festivals and events expense consists of promotional, production, equipment rental, and staffing costs incurred in connection with events held to promote the BIA. These expenses are categorized by festival or event as follows:		
Give Me Liberty	\$ 131,241	\$ 109,538
Holiday events	7,235	7,104
Live at Liberty	9,769	29,413
Walk Liberty	372	3,810
	\$ 148,617	\$ 149,865

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2024

8. GENERAL AND ADMINISTRATIVE

	<u>2024</u>	<u>2023</u>
General and administrative expense consists of:		
Accounting and legal	\$ 7,083	\$ 7,286
Audit fees	3,658	3,943
Consultants	-	20,352
Insurance	7,950	7,549
Interest and bank charges	1,638	1,267
Meeting expenses	275	-
Membership and associations	5,000	5,000
Office	6,386	4,978
Rent	19,300	19,413
Retail sales tax reassessments	-	27,035
Salaries and benefits	141,459	115,067
	<u>\$ 192,749</u>	<u>\$ 211,890</u>

9. PROMOTION AND COMMUNICATION

	<u>2024</u>	<u>2023</u>
Promotion and communication expense consists of:		
Advocacy	\$ 26,765	\$ 2,310
Marketing and promotional material	75,407	4,637
Retail and restaurant program	32,978	52,899
	<u>\$ 135,150</u>	<u>\$ 59,846</u>

10. LEASE COMMITMENTS

The BIA has a lease with respect to its premises that expires December 31, 2025. The lease provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2025	<u>\$ 8,250</u>
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11. INSURANCE

The BIA 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 BIA. Insurance coverage providing \$5,000,000 for each occurrence or incident has been obtained by the BIA through the City.

12. FINANCIAL INSTRUMENTS

The financial instruments of the BIA consist of cash and term deposits, accounts receivable, accounts payable and the amounts due from (to) the City of Toronto. It is management's opinion that the organization is not exposed to significant interest rate, currency, or credit risks arising from these financial instruments.

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2024

13. BUDGET

The budget adopted by the Organization on November 27, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures on acquisition rather than annually including amortization expense. For presentation purposes the amounts budgeted for capital expenditures are shown on the statement of change in net financial assets and actual amortization for the year added to the budget in the statement of operations.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



September 10, 2025

Liberty Village Business Improvement Area
67 Mowat Ave, Suite 104
Toronto ON M6K 3E3

Attention: Sandy Weir

Dear Sandy:

During the course of our audit of Liberty Village Business Improvement Area for the year ended December 31, 2024, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

Vendor payment error

During the course of our audit, we noted that a vendor was paid an incorrect amount. Spiniko was paid \$4,238 when the actual amount owing was \$1,394.94. The overpayment was subsequently resolved in July 2025, when the vendor transferred \$2,843.06 back to the BIA.

Implications

The BIA risks non-recovery of overpayments, and where amounts are not promptly identified and pursued could result in unnecessary losses of funds.

Recommendations

We recommend that approvers of payments and e-transfer authorizers continue to exercise care when processing transactions, with a particular focus on confirming that payment amounts agree to the approved invoices and are directed to the correct suppliers. Strengthening this review step will help reduce the risk of overpayments and reinforce the effectiveness of existing controls.

In addition, we recommend that the accounts payable listing and related general ledger accounts be reviewed on a regular basis, with older items followed up and reconciled in a timely manner. This practice will help ensure the accuracy of financial records and support effective cash management.

Investment of cash

We noted that the cash balance in the chequing account is approximately \$450,000. In prior years, a portion of surplus funds not required for current projects was invested in GIC instruments to generate investment income.

Recommendations

We recommend that management consider investing surplus funds in term deposits to increase the funding available to the BIA.

Accounts Payable

During the course of our audit, we noted several long-outstanding items in the accounts payable ledger. These included an amount of \$1,394.94 payable to Spiniko, which was still showing as outstanding as of September 6, 2025, despite being paid on December 19, 2024. We also noted several amounts recorded as owing to the Receiver General for payroll, including \$2,620.66 relating to the December 2024 payroll that had not yet been remitted.

Implications

The BIA risks overpaying vendors by leaving old amounts in the accounts payable register that are no longer payable. In addition, certain obligations, such as payments owing to the Receiver General, are due on specific statutory dates and, if not remitted on time, can result in significant late payment penalties and interest charges.

Recommendations

We recommend that management perform regular reconciliations of the accounts payable ledger to ensure that old or duplicate items are cleared on a timely basis and that statutory remittances are monitored and paid by their required due dates.

Payroll Processing

When auditing payroll, we noted several issues with payroll remittances. The December 2024 payroll remittance of \$2,620.66 had not been remitted to the CRA. The October 2024 payroll remittance of \$3,141.51 was remitted twice, once on November 14 and again on November 22. No remittance was made for the May 2025 payroll. As of the date of this letter, penalties and interest of \$784.21 remained outstanding. In addition, credit balances of \$1,053.28 in the 2023 payroll account and \$520.85 in the 2024 payroll account arose due to over-remittances to the CRA that were not cleared upon filing of the T4s or subsequently resolved with the CRA. Finally, accounts payable as of September 6th includes \$18,031.62 of payroll remittances payable, representing four different months of remittances still owing to the CRA.

Implications

Payroll remittances are due to the CRA on or before the 15th day of the month following the month in which employees are paid. A late payment, even by one day, results in a 5% late penalty. From our discussions with management, we understand that due to the nature of the approval process and controls over payments, timely processing of CRA remittances is not always achieved.

Recommendations

We recommend that management consider using a payroll service, as these providers are generally very cost-effective and ensure that remittances are made to the CRA on time. By using such a service, the approval of the remittance to the CRA would occur simultaneously with the approval of payroll for processing, thereby eliminating the current issue of obtaining timely director approvals for CRA remittances.

Conclusion

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,



Bob Gore, CPA,CA

ROBERT GORE & ASSOCIATES

Chartered Professional Accountants

A/P Aging Summary Report

PBC

Liberty Village BIA

As of September 6, 2025

SUPPLIER	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
A1 Sunshine Services		100.00	100.00			200.00
Accurate Impressions Ltd.					0.20	0.20
Aniko Szabo					2,105.00	2,105.00
Any Card	2,500.70	1,520.54				4,021.24
Astral Media Affichange S.E.C.		28.25				28.25
Augusta Green Sprinklers Inc		4,943.75				4,943.75
Bloom	21,930.00					21,930.00
Booster Juice			-150.00			-150.00
Burger Drops -					191.50	191.50
Chalk Artist		8,475.00				8,475.00
Goodbye Graffiti	683.48					683.48
Hand In Glove	3,688.32		3,688.32			7,376.64
Insieme Restaurant			361.07			361.07
Madelaine Hudson			854.56			854.56
OEB Breakfast Co.					177.52	177.52
Receiver General PAYROLL		6,004.90	5,620.06	3,786.00	2,620.66	18,031.62
Redbox	17,750.00					17,750.00
School Restaurant					408.00	408.00
Shop Local 2 Win		5,314.96				5,314.96
Spiniko					1,394.94	1,394.94
Tip Top Entertainment					-0.01	-0.01
Toronto Hydro		280.09				280.09
Vibrant Occasions				-2,300.00		-2,300.00
WSIB					823.22	823.22
TOTAL	46,552.50	26,667.49	10,474.01	1,486.00	7,721.03	\$92,901.03