

**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 McRae 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>

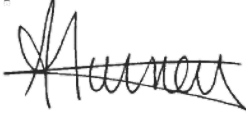
LIABILITIES

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>