THE BOARD OF MANAGEMENT FOR THE DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA

Financial Statements
For the Year Ended December 31, 2020

DUPONT BY THE CASTLE
BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Management for the DUPONT BY THE CASTLE Business Improvement Area

Opinion

I have audited the financial statements of DUPONT BY THE CASTLE Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2020, 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, 2020 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 Board 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.

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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 BIA'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 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.

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
April 29, 2021

Chartered Professional Accountant
Licensed Public Accountant

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020 $	2019 $
FINANCIAL ASSETS		
CURRENT		
Cash	104,696	182,128
Shot-term Investment (Note 11)	100,497	-
Accounts receivable		
City of Toronto (Note 3)	4,712	2,373
Other	14,480	7,348
	224,385	191,849
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
City of Toronto	1,171	6,789
Other	5,474	4,800
	6,645	11,589
NET FINANCIAL ASSETS	217,740	180,260
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	35,045	37,786
ACCUMULATED SURPLUS	252,785	218,046

Approved on behalf of the Board of Management:

Chair

Treasurer

THE BOARD OF MANAGEMENT FOR THE DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 $ Budget (Note 9)	2020 $ Actual	2019 $ Actual
REVENUE			
City of Toronto – special charges	137,842	137,842	131,050
Section 37 contribution (Note 5)			50,000
Interest and other	5,000	497	242
	142,842	138,339	181,292
EXPENSES			
Administration	44,426	46,196	46,693
Promotion and Marketing	10,000	16,094	5,408
Maintenance	7,500	8,331	969
Capital (Note 6)	105,000	-	-
Amortization	-	24,402	20,070
Provision for (recovery of) uncollected special charges (Note 3)	10,916	8,577	11,748
	177,842	103,600	84,888
SURPLUS (DEFICIT) FOR THE YEAR	(35,000)	34,739	96,404
ACCUMULATED SURPLUS, BEGINNING OF YEAR	218,046	218,046	121,642
ACCUMULATED SURPLUS, END OF YEAR	183,046	252,785	218,046

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 $	2019 $
Surplus for the year	34,739	96,404
Acquisition of tangible capital assets	(21,661)	(15,869)
Amortization of tangible capital assets	24,402	20,070
	37,480	100,605
Balance - Beginning of year	180,260	79,655
Balance - End of year	217,740	180,260

THE BOARD OF MANAGEMENT FOR THE
DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 $	2019 $
Cash flows from operating transactions		
Surplus for the year	34,739	96,404
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	24,402	20,070
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	(2,339)	1,584
Accounts receivable – Other	(7,132)	(2,918)
Accounts payable – City of Toronto	(5,618)	6,789
Accounts payable - Other	674	(1,789)
Cash Provided By Operations	44,726	120,140
Investing Activities		
Purchase of tangible capital assets	(21,661)	(15,869)
Increase in Short-term investments	(100,497)	
Cash, Beginning Of Year	182,128	77,857
Cash, End Of Year	104,696	182,128

1. ESTABLISHMENT AND OPERATIONS

The DUPONT BY THE CASTLE 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.

Short-term Investments:
Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

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 signage	5 years
Flags and banners	3 years
Streetscape	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.

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:

	2020 $	2019 $
Total special charges outstanding	6,812	5,273
Less: allowance for uncollected special charges	(2,100)	(2,900)
Special charges receivable	4,712	2,373

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

	2020 $	2019 $
Special charges written-off	9,377	13,948
Change in provision for assessment appeals	(800)	(2,200)
	8,577	11,748

4. TANGIBLE CAPITAL ASSETS

2020

	Flags and Banners	Street scape	Total
Cost			
Beginning	5,150	95,201	100,351
Additions	-	21,661	21,661
Disposals	-	-	-
Ending	**5,150**	**116,862**	**122,012**
Accumulated Amortization			
Beginning	3,090	59,475	62,565
Amortization	1,030	23,372	24,402
Disposals	-	-	-
Ending	**4,120**	**82,847**	**86,967**
Net Book Value	**1,030**	**34,015**	**35,045**

2019

	Flags and Banners	Street scape	Total
Cost			
Beginning	5,150	79,332	84,482
Additions	-	15,869	15,869
Disposals	-	-	-
Ending	**5,150**	**95,201**	**100,351**
Accumulated Amortization			
Beginning	2,060	40,435	42,495
Amortization	1,030	19,040	20,070
Disposals	-	-	-
Ending	**3,090**	**59,475**	**62,565**
Net Book Value	**2,060**	**35,726**	**37,786**

5. SECTION 37 CONTRIBUTION

Section 37 funds were provided to the BIA for the streetscape improvements. The BIA is in the process of acquiring these tangible assets. In the meantime, these funds are included in the BIA's accumulated surplus and will be disbursed when the assets have been purchased.

6. 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

7. INSURANCE

The Board is required to deposit with the Treasurer, City of Toronto, insurance policies indemnifying the City against public liability & property damage in respect of the activities of the Board. Insurance coverage providing $5,000,000 for each occurrence/accident has been obtained by the Board through the City of Toronto.

8. FINANCIAL INSTRUMENTS

The carrying value of the BIA's financial instruments approximates their values. The BIA is subject to an interest rate risk with respect to its investments; however, as these instruments are short-term investments the risk is minimal.

9. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.

10. COMMITMENTS

The Board, in co-operation with the City, has implemented Cost-shared capital improvement projects on publically owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The Board is committed to capital improvement projects of which the Board's share of $9,667 (2019 – nil) was outstanding as at December 31, 2020.

11. SHORT-TERM INVESTMENT

Short-term investment consists of cashable guaranteed investment certificates with the TD Bank. The investment bears interest at the rate of 0.3% per annum and will be maturing on January 13, 2021.