

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

Financial Statements

Year ended December 31, 2022

Draft for Discussion Purposes Only

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

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Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Building Owners and Managers Association of the Greater Toronto Area

Opinion

We have audited the financial statements of Building Owners and Managers Association of the Greater Toronto Area (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in fund balances, operations 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 Association as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Association 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 the financial statements in accordance with ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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.

INDEPENDENT AUDITOR'S REPORT - cont'd

- ◆ 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 Association'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 Association'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 Association 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.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
Date to be determined

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**
Statement of Financial Position
December 31, 2022

	General Fund	Operating Reserve Fund	2022	2021
Assets				
Current				
Cash	\$ 1,182,803	\$ -	\$ 1,182,803	\$ 1,294,131
Term note receivable (Note 3)	-	-	-	476,812
Equity investments (Note 4)	953,173	-	953,173	693,375
Accounts receivable (Note 12)	115,757	-	115,757	297,599
Prepaid expenditures	82,185	-	82,185	60,840
Interfund balance (Note 5)	(1,100,000)	1,100,000	-	-
	1,233,918	1,100,000	2,333,918	2,822,757
Capital assets (Note 6)	26,764	-	26,764	14,766
	1,260,682	1,100,000	2,360,682	2,837,523
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 12)	132,005	-	132,005	230,461
Government remittances payable	8,463	-	8,463	977
Deferred revenue (Note 7)	468,910	-	468,910	506,814
	609,378	-	609,378	738,252
Net assets	\$ 651,304	\$ 1,100,000	\$ 1,751,304	\$ 2,099,271
Net assets represented by:				
General Fund (Note 8)	\$ 651,304	\$ -	\$ 651,304	\$ 999,271
Operating Reserve Fund	-	1,100,000	1,100,000	1,100,000
	\$ 651,304	\$ 1,100,000	\$ 1,751,304	\$ 2,099,271

Approved on behalf of the Board:

Director _____

Director _____

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA
Statement of Fund Balances
Year ended December 31, 2022**

	General Fund (Note 8)	Operating Reserve Fund	Total 2022
Balance, beginning of year	\$ 999,271	\$ 1,100,000	\$ 2,099,271
Excess (deficiency) of revenue over expenditures	(347,967)	-	(347,967)
Balance, end of year	\$ 651,304	\$ 1,100,000	\$ 1,751,304

	General Fund (Note 8)	Operating Reserve Fund	Total 2021
Balance, beginning of year	\$ 612,807	\$ 1,100,000	\$ 1,712,807
Excess of revenue over expenditures	386,464	-	386,464
Balance, end of year	\$ 999,271	\$ 1,100,000	\$ 2,099,271

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**
Statement of Operations
Year ended December 31, 2022

	Total 2022	Total 2021
Revenue		
Events	\$ 968,366	\$ 471,306
Membership dues	740,000	741,332
Program (Notes 9 and 12)	448,715	690,206
Other (Note 14)	88,519	93,104
Race to Reduce sponsorship	47,425	83,908
Education	35,300	25,900
Government assistance (Note 10)	948	201,667
	2,329,273	2,307,423
Expenditures		
Events	577,884	219,889
Membership due (Note 12)	167,223	108,947
Program (Note 12)	56,770	150,301
Salaries and benefits	1,071,969	944,275
Office (Notes 6 and 14)	378,767	342,263
Marketing and communications	92,935	95,400
Race to Reduce (Note 13)	46,009	83,908
Other	40,345	34,529
Education	29,158	7,172
	2,461,060	1,986,684
Excess (deficiency) of revenue over expenditures from operations	(131,787)	320,739
Other income (expense)		
Investment income (loss) (Note 11)	(216,180)	65,725
Excess (deficiency) of revenue over expenditures	\$ (347,967)	\$ 386,464

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**
Statement of Cash Flows
Year ended December 31, 2022

	2022	2021
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (347,967)	\$ 386,464
Amortization of capital assets	6,811	5,875
Amortization of deferred lease inducement	-	(5,985)
Realized gain on equity investments	-	(30,922)
Realized loss on redemption of term note receivable	1,481	-
Unrealized (gain) loss on equity investments	229,535	(10,655)
	(110,140)	344,777
Change in		
Accounts receivable	181,842	(40,488)
Prepaid expenditures	(21,345)	35,928
Accounts payable and accrued liabilities	(98,456)	(4,826)
Government remittances payable	7,486	50
Deferred revenue	(37,904)	39,901
	(78,517)	375,342
Financing activities		
Loan payable	-	(30,000)
Investing activities		
Redemption of term note receivable	476,812	-
Proceeds on disposition of investments	-	425,941
Purchase of investments	(490,814)	(449,779)
Purchase of capital assets	(18,809)	(2,396)
	(32,811)	(26,234)
Change in cash	(111,328)	319,108
Cash, beginning of year	1,294,131	975,023
Cash, end of year	\$ 1,182,803	\$ 1,294,131

BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

Notes to Financial Statements

Year ended December 31, 2022

1. Nature of operations

Building Owners and Managers Association of the Greater Toronto Area (the "Association") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario and is exempt from income taxes under the Income Tax Act.

The purpose of the Association is to advance the common interest of building owners and managers, industry allies and students by providing relevant and valued services, education and awareness in the Canadian industry and environment.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported year. Significant estimates include estimated useful lives of capital assets. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the results of operations in the year in which they become known.

Fund accounting

The accounts of the Association are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purpose into funds determined by the purpose for which those funds are held. The funds held are:

General Fund

The General Fund reflects the day-to-day activities of the Association.

Operating Reserve Fund

The Operating Reserve Fund was internally established to ensure the solvency of the Association by setting aside an amount sufficient to cover six months of operating expenditures.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Investments

Investments consist of a term note receivable and equity investments.

Investment in term note receivable was accounted for at amortized cost plus accrued interest and had been classified as a current asset.

Equity investments are carried at fair market value based on the quoted market price and have been classified as a current asset. Any changes in the fair market value of the equity investment is recorded in the Statement of Operations.

Transaction costs and investment fees are expensed when incurred.

Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Website	3 years straight-line
Computer equipment	30% declining balance
Computer software	30% declining balance
Leasehold improvements	10 years straight-line

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Revenue recognition

Membership dues are recognized on a calendar year basis. New members receive a discount depending on when they initially join the Association and membership dues are pro-rated accordingly. Dues received in advance of the year they relate to are recognized as deferred revenue.

Program (except as noted below), events, and education revenue are recorded when the events take place or services are performed. Amounts received in advance of the event or service provided are recognized as deferred revenue. Sponsorship revenue related to an event is recognized when the event takes place.

Race to Reduce revenue is recognized over the term of the contract and in the year in which related Race to Reduce expenditures are incurred, if the amount to be received can be reasonably estimated and collection is reasonably assured.

During previous years, BOMA BEST single stream revenue included in program revenue (Note 9) was recognized on the percentage of completion basis whereby revenue was measured by the proportion of costs incurred to date as a percentage of estimated total costs. Amounts billed in excess of amounts recognized as revenue were recorded as deferred revenue. During the current year, BOMA BEST single stream program has transitioned to BOMA Canada. Thereafter, BOMA BEST single stream revenue is recognized when received and collectability is reasonably assured.

BOMA BEST portfolio stream revenue included in program revenue (Note 9) is recognized when received and collectability is reasonably assured.

Investment income includes interest, dividends, and realized and unrealized gains (losses). Interest income is recognized as earned. Dividends are recognized when declared by the payer. Realized gains (losses) are recognized when the investment is disposed. Unrealized gains (losses) are recognized as changes in the fair market value occur.

Other revenue is recorded in the fiscal year they are earned.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

2. Summary of significant accounting policies - cont'd

Contributed services

The Association benefits from services in the form of volunteer time to fulfil its mission. Since these services are not purchased by the Association and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.

Government assistance

The Association applied for and received financial assistance under the Canada Emergency Wage Subsidy program. Subsidy amounts are recorded as government assistance revenue when received or receivable and the related salary expenditure has been incurred.

The Association applied for and received financial assistance under the Canada Emergency Rent Subsidy program. Subsidy amounts are recorded as government assistance revenue when received or receivable and the related rent expenditure has been incurred.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for equity investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash, term note receivable, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Allocation of expenditures

The Organization incurs costs related to Race to Reduce sponsorship. These costs include the costs of personnel with responsibilities in this revenue stream as well as expenditures that are directly related to these activities.

Where personnel have responsibilities that relate to more than one functional area, the costs are charged to each area based on time spent on each activity.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

3. Term note receivable

	2022	2021
Term note receivable	\$ -	\$ 444,508
Accrued interest	-	32,304
	\$ -	\$ 476,812

The term note was redeemed during the current fiscal year. During the prior year, the term note earned interest at a rate of 2.7% per annum.

4. Equity investments

	2022 Cost	2022 Market	2021 Cost	2021 Market
Equity investments	\$ 1,153,442	\$ 953,173	\$ 664,003	\$ 693,375

5. Interfund balances

The interfund balances represent the accumulated transfers among the Association's specific fund balances.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

6. Capital assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 8,328	\$ 7,068	\$ 1,260	\$ 1,576
Website	11,775	1,962	9,813	-
Computer equipment	166,522	154,225	12,297	8,342
Computer software	332,795	329,401	3,394	4,848
Leasehold improvements	217,727	217,727	-	-
	<u>\$ 737,147</u>	<u>\$ 710,383</u>	<u>\$ 26,764</u>	<u>\$ 14,766</u>

Included in office expenditures is amortization of \$6,811 (2021 - \$5,875).

7. Deferred revenue

The deferred revenue balance consists of the following:

	2022	2021
Deferred membership dues	\$ 460,020	\$ 467,694
Deferred events and other	5,890	7,425
Deferred sponsorship	3,000	16,600
Deferred BOMA BEST fees	-	15,095
	<u>\$ 468,910</u>	<u>\$ 506,814</u>

Deferred revenue balance consists of the following receipts recognized in revenue:

	2022	2021
Balance, beginning of year	\$ 506,814	\$ 466,913
Receipts (recognized in revenue), net	(37,904)	39,901
	<u>\$ 468,910</u>	<u>\$ 506,814</u>

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

8. General Fund

The General Fund reflects the day-to-day activities and consists of the following:

	Invested in capital assets	Unrestricted	2022	2021
Balance, beginning of year	\$ 14,766	\$ 984,505	\$ 999,271	\$ 612,807
Purchase of capital assets	18,809	(18,809)	-	-
Excess (deficiency) of revenue over expenditures	(6,811)	(341,156)	(347,967)	386,464
Balance, end of year	\$ 26,764	\$ 624,540	\$ 651,304	\$ 999,271

9. Program revenue

The program revenue is comprised of the following:

	2022	2021
BOMA BEST portfolio stream (Note 12)	\$ 347,292	\$ 402,941
BOMA BEST single stream (Note 12)	38,565	228,985
Awards and recognition	26,085	22,301
Membership directory	22,900	29,550
Energy and environment advocacy	10,400	4,300
Other	3,473	2,129
	\$ 448,715	\$ 690,206

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

10. Government assistance

Included in government assistance revenue is a recovery of \$Nil (2021 - \$129,905) for government assistance received under the Canada Emergency Wage Subsidy ("CEWS") program.

Included in the government assistance revenue is a recovery of \$948 (2021 - \$61,762) for government assistance received under the Canada Emergency Rent Subsidy ("CERS") program.

11. Investment income (loss)

The investment income (loss) consists of the following:

	2022	2021
Dividends	\$ 46,307	\$ 30,372
Realized gain (loss)	(1,481)	30,922
Interest (interest foregone due to early redemption of the term note - Note 3)	(31,471)	(6,224)
Unrealized gain (loss)	(229,535)	10,655
	\$ (216,180)	\$ 65,725

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

Notes to Financial Statements

Year ended December 31, 2022

12. Related party transactions

BOMA Canada

The Association is a federated member of BOMA Canada. The Association receives a 31.5% (2021 - 31.5%) royalty from BOMA Canada in relation to the BOMA BEST portfolio program and single stream program. Revenue includes the following BOMA Canada transactions:

	2022	2021
BOMA BEST portfolio and single streams revenue	\$ 347,292	\$ 402,941

The Association pays an annual fee to BOMA Canada. In addition, the Association paid 31.5% royalty to BOMA Canada in relation to the BOMA BEST single stream program before BOMA BEST single stream program transitioned to BOMA Canada during the current year. Membership dues and program expenditures include the following transactions with BOMA Canada:

	2022	2021
Annual fee	\$ 131,660	\$ 65,830
BOMA BEST single stream royalties	-	71,628

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts receivable and accounts payable is \$43,132 (2021 - \$277,028) and \$Nil (2021 - \$57,042), respectively, due from (to) BOMA Canada. The terms for accounts receivable due from BOMA Canada and accounts payable due to BOMA Canada are the same as regular accounts receivable and trades payable.

Board of Directors

The members of the Board of Directors of BOMA Toronto receive complimentary tickets to the Association's events which are not recorded in these financial statements.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
OF THE GREATER TORONTO AREA**

Notes to Financial Statements

Year ended December 31, 2022

13. Expenditure allocation

Direct salaries and benefits are allocated based on time spent on each event and program. Direct salaries and benefits have been allocated as follows:

	2022	2021
Race to Reduce	\$ -	\$ 11,765

The allocation to the Race to Reduce program does not include any amounts for indirect salaries or office overhead expenditures utilized by the program.

14. Commitments

During the previous year, the Association extended its office lease agreement for a term of five years expiring in September 2026. A portion of the office premises has been subleased to a different organization. Subsequent to the year-end, the sublease has ended and the Association has entered into a new sublease agreement with another organization. The new sublease term is from June 2023 to September 2026. The sublease rent amount of \$86,256 (2021 - \$77,964) is included in other revenue.

The Association is committed to minimum annual payments for premises for the next four years as follows:

	Base rent
2023	\$ 149,000
2024	153,000
2025	153,000
2026	115,000
	<u>\$ 570,000</u>

In addition, the Association is committed to premises operating costs amounting to approximately \$132,000 annually.

**BUILDING OWNERS AND MANAGERS ASSOCIATION
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Notes to Financial Statements

Year ended December 31, 2022

15. Financial instruments

The Association is exposed to the following risks in respect of certain financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from cash, investments and accounts receivable. The Association places its cash and investments with high credit quality institutions and believes its exposure to credit risk is not significant. Additionally, the Association routinely assesses the financial strength of its customers and members and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association is exposed to market risk as it holds equity investments in publicly traded securities which are subject to price changes in the open market.

The Association's management does not believe it is exposed to significant interest, currency and liquidity risks arising from financial instruments.

16. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and financial impact of the COVID-19 pandemic, as well as the effectiveness of government responses, cannot be reasonably estimated on future operations at this time. Changes in cash inflows and operational costs, if any, have been reflected in the financial statements.