

**THE BOARD OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

REVISED AUDITOR'S REPORT

To the Board of Management
for
LONG BRANCH BUSINESS IMPROVEMENT AREA

I have audited the balance sheet of the Board of Management for the Long Branch Business Improvement Area, as at December 31, 2005, and the statements of income and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2005, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

My opinion dated January 31, 2006 has been withdrawn and the financial statements have been revised to reflect the additional information referred to in Note 6.

Brampton, Ontario
January 31, 2006
January 27, 2007 (as to Note 6)


CHARTERED ACCOUNTANT

THE BOARD OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA
BALANCE SHEET
AS AT DECEMBER 31, 2005

ASSETS

Revised Note 6

2005

2004

CURRENT

Cash and short-term investments
Accounts receivable - City of Toronto

\$ 233,042	\$ 258,324
8,925	6,332
<u>\$ 241,967</u>	<u>\$ 264,656</u>

LIABILITIES

CURRENT

Accounts payable and accrued liabilities
City of Toronto
Other

\$ 18,220	\$ 23,180
963	963
<u>19,183</u>	<u>24,143</u>

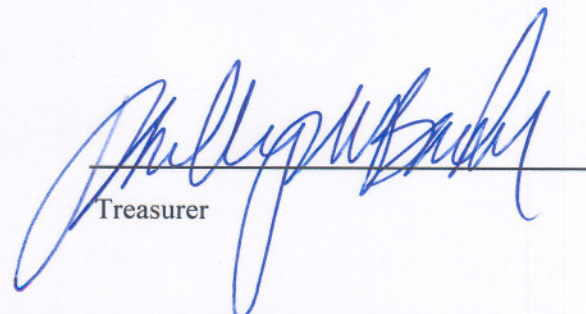
RETAINED EARNINGS

222,784	240,513
<u>\$ 241,967</u>	<u>\$ 264,656</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

THE BOARD OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

Revised Note 6

2005

2004

REVENUE

City of Toronto - special charges	\$ 58,994	\$ 58,953
Interest	5,188	2,942
Other	3,763	5,275
	<u>67,945</u>	<u>67,170</u>

EXPENSES

Administration	5,556	5,270
Promotion	20,740	15,779
Capital and maintenance	58,138	42,445
Provision for uncollected special charges - Note 3	1,240	7,038
	<u>85,675</u>	<u>70,532</u>

NET INCOME (LOSS) FOR THE YEAR

(17,729) (3,362)

Retained earnings - beginning 240,513 70,708

Add: Prior period adjustment - Note 6 - 173,167

RETAINED EARNINGS - ending

\$ 222,784 \$ 240,513

THE BOARD OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Revised Note 6</u>	
	<u>2005</u>	<u>2004</u>
<u>CASH GENERATED FROM (USED FOR) OPERATIONS</u>		
Net income (loss) for the year	\$ (17,729)	\$ (3,362)
Changes in non-cash working capital components		
Accounts receivable - City of Toronto	(2,593)	(6,332)
Accounts payable - City of Toronto	(4,960)	11,090
Accounts payable	-	(173,167)
Adjustment to retained earnings	<u>-</u>	<u>173,167</u>
<u>CASH GENERATED (USED) IN THE YEAR</u>	<u>(25,282)</u>	<u>1,396</u>
CASH POSITION - beginning	<u>258,324</u>	<u>256,928</u>
CASH POSITION - ending	<u><u>\$ 233,042</u></u>	<u><u>\$ 258,324</u></u>

THE BOARD OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1: **ESTABLISHMENT OF OPERATIONS**

The Long Branch Business Improvement Area (BIA) is established as a Business Improvement 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.

Note 2: **SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), the most significant of which are as follows:

- (a) Revenues and expenditures are recorded using the accrual basis of accounting.
- (b) Capital expenditures are charged to operations in the year of acquisition.
- (c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.
- (d) Comparative figures have been reclassified to conform with the financial statement presentation adopted in 2006.

Note 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 OF MANAGEMENT FOR THE
LONG BRANCH BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 3: CITY OF TORONTO - SPECIAL CHARGES (Continues)

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>2005</u>	<u>2004</u>
Total special charges outstanding	\$ 14,025	\$ 10,732
Less: allowance for uncollected special charges	5,100	4,400
Special charges receivable	<u>\$ 8,925</u>	<u>\$ 6,332</u>

The provision for uncollected levies reported on the Statement of Income and Retained Earnings comprises:

	<u>2005</u>	<u>2004</u>
Special charges written-off	\$ 540	\$ 4,738
Increase in allowance for uncollected special charges	700	2,300
	<u>\$ 1,240</u>	<u>\$ 7,038</u>

Note 4: INSURANCE

The Board 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 Board. Insurance coverage providing \$5,000,000 for each occurrence or accident has been obtained by the Board, through the City of Toronto.

Note 5: COMMITMENTS

The Board has a commitment to the City of Toronto of \$12,780 (2004 - \$69,245).

Note 6: SUBSEQUENT EVENT

The Board has been advised by the debtor that they are no longer contractually liable for the balance of \$173,167 and as such has been transferred to the retained earnings balance as at December 31, 2004.