

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2006**

**KOREA TOWN
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2006

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RAFIQ DOSANI, B.Comm. CFE CA
CHARTERED ACCOUNTANT

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160

AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Korea Town Business Improvement Area

I have audited the statement of financial position of the Board of Management for the Korea Town Business Improvement Area as at December 31, 2006 and the statements of revenue, expenditure and operating surplus and changes in financial position 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 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 common with many not-for-profit organizations, the Board derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. As a consequence, my verification of these revenues was limited to the amounts recorded in the records of the Board and I was not able to determine whether any adjustments might be necessary to revenue, operating surplus and assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Board as at December 31, 2006 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

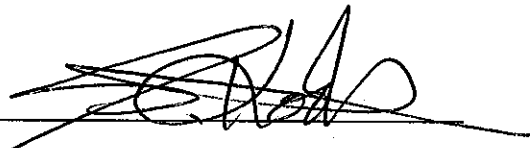
Toronto, Ontario
September 16, 2007

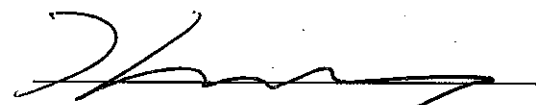

Chartered Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006**

	2006 \$	2005 \$
ASSETS		
Current		
Cash and short-term investments	53,851	109,658
Accounts receivable		
City of Toronto – special charges (Note 3)	5,650	9,962
City of Toronto – other	900	900
Other	15,804	626
	<u>76,205</u>	<u>121,146</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto	18,835	66,829
Other	1,150	1,900
	<u>19,985</u>	<u>68,729</u>
ACCUMULATED SURPLUS		
Operating	<u>56,220</u>	<u>52,417</u>
	<u>76,205</u>	<u>121,146</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006 \$ Budget	2006 \$ Actual	2005 \$ Actual
REVENUE			
City of Toronto – special charges	47,982	47,982	147,411
Municipal grant	-	900	900
Donations and sponsorships	12,200	8,347	13,630
Interest	2,500	2,552	444
	<u>62,682</u>	<u>59,781</u>	<u>162,385</u>
EXPENDITURE			
Administration	16,860	19,398	22,715
Promotion and advertising	18,000	12,674	16,033
Capital and maintenance	67,000	25,243	67,782
Provision for (recovery of) uncollected special charges (Note 3)	(5,618)	(1,337)	3,438
	<u>96,242</u>	<u>55,978</u>	<u>109,968</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	(33,560)	3,803	52,417
OPERATING SURPLUS, BEGINNING OF YEAR	52,417	52,417	-
OPERATING SURPLUS, END OF YEAR	18,857	56,220	52,417

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
	\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS		
Excess of revenue over expenditure for the year	3,803	52,417
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	4,312	(10,862)
Accounts receivable – other	(15,178)	(626)
Accounts payable - City of Toronto	(47,994)	66,829
Accounts payable – other	(750)	1,900
CASH PROVIDED BY (USED IN) OPERATIONS	(55,807)	109,658
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	109,658	-
CASH, AND SHORT-TERM INVESTMENTS, END OF YEAR	53,851	109,658

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. ESTABLISHMENT AND OPERATIONS

The Korea Town 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.

Although the City Council approved the establishment of the Korea Town BIA in 2004, no business was carried out during 2004 other than the election of the Board members and approval of year 2005 BIA budget.

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.

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2006**

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:

	2006	2005
	\$	\$
Total special charges outstanding	6,850	12,662
Less: allowance for uncollected special charges	(1,200)	(2,700)
Special charges receivable	<u>5,650</u>	<u>9,962</u>

The provision for uncollected levies reported on the Statement of Revenue, Expenditure and Operating Surplus comprises:

	2006	2005
	\$	\$
Special charges written-off	163	738
Change in provision for assessment appeals	(1,500)	2,700
	<u>1,337</u>	<u>3,438</u>

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2006**

4. COMMITMENTS

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly 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 \$60,100 was outstanding as at December 31, 2006.

5. 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.