

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

**Financial Statements
For the Year Ended December 31, 2009**

**KOREA TOWN
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2009

CONTENTS

	<u>Page</u>
Auditor's report	3
Financial statements	
Statement of financial position	4
Statement of revenue, expenditure and operating surplus	5
Statement of changes in financial position	6
Notes to financial statements	7 - 10

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, 2009 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, 2009 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, I do not express any opinion regarding the budget figures.

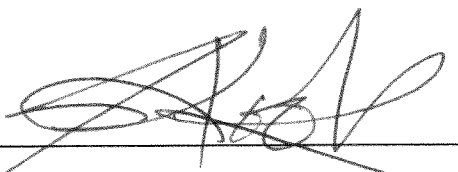
Toronto, Ontario
May 5, 2010


Chartered Accountant
Licensed Public Accountant

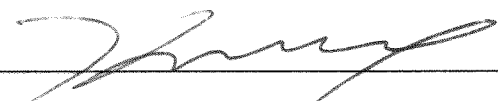
THE BOARD OF MANAGEMENT FOR THE
 KOREA TOWN BUSINESS IMPROVEMENT AREA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2009

	2009 \$	2008 \$
ASSETS		
Current		
Cash and short-term investments	37,724	48,019
Accounts receivable		
City of Toronto – special charges (Note 4)	3,203	3,935
Other	5,967	4,645
	<u>46,894</u>	<u>56,599</u>
Capital assets, net (note 5)	<u>23,564</u>	<u>42,959</u>
	<u>70,458</u>	<u>99,558</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto	-	-
Other	2,586	1,250
	<u>2,586</u>	<u>1,250</u>
ACCUMULATED SURPLUS		
Restricted	23,564	42,959
Unrestricted	44,308	55,349
	<u>67,872</u>	<u>98,308</u>
	<u>70,458</u>	<u>99,558</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, 2009

	2009 \$ Budget (Unaudited)	2009 \$ Actual	2008 \$ Actual
REVENUE			
City of Toronto – special charges	45,503	45,503	37,265
Donations and sponsorships	-	39,547	30,241
Interest and Other	40,500	15,302	265
	<u>86,003</u>	<u>100,352</u>	<u>67,771</u>
EXPENDITURE			
Administration	24,474	24,737	18,388
Promotion and advertising	42,000	54,806	31,185
Maintenance	59,100	18,714	10,073
Amortization of capital assets	-	31,371	28,975
Provision for (recovery of) uncollected special charges (Note 4)	429	1,160	(235)
	<u>126,003</u>	<u>130,788</u>	<u>88,386</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	(40,000)	(30,436)	(20,615)
OPERATING SURPLUS, BEGINNING OF YEAR	98,308	98,308	118,923
OPERATING SURPLUS, END OF YEAR	<u>58,308</u>	<u>67,872</u>	<u>98,308</u>

THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 \$	2008 \$
CASH PROVIDED BY (USED IN) OPERATIONS		
Excess (deficiency) of revenue over expenditure for the year	(30,436)	(20,615)
Add: non-cash item		
Amortization of capital assets	31,371	28,975
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	732	345
Accounts receivable – other	(1,322)	(2,252)
Accounts payable - City of Toronto	-	(464)
Accounts payable – other	1,336	100
CASH PROVIDED BY (USED IN) OPERATIONS	1,681	6,089
INVESTING ACTIVITY		
Purchase of capital assets	(11,976)	(11,677)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	48,019	53,607
CASH, AND SHORT-TERM INVESTMENTS, END OF YEAR	37,724	48,019

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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. S.W.~~

2. CHANGE IN BASIS OF PRESENTATION FOR 2009

For fiscal year commencing on January 1, 2009 the Canadian Institute of Chartered Accountants (CICA) has required that the accounting recommendations and disclosure requirements, as prescribed by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, be adopted for use by Ontario municipalities and their local boards and agencies. As a result, the Board has implemented accounting policies as recommended. The implementation of these policies has resulted in the Board changing its method of accounting for capital assets, on a retroactive basis, from expensing them when purchased to capitalizing and amortizing them over their estimated useful lives.

The effect of these changes has been to increase capital assets and surplus by \$23,564, as at December 31, 2009 (2008 – increase \$42,959), and increase expenses by \$19,395 for the year ended December 31, 2009 (2008 – increase expenses by \$11,298). In addition, the opening 2008 comparative figures have been adjusted to reflect the retroactive application of the recommendations, resulting in an increase in surplus by \$60,257.

THE BOARD OF MANAGEMENT FOR THE
 KOREA TOWN BUSINESS IMPROVEMENT AREA
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D
 FOR THE YEAR ENDED DECEMBER 31, 2009

3. 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 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:

Flags and banners	3 years
Street & Christmas lights	5 years
Street furniture	5 years
Planters	5 years
- (c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

4. 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:

	2009	2008
	\$	\$
Total special charges outstanding	4,303	4,135
Less: allowance for uncollected special charges	1,100	(200)
Special charges receivable	3,203	3,935

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

	2009 \$	2008 \$
Special charges written-off	260	765
Change in provision for assessment appeals	900	(1,000)
	1,160	(235)

5. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Net book Value	Net book value
Anti Stick Sheet	8,736	1,747	6,989	-
Concrete Planter	11,677	4,670	7,007	9,342
Lighting	136,441	126,873	9,568	33,617
	156,854	133,290	23,564	42,959

6. 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.

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2009**

7. FINANCIAL INSTRUMENTS

The carrying value of the BIA's financial instruments approximate 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.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.