

Appendix A:

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2011**

**ALBION-ISLINGTON
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2011

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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 Albion-Islington Business Improvement Area

I have audited the accompanying financial statements of Albion-Islington Business Improvement Area, which comprise the statement of financial position as at December 31, 2011 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

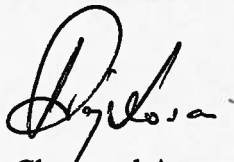
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly in all material respects, the financial position of the Board as at December 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
June 2, 2012

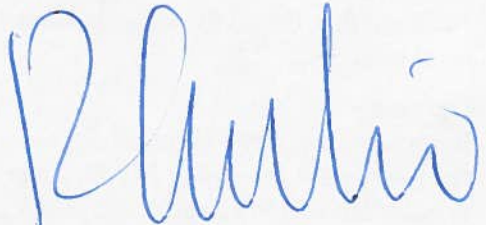

Chartered Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	2011 \$	2010 \$
FINANCIAL ASSETS		
Cash and short-term investments	72,220	74,686
Accounts receivable		
City of Toronto – special charges (Note 3)	6,826	8,688
City of Toronto – other	660	660
Other	16,176	11,860
Prepaid Expenses	2,778	-
	<u>98,660</u>	<u>95,894</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	2,052	1,977
	<u>2,052</u>	<u>1,977</u>
NET FINANCIAL ASSETS	96,608	93,917
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	7,620	17,149
	<u>104,228</u>	<u>111,066</u>
ACCUMULATED SURPLUS	<u>104,228</u>	<u>111,066</u>

Approved on behalf of the Board of Management:

Shamsher Singh
Chair


Treasurer

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 \$ Budget (Note 7)	2011 \$ Actual	2010 \$ Actual
REVENUE			
City of Toronto – special charges	184,430	184,430	181,112
Grants	-	43,500	9,974
Fund raising and other	19,150	15,077	21,030
	<u>203,580</u>	<u>243,007</u>	<u>212,116</u>
EXPENSES			
Administration	60,622	59,681	52,015
Promotion and advertising	88,850	150,261	90,501
Maintenance	16,866	19,270	29,254
Capital / amortization	65,000	9,529	9,529
Provision for uncollected special charges (Note 3)	9,242	11,104	8,418
	<u>240,580</u>	<u>249,845</u>	<u>189,717</u>
SUEPLUS (DEFICIT) FOR THE YEAR	(37,000)	(6,838)	22,399
OPERATING SURPLUS, BEGINNING OF YEAR	<u>111,066</u>	<u>111,066</u>	<u>88,667</u>
OPERATING SURPLUS, END OF YEAR	<u>74,066</u>	<u>104,228</u>	<u>111,066</u>

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
	\$	\$
Increase (decrease) in cash and short-term investments		
Cash flows from operating transactions		
Surplus (deficit) for the year	(6,838)	22,399
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	9,529	9,529
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	1,862	4,112
Accounts receivable – other	(4,316)	(1,302)
Prepaid expenses	(2,778)	-
Accounts payable - City of Toronto	-	(19,046)
Accounts payable – other	75	(2,333)
Cash Provided By (Used In) Operations	(2,466)	13,359
Cash and short-term investments, Beginning Of Year	74,686	61,327
Cash and short-term investments, End Of Year	72,220	74,686

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. ESTABLISHMENT AND OPERATIONS

The Albion-Islington 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 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 expenses 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:
- | | |
|---------------------------|---------|
| Computers | 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.

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2011**

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:

	2011 \$	2010 \$
Total special charges outstanding	33,726	26,688
Less: allowance for uncollected special charges	(26,900)	(18,000)
Special charges receivable	<u>6,826</u>	<u>8,688</u>

The provision for uncollected levies reported on the Statement of Operations comprises:

	2011 \$	2010 \$
Special charges written-off	2,204	818
Change in provision for losses on assessment appeals	8,900	7,600
	<u>11,104</u>	<u>8,418</u>

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2011**

4. CAPITAL ASSETS

	2011		
	Cost	Accumulated Amortization	Net book Value
Lights	47,645	40,025	7,620
	<u>47,645</u>	<u>40,025</u>	<u>7,620</u>

	2010		
	Cost	Accumulated Amortization	Net book Value
Lights	47,645	30,496	17,149
	<u>47,645</u>	<u>30,496</u>	<u>17,149</u>

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.

6. 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.

7. BUDGET

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.

**THE BOARD OF MANAGEMENT FOR THE
ALBION-ISLINGTON BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2011**

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.