

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY  
BUSINESS IMPROVEMENT AREA**

**Financial Statements  
For the Year Ended December 31, 2012**

**LITTLE ITALY  
BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2012**

**CONTENTS**

	<u>Page</u>
Independent auditor's report	3
Financial statements	
Statement of financial position	4
Statement of operations	5
Statement of cash flows	6
Notes to financial statements	7 – 9

**RAFIQ DOSANI, B.Comm. CPA, 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 Little Italy Business Improvement Area**

I have audited the accompanying financial statements of Little Italy Business Improvement Area, which comprise the statement of financial position as at December 31, 2012 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, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

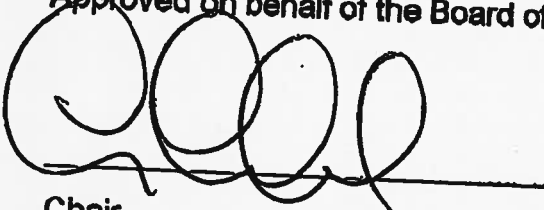
Toronto, Ontario  
May 29, 2013

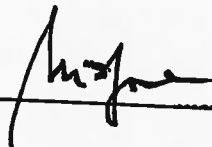
  
Chartered Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
As At December 31, 2012**

	2012 \$	2011 \$
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments	155,711	105,086
Accounts receivable		
City of Toronto – special charges (Note 3)	18,887	8,959
Other	32,125	32,367
	<u>206,723</u>	<u>146,412</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Other	16,800	15,950
	<u>16,800</u>	<u>15,950</u>
<b>NET FINANCIAL ASSETS</b>	189,923	130,462
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)		
	13,261	18,588
	<u>203,184</u>	<u>149,050</u>
<b>ACCUMULATED SURPLUS</b>	<u>203,184</u>	<u>149,050</u>

Approved on behalf of the Board of Management:

  
Chair

  
Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>2012 \$ Budget (Note 7)</b>	<b>2012 \$ Actual</b>	<b>2011 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	398,896	398,896	399,738
Sponsorships and other	32,000	86,419	69,132
	<u>430,896</u>	<u>485,315</u>	<u>468,870</u>
<b>EXPENSES</b>			
Administration	23,420	10,710	8,492
Promotion and advertising	284,500	363,453	352,082
Maintenance	36,000	28,643	24,376
Capital / amortization	54,000	5,327	16,527
Provision for uncollected special charges (Note 3)	32,976	23,048	28,774
	<u>430,896</u>	<u>431,181</u>	<u>430,251</u>
<b>SURPLUS FOR THE YEAR</b>	-	54,134	38,619
<b>SURPLUS, BEGINNING OF YEAR</b>	<u>149,050</u>	<u>149,050</u>	<u>110,431</u>
<b>SURPLUS, END OF YEAR</b>	<u>149,050</u>	<u>203,184</u>	<u>149,050</u>

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Increase (decrease) in cash and short-term investments		
<b>Cash flows from operating transactions</b>		
Surplus for the year	54,134	38,619
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	5,327	16,527
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(9,928)	7,541
Accounts receivable – other	242	(10,665)
Accounts payable – other	850	(60,288)
<b>Cash Provided By (Used In) Operations</b>	<b>50,625</b>	<b>(8,266)</b>
<b>Capital Transactions</b>		
Purchase of tangible capital assets	-	(19,835)
<b>Cash and short-term investments, Beginning Of Year</b>	<b>105,086</b>	<b>133,187</b>
<b>Cash and short-term investments, End Of Year</b>	<b>155,711</b>	<b>105,086</b>

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**1. ESTABLISHMENT AND OPERATIONS**

The Little Italy 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
Street Signs	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  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**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:

	2012 \$	2011 \$
Total special charges outstanding	82,987	87,459
Less: allowance for uncollected special charges	<u>(64,100)</u>	<u>(78,500)</u>
Special charges receivable	<u>18,887</u>	<u>8,959</u>

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

	2012 \$	2011 \$
Special charges written-off	37,448	10,974
Change in allowance for uncollected special charges	<u>(14,400)</u>	<u>17,800</u>
	<u>23,048</u>	<u>28,774</u>



**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**4. TANGIBLE CAPITAL ASSETS**

	<b>2012</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net book Value</b>
Lights	19,835	7,934	11,901
Street Signs	1,800	1,440	360
Street Furniture	5,000	4,000	1,000
	26,635	13,374	13,261

	<b>2011</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net book Value</b>
Lights	115,335	99,467	15,868
Street Signs	1,800	1,080	720
Street Furniture	5,000	3,000	2,000
	122,135	103,547	18,588

**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.