

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

**Financial Statements
For the Year Ended December 31, 2013**

**KOREA TOWN
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2013

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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 Korea Town Business Improvement Area**

I have audited the accompanying financial statements of Korea Town Business Improvement Area, which comprise the statement of financial position as at December 31, 2013 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of 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.

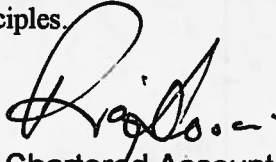
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Toronto, Ontario
March 25 2014


Chartered Accountant
Licensed Public Accountant

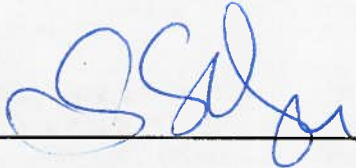
**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	88,543	31,029
Accounts receivable		
City of Toronto – special charges (Note 3)	6,453	5,148
Other	4,574	20,896
	<u>99,570</u>	<u>57,073</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	3,646	988
Other	7,323	2,399
	<u>10,969</u>	<u>3,387</u>
NET FINANCIAL ASSETS	88,601	53,686
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	2,916	2,396
ACCUMULATED SURPLUS	<u>91,517</u>	<u>56,082</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013 \$ Budget (Note 8)	2013 \$ Actual	2012 \$ Actual
REVENUE			
City of Toronto – special charges	106,544	106,544	61,612
Donations and sponsorships	65,150	6,757	67,983
	<u>171,694</u>	<u>113,301</u>	<u>129,595</u>
EXPENSES			
Administration	25,728	20,423	22,510
Promotion and advertising	65,000	18,597	69,085
Maintenance	32,768	31,728	27,398
Capital (Note 7)	67,899	-	-
Amortization (Note 4)	-	3,125	5,246
Provision for uncollected special charges (Note 3)	5,299	3,993	148
	<u>196,694</u>	<u>77,866</u>	<u>124,387</u>
SURPLUS (DEFICIT) FOR THE YEAR	(25,000)	35,435	5,208
OPERATING SURPLUS, BEGINNING OF YEAR	<u>56,082</u>	<u>56,082</u>	<u>50,874</u>
OPERATING SURPLUS, END OF YEAR	<u>31,082</u>	<u>91,517</u>	<u>56,082</u>

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u> \$	<u>2012</u> \$
Surplus for the year	35,435	5,208
Acquisition of tangible capital assets	(3,645)	-
Amortization of tangible capital assets	<u>3,125</u>	<u>5,246</u>
	34,915	10,454
Balance - Beginning of year	53,686	43,232
Balance - End of year	<u>88,601</u>	<u>53,686</u>

**THE BOARD OF MANAGEMENT FOR THE
 KOREA TOWN VILLAGE BUSINESS IMPROVEMENT AREA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013 \$	2012 \$
Cash flows from operating activities		
Surplus for the year	35,435	5,208
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	3,125	5,246
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(1,305)	698
Accounts receivable – other	16,322	(4,336)
Accounts payable - City of Toronto	2,658	988
Accounts payable – other	4,924	(934)
	<hr/>	<hr/>
Cash Provided By Operations	61,159	6,870
Investing Activities		
Purchase of tangible capital assets	(3,645)	-
Cash and short-term investments, Beginning Of Year	<hr/>	<hr/>
	31,029	24,159
Cash and short-term investments, End Of Year	<hr/>	<hr/>
	88,543	31,029

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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.

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:

Street Signs	3 years
Street & Christmas lights	5 years
Anti Stick Sheets	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
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2013**

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:

	2013	2012
	\$	\$
Total special charges outstanding	8,153	5,148
Less: allowance for uncollected special charges	(1,700)	-
Special charges receivable	<u>6,453</u>	<u>5,148</u>

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

	2013	2012
	\$	\$
Special charges written-off	2,293	648
Change in provision for assessment appeals	1,700	(500)
	<u>3,993</u>	<u>148</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, 2013**

4. CAPITAL ASSETS

	2013				
	Anti Stick Sheet	Lighting	Street Signs	Concrete Planters	Total
Cost					
Beginning	8,736	3,240	1,545	11,677	25,198
Additions	-	3,645	-	-	3,645
Disposals	-	-	-	-	-
Ending	8,736	6,885	1,545	11,677	28,843
Accumulated Amortization					
Beginning	6,988	2,592	1,545	11,677	22,802
Amortization	1,748	1,377	-	-	3,125
Disposals	-	-	-	-	-
Ending	8,736	3,969	1,545	11,677	25,927
Net Book Value	-	2,916	-	-	2,916

	2012				
	Anti Stick Sheet	Lighting	Street Signs	Concrete Planters	Total
Cost					
Beginning	8,736	3,240	1,545	11,677	25,198
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Ending	8,736	3,240	1,545	11,677	25,198
Accumulated Amortization					
Beginning	5,241	1,944	1,030	9,341	17,556
Amortization	1,747	648	515	2,336	5,246
Disposals	-	-	-	-	-
Ending	6,988	2,592	1,545	11,677	22,802
Net Book Value	1,748	648	-	-	2,396

**THE BOARD OF MANAGEMENT FOR THE
KOREA TOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 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.

7. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them as operating surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared capital improvement projects with the City. For this reason the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated surplus.

8. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.

