

**THE BOARD OF MANAGEMENT FOR THE
THE DANFORTH
BUSINESS IMPROVEMENT AREA**

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

**THE DANFORTH
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2013

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AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the The Danforth Business Improvement Area

I have audited the accompanying financial statements of The Danforth Business Improvement Area, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and accumulated surplus, changes in net assets 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, 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
May 12, 2014


Chartered Accountant
Licensed Public Accountant

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

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	78,540	57,880
Accounts receivable		
City of Toronto – special charges (Note 3)	5,890	23,995
Other	30,796	63,167
Prepaid expenses	-	4,410
	<u>115,226</u>	<u>149,452</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	20,505	-
Other	5,112	6,508
	<u>25,617</u>	<u>6,508</u>
NET FINANCIAL ASSETS	89,609	142,944
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	37,223	24,385
ACCUMULATED SURPLUS	<u>126,832</u>	<u>167,329</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
THE DANFORTH BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013 \$ Budget (Note 9)	2013 \$ Actual	2012 \$ Actual
REVENUE			
City of Toronto – special charges	288,001	293,569	282,337
Sponsorships and contributions	29,150	39,077	21,434
	<u>317,151</u>	<u>332,646</u>	<u>303,771</u>
EXPENSES			
Administration	101,913	96,231	76,586
Promotion and advertising	129,992	143,686	108,415
Maintenance	94,096	80,153	104,874
Capital (Note 7)	13,018	-	-
Amortization	-	16,268	10,167
Provision for uncollected special charges (Note 3)	13,132	36,805	9,137
	<u>352,151</u>	<u>373,143</u>	<u>309,179</u>
(DEFICIT) FOR THE YEAR	(35,000)	(40,497)	(5,408)
OPERATING SURPLUS, BEGINNING OF YEAR	172,737	167,329	172,737
OPERATING SURPLUS, END OF YEAR	137,737	126,832	167,329

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

	2013	2012
	\$	\$
(Deficit) for the year	(40,497)	(5,408)
Acquisition of tangible capital assets	(29,106)	(1,771)
Amortization of tangible capital assets	<u>16,268</u>	<u>10,167</u>
	(53,335)	2,988
Balance - Beginning of year	142,944	139,956
Balance - End of year	<u><u>89,609</u></u>	<u><u>142,944</u></u>

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

	2013	2012
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	(40,497)	(5,408)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	16,268	10,167
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	18,105	(17,708)
Accounts receivable – other	32,371	(29,673)
Prepaid expenses	4,410	2,267
Accounts payable - City of Toronto	20,505	(23,511)
Accounts payable – other	(1,396)	(28,102)
Cash Provided By (Used In) Operations	49,766	(91,968)
Investing Activities		
Purchase of tangible capital assets	(29,106)	(1,771)
Cash and short-term investments, Beginning Of Year	57,880	151,619
Cash and short-term investments, End Of Year	78,540	57,880

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

1. ESTABLISHMENT AND OPERATIONS

The The Danforth 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:

Flags & Banners	3 years
Street & Christmas lights	5 years
Office Equipment	5 years
Street Signs	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
THE DANFORTH 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	54,190	70,795
Less: allowance for uncollected special charges	(48,300)	(46,800)
Special charges receivable	<u>5,890</u>	<u>23,995</u>

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

	2013 \$	2012 \$
Special charges written-off	35,305	837
Provision for losses on assessment appeals	1,500	8,300
	<u>36,805</u>	<u>9,137</u>

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

4. TANGIBLE CAPITAL ASSETS

	2013						
	Banners	Planters	Street Lights	Office Equipment	Lamp Posts	Street Signs	Total
Cost							
Beginning	3,468	23,510	17,160	1,772	-	2,550	48,460
Additions	2,116	20,500	-	-	6,490	-	29,106
Disposals	-	-	-	-	-	-	-
Ending	5,584	44,010	17,160	1,772	6,490	2,550	77,566
Accumulated Amortization							
Beginning	1,721	9,404	10,296	1,124	-	1,530	24,075
Amortization	1,861	8,802	3,432	365	1,298	510	16,268
Disposals	-	-	-	-	-	-	-
Ending	3,582	18,206	13,728	1,489	1,298	2,040	40,343
Net Book Value	2,002	25,804	3,432	283	5,192	510	37,223
	2012						
	Banners	Planters	Street Lights	Office Equipment	Lamp Posts	Street Signs	Total
Cost							
Beginning	1,697	23,510	17,160	1,772	-	2,550	46,689
Additions	1,771	-	-	-	-	-	1,771
Disposals	-	-	-	-	-	-	-
Ending	3,468	23,510	17,160	1,772	-	2,550	48,460
Accumulated Amortization							
Beginning	565	4,702	6,864	757	-	1,020	13,908
Amortization	1,156	4,702	3,432	367	-	510	10,167
Disposals	-	-	-	-	-	-	-
Ending	1,721	9,404	10,296	1,124	-	1,530	24,075
Net Book Value	1,747	14,106	6,864	648	-	1,020	24,385

**THE BOARD OF MANAGEMENT FOR THE
THE DANFORTH 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 financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

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. 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 \$1,236 (2012 - \$nil) was outstanding as at December 31, 2013.

9. BUDGET

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

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