

Appendix L:

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

**Financial Statements
For the Year Ended December 31, 2014**

**DANFORTH VILLAGE
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2014

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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 Danforth Village Business Improvement Area

I have audited the accompanying financial statements of the Danforth Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2014 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 the related notes which comprises 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 accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) 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 Danforth Village Business Improvement Area as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB).

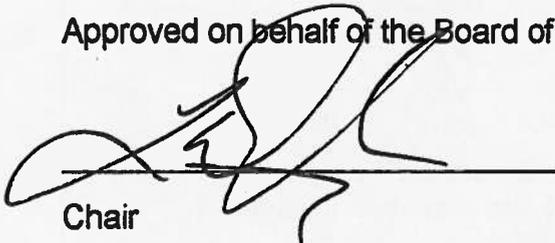
Toronto, Ontario
May 13, 2015

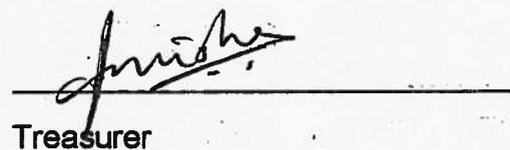

Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014 \$	2013 \$
FINANCIAL ASSETS		
Current		
Cash and short-term investments	218,631	150,849
Accounts receivable		
City of Toronto – special charges (Note 3)	54,195	39,605
Other	35,130	28,576
Current portion of long-term receivable	57,152	-
	<u>365,108</u>	<u>219,030</u>
Long-term receivable		
Amount to be recovered in the future (Note 4)	547,675	-
	<u>912,783</u>	<u>219,030</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Other	18,495	6,925
Current Portion of long-term loan payable	57,152	-
	<u>75,647</u>	<u>6,925</u>
Long-term payable		
Loan payable (Note 4)	547,675	-
	<u>623,322</u>	<u>6,925</u>
NET FINANCIAL ASSETS	289,461	212,105
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	143,891	110,472
ACCUMULATED SURPLUS	<u>433,352</u>	<u>322,577</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$ Budget (Note 10)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	532,961	536,510	486,516
Other revenue	-	6,786	908
	<u>532,961</u>	<u>543,296</u>	<u>487,424</u>
EXPENSES			
Administration	23,777	23,866	25,756
Promotion and advertising	128,000	96,395	64,177
Capital	81,345	81,345	-
Maintenance	361,500	141,899	262,802
Amortization	-	72,301	80,511
Provision for uncollected special charges (Note 3)	27,756	16,715	12,001
	<u>622,378</u>	<u>432,521</u>	<u>445,247</u>
SURPLUS (DEFICIT) FOR THE YEAR	(89,417)	110,775	42,177
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>322,577</u>	<u>322,577</u>	<u>280,400</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>233,160</u>	<u>433,352</u>	<u>322,577</u>

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
Surplus for the year	110,775	42,177
Acquisition of tangible capital assets	(105,720)	-
Amortization of tangible capital assets	<u>72,301</u>	<u>80,511</u>
	77,356	122,688
Balance - Beginning of year	212,105	89,417
Balance - End of year	<u><u>289,461</u></u>	<u><u>212,105</u></u>

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$	2013 \$
Cash flows from operating activities		
Surplus for the year	72,301	42,177
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	110,775	80,511
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(14,590)	(6,237)
Accounts receivable – other	(6,554)	44,851
Accounts payable - City of Toronto	-	(88,074)
Accounts payable – other	11,570	(59,795)
	<hr/>	<hr/>
Cash Provided By (Used In) Operations	173,502	13,433
	<hr/>	<hr/>
Financing Activities		
Loan from City	659,781	-
Payment of loan	(54,954)	-
Capital contribution	54,954	-
	<hr/>	<hr/>
	659,781	-
	<hr/>	<hr/>
Investing activities		
Purchase of tangible capital assets	(105,720)	-
Acquisition of Streetscape	(659,781)	-
	<hr/>	<hr/>
Cash and short-term investments, Beginning Of Year	150,849	137,416
	<hr/>	<hr/>
Cash and short-term investments, End Of Year	218,631	150,849
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**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. ESTABLISHMENT AND OPERATIONS

The Danforth Village 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 Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:

The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

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 & Christmas lights	5 years
Planters	5 years
Hanging Baskets	5 years

Contributed services:

Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

Financial instruments:

Financial instruments are recorded at the approximated fair value.

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

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:

	2014 \$	2013 \$
Total special charges outstanding	77,695	57,505
Less: allowance for uncollected special charges	(23,500)	(17,900)
Special charges receivable	<u>54,195</u>	<u>39,605</u>

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

	2014 \$	2013 \$
Special charges written-off	11,115	13,901
Change in allowance for uncollected special charges	5,600	(1,900)
	<u>16,715</u>	<u>12,001</u>

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

4. LOAN PAYABLE
Amount to be recovered in the future

At the Annual General Meeting of October 9, 2012 The Danforth Village BIA membership authorized the Board to enter into a loan agreement with the City for the purpose of financing the Board's share of the capital cost of a project to supply, deliver, assemble and install a pedestrian lighting system along Danforth Avenue between Westlake Avenue and Victoria Park Avenue and along the north side of Danforth Avenue Road (the "Project").

The City expected to complete the Project at an estimated cost of \$1,121,317. The City has agreed to loan and the Board has agreed to reimburse the City, in respect of its share of the capital cost of the Project amounting to \$659,781 (inclusive of a 15% contingency and 1.76% non-refundable HST) plus interest at the rate of 4% per annum payable through the annual BIA special levies over the course of 10 years. The loan will mature in 2023.

5. CAPITAL ASSETS

	2014				
	Aluminum Plaque	Planters	Lights	Winter Decorations	Total
Cost					
Beginning	-	128,618	201,358	-	329,976
Additions	-	47,645	58,075	-	105,720
Disposals	-	-	-	-	-
Ending	-	176,263	259,433	-	435,696
Accumulated Amortization					
Beginning	-	117,733	101,771	-	219,504
Amortization	-	20,413	51,888	-	72,301
Disposals	-	-	-	-	-
Ending	-	138,146	153,659	-	291,805
Net Book Value	-	38,117	105,774	-	143,891

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

CAPITAL ASSETS (CONT'D)

	2013				
	Aluminum Plaque	Planters	Lights	Winter Decorations	Total
Cost					
Beginning	11,167	128,618	201,358	61,400	402,543
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Ending	11,167	128,618	201,358	61,400	402,543
Accumulated Amortization					
Beginning	8,933	92,008	61,499	49,120	211,560
Amortization	2,234	25,725	40,272	12,280	80,511
Disposals	-	-	-	-	-
Ending	11,167	117,733	101,771	61,400	292,071
Net Book Value	-	10,885	99,587	-	110,472

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.

7. FINANCIAL INSTRUMENTS

The BIA financial instruments carrying values 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.

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

8. 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.

9. 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 \$55,591 (2013 - \$nil) was outstanding as at December 31, 2014.

10. BUDGET

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