Appendix S:

THE BOARD OF MANAGEMENT FOR THE HILLCREST VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements
For the Year Ended December 31, 2014

HILLCREST VILLAGE
BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2014

CONTENTS

RAFIQ DOSANI, B.Comm. CPA, CA.
CHARTERED ACCOUNTANT

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Hillcrest Village Business Improvement Area

I have audited the accompanying financial statements of Hillcrest 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 Hillcrest 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
April 27, 2015

Chartered Professional Accountant
Licensed Public Accountant

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

	2014 $	2013 $
FINANCIAL ASSETS		
Cash and short-term investments	75,111	70,738
Accounts receivable		
City of Toronto – special charges (Note 3)	5,310	6,966
Other	5,610	10,632
	86,031	88,336
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	1,729
Other	1,691	1,096
	1,691	2,825
NET FINANCIAL ASSETS	84,340	85,511
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	5,626	8,416
ACCUMULATED SURPLUS	89,966	93,927

Approved on behalf of the Board of Management:

Chair

Treasurer

The Board of Management for the Hillcrest Village Business Improvement Area
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2014

	2014 $ Budget (Note 8)	2014 $ Actual	2013 $ Actual
Revenue			
City of Toronto – special charges	93,960	93,960	90,349
Grants, Interest and other	-	2,068	10,671
	93,960	96,028	101,020
Expenses			
Administration	7,423	25,886	14,004
Promotion and advertising	74,700	56,794	71,415
Maintenance	10,908	10,187	8,469
Capital (Note 7)	23,600	-	-
Amortization	-	2,790	2,790
Provision for uncollected special charges (Note 3)	2,676	4,332	5,297
	119,307	99,989	101,975
(DEFICIT) FOR THE YEAR	(25,347)	(3,961)	(955)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	93,927	93,927	94,882
ACCUMULATED SURPLUS, END OF YEAR	68,580	89,966	93,927

The Board of Management for the Hillcrest Village Business Improvement Area
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2014

	2014 $	2013 $
(Deficit) for the year	(3,961)	(955)
Acquisition of tangible capital assets	-	(2,750)
Amortization of tangible capital assets	2,790	2,790
	(1,171)	(915)
Balance - Beginning of year	85,511	86,426
Balance - End of year	84,340	85,511

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

	2014 $	2013 $
Cash flows from operating activities		
(Deficit) for the year	(3,961)	(955)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	2,790	2,790
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	1,656	7,822
Accounts receivable – other	5,022	(5,903)
Accounts payable - City of Toronto	(1,729)	(6,955)
Accounts payable – other	595	146
Cash Provided By (Used In) Operations	4,373	(3,055)
Investing Activities		
Purchase of tangible capital assets	-	(2,750)
Cash and short-term investments, Beginning Of Year	70,738	76,543
Cash and short-term investments, End Of Year	75,111	70,738

1. ESTABLISHMENT AND OPERATIONS

The Hillcrest 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:

Planters	5 years
Streetscape	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.

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	10,910	10,966
Less: allowance for uncollected special charges	(5,600)	(4,000)
Special charges receivable	5,310	6,966

The provision for (recovery of) uncollected special charges reported on the statement of Operations and Accumulated Surplus comprises of:

	2014 $	2013 $
Special charges written off	2,732	3,597
Change in allowance for uncollected special charges	1,600	1,700
	4,332	5,297

4. CAPITAL ASSETS

2014	Planters	Street Scape	Total
Cost			
Beginning	2,520	11,430	13,950
Additions	-	-	-
Disposals	-	-	-
Ending	**2,520**	**11,430**	**13,950**
Accumulated Amortization			
Beginning	1,512	4,022	5,534
Amortization	504	2,286	2,790
Disposals	-	-	-
Ending	**2,016**	**6,308**	**8,324**
Net Book Value	**504**	**5,122**	**5,626**

2013	Planters	Street Scape	Total
Cost			
Beginning	2,520	8,680	11,200
Additions	-	2,750	2,750
Disposals	-	-	-
Ending	**2,520**	**11,430**	**13,950**
Accumulated Amortization			
Beginning	1,008	1,736	2,744
Amortization	504	2,286	2,790
Disposals	-	-	-
Ending	**1,512**	**4,022**	**5,534**
Net Book Value	**1,008**	**7,408**	**8,416**

5. INSURANCE

The Board is required to deposit with the City 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. 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.