

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

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

**LIBERTY 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 Liberty Village Business Improvement Area

I have audited the accompanying financial statements of Liberty 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 Liberty 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 24, 2015



Chartered Professional Accountant
Licensed Public Accountant

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

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash and short-term investments (Note 3)	139,088	172,703
Accounts receivable		
City of Toronto – special charges (Note 4)	59,533	48,010
Other (Note 5)	9,727	9,913
	<u>208,348</u>	<u>230,626</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto (Note 6)	-	93,276
Other (Note 7)	19,045	19,183
	<u>19,045</u>	<u>112,459</u>
NET FINANCIAL ASSETS	189,303	118,167
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	85,022	158,423
ACCUMULATED SURPLUS	<u>274,325</u>	<u>276,590</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2014 \$ Budget (Note 18)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto - special charges (note 9)	267,552	267,615	259,080
TTC VIP Metro passes (note 10)	-	1,124,647	1,040,202
Interest	-	694	468
Grants, sponsorships and other (note 11)	20,500	35,795	39,883
	<u>288,052</u>	<u>1,428,751</u>	<u>1,339,633</u>
EXPENSES			
Administration (note 12)	161,542	182,359	147,572
Design, improvements & maintenance (note 13)	21,200	28,079	19,867
TTC VIP Metro passes (note 10)	-	1,125,755	1,044,502
Promotion, marketing and advertising (note 14)	48,300	25,871	34,864
Capital (Note 15)	50,000	-	-
Amortization	-	73,401	78,072
Provision for (recovery of) uncollectable levies (note 4)	7,010	(4,449)	(20,937)
	<u>288,052</u>	<u>1,431,016</u>	<u>1,303,940</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	(2,265)	35,693
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>276,590</u>	<u>276,590</u>	<u>240,897</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>276,590</u>	<u>274,325</u>	<u>276,590</u>

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

	<u>2014</u> \$	<u>2013</u> \$
Surplus (deficit) for the year	(2,265)	35,693
Acquisition of tangible capital assets	-	(15,944)
Amortization of tangible capital assets	<u>73,401</u>	<u>78,072</u>
	71,136	97,821
Balance - Beginning of year	118,167	20,346
Balance - End of year	<u><u>189,303</u></u>	<u><u>118,167</u></u>

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

	2014	2013
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	(2,265)	35,693
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	73,401	78,072
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(11,523)	(28,424)
Accounts receivable – other	186	59,482
Accounts payable - City of Toronto	(93,276)	(18,513)
Accounts payable – other	(138)	(34,283)
	<hr/>	<hr/>
Cash Provided By (Used In) Operations	(33,615)	92,027
Investing activities		
Purchase of tangible capital assets	-	(15,944)
Cash and short-term investments, Beginning Of Year	<hr/> 172,703	<hr/> 96,620
Cash and short-term investments, End Of Year	<hr/> 139,088	<hr/> 172,703

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

1. ESTABLISHMENT AND OPERATIONS

The Liberty 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:

King / Atlantic Gateway	5 years	Benches	5 years
Dufferin / Liberty Gateway	5 years	Computers	3 years
Bike Racks & Lockers	5 years	Lights	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
LIBERTY 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. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of:

	2014	2013
	\$	\$
Cash	225	150
CIBC/TD – Operating A/C	10,381	27,062
CIBC Bank TTC activities	52,261	45,001
Cheques to be deposited - TTC	599	65,578
Investments	75,621	34,911
	<u>139,087</u>	<u>172,702</u>

4. 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 payable to the City of Toronto are comprised of:

	2014	2013
	\$	\$
Total special charges outstanding	128,033	131,710
Less: allowance for uncollected special charges	(68,500)	(83,700)
Special charges receivable	<u>59,533</u>	<u>48,010</u>

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

CITY OF TORONTO – SPECIAL CHARGES (CONT'D)

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

	2014	2013
	\$	\$
Special charges written-off (recovered)	10,751	(737)
Change in allowance for uncollected special charges	(15,200)	(20,200)
	<u>(4,449)</u>	<u>(20,937)</u>

5. ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable other consist of:

	2014	2013
	\$	\$
HST Rebate Receivable	9,193	7,515
Prepaid Expenses - Insurance	534	1,842
Accounts Receivable	-	300
TTC	-	256
	<u>9,727</u>	<u>9,913</u>

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

9. CITY OF TORONTO – SPECIAL CHARGES

Special charges revenue consists of:

	2014	2013
	\$	\$
Special charges received	260,215	251,265
Special charges receivable	7,400	7,815
	<u>267,615</u>	<u>259,080</u>

10. TTC VIP METRO PASSES

This program was introduced by the LVBIA to provide monthly TTC passes to employees of the members of the Liberty Village BIA in order to:

- Attract new employees
- Retain existing employees and
- Promote the LVBIA as a green BIA

This program was introduced in 2011 and has grown significantly. In 2011 the LVBIA was selling approximately 173 passes monthly. In the latter part of the 2014 it was selling approximately 900 passes.

Toronto Transit Commission (TTC) requires all employers to provide TTC passes at the same cost as was paid to the TTC. For this reason the expenses were higher than the revenue due to cash shortfall amounting to \$1,108 (2013 - \$4,300). The other associated cost incurred by the LVBIA to administer the program, such as employee salaries and benefits, bank service charges etc. are included in administration expenses.

11. GRANTS, SPONSORSHIP AND OTHER REVENUE

Grants, Sponsorships and Other Revenue Consist of:

	2014	2013
	\$	\$
Donations & Sponsorships	750	11,000
Festival - Give Me Liberty Party	33,865	27,072
Bike Here Revenue	1,180	1,810
	<u>35,795</u>	<u>39,882</u>

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

12. ADMINISTRATION EXPENSES

Administration Expenses Consist of:

	2014	2013
	\$	\$
Saleries and Benefits	135,854	115,422
Legal	7,851	-
Accounting	8,752	4,910
Audit Fees	2,000	2,000
Bank Charges	3,903	1,692
Conferences & Seminars	390	1,709
Membership & Associations	1,018	-
TABIA Memebership Dues	5,000	5,000
Insurance - General	3,147	2,122
Directors' Liability Insurance	867	540
Meeting Expenses (non-AGM)	571	1,036
Rent	9,576	9,442
Office Stationery/Supplies/Printing	2,024	2,168
Office Equipment/Software	700	348
Postage/Courier/Delivery	118	47
Telephone	588	1,135
	<u>182,359</u>	<u>147,572</u>

13. DESIGN, IMPROVEMENTS & MAINTENANCE

Design, Improvements & Maintenance Expenses Consist of:

	2014	2013
	\$	\$
Maintenance/Snow/Litter Clearing	7,686	8,336
Flowers & Floral Care	19,638	7,378
Hydro - Tree & Pedestrian Lights	755	2,930
Signage/Public Art/Bike Lockers	-	1,223
	<u>28,079</u>	<u>19,867</u>

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

14. PROMOTION, MARKETING AND ADVERTISING EXPENSE

Promotion, Marketing and Advertising Expense Consist of:

	2014	2013
	\$	\$
AGM Expenses	1,258	3,434
Advertising	-	3,694
Website	3,118	1,182
Festival - Give Me Liberty Party	21,278	24,917
Benchmark Program	-	1,434
Other	217	-
Bike Here Program	-	204
	<u>25,871</u>	<u>34,864</u>

15. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates these amounts 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.

16. 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. In addition, Liberty Village Business Improvement Area (LVBIA) has insurance for director liability and office equipment.

In the early part of 2014 LVBIA also obtained insurance coverage for theft of cash and TTC Metro passes which could occur due to break-in.

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

17. 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.

18. BUDGET

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