

Appendix A1:

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

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

KINGSWAY BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2014

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

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

AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Kingsway 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 Kingsway 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 6, 2015


Chartered Professional Accountant
Licensed Public Accountant


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

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	264,750	286,785
Accounts receivable		
City of Toronto – special charges (Note 3)	37,857	24,943
Other	47,633	49,350
	<u>350,240</u>	<u>361,078</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	14,920	71,004
Other	8,913	10,435
	<u>23,833</u>	<u>81,439</u>
NET FINANCIAL ASSETS	326,407	279,639
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	69,440	71,193
ACCUMULATED SURPLUS	<u>395,847</u>	<u>350,832</u>

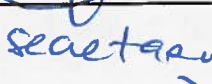
Approved on behalf of the Board of Management:



Chair (Vice)



Treasurer


Secretary

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

	2014 \$ Budget (Note 9)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special levies	340,324	341,053	333,726
Interest	-	1,487	3,070
Festival, donations and other	170,000	166,508	160,386
	<u>510,324</u>	<u>509,048</u>	<u>497,182</u>
EXPENDITURE			
Administration	71,227	70,114	66,732
Promotion and advertising	329,375	303,269	326,918
Maintenance	81,900	70,352	68,693
Capital (Note 7)	139,750	-	-
Amortization	-	24,412	20,052
Provision for (recovery of) uncollected levies (Note 3)	8,072	(4,114)	7,693
	<u>630,324</u>	<u>464,033</u>	<u>490,088</u>
SURPLUS (DEFICIT) FOR THE YEAR	(120,000)	45,015	7,094
ACCUMULATED SURPLUS, BEGINNING OF YEAR	350,832	350,832	343,738
ACCUMULATED SURPLUS, END OF YEAR	230,832	395,847	350,832

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

	<u>2014</u> \$	<u>2013</u> \$
Surplus for the year	45,015	7,094
Acquisition of tangible capital assets	(22,659)	(65,320)
Amortization of tangible capital assets	<u>24,412</u>	<u>20,052</u>
	46,768	(38,174)
Balance - Beginning of year	279,639	317,813
Balance - End of year	<u><u>326,407</u></u>	<u><u>279,639</u></u>

**THE BOARD OF MANAGEMENT FOR THE
KINGSWAY 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	45,015	7,094
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	24,412	20,052
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(12,914)	6,063
Accounts receivable – other	1,717	19,597
Accounts payable - City of Toronto	(56,084)	30,223
Accounts payable – other	(1,522)	(15,569)
	<hr/>	<hr/>
Cash Provided By Operations	624	67,460
Investing activities		
Purchase of tangible capital assets	(22,659)	(65,320)
Cash and short-term investments, Beginning Of Year	<hr/>	<hr/>
	286,785	284,645
Cash and short-term investments, End Of Year	<hr/>	<hr/>
	264,750	286,785

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

1. ESTABLISHMENT AND OPERATIONS

The Kingsway 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:

Flags & Banners	3 years	Equipment	5 years
Street Signs / Furniture	5 years	Street Scape	5 years
Planters	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
KINGSWAY 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	43,957	36,243
Less: allowance for uncollected special charges	(6,100)	(11,300)
Special charges receivable	<u>37,857</u>	<u>24,943</u>

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

	2014 \$	2013 \$
Special charges written-off	1,086	1,193
Change in allowance for uncollected special charges	(5,200)	6,500
	<u>(4,114)</u>	<u>7,693</u>

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

4. CAPITAL ASSETS

	2014						
	Flags & Banner	Equipment	Lights	Street Scape	Street Signs / Furniture	Planters	Total
Cost							
Beginning	1,098	-	11,163	65,320	15,605	18,440	111,626
Additions	1,704	1,245	11,760	-	7,950	-	22,659
Disposals	-	-	-	-	-	-	-
Ending	2,802	1,245	22,923	65,320	23,555	18,440	134,285
Accumulated Amortization							
Beginning	1,098	-	11,163	13,064	6,242	8,866	40,433
Amortization	568	249	2,352	13,064	4,711	3,468	24,412
Disposals	-	-	-	-	-	-	-
Ending	1,666	249	13,515	26,128	10,953	12,334	64,845
Net Book Value	1,136	996	9,408	39,192	12,602	6,106	69,440

	2013						
	Flags & Banner	Equipment	Lights	Street Scape	Street Signs / Furniture	Planters	Total
Cost							
Beginning	1,098	-	11,163	-	15,605	18,440	46,306
Additions	-	-	-	65,320	-	-	65,320
Disposals	-	-	-	-	-	-	-
Ending	1,098	-	11,163	65,320	15,605	18,440	111,626
Accumulated Amortization							
Beginning	1,098	-	10,764	-	3,121	5,398	20,381
Amortization	-	-	399	13,064	3,121	3,468	20,052
Disposals	-	-	-	-	-	-	-
Ending	1,098	-	11,163	13,064	6,242	8,866	40,433
Net Book Value	-	-	-	52,256	9,363	9,574	71,193

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

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 cash and short-term investments, accounts receivable, due from and to City of Toronto, accounts payable and accrued liabilities reflected in the statement of financial position approximate their respective fair value, due to the relatively short term nature of the instruments.

7. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them as 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 \$26,675 (2013 - \$nil) was outstanding as at December 31, 2014.

9. BUDGET

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

