

**THE BOARD OF MANAGEMENT FOR THE  
CHURCH-WELLESLEY  
BUSINESS IMPROVEMENT AREA**

**Financial Statements  
For the Year Ended December 31, 2017**

**CHURCH-WELLESLEY  
BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2017**

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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 Church-Wellesley Business Improvement Area**

I have audited the accompanying financial statements of Church-Wellesley Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 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 Church-Wellesley Business Improvement Area as at December 31, 2017 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  
February 26, 2018

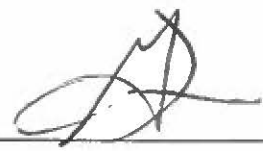
  
Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash	92,666	105,378
Accounts receivable		
City of Toronto – special charges (Note 3)	40,646	59,429
Other	27,803	28,257
	161,115	193,064
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	1,323	-
Other	6,768	9,753
	8,091	9,753
<b>NET FINANCIAL ASSETS</b>	153,024	183,311
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	3,199	2,282
<b>ACCUMULATED SURPLUS</b>	156,223	185,593

Approved on behalf of the Board of Management:

  
 \_\_\_\_\_  
 Chair Vice Chair

  
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 Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017 \$ Budget (Note 8)</b>	<b>2017 \$ Actual</b>	<b>2016 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	241,860	241,860	242,078
Grant	3,000	3,044	2,923
Interest, sponsorships and other	22,000	20,089	15,682
	266,860	264,993	260,683
<b>EXPENSES</b>			
Administration	101,490	105,435	92,309
Promotion and advertising	110,470	101,428	110,915
Maintenance	58,255	49,343	38,350
Capital (Note 7)	2,000	-	431
Amortization	-	2,729	27,312
Provision for (recovery of) uncollected special charges (Note 3)	16,645	35,428	(35,377)
	288,860	294,363	233,940
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	(22,000)	(29,370)	26,741
<b>OPERATING SURPLUS, BEGINNING OF YEAR</b>	185,593	185,593	158,852
<b>OPERATING SURPLUS, END OF YEAR</b>	163,593	156,223	185,593

**THE BOARD OF MANAGEMENT FOR THE  
 CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u> \$	<u>2016</u> \$
Surplus (deficit) for the year	(29,370)	26,741
Acquisition of tangible capital assets	(3,646)	-
Amortization of tangible capital assets	<u>2,729</u>	<u>27,312</u>
	(30,287)	54,053
Balance - Beginning of year	183,311	129,258
Balance - End of year	<u><u>153,024</u></u>	<u><u>183,311</u></u>

**THE BOARD OF MANAGEMENT FOR THE  
 CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the year	(29,370)	26,741
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	2,729	27,312
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	18,783	(44,873)
Accounts receivable – other	454	(17,887)
Accounts payable – City of Toronto	1,323	-
Accounts payable – other	(2,985)	6,127
<b>Cash Provided By (Used In) Operations</b>	(9,066)	(2,580)
<b>Investing activities</b>		
Purchase of tangible capital assets	(3,646)	-
<b>Cash, Beginning Of Year</b>	105,378	107,958
<b>Cash, End Of Year</b>	92,666	105,378

**THE BOARD OF MANAGEMENT FOR THE  
CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**1. ESTABLISHMENT AND OPERATIONS**

The Church-Wellesley 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), 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:

Banners & Flags	3 years
Gateway Signs	5 years
Furniture & Equipment	5 years
Planters	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  
CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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:

	2017 \$	2016 \$
Total special charges outstanding	76,246	68,129
Less: allowance for uncollected special charges	(35,600)	(8,700)
Special charges receivable	<u>40,646</u>	<u>59,429</u>

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

	2017 \$	2016 \$
Special charges written-off	8,528	9,623
Change in allowance for uncollected special charges	26,900	(45,000)
	<u>35,428</u>	<u>(35,377)</u>

THE BOARD OF MANAGEMENT FOR THE  
 CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
 FOR THE YEAR ENDED DECEMBER 31, 2017

4. CAPITAL ASSETS

	2017			
	Gateway Signs	Furniture & Equipment	Banners	Total
<b>Cost</b>				
Beginning	133,746	-	1,684	135,430
Additions	-	3,646	-	3,646
Disposals	-	-	-	-
<b>Ending</b>	<b>133,746</b>	<b>3,646</b>	<b>1,684</b>	<b>139,076</b>
<b>Accumulated Amortization</b>				
Beginning	131,464	-	1,684	133,148
Amortization	2,282	447	-	2,729
Disposals	-	-	-	-
<b>Ending</b>	<b>133,746</b>	<b>447</b>	<b>1,684</b>	<b>135,877</b>
<b>Net Book Value</b>	<b>-</b>	<b>3,199</b>	<b>-</b>	<b>3,199</b>
	2016			
	Gateway Signs	Furniture & Equipment	Banners	Total
<b>Cost</b>				
Beginning	133,746	-	1,684	135,430
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Ending</b>	<b>133,746</b>	<b>-</b>	<b>1,684</b>	<b>135,430</b>
<b>Accumulated Amortization</b>				
Beginning	104,714	-	1,122	105,836
Amortization	26,750	-	562	27,312
Disposals	-	-	-	-
<b>Ending</b>	<b>131,464</b>	<b>-</b>	<b>1,684</b>	<b>133,148</b>
<b>Net Book Value</b>	<b>2,282</b>	<b>-</b>	<b>-</b>	<b>2,282</b>

**THE BOARD OF MANAGEMENT FOR THE  
CHURCH-WELLESLEY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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 the BIA's financial instruments approximates their values.

**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 is committed to annual rent payments for office space as follows:

	\$
2018	7,840
2019	8,330
2020	8,820
2021	9,310
	<u>34,300</u>

In addition, the Board is also responsible for its proportionate share of property taxes and common expenses.

**9. BUDGET**

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