

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

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

**THE DANFORTH
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2017

CONTENTS

	<u>Page</u>
Independent auditor's report	3
Financial statements	
Statement of financial position	4
Statement of operations and accumulated surplus	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to financial statements	8 – 11

AUDITOR'S REPORT

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

I have audited the accompanying financial statements of The Danforth 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 Danforth 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).

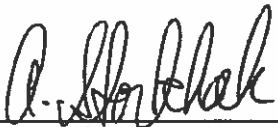
Toronto, Ontario
April 13, 2018


Chartered Professional Accountant
Licensed Public Accountant

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

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	105,461	32,081
Short-term Investment (Note 3)	41,236	41,507
Accounts receivable		
City of Toronto – special charges (Note 4)	11,635	45,887
Other	23,922	52,549
	182,254	172,024
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	15,041	3,701
Other	2,710	2,330
	17,751	6,031
NET FINANCIAL ASSETS	164,503	165,993
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	22,221	24,693
ACCUMULATED SURPLUS	186,724	190,686

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2017 \$ Budget (Note 9)	2017 \$ Actual	2016 \$ Actual
REVENUE			
City of Toronto – special charges	307,787	307,905	298,238
Sponsorships and contributions	40,000	47,234	38,077
	<u>347,787</u>	<u>355,139</u>	<u>336,315</u>
EXPENSES			
Administration	106,504	105,874	106,035
Promotion and advertising	141,220	148,594	141,822
Maintenance	79,500	67,188	55,621
Capital (Note 8)	35,000	-	4,778
Amortization	-	17,512	15,096
Provision for (recovery of) uncollected special charges (Note 4)	(14,437)	19,933	(33,017)
	<u>347,787</u>	<u>359,101</u>	<u>290,335</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	(3,962)	45,980
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>190,686</u>	<u>190,686</u>	<u>144,706</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>190,686</u>	<u>186,724</u>	<u>190,686</u>

**THE BOARD OF MANAGEMENT FOR THE
THE DANFORTH 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	(3,962)	45,980
Acquisition of tangible capital assets	(15,040)	(2,797)
Amortization of tangible capital assets	<u>17,512</u>	<u>15,096</u>
	(1,490)	58,279
Balance - Beginning of year	165,993	107,714
Balance - End of year	<u><u>164,503</u></u>	<u><u>165,993</u></u>

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

	2017 \$	2016 \$
Cash flows from operating activities		
Surplus (deficit) for the year	(3,962)	45,980
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	17,512	15,096
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	34,252	(41,950)
Accounts receivable – other	28,627	(26,215)
Accounts payable - City of Toronto	11,340	3,701
Accounts payable – other	380	(322)
Cash Used In Operations	88,149	(3,710)
Investing Activities		
Purchase of tangible capital assets	(15,040)	(2,797)
(Increase) decrease in short-term investment	271	(2,182)
Cash, Beginning Of Year	32,081	40,770
Cash, End Of Year	105,461	32,081

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

1. ESTABLISHMENT AND OPERATIONS

The The Danforth 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.

Short-term Investments:

Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

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:

Lamp Posts	5 years
Planters	5 years
Flags & Banners	3 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
THE DANFORTH BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2017**

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. SHORT-TERM INVESTMENT

Short-term investment consists of funds invested with Edward Jones, these funds are recorded at fair market value and are cashable on demand.

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 receivable from the City of Toronto are comprised of:

	2017	2016
	\$	\$
Total special charges outstanding	40,735	73,487
Less: allowance for uncollected special charges	(29,100)	(27,600)
Special charges receivable (payable)	<u>11,635</u>	<u>45,887</u>

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

	2017	2016
	\$	\$
Special charges written-off (recovered)	18,433	(32,417)
Change in Provision for losses on assessment appeals	1,500	(600)
	<u>19,933</u>	<u>(33,017)</u>

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

5. TANGIBLE CAPITAL ASSETS

	2017				
	Banners	Planters	Lamp Posts	Lights	Total
Cost					
Beginning	10,157	79,485	11,888	-	101,530
Additions	-	-	-	15,040	15,040
Disposals	-	-	-	-	-
Ending	10,157	79,485	11,888	15,040	116,570
Accumulated Amortization					
Beginning	8,292	61,195	7,350	-	76,837
Amortization	932	11,195	2,377	3,008	17,512
Disposals	-	-	-	-	-
Ending	9,224	72,390	9,727	3,008	94,349
Net Book Value	933	7,095	2,161	12,032	22,221

	2016				
	Banners	Planters	Lamp Posts	Lights	Total
Cost					
Beginning	7,360	79,485	11,888	-	98,733
Additions	2,797	-	-	-	2,797
Disposals	-	-	-	-	-
Ending	10,157	79,485	11,888	-	101,530
Accumulated Amortization					
Beginning	6,768	50,000	4,973	-	61,741
Amortization	1,524	11,195	2,377	-	15,096
Disposals	-	-	-	-	-
Ending	8,292	61,195	7,350	-	76,837
Net Book Value	1,865	18,290	4,538	-	24,693

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

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 financial instruments recognized in the statement of financial position consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

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. BUDGET

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

10. 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 \$1,050 (2016 - \$16,046) was outstanding as at December 31, 2017.