

**LIBERTY VILLAGE
BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

INDEPENDENT AUDITOR'S REPORT

To the Council of the City of Toronto and the Board of Management for the Liberty Village Business Improvement Area:

We have audited the accompanying financial statements of Liberty Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Liberty Village Business Improvement Area as at December 31, 2017 and the results of its operations and its 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).

Other Matter

The financial statements for the year ended December 31, 2016, were audited by another auditor who expressed an unqualified opinion on those financial statements on March 23, 2017.

TORONTO, Ontario
July 12, 2018

Foley, Broderick LLP
Chartered Accountants
Licensed Public Accountants
Chartered Professional Accountants

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial Assets		
Cash - Note 3	\$ 259,431	\$ 236,706
Short-term investments - Note 4	30,531	30,531
Accounts receivable		
City of Toronto - Special charges - Note 5	29,468	50,682
Other - Note 6	3,483	7,239
HST recoverable	37,355	22,222
	\$ 360,268	\$ 347,380
Liabilities		
Accounts payable and accrued liabilities - Note 7	\$ 16,710	\$ 12,487
Net Financial Assets	343,558	334,893
Non-Financial Assets		
Tangible capital assets - Note 8	5,622	4,499
Accumulated Surplus	\$ 349,180	\$ 339,392

Approved on behalf of the Board of Management:



Director



Director

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

For the Year ended December 31, 2017

	2017 Budget (Note 18)	2017 Actual	2016 Actual
Revenue			
City of Toronto - special charges - Note 9	\$ 308,552	\$ 308,565	\$ 292,966
TTC VIP Metropass program - Note 10	1,420,000	1,422,953	1,394,046
Grants, sponsorships and other - Note 11	62,000	93,316	73,082
	1,790,552	1,824,834	1,760,094
Expenditures			
Administration - Note 12	188,462	196,301	184,034
Amortization	-	4,426	12,519
Capital - Note 15	85,000	-	-
Design, improvements and maintenance - Note 13	54,500	27,440	21,432
Promotion, marketing and advertising - Note 14	120,000	145,229	106,684
Provision for (recovery of) uncollectable levies - Note 5	28,050	13,816	(9,413)
TTC VIP Metropasses - Note 10	1,420,000	1,427,834	1,397,601
	1,896,012	1,815,046	1,712,857
Surplus (deficit) for year	\$ (105,460)	\$ 9,788	\$ 47,237
Accumulated surplus at beginning of year	339,392	339,392	292,155
Accumulated surplus at end of year	233,392	349,180	339,392

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
Statement of Changes in Net Financial Assets
For the Year ended December 31, 2017

	2017	2016
Balance at beginning of year	\$ 334,893	\$ 276,929
Surplus for the year	9,788	47,237
Acquisition of tangible capital assets	(5,549)	(1,792)
Amortization of tangible assets	4,426	12,519
Balance at end of year	\$ 343,558	\$ 334,893

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

For the Year ended December 31, 2017

	2017	2016
Cash provided from (reduced by):		
Operating activities		
Surplus for the year	\$ 9,788	\$ 47,237
Items which do not involve cash:		
Amortization	4,426	12,519
	14,214	59,756
Changes in non-cash working capital:		
Accounts receivable - City of Toronto	21,214	(5,734)
Accounts receivable - other	3,755	678
HST recoverable	(15,133)	(5,286)
Accounts payable and accrued liabilities	4,224	6,263
	14,060	(4,079)
	28,274	55,677
Investing activities		
Purchase of tangible capital assets	(5,549)	(1,792)
Decrease (increase) in short-term investments	-	125
	(5,549)	(1,667)
Increase in cash during year	22,725	54,010
Cash at beginning of year	236,706	182,696
Cash at end of year	\$ 259,431	\$ 236,706

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

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 ("Board") 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. Summary of 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:

Benches	-	5 years
Computers	-	3 years
Dufferin / Liberty Gateway	-	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 approximate fair value.

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LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

2. Summary of Significant Accounting Policies *(continued)*

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

Cash consists of:

	2017	2016
BMO - Operating account	\$ 101,916	\$ -
CIBC - Operating account	83,876	182,596
Funds in transit	73,639	226
CIBC - TTC activities	-	53,884
	\$ 259,431	\$ 236,706

4. Short-Term Investments

Short-term investments consist of cashable guaranteed investment certificates. These investments bear interest at the rate of 0.6% per annum and will be maturing in 2018.

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

5. City of Toronto - Special Charges

Special charges levied by the City of Toronto ("the City") are collected and remitted to the BIA by the City. The total special charges outstanding consist of amounts collected by the City not yet remitted to the BIA and amounts uncollected by the City.

The BIA records special charges receivable net of an allowance for uncollected amounts. The special charges payable by the City are comprised of:

	2017	2016
Total special charges outstanding	\$ 61,068	\$ 75,482
Less: allowance for uncollected special charges	(31,600)	(24,800)
	\$ 29,468	\$ 50,682

The provision for (recover of) uncollected levies comprises of:

Special charges written-off	\$ 7,016	\$ 27,187
Change in allowance for uncollected special charges	6,800	(36,600)
	\$ 13,816	\$ (9,413)

6. Accounts Receivable - Other

Accounts receivable - other consists of:

	2017	2016
Sponsorship	\$ 2,849	\$ 1,193
TTC Metropass VIP Program	634	6,046
	\$ 3,483	\$ 7,239

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of:

	2017	2016
Accounts payable	\$ 3,430	\$ 7,765
Accrued liabilities	11,867	4,722
Source deductions payable	1,413	-
	\$ 16,710	\$ 12,487

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

8. Tangible Capital Assets

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Benches	\$ 30,089	\$ 25,095	\$ 4,994	\$ -
Computers	5,550	4,922	628	1,738
Dufferin / Liberty Gateway	-	-	-	2,761
	\$ 35,639	\$ 30,017	\$ 5,622	\$ 4,499

9. City of Toronto - Special Charges

Special charges revenue consists of:

	2017	2016
Special charges received	\$ 315,620	\$ 296,318
Special charges receivable (reduction in receivable)	(7,055)	(3,352)
	\$ 308,565	\$ 292,966

10. TTC VIP Metropass Program

The TTC VIP Metropass program was introduced by the BIA to provide monthly TTC metropasses to employees of the members of the Liberty Village BIA in order to:

- Attract new employees;
- Retain existing employees; and
- Promote the Liberty Village BIA as a green BIA

This program was introduced in 2011 and has grown significantly. In 2011, the BIA was selling approximately 173 passes monthly. In 2017, it was selling approximately 900 to 1,100 passes monthly.

The Toronto Transit Commission requires all employers to provide TTC metropasses at the same cost as was paid to the TTC. For this reason, the expenses were higher than the revenue collected due to bank charges amounting to \$4,881 (2016 - \$3,822). The other associated cost incurred by the BIA to administer the program, such as employee salaries and benefits, office supplies, and other overhead costs are included in administration expenses.

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

11. Grants, Sponsorship and Other Revenue

Grants, sponsorship and other revenue consist of:

	2017	2016
Donations and sponsorship	\$ 40,000	\$ 3,500
Event revenue	36,253	55,128
Other	2,687	2,102
Welcome tote	14,376	12,352
	\$ 93,316	\$ 73,082

12. Administration

Administration expenses consist of:

	2017	2016
Accounting	\$ 8,406	\$ 6,858
Audit fees	2,239	2,137
Bank charges	1,344	256
Conferences and seminars	668	-
Consultants	1,526	8,343
Insurance	4,127	4,130
Meeting expenses (non-AGM)	5,657	3,156
Memberships and associations	5,000	8,053
Office	9,463	12,796
Rent	14,992	10,137
Salaries and benefits	142,383	127,267
Travel	496	901
	\$ 196,301	\$ 184,034

13. Design, Improvements and Maintenance

Design, improvements and maintenance expense consist of:

	2017	2016
Flowers and floral care	\$ 10,355	\$ 11,530
Hydro	1,853	810
Repairs and maintenance	15,232	9,092
	\$ 27,440	\$ 21,432

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

14. Promotion, Marketing and Advertising

Promotion, marketing and advertising expense consist of:

	2017	2016
Advertising	\$ 10,029	\$ 11,258
Festival - Give Me Liberty	66,554	49,522
Market research	3,681	8,319
Meeting expenses (AGM)	151	610
Other	42,363	992
Other event expenses	20,746	20,955
Website	1,705	11,003
Benchmark program	-	4,025
	\$ 145,229	\$ 106,684

15. Capital Expenses

In order to finance major capital expenditures, 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 expenditures 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. In addition, the BIA has insurance for director liability, office equipment and insurance coverage for theft of cash and TTC metropasses which could occur due to break-in.

17. Financial Instruments

The carrying value of the BIA's financial instruments approximate their fair values. The BIA is subject to an interest rate risk with respect to its investments; however, it is management's opinion that the BIA is not exposed to significant interest risk due to their short-term maturities.

18. Budget

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

LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

For the Year ended December 31, 2017

19. 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 the Council of the City of Toronto's approval. The Board is committed to capital improvement projects of which the Board's share of \$15,800 (2016 - \$ nil) was outstanding as at December 31, 2017.

20. Comparative Figures

Certain of the information shown for comparative purposes has been changed to conform with the current year's presentation