

**Appendix Q:**

**THE BOARD OF MANAGEMENT FOR THE  
SHEPPARD EAST VILLAGE  
BUSINESS IMPROVEMENT AREA**

**Financial Statements  
For the Year Ended December 31, 2010**

# SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2010

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## AUDITOR'S REPORT

### To the Council of the Corporation of the City of Toronto and the Board of Management for the Sheppard East Village Business Improvement Area

I have audited the accompanying financial statements of Sheppard East Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2010 and the statements of revenue, expenditure and operating surplus and changes in financial position 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 generally accepted accounting principles 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 Board as at December 31, 2010 and its results of financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
April 14, 2010

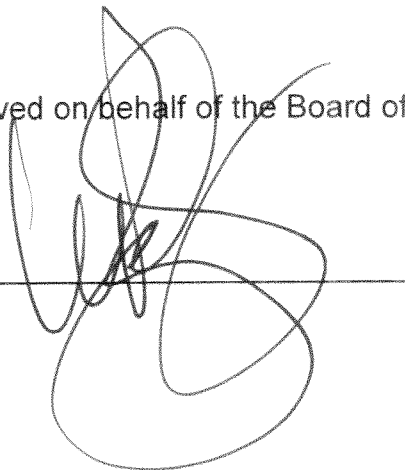
  
Chartered Accountant  
Licensed Public Accountant

THE BOARD OF MANAGEMENT FOR THE  
 SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
 STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2010

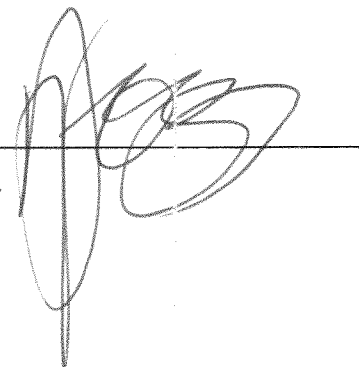
	2010 \$	2009 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and short-term investments	133,395	138,718
Accounts receivable		
City of Toronto - special charges (Note 3)	17,384	16,690
Other	3,727	3,192
	154,506	158,600
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities		
City of Toronto	-	-
Other	1,100	9,100
	1,100	9,100
<b>ACCUMULATED SURPLUS</b>	153,406	149,500
	154,506	158,600

Approved on behalf of the Board of Management:

Chair



Treasurer



**THE BOARD OF MANAGEMENT FOR THE  
SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010 \$ Budget (Note 6)</b>	<b>2010 \$ Actual</b>	<b>2009 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	86,570	88,757	69,566
Fund raising, interest and other	-	818	3,183
	86,570	89,575	72,749
<b>EXPENDITURE</b>			
Administration	41,820	40,892	40,620
Promotion and advertising	44,600	33,318	54,057
Maintenance	5,000	4,815	-
Capital	117,000	-	-
Provision for uncollected special charges (Note 3)	5,150	6,644	216
	213,570	85,669	94,893
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	(127,000)	3,906	(22,144)
<b>OPERATING SURPLUS, BEGINNING OF YEAR</b>	149,500	149,500	171,644
<b>OPERATING SURPLUS, END OF YEAR</b>	22,500	153,406	149,500

THE BOARD OF MANAGEMENT FOR THE  
SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 \$	2009 \$
<b>CASH PROVIDED BY OPERATIONS</b>		
Excess (deficiency) of revenue over expenditure for the year	3,906	(22,144)
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(694)	(8,700)
Accounts receivable – other	(535)	(1,845)
Accounts payable - City of Toronto	-	-
Accounts payable – other	(8,000)	7,996
<b>CASH PROVIDED BY (USED IN) OPERATIONS</b>	<b>(5,323)</b>	<b>(24,693)</b>
<b>CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR</b>	<b>138,718</b>	<b>163,411</b>
<b>CASH AND SHORT-TERM INVESTMENTS, END OF YEAR</b>	<b>133,395</b>	<b>138,718</b>

**THE BOARD OF MANAGEMENT FOR THE  
SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**1. ESTABLISHMENT AND OPERATIONS**

The Sheppard East 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 generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), the most significant of which are as follows:

- (a) Revenues and expenditures are recorded using the accrual basis of accounting.
- (b) 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 and banners	3 years
Street & Christmas lights	5 years
Street furniture	5 years
Planters	5 years
- (c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

THE BOARD OF MANAGEMENT FOR THE  
 SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
 FOR THE YEAR ENDED DECEMBER 31, 2010

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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:

	2010	2009
	\$	\$
Total special charges outstanding	40,684	34,990
Less: allowance for uncollected special charges	(23,300)	(18,300)
Special charges receivable	<u>17,384</u>	<u>16,690</u>

The provision for uncollected levies reported on the Statement of Revenue, Expenditure and Operating Surplus comprises:

	2010	2009
	\$	\$
Special charges written-off	1,644	2,816
Provision for losses on assessment appeals	5,000	(2,600)
	<u>6,644</u>	<u>216</u>

**THE BOARD OF MANAGEMENT FOR THE  
SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**4. 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.

**5. 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.

**6. BUDGET**

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures. Accordingly, I do not express any opinion regarding the budget figures.