

Appendix Y:

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD
BUSINESS IMPROVEMENT AREA**

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

**KENNEDY ROAD
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2010**

CONTENTS

	<u>Page</u>
Auditor's report	3
Financial statements	
Statement of financial position	4
Statement of revenue, expenditure and operating surplus	5
Statement of changes in financial position	6
Notes to financial statements	7 – 9

AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Kennedy Road 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.

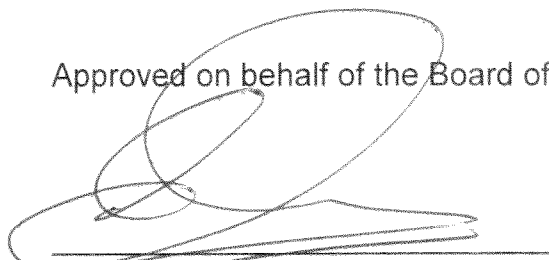
Toronto, Ontario
July 7, 2011


Chartered Accountant
Licensed Public Accountant

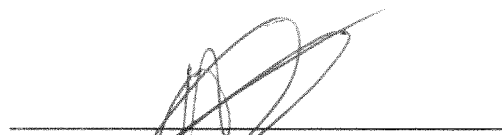
THE BOARD OF MANAGEMENT FOR THE
 KENNEDY ROAD BUSINESS IMPROVEMENT AREA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2010

	2010 \$	2009 \$
ASSETS		
Current		
Cash and short-term investments	331,222	443,301
Accounts receivable		
City of Toronto - special charges (Note 3)	17,671	4,698
Other	16,070	10,636
	364,963	458,635
Capital Assets, net (note 4)	19,289	54,103
	384,252	512,738
 LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto	-	106,631
Other	2,507	3,703
	2,507	110,334
 ACCUMULATED SURPLUS		
Restricted	19,289	54,103
Unrestricted	362,456	348,301
	381,745	402,404
	384,252	512,738

Approved on behalf of the Board of Management:



 Chair



 Treasurer

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

	2010 \$ Budget (Note 8)	2010 \$ Actual	2009 \$ Actual
REVENUE			
City of Toronto – special charges	244,765	245,757	236,154
Grant, interest and other	5,000	9,662	18,073
	<u>249,765</u>	<u>255,419</u>	<u>254,227</u>
EXPENDITURE			
Administration	89,970	102,841	98,245
Promotion and advertising	70,000	42,225	49,205
Maintenance	45,400	78,584	62,617
Capital / amortization	67,500	41,801	39,470
Provision for uncollected levies (Note 3)	22,607	10,627	26,610
	<u>295,477</u>	<u>276,078</u>	<u>276,147</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	(45,712)	(20,659)	(21,920)
OPERATING SURPLUS, BEGINNING OF YEAR	402,404	402,404	437,653
ADJUSTMENT OF PRIOR PERIODS (Note 5)	<u>-</u>	<u>-</u>	<u>(13,329)</u>
OPERATING SURPLUS, END OF YEAR	<u>356,692</u>	<u>381,745</u>	<u>402,404</u>

**THE BOARD OF MNGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 \$	2009 \$
CASH PROVIDED BY (USED IN) OPERATIONS		
Excess (deficiency) of revenue over expenditure for the year	(20,659)	(21,920)
Add: Non-cash item Amortization of capital assets	41,801	39,470
Prior period adjustment	-	(13,329)
Increase (decrease) resulting from changes in		
Accounts receivable – City of Toronto	(12,973)	87,402
Accounts receivable – other	(5,434)	(2,206)
Accounts payable – City of Toronto	(106,631)	(71,581)
Accounts payable – other	(1,196)	1,953
CASH PROVIDED BY (USED IN) OPERATIONS	(105,092)	19,789
INVESTING ACTIVITY		
Purchase of capital assets	(6,987)	(28,080)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	443,301	451,592
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	331,222	443,301

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. ESTABLISHMENT AND OPERATIONS

The Kennedy Road 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:

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
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONTD
FOR THE YEAR ENDED DECEMBER 31, 2010

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	76,771	60,098
Less: allowance for uncollected special charges	<u>(59,100)</u>	<u>(55,400)</u>
Special charges receivable	<u>17,671</u>	<u>4,698</u>

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

	2010 \$	2009 \$
Special charges written-off	6,927	23,610
Change in allowance for uncollected special charges	<u>3,700</u>	<u>3,000</u>
	<u>10,627</u>	<u>26,610</u>

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

4. CAPITAL ASSETS

	2010		
	Cost	Accumulated Amortization	Net book Value
Banners	113,542	106,112	7,430
Lights	19,764	7,905	11,859
	133,306	114,017	19,289

	2009		
	Cost	Accumulated Amortization	Net book Value
Banners	106,555	68,264	38,291
Lights	19,764	3,952	15,812
	\$126,319	\$72,216	\$54,103

5. PRIOR PERIOD ADJUSTMENT

In the early part of 2010, the BIA was informed by the City that a property which is outside the boundaries of the BIA had been inadvertently charged levies from 2002 to 2009, amounting to \$106,631. Of this amount \$13,329 is applicable to 2009 and \$93,302 is applicable to prior years. The total amount was refunded to the property owner in 2010.

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 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.

8. 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.