

Appendix L:

**LAKESHORE VILLAGE BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

**Financial Statements
December 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

Report on the Financial Statements

We have audited the accompanying financial statements of **LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA**, which comprise the statements of financial position as at **December 31, 2013** and the statements of operations, changes in accumulated surplus 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 Lakeshore Village Business Improvement Area as at December 31, 2013 and the results of its operations, changes in accumulated surplus 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).

Comparative Information

The financial statements for 2012, which are presented for comparative purposes only, were examined and reported upon by other chartered professional accountants.

C.C.I.


**Chartered Professional Accountants Professional Corporation,
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario**


Toronto, Ontario
June 3, 2014

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA**Statement of Financial Position
December 31, 2013**

	2013	2012
	\$	\$
Financial Assets		
Cash and short-term investments	26,690	41,148
Accounts receivable		
- City of Toronto - special charges (note 3)	5,538	3,481
- Other	<u>13,465</u>	<u>8,509</u>
	<u>45,693</u>	<u>53,138</u>
Liabilities		
Accounts payable		
- City of Toronto	-	10,425
- Other	<u>4,400</u>	<u>3,958</u>
	<u>4,400</u>	<u>14,383</u>
Net Financial Assets	41,293	38,755
Non-Financial Assets		
Equipment (note 4)	<u>13,045</u>	<u>33,864</u>
Accumulated Surplus	<u>54,338</u>	<u>72,619</u>

Approved on behalf of the Board of Management


 _____ Chair


 _____ Treasurer

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

**Statement of Changes in Accumulated Surplus
Year ended December 31, 2013**

	<u>2013</u>	<u>2012</u>
	\$	\$
Accumulated Surplus		
Balance, beginning of year	72,619	90,363
Deficit for the year	<u>(18,281)</u>	<u>(17,744)</u>
Balance, end of year	<u>54,338</u>	<u>72,619</u>

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Revenue		
City of Toronto - special charges	61,693	58,664
Investment and other income	<u>2,761</u>	<u>2,020</u>
	<u>64,454</u>	<u>60,684</u>
Expenses		
Advertising and promotion	15,641	15,609
Amortization	21,431	21,263
Bank charges	182	170
Insurance	759	754
Office and general	4,315	1,797
Professional fees	4,701	1,025
Repair and maintenance	30,063	33,251
Rent	2,302	2,295
Subcontractor	3,748	-
Provision (recovery) for uncollected special charges	<u>(407)</u>	<u>2,264</u>
	<u>82,735</u>	<u>78,428</u>
Deficit for the year	<u>(18,281)</u>	<u>(17,744)</u>

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows Year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Funds provided (used):		
Operating Activities		
Deficit for the year	(18,281)	(17,744)
Item not affecting cash		
- amortization	21,431	21,263
Changes in other non-cash working capital components (1)	<u>(16,996)</u>	<u>9,277</u>
	<u>(13,846)</u>	<u>12,796</u>
Investing Activities		
Acquisition of equipment	<u>(612)</u>	<u>-</u>
Net (decrease) increase in cash	(14,458)	12,796
Cash, beginning of year	<u>41,148</u>	<u>28,352</u>
Cash, end of year	<u>26,690</u>	<u>41,148</u>

(1) Changes in other non-cash working capital components represented by:

Accounts receivable - City of Toronto	(2,057)	(526)
Accounts receivable - Other	(4,956)	(3,580)
Accounts payable - City of Toronto	(10,425)	10,425
Accounts payable - Other	442	2,958
	<u>(16,996)</u>	<u>9,277</u>

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements
December 31, 2013

1. Nature of the Organization

Lakeshore Village Business Improvement Area is not-for-profit volunteer-based association dedicated to create a safe and competitive business area that attract shoppers and new businesses under the management and control of a Board of Management appointed by the 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 the Council under Section 220(17) of the Municipal Act.

2. Significant Accounting Policies

The Organization follows Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) which include the following policies:

Revenue recognition:

The Organization receives special charges from the City of Toronto, cash donations from corporate sponsors and private donors, as well as grants for operating purposes and capital projects. Revenue are being recorded upon signing of contract, and when collection can be reasonably ascertained.

Equipment:

Equipment are stated at cost and amortized using straight-line basis over the estimated useful lives of the assets at the following rates per annum:

Computer	2 years
Lights	5 years
Fountain	5 years
Banners	3 years

Financial instruments:

Financial instruments are recorded at the approximated fair value. 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.

Use of Estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements December 31, 2013

3. City of Toronto - Special Charges

Special charges levied by the City are collected from BIA members 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:

	<u>2013</u>	<u>2012</u>
	\$	\$
Total special charges outstanding	6,438	6,981
Less: allowance for uncollected special charges	<u>(900)</u>	<u>(3,500)</u>
Accounts receivable - City of Toronto (special charges)	<u>5,538</u>	<u>3,481</u>

The provision for uncollected levies reported on the Statement of Operations comprises:

	<u>2013</u>	<u>2012</u>
	\$	\$
Special charges written-off	2,193	1,464
Changes in allowance for uncollected special charges	<u>(2,600)</u>	<u>800</u>
	<u>(407)</u>	<u>2,264</u>

4. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
Computer equipment	613	169	444	-
Lights	80,750	68,149	12,601	28,751
Fountain	20,510	20,510	-	4,102
Banners	<u>6,768</u>	<u>6,768</u>	<u>-</u>	<u>1,011</u>
	<u>108,641</u>	<u>95,596</u>	<u>13,045</u>	<u>33,864</u>

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.