

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE  
BUSINESS IMPROVEMENT AREA**

**Financial Statements  
For the Year Ended December 31, 2013**

**LIBERTY VILLAGE  
BUSINESS IMPROVEMENT AREA  
DECEMBER 31, 2013**

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of Liberty Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2013 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 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.

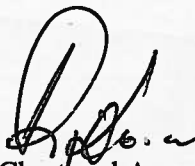
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
April 25, 2014

  
Chartered Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 3)	172,703	96,620
Accounts receivable		
City of Toronto – special charges (Note 4)	48,010	19,586
Other (Note 5)	9,913	69,395
	<u>230,626</u>	<u>185,601</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto (Note 6)	93,276	111,789
Other (Note 7)	19,183	53,466
	<u>112,459</u>	<u>165,255</u>
<b>NET FINANCIAL ASSETS</b>	<b>118,167</b>	<b>20,346</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 8)	158,423	220,551
<b>ACCUMULATED SURPLUS</b>	<u><b>276,590</b></u>	<u><b>240,897</b></u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013 \$ Budget (Note 19)</b>	<b>2013 \$ Actual</b>	<b>2012 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto - special charges (note 9)	263,245	259,080	264,121
TTC VIP Metro passes (note 10)	-	1,040,202	720,207
Interest	-	468	1,261
Grants, sponsorships and other (note 11)	21,000	39,883	137,534
	<u>284,245</u>	<u>1,339,633</u>	<u>1,123,123</u>
<b>EXPENSES</b>			
Administration (note 12)	154,592	147,572	139,234
Design, improvements & maintenance (note 13)	24,000	19,867	24,052
TTC VIP Metro passes (note 10)	-	1,044,502	721,344
Promotion, marketing and advertising (note 14)	66,000	34,864	161,632
Capital (Note 15)	28,000	-	-
Amortization	-	78,072	74,598
Provision for (recovery of) uncollectable levies (note 4)	11,653	(20,937)	16,650
	<u>284,245</u>	<u>1,303,940</u>	<u>1,137,510</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>-</u>	<u>35,693</u>	<u>(14,387)</u>
<b>OPERATING SURPLUS, BEGINNING OF YEAR</b>			
As previously reported	240,897	240,897	262,471
Prior period adjustment (Note 16)	-	-	(7,187)
As restated	<u>240,897</u>	<u>240,897</u>	<u>255,284</u>
<b>OPERATING SURPLUS, END OF YEAR</b>	<u>240,897</u>	<u>276,590</u>	<u>240,897</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Surplus (deficit) for the year	35,693	(14,387)
Acquisition of tangible capital assets	(15,944)	(43,125)
Amortization of tangible capital assets	78,072	74,598
	97,821	17,086
Balance - Beginning of year	20,346	3,260
Balance - End of year	<u>118,167</u>	<u>20,346</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the year	35,693	(14,387)
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	78,072	74,598
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(28,424)	(25,628)
Accounts receivable – other	59,482	20,669
Accounts payable - City of Toronto	(18,513)	(106,875)
Accounts payable – other	(34,283)	(21,913)
<b>Cash Provided By (Used In) Operations</b>	92,027	(71,836)
<b>Investing activities</b>		
Purchase of tangible capital assets	(15,944)	(43,125)
<b>Cash and short-term investments, Beginning Of Year</b>	96,620	211,581
<b>Cash and short-term investments, End Of Year</b>	172,703	96,620

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**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 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 expenses 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:

Computers	3 years
Art Sculpture	5 years
Street furniture	5 years
Lights	5 years
Benches	5 years
King / Atlantic Gateway	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  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**3. CASH AND SHORT-TERM INVESTMENTS**

Cash and short-term investments consist of  
:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash	150	2,000
TD Bank	27,062	28,177
CIBC Bank TTC activities	45,001	-
Cheques to be deposited - TTC	65,578	-
Investments	34,911	66,443
	<u>172,702</u>	<u>96,620</u>

**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 payable to the City of Toronto are comprised of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Total special charges outstanding	131,710	123,486
Less: allowance for uncollected special charges	<u>(83,700)</u>	<u>(103,900)</u>
Special charges receivable	<u>48,010</u>	<u>19,586</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**CITY OF TORONTO – SPECIAL CHARGES (CONT'D)**

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

	2013 \$	2012 \$
Special charges written-off (recovered)	(737)	7,650
Change in allowance for uncollected special charges	(20,200)	9,000
	<u>(20,937)</u>	<u>16,650</u>

**5. ACCOUNTS RECEIVABLE – OTHER**

Accounts Receivable other consists of:

	2013 \$	2012 \$
HST Rebate Receivable	7,515	20,432
Prepaid Expenses - Insurance	1,842	1,243
Accounts Receivable	300	-
TTC VIP passes inventory	-	42,690
TTC	256	5,030
	<u>9,913</u>	<u>69,395</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**6. ACCOUNTS PAYABLE – CITY OF TORONTO**

Accounts Payable – City of Toronto consists of 50% BIA share of capital expenses. The other 50% were paid by the City.

**7. ACCOUNTS PAYABLE – OTHER**

Accounts Payable other consists of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Berg Property Maintenance	2,311	622
Bell Mobility	101	-
Brazen Head Irish Club	-	1,188
Intact Insurance	1,193	-
ICan Pitch	-	7,267
Other	-	1,033
Receiver General- Emp. Deductions	5,819	5,463
Audit	2,000	1,900
EHT	8,232	7,187
Toronto Hydro	82	-
TABIA	406	-
Vacation Payable	-	56
Accounting	1,172	554
The Planning Partnership	-	32,544
Toronto Transit Commission	(2,133)	(4,349)
	<u>19,183</u>	<u>53,466</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**8. CAPITAL ASSETS**

	<b>2013</b>						
	<b>King / Atlantic Gateway</b>	<b>Lighting</b>	<b>Benches</b>	<b>Bike Rack &amp; Lockers</b>	<b>Computers</b>	<b>Dufferin / Liberty Gateway</b>	<b>Total</b>
<b>Cost</b>							
Beginning	279,980	7,830	24,540	60,640	-	-	372,990
Additions	-	-	-	-	2,139	13,805	15,944
Disposals	-	-	-	-	-	-	-
<b>Ending</b>	<b>279,980</b>	<b>7,830</b>	<b>24,540</b>	<b>60,640</b>	<b>2,139</b>	<b>13,805</b>	<b>388,934</b>
<b>Accumulated Amortization</b>							
Beginning	103,367	6,264	18,552	24,256	-	-	152,439
Amortization	55,996	1,566	4,908	12,128	713	2,761	78,072
Disposals	-	-	-	-	-	-	-
<b>Ending</b>	<b>159,363</b>	<b>7,830</b>	<b>23,460</b>	<b>36,384</b>	<b>713</b>	<b>2,761</b>	<b>230,511</b>
<b>Net Book Value</b>	<b>120,617</b>	<b>-</b>	<b>1,080</b>	<b>24,256</b>	<b>1,426</b>	<b>11,044</b>	<b>158,423</b>

	<b>2012</b>						
	<b>King / Atlantic Gateway</b>	<b>Lighting</b>	<b>Benches</b>	<b>Bike Rack &amp; Lockers</b>	<b>Computers</b>	<b>Dufferin / Liberty Gateway</b>	<b>Total</b>
<b>Cost</b>							
Beginning	236,855	7,830	24,540	60,640	-	-	329,865
Additions	43,125	-	-	-	-	-	43,125
Disposals	-	-	-	-	-	-	-
<b>Ending</b>	<b>279,980</b>	<b>7,830</b>	<b>24,540</b>	<b>60,640</b>	<b>-</b>	<b>-</b>	<b>372,990</b>
<b>Accumulated Amortization</b>							
Beginning	47,371	4,698	13,644	12,128	-	-	77,841
Amortization	55,996	1,566	4,908	12,128	-	-	74,598
Disposals	-	-	-	-	-	-	-
<b>Ending</b>	<b>103,367</b>	<b>6,264</b>	<b>18,552</b>	<b>24,256</b>	<b>-</b>	<b>-</b>	<b>152,439</b>
<b>Net Book Value</b>	<b>176,613</b>	<b>1,566</b>	<b>5,988</b>	<b>36,384</b>	<b>-</b>	<b>-</b>	<b>220,551</b>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**9. CITY OF TORONTO – SPECIAL CHARGES**

Special charges revenue consists of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Special charges received	251,265	221,521
Special charges receivable	7,815	42,600
	<u>259,080</u>	<u>264,121</u>

**10. TTC VIP METRO PASSES**

This program was introduced by the LVBIA to provide monthly TTC passes to employees of the members of the Liberty Village BIA in order to:

- Attract new employees
- Retain existing employees and
- Promote the LVBIA as a green BIA

This program was introduced in 2011 and has grown significantly. In 2011 the LVBIA was selling approximately 173 passes monthly. In the latter part of the 2013 it was selling approximately 1,000 passes.

Toronto Transit Commission (TTC) requires all employers to provide TTC passes at the same cost as was paid to the TTC. For this reason the expenses were higher than the revenue due to cash shortfall amounting to \$4,300 (2012 - \$1,137). The other associated cost incurred by the LVBIA to administer the program, such as employee salaries and benefits, bank service charges etc. are included in administration expenses.

**11. GRANTS, SPONSORSHIP AND OTHER REVENUE**

Grants, Sponsorships and Other Revenue Consist of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Municipal Grant	-	6,000
Donations & Sponsorships	11,000	-
Master Plan	-	97,750
Festival - Give Me Liberty Party	27,072	33,784
Bike Here Revenue	1,810	-
	<u>39,882</u>	<u>137,534</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**12. ADMINISTRATION EXPENSES**

Administration Expenses Consist of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Salaries and Benefits	115,422	108,505
Consultants	-	3,011
Accounting	4,910	3,233
Audit Fees	2,000	1,900
Bank Charges	1,692	1,255
Conferences & Seminars	1,709	1,607
TABIA Membership Dues	5,000	5,000
Insurance - General	2,122	1,565
Directors' Liability Insurance	540	540
Meeting Expenses (Non-AGM)	1,036	1,020
Rent	9,442	9,192
Office Stationery/Supplies/Printing	2,168	1,237
Office Equipment/Software	348	56
Postage/Courier/Delivery	47	73
Telephone	1,135	1,040
	<u>147,572</u>	<u>139,234</u>

**13. DESIGN, IMPROVEMENTS & MAINTENANCE**

Design, Improvements & Maintenance Expenses Consist of:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Maintenance/Snow/Litter Clearing	8,336	9,809
Flowers & Floral Care	7,378	7,581
Hydro - Tree & Pedestrian Lights	2,930	585
Signage/Public Art/Bike Lockers	1,223	6,077
	<u>19,867</u>	<u>24,052</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**14. PROMOTION, MARKETING AND ADVERTISING EXPENSE**

Promotion, Marketing and Advertising Expense Consists of:

	2013	2012
	\$	\$
AGM Expenses	3,434	1,068
Master Plan	-	121,138
Printing	-	940
Advertising	3,694	1,797
Website	1,182	430
Festival - Give Me Liberty Party	24,917	22,563
Benchmark Program	1,434	6,355
Welcome Bags Program	-	6,887
Lunch & Learn Program	-	141
Community Clean Up Event	-	282
Bike Here Program	204	-
Cycle Safety Program	-	31
	<u>34,864</u>	<u>161,632</u>

**15. CAPITAL EXPENSES**

In order to finance major capital expenses 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 expenses are financed out of the accumulated surplus.

**16. PRIOR PERIOD ADJUSTMENT**

The Liberty Village BIA's employees' annual salaries were lower than the \$400,000 limit allowed by Ontario Ministry of Finance to exempt small and medium sized organizations from paying the Employee Health Tax (EHT) premium. For this reason the BIA did not pay the EHT premium. However, during the 2013 Toronto Association of Business Improvement Areas (TABIA) informed the Board that this exemption does not apply to municipalities. The BIA is a Board of the City, accordingly does not qualify for the \$400,000 exemption.

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**PRIOR PERIOD ADJUSTMENT (CONT'D)**

The Board, in order to comply with the Provincial Guidelines, directed the Executive Director to file a voluntary disclosure and request the Ministry to extend the exemption to the Liberty Village BIA because the BIA operates in a similar fashion to other not-for-profit organizations. However, the ministry did not allow the exemption and assessed EHT premiums from 2002 to 2012 at \$7,187. As a result, the BIA's prior years' accumulated surplus decreased by \$7,187 and accounts payable-other increased by a similar amount.

**17. 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. In addition, Liberty Village Business Improvement Area (LVBIA) has insurance for director liability and office equipment.

In the early part of 2014 LVBIA also obtained insurance coverage for theft of cash and TTC Metro passes which could occur due to break-in.

**18. 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.

**19. BUDGET**

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