

**THE BOARD OF MANAGEMENT FOR THE
LITTLE ITALY
BUSINESS IMPROVEMENT AREA**

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

**LITTLE ITALY
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 Little Italy Business Improvement Area**

I have audited the accompanying financial statements of Little Italy 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.

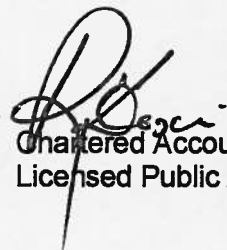
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

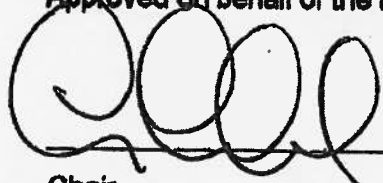
Toronto, Ontario
June 22, 2014

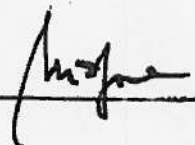

Chartered Accountant
Licensed Public Accountant

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

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	282,257	155,711
Accounts receivable		
City of Toronto – special charges (Note 3)	45,946	18,887
Other	32,844	32,125
	<u>361,047</u>	<u>206,723</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	31,050	16,800
	<u>31,050</u>	<u>16,800</u>
NET FINANCIAL ASSETS	329,997	189,923
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	7,934	13,261
ACCUMULATED SURPLUS	<u>337,931</u>	<u>203,184</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2013 \$ Budget (Note 9)	2013 \$ Actual	2012 \$ Actual
REVENUE			
City of Toronto – special charges	380,273	380,273	398,896
Sponsorships and other	3,000	80,307	86,419
	<u>383,273</u>	<u>460,580</u>	<u>485,315</u>
EXPENSES			
Administration	24,022	10,617	10,710
Promotion and advertising	258,500	266,090	363,453
Maintenance	36,000	53,608	28,643
Capital (Note 7)	47,500	-	-
Amortization	-	5,327	5,327
Provision for (recovery of) uncollected special charges (Note 3)	17,251	(9,809)	23,048
	<u>383,273</u>	<u>325,833</u>	<u>431,181</u>
SURPLUS FOR THE YEAR	-	134,747	54,134
SURPLUS, BEGINNING OF YEAR	<u>203,184</u>	<u>203,184</u>	<u>149,050</u>
SURPLUS, END OF YEAR	<u>203,184</u>	<u>337,931</u>	<u>203,184</u>

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

	<u>2013</u> \$	<u>2012</u> \$
Surplus for the year	134,747	54,134
Amortization of tangible capital assets	<u>5,327</u>	<u>5,327</u>
	140,074	59,461
Balance - Beginning of year	189,923	130,462
Balance - End of year	<u><u>329,997</u></u>	<u><u>189,923</u></u>

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

	2013	2012
	\$	\$
Cash flows from operating activities		
Surplus for the year	134,747	54,134
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	5,327	5,327
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(27,059)	(9,928)
Accounts receivable – other	(719)	242
Accounts payable – other	14,250	850
Cash Provided By Operations	126,546	50,625
Cash and short-term investments, Beginning Of Year	155,711	105,086
Cash and short-term investments, End Of Year	282,257	155,711

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

1. ESTABLISHMENT AND OPERATIONS

The Little Italy 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
Street & Christmas lights	5 years
Street Furniture	5 years
Street Signs	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
LITTLE ITALY BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2013**

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:

	2013 \$	2012 \$
Total special charges outstanding	86,446	82,987
Less: allowance for uncollected special charges	<u>(40,500)</u>	<u>(64,100)</u>
Special charges receivable	<u>45,946</u>	<u>18,887</u>

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

	2013 \$	2012 \$
Special charges written-off	13,791	37,448
Change in allowance for uncollected special charges	<u>(23,600)</u>	<u>(14,400)</u>
	<u>(9,809)</u>	<u>23,048</u>

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

4. TANGIBLE CAPITAL ASSETS

	2013			
	Lights	Street Signs	Street Furniture	Total
Cost				
Beginning	19,835	1,800	5,000	26,635
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	19,835	1,800	5,000	26,635
Accumulated Amortization				
Beginning	7,934	1,440	4,000	13,374
Amortization	3,967	360	1,000	5,327
Disposals	-	-	-	-
Ending	11,901	1,800	5,000	18,701
Net Book Value	7,934	-	-	7,934

	2012			
	Lights	Street Signs	Street Furniture	Total
Cost				
Beginning	19,835	1,800	5,000	26,635
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	19,835	1,800	5,000	26,635
Accumulated Amortization				
Beginning	3,967	1,080	3,000	8,047
Amortization	3,967	360	1,000	5,327
Disposals	-	-	-	-
Ending	7,934	1,440	4,000	13,374
Net Book Value	11,901	360	1,000	13,261

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

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.

6. 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.

7. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them 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.

8. 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 Council's approval. The Board is committed to capital improvement projects of which the Board's share of \$20,000 (2012 - \$nil) was outstanding as at December 31, 2013.

9. BUDGET

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