

Appendix N:

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

**Financial Statements
For the Year Ended December 31, 2014**

FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2014

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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 Fairbank Village Business Improvement Area

I have audited the accompanying financial statements of Fairbank Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2014 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and the related notes which comprises 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

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.

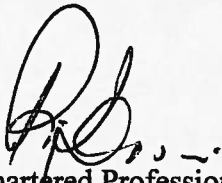
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Fairbank Village Business Improvement Area as at December 31, 2014 and the results of its operations and 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).

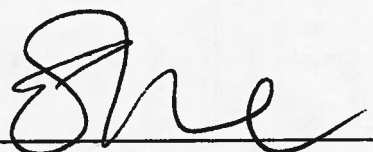
Toronto, Ontario
April 14, 2015


Chartered Professional Accountant
Licensed Public Accountant

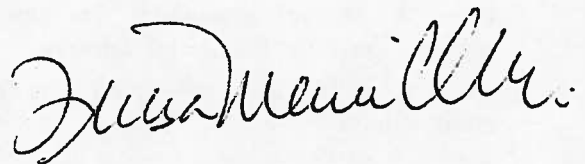
**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	195,062	60,105
Accounts receivable		
City of Toronto – special charges (Note 3)	5,078	3,673
Other	10,907	17,369
	<u>211,047</u>	<u>81,147</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	3,300	2,727
	<u>3,300</u>	<u>2,727</u>
NET FINANCIAL ASSETS	207,747	78,420
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	4,500	5,186
ACCUMULATED SURPLUS	<u>212,247</u>	<u>83,606</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$ Budget (Note 8)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	210,240	210,240	221,112
Interest, fund raising and other	-	9,607	5,878
	<u>210,240</u>	<u>219,847</u>	<u>226,990</u>
EXPENSES			
Administration	46,819	41,259	46,812
Promotion and advertising	91,145	11,077	95,231
Maintenance	26,220	20,784	23,067
Capital (Note 7)	30,000	-	-
Amortization	-	3,436	5,950
Provision for uncollected special charges (Note 3)	16,056	14,650	14,501
	<u>210,240</u>	<u>91,206</u>	<u>185,561</u>
SURPLUS FOR THE YEAR	-	128,641	41,429
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>83,606</u>	<u>83,606</u>	<u>42,177</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>83,606</u>	<u>212,247</u>	<u>83,606</u>

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
Surplus for the year	128,641	41,429
Acquisition of tangible capital assets	(2,750)	-
Amortization of tangible capital assets	3,436	5,950
	129,327	47,379
Balance - Beginning of year	78,420	31,041
Balance - End of year	<u>207,747</u>	<u>78,420</u>

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
Cash flows from operating activities		
Surplus for the year	128,641	41,429
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	3,436	5,950
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(1,405)	2,802
Accounts receivable – other	6,462	(9,310)
Accounts payable – other	573	136
Cash Provided By Operations	137,707	41,007
Investing activities		
Purchase of tangible capital assets	(2,750)	-
Cash and short-term investments, Beginning Of Year	60,105	19,098
Cash and short-term investments, End Of Year	195,062	60,105

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. ESTABLISHMENT AND OPERATIONS

The Fairbank 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 Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:

The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

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:

Street & Christmas lights	5 years
Benches	5 years
Street Signs	5 years
Planters	5 years
Flags & Banners	3 years

Contributed services:

Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

Financial instruments:

Financial instruments are recorded at the approximated fair value.

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

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:

	2014 \$	2013 \$
Total special charges outstanding	37,378	35,673
Less: allowance for uncollected special charges	(32,300)	(32,000)
Special charges receivable	<u>5,078</u>	<u>3,673</u>

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

	2014 \$	2013 \$
Special charges written-off	14,350	4,801
Change in provision for assessment appeals	300	9,700
	<u>14,650</u>	<u>14,501</u>

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

4. TANGIBLE CAPITAL ASSETS

	2014			
	Street Signs	Lights	Benches	Total
Cost				
Beginning	2,930	11,500	-	14,430
Additions	-	2,750	-	2,750
Disposals	-	-	-	-
Ending	2,930	14,250	-	17,180
Accumulated Amortization				
Beginning	2,344	6,900	-	9,244
Amortization	586	2,850	-	3,436
Disposals	-	-	-	-
Ending	2,930	9,750	-	12,680
Net Book Value	-	4,500	-	4,500

	2013			
	Street Signs	Lights	Benches	Total
Cost				
Beginning	2,930	11,500	15,314	29,744
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	2,930	11,500	15,314	29,744
Accumulated Amortization				
Beginning	1,758	4,600	12,250	18,608
Amortization	586	2,300	3,064	5,950
Disposals	-	-	-	-
Ending	2,344	6,900	15,314	24,558
Net Book Value	586	4,600	-	5,186

**THE BOARD OF MANAGEMENT FOR THE
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

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. BUDGET

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

