

**Appendix I:**

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA  
Financial Statements  
Year Ended December 31, 2014**

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**  
**Index to Financial Statements**  
**Year Ended December 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Dupont by the Castle Business Improvement Area

We have audited the accompanying financial statements of Dupont by the Castle Business Improvement Area, which comprise the statement of financial position as at December 31, 2014 and the statements of revenues and expenditures, 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 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

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 Dupont by the Castle Business Improvement Area as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Robert Gore & Associates*

Toronto, Ontario  
July 8, 2015

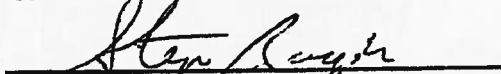
CHARTERED ACCOUNTANTS  
Licensed Public Accountants

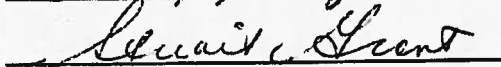
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**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 76,101	\$ 88,007
City of Toronto - Special charges receivable (Note 4)	3,836	168
HST rebate receivable	4,279	1,120
	<b>\$ 84,216</b>	<b>\$ 89,295</b>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
City of Toronto	\$ 9,806	\$ -
Accounts payable	4,817	7,902
	<b>14,623</b>	<b>7,902</b>
 <b>NET FINANCIAL ASSETS</b>	 <b>69,593</b>	 <b>81,393</b>
 <b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	8,452	910
 <b>ACCUMULATED SURPLUS</b>	 <b>\$ 78,045</b>	 <b>\$ 82,303</b>

**ON BEHALF OF THE BOARD**

 Director

 Director

*See notes to the financial statements*

**Robert Gore & Associates**  
**Chartered Accountants**

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2014**

	Budget 2014	2014	2013
<b>REVENUE</b>			
City of Toronto - special charges <i>(Note 4)</i>	\$ 35,690	\$ 35,692	\$ 35,690
Interest and other	-	3,160	-
	<u>35,690</u>	<u>38,852</u>	<u>35,690</u>
<b>EXPENSES</b>			
Capital / Amortization	33,020	2,265	304
Provision for uncollected special charges <i>(Note 5)</i>	3,245	(27)	2,665
Administration	8,930	16,338	12,672
Promotion and advertising	11,042	20,233	5,390
Maintenance	678	4,301	4,809
	<u>56,915</u>	<u>43,110</u>	<u>25,840</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (21,225)</u>	<u>\$ (4,258)</u>	<u>\$ 9,850</u>

*See notes to financial statements*

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**  
**Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2014**

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	<u>2013</u> <u>Balance</u>	<u>Deficiency of</u> <u>revenue over</u> <u>expenses</u>	<u>2014</u> <u>Balance</u>
Accumulated surplus	\$ 82,303	\$ (4,258)	\$ 78,045

*See notes to financial statements*

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (4,258)	\$ 9,850
Item not affecting cash:		
Amortization of property, plant and equipment	2,265	304
	<u>(1,993)</u>	<u>10,154</u>
Changes in non-cash working capital:		
Accounts receivable	(3,668)	1,132
Accounts Receivable- other	(3,159)	837
Accounts payable	9,807	(1,518)
Accounts payable-other	(3,086)	6,710
	<u>(106)</u>	<u>7,161</u>
Cash flow from (used by) operating activities	<u>(2,099)</u>	<u>17,315</u>
<b>Capital Transactions</b>		
Purchase of tangible capital assets	<u>(9,807)</u>	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(11,906)</b>	<b>17,315</b>
Cash - beginning of year	<u>88,007</u>	<u>70,692</u>
<b>CASH - END OF YEAR</b>	<b>\$ 76,101</b>	<b>\$ 88,007</b>

*See notes to financial statements*

# DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year Ended December 31, 2014

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### 1. ESTABLISHMENT AND OPERATIONS

Dupont by the Castle 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 the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principals 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:

#### Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible assets;

#### Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on a straight-line basis at the following rates.

Flags and banners	3 years	straight-line method
Street signage	5 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

*(continues)*



## DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements

Year Ended December 31, 2014

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Revenue recognition

Dupont by the Castle Business Improvement Area recognizes revenue on an accrual basis from the following sources.

##### City of Toronto Special Charges.

These charges are levied to business properties within the BIA on a calendar year basis through the property tax system. The city remits the collected funds to the BIA as well as administering the collection of any unpaid levies. The BIA accounts for the total amount of the levy determined by the City. A general allowance for appeals and reassessments is booked as a provision against the total levies, and any uncollectable levies, as determined by the City of Toronto, are written off to bad debts in the year the City identifies them as uncollectable.

##### City of Toronto Section 37 Funds.

When an area is identified as requiring assistance over and above the special levy the City provisions funds to meet an identified need. During the year the BIA received such funds to acquire banners and street signage.

##### Donated goods

From time to time, the organization receives donations of goods to be used in fundraising activities. These donations are recorded as revenue based upon appraised or assessed value of the goods or services. As the selling price or realized value of in kind items cannot be determined at the time they are donated, the total value is also expensed as fundraising expense at the time of receipt. Upon subsequent sale, the net proceeds are recorded as fundraising income to partially offset the expense noted above. No donations for services in kind were received in 2014.

#### 3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Street signage	\$ 11,325	\$ 2,873	\$ 8,452	\$ 910

#### 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.

	2014	2013
Total special charges outstanding	\$ 7,136	\$ 4,568
Less: allowance for uncollected special charges	(3,300)	(4,400)
Special charges receivable	\$ 3,836	\$ 168

**DUPONT BY THE CASTLE BUSINESS IMPROVEMENT AREA**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

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**5. PROVISION FOR UNCOLLECTED SPECIAL CHARGES**

The provision for uncollected levies reported on the Statement of Revenue and Expenditures is comprised of:

	<u>2014</u>	<u>2013</u>
Special Charges Written Off	\$ 1,073	\$ 765
Provision for uncollected special charges	<u>(1,100)</u>	<u>1,900</u>
	<u>\$ (27)</u>	<u>\$ 2,665</u>

**6. FINANCIAL INSTRUMENTS**

Fair value

The organization's carrying value of cash, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

**7. 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 incident has been obtained by the Board through the City of Toronto.

**8. BUDGET**

Budget Figures are for comparative purposes only and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.