

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD
BUSINESS IMPROVEMENT AREA**

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

**KENNEDY ROAD
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 Kennedy Road Business Improvement Area

I have audited the accompanying financial statements of Kennedy Road 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 Kennedy Road 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).

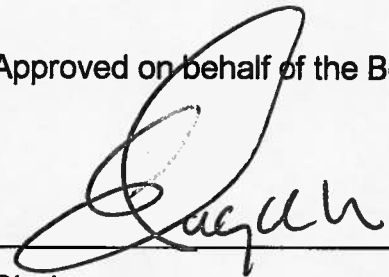
Toronto, Ontario
June 15, 2015


Chartered Professional Accountant
Licensed Public Accountant

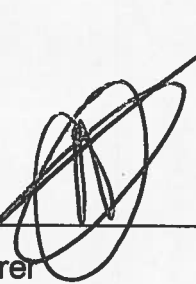
**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	293,676	312,155
Accounts receivable		
Other	44,295	36,984
	<u>337,971</u>	<u>349,139</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 3)	8,246	6,836
Other	2,264	13,449
	<u>10,510</u>	<u>20,285</u>
NET FINANCIAL ASSETS	327,461	328,854
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	50,946	64,971
ACCUMULATED SURPLUS	<u>378,407</u>	<u>393,825</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$ Budget (Note 7)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	244,303	244,303	245,508
Grant, interest and other	-	4,286	4,987
	<u>244,303</u>	<u>248,589</u>	<u>250,495</u>
EXPENSES			
Administration	44,867	28,887	80,918
Promotion and advertising	75,000	8,955	1,489
Maintenance	143,500	173,362	80,891
Amortization	-	25,457	26,648
Provision for (recovery of) uncollected levies (Note 3)	25,936	27,346	36,779
	<u>289,303</u>	<u>264,007</u>	<u>226,725</u>
SURPLUS (DEFICIT) FOR THE YEAR	(45,000)	(15,418)	23,770
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>393,825</u>	<u>393,825</u>	<u>370,055</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>348,825</u>	<u>378,407</u>	<u>393,825</u>

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

	<u>2014</u> \$	<u>2013</u> \$
Surplus (deficit) for the year	(15,418)	23,770
Acquisition of tangible capital assets	(11,432)	-
Amortization of tangible capital assets	<u>25,457</u>	<u>26,648</u>
	(1,393)	50,418
Balance - Beginning of year	328,854	278,436
Balance - End of year	<u><u>327,461</u></u>	<u><u>328,854</u></u>

**THE BOARD OF MNGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
Cash flows from operating activities		
Surplus (Deficit) for the year	(15,418)	23,770
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	25,457	26,648
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	-	11,399
Accounts receivable – other	(7,311)	(16,859)
Accounts payable - City of Toronto	1,410	(97,906)
Accounts payable – other	(11,185)	(7,102)
	<hr/>	<hr/>
Cash Provided By (Used In) Operations	(7,047)	(60,050)
Investing activities		
Purchase of tangible capital assets	(11,432)	-
Cash and short-term investments, Beginning Of Year	312,155	372,205
	<hr/>	<hr/>
Cash and short-term investments, End Of Year	293,676	312,155
	<hr/>	<hr/>

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

1. ESTABLISHMENT AND OPERATIONS

The Kennedy Road 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), 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
Streetscape	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
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONTD
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 / (payable) net of an allowance for uncollected amounts. The special charges receivable from / (payable to) the City of Toronto are comprised of:

	2014 \$	2013 \$
Total special charges outstanding	54,154	71,364
Less: allowance for uncollected special charges	<u>(62,400)</u>	<u>(78,200)</u>
Special charges receivable / (payable)	<u><u>(8,246)</u></u>	<u><u>(6,836)</u></u>

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

	2014 \$	2013 \$
Special charges written-off	43,146	2,579
Change in allowance for uncollected special charges	<u>(15,800)</u>	<u>34,200</u>
	<u><u>27,346</u></u>	<u><u>36,779</u></u>

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

4. CAPITAL ASSETS

	2014			
	Banners	Lights	Streetscape	Total
Cost				
Beginning	-	35,333	97,905	133,238
Additions	3,567	7,865	-	11,432
Disposals	-	-	-	-
Ending	3,567	43,198	97,905	144,670
Accumulated Amortization				
Beginning	-	29,105	39,162	68,267
Amortization	1,189	4,687	19,581	25,457
Disposals	-	-	-	-
Ending	1,189	33,792	58,743	93,724
Net Book Value	2,378	9,406	39,162	50,946
	2013			
	Banners	Lights	Streetscape	Total
Cost				
Beginning	128,398	35,333	97,905	261,636
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	128,398	35,333	97,905	261,636
Accumulated Amortization				
Beginning	128,398	22,038	19,581	170,017
Amortization	-	7,067	19,581	26,648
Disposals	-	-	-	-
Ending	128,398	29,105	39,162	196,665
Net Book Value	-	6,228	58,743	64,971

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD 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. BUDGET

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