

Appendix N:

**KENSINGTON MARKET BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2014**

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

**Financial Statements
December 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Report on the Financial Statements

We have audited the accompanying financial statements of **KENSINGTON MARKET BUSINESS IMPROVEMENT AREA**, which comprise the statements of financial position as at **December 31, 2014** and the statements of operations, 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 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

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 Kensington Market Business Improvement Area as at December 31, 2014 and the results of its operations, changes in accumulated surplus and its 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).

C.C.I

**Chartered Professional Accountants Professional Corporation
Licensed Public Accountants**

Toronto, Ontario
September 23, 2015

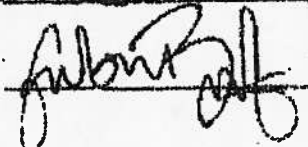
KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

**Statement of Financial Position
December 31, 2014**

	<u>2014</u>	<u>2013</u>
	\$	\$
Financial Assets		
Cash and short term investments	154,404	180,956
Accounts receivable		
- City of Toronto - special charges (note 3)	9,524	7,091
- Other	<u>17,061</u>	<u>11,893</u>
	<u>180,989</u>	<u>199,940</u>
Liabilities		
Accounts payable		
- City of Toronto	6,197	42,173
- Other	<u>13,390</u>	<u>4,811</u>
	<u>19,587</u>	<u>46,984</u>
Net Financial Assets	161,402	152,956
Non-Financial Assets		
Equipment (note 4)	<u>53,435</u>	<u>49,795</u>
Accumulated Surplus	<u>214,837</u>	<u>202,751</u>

Approved on behalf of the Board of Management

: Chair

: Treasurer

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

**Statement of Changes in Accumulated Surplus
Year ended December 31, 2014**

	<u>2014</u> \$	<u>2013</u> \$
Accumulated Surplus		
Balance, beginning of year	202,751	179,738
Surplus for the year	<u>12,086</u>	<u>23,013</u>
Balance, end of year	<u>214,837</u>	<u>202,751</u>

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Statement of Operations Year ended December 31, 2014

	Budget		
	2014	2014	2013
	\$	\$	\$
Revenue			
Levies received	117,161	117,566	107,933
Other revenue	<u>-</u>	<u>4,144</u>	<u>6,898</u>
	<u>117,161</u>	<u>121,710</u>	<u>114,831</u>
Expenses			
Advertising and Promotion	41,400	48,579	40,155
Amortization	-	14,431	7,820
Donations	-	-	500
Insurance	927	867	327
Office and general	3,800	4,975	3,464
Professional fees	865	2,748	1,868
Repair and maintenance	32,000	2,741	3,776
Rent	3,600	3,702	2,939
Salaries	30,000	29,041	27,055
Provision for uncollected special charges	<u>10,651</u>	<u>2,540</u>	<u>3,914</u>
	<u>123,243</u>	<u>109,624</u>	<u>91,818</u>
Surplus (deficit) for the year	<u>(6,082)</u>	<u>12,086</u>	<u>23,013</u>

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Funds provided (used):		
Operating Activities		
Surplus for the year	12,086	23,013
Item not affecting cash - amortization	14,431	7,820
Changes in other non-cash working capital components (1)	<u>(34,998)</u>	<u>29,685</u>
	<u>(8,481)</u>	<u>60,518</u>
Investing Activities		
Acquisition of equipment	<u>(18,071)</u>	<u>(44,667)</u>
Net (decrease) increase in cash	(26,552)	15,851
Cash, beginning of year	<u>180,956</u>	<u>165,105</u>
Cash, end of year	<u>154,404</u>	<u>180,956</u>

(1) Changes in other non-cash working
capital components represented by:

Accounts receivable - City of Toronto	(2,433)	(156)
Accounts receivable - Other	(5,168)	(2,649)
Accounts payable - City of Toronto	(35,976)	28,679
Accounts payable - Other	<u>8,579</u>	<u>3,811</u>
	<u>(34,998)</u>	<u>29,685</u>

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

December 31, 2014

1. Nature of the Organization

Kensington Market Business Improvement Area is a not-for-profit volunteer-based association dedicated to create a safe and competitive business area that attract shoppers and new businesses 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.

2. Significant Accounting Policies

The Organization follows Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) which include the following policies:

Revenue recognition:

The Organization receives special charges from the City of Toronto, cash donations from corporate sponsors and private donors, as well as grants for operating purposes and capital projects. Revenue are being recorded upon signing of contract, and when collection can be reasonably ascertained.

Equipment:

Equipment are stated at cost and amortized using straight-line basis over the estimated useful lives of the assets at the following rates per annum:

Computers	3 years
Computer software	3 years
Furniture and equipment	5 years
Lights	5 years
Planters	5 years
Tents	5 years
Trailers	30% declining balance

Contributed services:

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

Financial instruments:

Financial instruments are recorded at the approximated fair value.

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements
December 31, 2014

2. Significant Accounting Policies (Continued)

Use of Estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. 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 from BIA members 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:

	<u>2014</u>	<u>2013</u>
	\$	\$
Total special charges outstanding	13,924	10,091
Less: allowance for uncollected special charges	<u>(4,400)</u>	<u>(3,000)</u>
Accounts receivable - City of Toronto (special charges)	<u>9,524</u>	<u>7,091</u>

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Special charges written-off	1,140	1,414
Changes in allowance for uncollected special charges	<u>1,400</u>	<u>2,500</u>
	<u>2,540</u>	<u>3,914</u>

KENSINGTON MARKET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements December 31, 2014

4. Equipment

	<u>Cost</u>	<u>Accumulated</u>	Net	
	<u>\$</u>	<u>Amortization</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Computer	1,607	804	803	1,339
Computer software	131	66	65	109
Furniture and equipment	5,384	2,072	3,312	1,956
Lights	59,448	19,743	39,705	44,777
Planters	2,690	1,614	1,076	1,614
Tents	6,333	633	5,700	-
Trailers	<u>3,329</u>	<u>555</u>	<u>2,774</u>	<u>-</u>
	<u>78,922</u>	<u>25,487</u>	<u>53,435</u>	<u>49,795</u>

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. Budget

Budget figures are provided for comparative purpose only and have not been audited. Accordingly, we do not express any opinion on the budget figures.

