

Appendix P:

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

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

**LITTLE PORTUGAL
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 Little Portugal Business Improvement Area

I have audited the accompanying financial statements of Little Portugal 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.

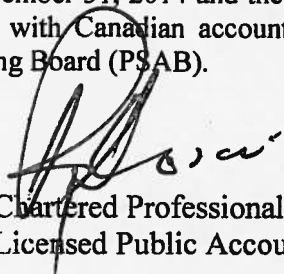
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Little Portugal 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
August 14, 2015


Chartered Professional Accountant
Licensed Public Accountant

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

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash	73,706	73,154
Accounts receivable		
City of Toronto – special charges (Note 3)	5,837	4,505
Other	6,938	5,947
	<u>86,481</u>	<u>83,606</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	1,550	3,594
	<u>1,550</u>	<u>3,594</u>
NET FINANCIAL ASSETS	84,931	80,012
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	22,627	45,473
ACCUMULATED SURPLUS	<u>107,558</u>	<u>125,485</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2014 \$ Budget (Note 8)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	51,577	51,577	51,188
Interest and other	5,101	752	8,330
	<u>56,678</u>	<u>52,329</u>	<u>59,518</u>
EXPENSES			
Administration	16,072	14,791	13,045
Promotion and advertising	63,000	25,267	29,379
Maintenance	14,500	7,577	11,516
Amortization	-	22,846	22,847
Provision for (recovery of) uncollected special charges (Note 3)	1,106	(225)	(83)
	<u>94,678</u>	<u>70,256</u>	<u>76,704</u>
(DEFICIT) FOR THE YEAR	(38,000)	(17,927)	(17,186)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	125,485	125,485	142,671
ACCUMULATED SURPLUS, END OF YEAR	87,485	107,558	125,485

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

	2014	2013
	\$	\$
(Deficit) for the year	(17,927)	(17,186)
Acquisition of tangible capital assets	-	(5,690)
Amortization of tangible capital assets	<u>22,846</u>	<u>22,847</u>
	4,919	(29)
Balance - Beginning of year	80,012	80,041
Balance - End of year	<u><u>84,931</u></u>	<u><u>80,012</u></u>

**THE BOARD OF MANAGEMENT FOR THE
LITTLE PORTUGAL 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	(17,927)	(17,186)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	22,846	22,847
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(1,332)	(311)
Accounts receivable – other	(991)	(2,350)
Accounts payable - City of Toronto	-	-
Accounts payable – other	(2,044)	1,699
	<hr/>	<hr/>
Cash Provided By Operations	552	4,699
Investing Activities		
Purchase of tangible capital assets	-	(5,690)
Cash, Beginning Of Year	73,154	74,145
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Cash, End Of Year	73,706	73,154
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**THE BOARD OF MANAGEMENT FOR THE
LITTLE PORTUGAL BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. ESTABLISHMENT AND OPERATIONS

The Little Portugal 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.

Although the City Council approved the establishment of the Little Portugal BIA in 2007, no business was carried out during 2007 other than the election of the Board members and approval of year 2013 BIA budget.

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:

Banners	3 years	Planters	5 years
Lights	5 years	Street Signs	5 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
LITTLE PORTUGAL BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

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	6,337	5,605
Less: allowance for uncollected special charges	(500)	(1,100)
Special charges receivable	<u>5,837</u>	<u>4,505</u>

The provision for (recovery of) uncollected levies reported on the Statement of operations and accumulated surplus comprises:

	2014	2013
	\$	\$
Special charges written-off	375	217
Provision for losses on assessment appeals	(600)	(300)
	<u>(225)</u>	<u>(83)</u>

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

4. CAPITAL ASSETS

	2014		
	Banners	Lights	Total
Cost			
Beginning	5,690	110,832	116,522
Additions	-	-	-
Disposals	-	-	-
Ending	5,690	110,832	116,522
Accumulated Amortization			
Beginning	1,896	69,153	71,049
Amortization	1,897	20,949	22,846
Disposals	-	-	-
Ending	3,793	90,102	93,895
Net Book Value	1,897	20,730	22,627

	2013		
	Banners	Lights	Total
Cost			
Beginning	-	110,832	110,832
Additions	5,690	-	5,690
Disposals	-	-	-
Ending	5,690	110,832	116,522
Accumulated Amortization			
Beginning	-	48,202	48,202
Amortization	1,896	20,951	22,847
Disposals	-	-	-
Ending	1,896	69,153	71,049
Net Book Value	3,794	41,679	45,473

**THE BOARD OF MANAGEMENT FOR THE
LITTLE PORTUGAL 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.

7. 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 \$1,164 (2013 - \$nil) was outstanding as at December 31, 2014.

8. BUDGET

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