

Appendix V:

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

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

RONCESVALLES VILLAGE BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2014

CONTENTS

	<u>Page</u>
Independent auditor's report	3
Financial statements	
Statement of financial position	4
Statement of operations and accumulated surplus	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to financial statements	8 – 11

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for Roncesvalles Village Business Improvement Area

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

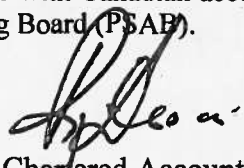
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

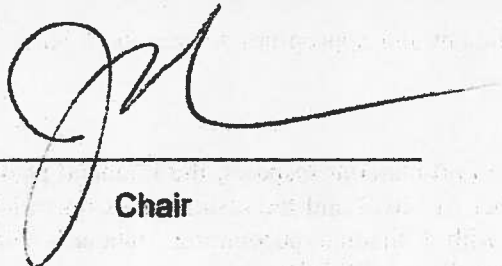
Toronto, Ontario
May 15, 2015


Chartered Accountant
Licensed Public Accountant

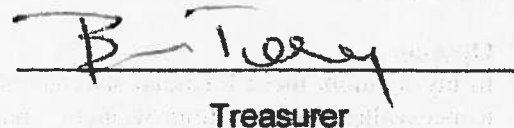
**THE BOARD OF MANAGEMENT FOR
RONCESVALLES BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash and short-term investments	120	3,261
Accounts receivable		
City of Toronto – special charges (Note 3)	17,960	11,689
Other	29,315	34,717
	<u>47,395</u>	<u>49,667</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	41,285	18,323
Other	84,354	58,711
	<u>125,639</u>	<u>77,034</u>
NET FINANCIAL ASSETS	(78,244)	(27,367)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	<u>19,775</u>	<u>28,228</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>(58,469)</u>	<u>861</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

The accompanying notes are an integral part of these financial statements

**THE BOARD OF MANAGEMENT FOR
RONCESVALLES VILLAGE 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	178,038	178,957	173,450
Grants, festival, sponsorships, donations and other	305,500	295,768	242,849
	<u>483,538</u>	<u>474,725</u>	<u>416,299</u>
EXPENSES			
Administration	57,871	52,412	40,137
Promotion and advertising	327,328	402,508	346,500
Maintenance	60,000	41,104	48,251
Capital (Note 7)	33,184	29,775	5,824
Amortization (Note 4)	-	8,453	9,357
Provision for (recovery of) uncollected special charges (Note 3)	16,185	(197)	3,380
	<u>494,568</u>	<u>534,055</u>	<u>453,449</u>
SURPLUS (DEFICIT) FOR THE YEAR	(11,030)	(59,330)	(37,150)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>861</u>	<u>861</u>	<u>38,011</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>(10,169)</u>	<u>(58,469)</u>	<u>861</u>

The accompanying notes are an integral part of these financial statements

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

	2014	2013
	\$	\$
Deficit for the year	(59,330)	(37,150)
Acquisition of tangible capital assets	-	(21,315)
Amortization of tangible capital assets	8,453	9,357
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(50,877)	(49,108)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(27,367)	21,741
NET FINANCIAL ASSETS, END OF YEAR	(78,244)	(27,367)

The accompanying notes are an integral part of these financial statements

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

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(59,330)	(37,150)
NON-CASH CHANGES TO OPERATIONS		
Add non-cash item: Amortization of capital assets	8,453	9,357
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	(6,271)	4,262
Accounts receivable – other	5,402	(8,768)
Accounts payable – City of Toronto	22,962	6,352
Accounts payable – other	25,643	41,775
	<hr/>	<hr/>
CASH PROVIDED BY OPERATING ACTIVITIES	(3,141)	15,828
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	-	(21,315)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	<hr/> 3,261	<hr/> 8,748
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<hr/> 120	<hr/> 3,261

The accompanying notes are an integral part of these financial statements

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

1. ESTABLISHMENT AND OPERATIONS

The Roncesvalles 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 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:

Computers	3 years
Streetscape	5 years
Street Furniture	5 years
Planters	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 approximate fair value.

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

SIGNIFICANT ACCOUNT 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	21,860	16,489
Less: allowance for uncollected special charges	<u>(3,900)</u>	<u>(4,800)</u>
Special charges receivable	<u>17,960</u>	<u>11,689</u>

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

	2014 \$	2013 \$
Special charges written-off	703	1,480
Provision for losses on assessment appeals	<u>(900)</u>	<u>1,900</u>
	<u>(197)</u>	<u>3,380</u>

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

4. CAPITAL ASSETS

	2014			\$
	Street Furniture	Street- scape	Planters	Total
COST				
Beginning	2,260	38,780	3,485	44,525
Additions	-	-	-	-
Disposals	-	-	-	-
ENDING	2,260	38,780	3,485	44,525
ACCUMULATED AMORTIZATION				
Beginning	2,260	11,249	2,788	16,297
Amortization	-	7,756	697	8,453
Disposals	-	-	-	-
Ending	2,260	19,005	3,485	24,750
Net Book Value	-	19,775	-	19,775
2013				
Cost				
Beginning	2,260	17,465	3,485	23,210
Additions	-	21,315	-	21,315
Disposals	-	-	-	-
Ending	2,260	38,780	3,485	44,525
Accumulated Amortization				
Beginning	13,56	3,493	2,091	6,940
Amortization	904	7,756	697	9,357
Disposals	-	-	-	-
Ending	2,260	11,249	2,788	16,297
Net Book Value	-	27,531	697	28,228

**THE BOARD OF MANAGEMENT FOR
RONCESVALLES VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
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 financial instruments recognized in the statement of financial position consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

7. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them as 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.

9. 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 \$14,796 (2013 - \$nil) was outstanding as at December 31, 2014.

'10 DEFICIT

There are adequate funds included in the 2015 budget to cover year 2014 deficit.