

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

**Financial Statements
For the Year Ended December 31, 2015**

**LIBERTY VILLAGE
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2015**

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RAFIQ DOSANI, B.Comm. CPA, CA.
CHARTERED ACCOUNTANT

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Liberty Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2015 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 Liberty Village Business Improvement Area as at December 31, 2015 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
March 31, 2015


Chartered Professional Accountant
Licensed Public Accountant

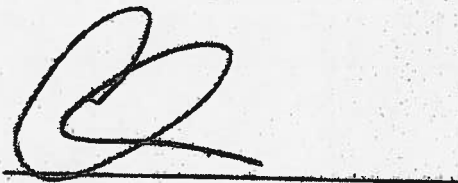
**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments (Note 3)	213,352	139,088
Accounts receivable		
City of Toronto – special charges (Note 4)	44,948	59,533
Other (Note 5)	24,853	9,727
	<u>283,153</u>	<u>208,348</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other (Note 7)	6,224	19,045
	<u>6,224</u>	<u>19,045</u>
NET FINANCIAL ASSETS	276,929	189,303
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	15,226	85,022
ACCUMULATED SURPLUS	<u>292,155</u>	<u>274,325</u>

Approved on behalf of the Board of Management:

PER: 

Chair



Treasurer

CHRIS WILKINS

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 \$ Budget (Note 18)	2015 \$ Actual	2014 \$ Actual
REVENUE			
City of Toronto - special charges (note 9)	267,552	269,984	267,615
TTC VIP Metro passes (note 10)	1,179,248	1,198,630	1,124,647
Interest	-	439	694
Grants, sponsorships and other (note 11)	35,000	33,080	35,795
	<u>1,481,800</u>	<u>1,502,133</u>	<u>1,428,751</u>
EXPENSES			
Administration (note 12)	102,366	127,033	179,359
Design, improvements & maintenance (note 13)	42,700	26,204	28,079
TTC VIP Metro passes (note 10)	1,179,248	1,202,452	1,128,755
Promotion, marketing and advertising (note 14)	71,000	52,428	25,871
Capital (Note 15)	98,749	-	-
Amortization	-	71,415	73,401
Provision for (recovery of) uncollectable levies (note 4)	(12,263)	4,771	(4,449)
	<u>1,481,800</u>	<u>1,484,303</u>	<u>1,431,016</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	17,830	(2,265)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>274,325</u>	<u>274,325</u>	<u>276,590</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>274,325</u>	<u>292,155</u>	<u>274,325</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
	\$	\$
Surplus (deficit) for the year	17,830	(2,265)
Acquisition of tangible capital assets	(1,619)	-
Amortization of tangible capital assets	71,415	73,401
	87,626	71,136
Balance - Beginning of year	189,303	118,167
Balance - End of year	<u>276,929</u>	<u>189,303</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	17,830	(2,265)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	71,415	73,401
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	14,585	(11,523)
Accounts receivable – other	(15,126)	186
Accounts payable - City of Toronto	-	(93,276)
Accounts payable – other	(12,821)	(138)
Cash Provided By (Used In) Operations	75,883	(33,615)
Investing activities		
Purchase of tangible capital assets	(1,619)	-
Cash and short-term investments, Beginning Of Year	139,088	172,703
Cash and short-term investments, End Of Year	213,352	139,088

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. ESTABLISHMENT AND OPERATIONS

The Liberty Village 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 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:

King / Atlantic Gateway	5 years	Benches	5 years
Dufferin / Liberty Gateway	5 years	Computers	3 years
Bike Racks & Lockers	5 years	Lights	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
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

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. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of:

	2015	2014
	\$	\$
Cash	225	225
CIBC/TD – Operating A/C	103,580	10,381
CIBC Bank TTC activities	78,891	52,261
Cheques to be deposited - TTC	-	599
Investments	30,656	75,621
	<u>213,352</u>	<u>139,087</u>

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.

The Board records special charges receivable net of an allowance for uncollected amounts. The special charges payable to the City of Toronto are comprised of:

	2015	2014
	\$	\$
Total special charges outstanding	106,348	128,033
Less: allowance for uncollected special charges	(61,400)	(68,500)
Special charges receivable	<u>44,948</u>	<u>59,533</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

CITY OF TORONTO – SPECIAL CHARGES (CONT'D)

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

	2015	2014
	\$	\$
Special charges written-off (recovered)	11,871	10,751
Change in allowance for uncollected special charges	(7,100)	(15,200)
	<u>4,771</u>	<u>(4,449)</u>

5. ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable other consist of:

	2015	2014
	\$	\$
HST Rebate Receivable	16,936	9,193
Prepaid Expenses – Insurance	-	534
Sponsorship	1,500	-
Prepaid Expenses – Contract	1,374	-
TTC	5,043	-
	<u>24,853</u>	<u>9,727</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

6. ACCOUNTS PAYABLE – CITY OF TORONTO

Accounts Payable – City of Toronto consists of 50% BIA share of capital expenses. The other 50% were paid by the City.

7. ACCOUNTS PAYABLE – OTHER

Accounts Payable other consist of:

	2015	2014
	\$	\$
Office Cleaning	75	-
Rent	94	-
Bookkeeping	537	500
City of Toronto	-	1,130
Other	100	67
Receiver General- Emp. Deductions	2,412	14,690
Audit	2,100	2,000
EHT	807	828
Toronto Hydro	99	65
Toronto Transit Commission	-	(235)
	<u>6,224</u>	<u>19,045</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

8. CAPITAL ASSETS

	2015					
	King / Atlantic Gateway	Benches	Bike Rack & Lockers	Computers	Dufferin / Liberty Gateway	Total
Cost						
Beginning	279,980	24,540	60,640	2,139	13,805	381,104
Additions	-	-	-	1,619	-	1,619
Disposals	-	-	-	-	-	-
Ending	279,980	24,540	60,640	3,758	13,805	382,723
Accumulated Amortization						
Beginning	215,369	24,540	48,512	2,139	5,522	296,082
Amortization	55,986	-	12,128	540	2,761	71,415
Disposals	-	-	-	-	-	-
Ending	271,355	24,540	60,640	2,679	8,283	367,497
Net Book Value	8,625	-	-	1,079	5,522	15,226

	2014					
	King / Atlantic Gateway	Benches	Bike Rack & Lockers	Computers	Dufferin / Liberty Gateway	Total
Cost						
Beginning	279,980	24,540	60,640	2,139	13,805	381,104
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Ending	279,980	24,540	60,640	2,139	13,805	381,104
Accumulated Amortization						
Beginning	159,363	23,460	36,384	713	2,761	222,681
Amortization	56,006	1,080	12,128	1,426	2,761	73,401
Disposals	-	-	-	-	-	-
Ending	215,369	24,540	48,512	2,139	5,522	296,082
Net Book Value	64,611	-	12,128	-	8,283	85,022

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

9. CITY OF TORONTO – SPECIAL CHARGES

Special charges revenue consists of:

	2015	2014
	\$	\$
Special charges received	279,488	260,215
Special charges receivable (reduction in receivable)	<u>(9,504)</u>	<u>7,400</u>
	<u>269,984</u>	<u>267,615</u>

10. TTC VIP METRO PASSES

This program was introduced by the LVBIA to provide monthly TTC passes to employees of the members of the Liberty Village BIA in order to:

- Attract new employees
- Retain existing employees and
- Promote the LVBIA as a green BIA

This program was introduced in 2011 and has grown significantly. In 2011 the LVBIA was selling approximately 173 passes monthly. In the later part of the 2015 it was selling approximately 900 to 1,000 passes.

Toronto Transit Commission (TTC) requires all employers to provide TTC passes at the same cost as was paid to the TTC. For this reason the expenses were higher than the revenue due to bank charges amounting to \$3,822 (2014 - \$4,108). The other associated cost incurred by the LVBIA to administer the program, such as employee salaries and benefits, office supplies etc. are included in administration expenses.

11. GRANTS, SPONSORSHIP AND OTHER REVENUE

Grants, Sponsorships and Other Revenue Consist of:

	2015	2014
	\$	\$
Donations & Sponsorships	<u>2,260</u>	<u>750</u>
Festival - Give Me Liberty Party & Other Events	29,670	33,865
Bike Here Revenue	<u>1,150</u>	<u>1,180</u>
	<u>33,080</u>	<u>35,795</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

12. ADMINISTRATION EXPENSES

Administration Expenses Consist of:

	2015	2014
	\$	\$
Professional Development	2,035	-
Salaries and Benefits	87,597	135,854
Legal	-	7,851
Accounting	6,829	8,752
Audit Fees	2,135	2,000
Bank Charges	266	903
Conferences & Seminars	-	390
Membership & Associations	-	1,018
TABIA Membership Dues	5,000	5,000
Insurance - General	3,238	3,147
Directors' Liability Insurance	850	867
Meeting Expenses (non-AGM)	2,099	571
Rent	9,619	9,576
Office Supplies/Printing/Equipment/Software	7,057	2,724
Postage/Courier/Delivery	83	118
Transportation	225	-
Telephone	-	588
	<u>127,033</u>	<u>179,359</u>

13. DESIGN, IMPROVEMENTS & MAINTENANCE

Design, Improvements & Maintenance Expenses Consist of:

	2015	2014
	\$	\$
Maintenance/Snow/Litter Clearing	6,552	7,686
Flowers & Floral Care	19,016	19,638
Hydro - Tree & Pedestrian Lights	636	755
Signage/Public Art/Bike Lockers	-	-
	<u>26,204</u>	<u>28,079</u>

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

14. PROMOTION, MARKETING AND ADVERTISING EXPENSE

Promotion, Marketing and Advertising Expense Consist of:

	2015	2014
	\$	\$
AGM Expenses	2,833	1,258
Advertising	3,403	-
Website	963	3,118
Festival - Give Me Liberty Party	27,419	21,278
Benchmark Program	1,600	-
Other	50	217
Market Research	9,067	-
Event	7,093	-
	<u>52,428</u>	<u>25,871</u>

15. CAPITAL EXPENSES

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

16. 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. In addition, Liberty Village Business Improvement Area (LVBIA) has insurance for director liability and office equipment.

In the early part of 2014 LVBIA also obtained insurance coverage for theft of cash and TTC Metro passes which could occur due to break-in.

**THE BOARD OF MANAGEMENT FOR THE
LIBERTY VILLAGE BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2015**

17. 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.

18. BUDGET

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

19. COMPARATIVE FIGURES

Certain of prior year figures have been re-classified to conform to current year's presentation.