

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

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

**DANFORTH VILLAGE
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2015

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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 Danforth Village Business Improvement Area

I have audited the accompanying financial statements of the Danforth 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 Danforth 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
May 30, 2016

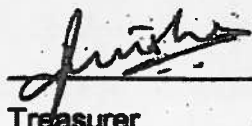

Chartered Professional Accountant
Licensed Public Accountant

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

	2015 \$	2014 \$
FINANCIAL ASSETS		
Current		
Cash and short-term investments	359,389	218,631
Accounts receivable		
City of Toronto – special charges (Note 3)	38,319	54,195
Other	16,810	35,130
Current portion of long-term receivable	<u>59,438</u>	<u>57,152</u>
	471,956	365,108
Long-term receivable		
Amount to be recovered in the future (Note 4)	<u>288,237</u>	<u>547,675</u>
	<u>760,193</u>	<u>912,783</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Other	5,984	18,495
Current Portion of long-term loan payable	<u>59,438</u>	<u>57,152</u>
	65,402	75,647
Long-term payable		
Loan payable (Note 4)	<u>288,237</u>	<u>547,675</u>
	<u>353,639</u>	<u>623,322</u>
NET FINANCIAL ASSETS	406,554	289,461
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	75,036	143,891
ACCUMULATED SURPLUS	<u>481,590</u>	<u>433,352</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

INDEPENDENT AUDITOR'S REPORT

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

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	<u>65,402</u>	<u>75,647</u>
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Tangible Capital Assets (Note 5)	75,036	143,891
ACCUMULATED SURPLUS	<u>481,590</u>	<u>433,352</u>

Approved on behalf of the Board of Management:

Chair

Treasurer

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

	2015 \$ Budget (Note 9)	2015 \$ Actual	2014 \$ Actual
REVENUE			
City of Toronto – special charges	502,533	502,881	536,510
Other revenue	58,500	28,422	6,786
	<u>561,033</u>	<u>531,303</u>	<u>543,296</u>
EXPENSES			
Administration	32,777	7,641	23,866
Promotion and advertising	220,600	16,598	96,395
Debt repayment	81,345	281,345	81,345
Maintenance	232,000	117,191	141,899
Amortization	-	47,738	72,301
Provision for uncollected special charges (Note 3)	(5,689)	12,552	16,715
	<u>561,033</u>	<u>483,065</u>	<u>432,521</u>
SURPLUS FOR THE YEAR	-	48,238	110,775
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>433,352</u>	<u>433,352</u>	<u>322,577</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>433,352</u>	<u>481,590</u>	<u>433,352</u>

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

	<u>2015</u> \$	<u>2014</u> \$
Surplus for the year	48,238	110,775
Acquisition of tangible capital assets	(17,000)	(105,720)
Disposition of tangible capital assets	38,117	-
Amortization of tangible capital assets	<u>47,738</u>	<u>72,301</u>
	117,093	77,356
Balance - Beginning of year	289,461	212,105
Balance - End of year	<u><u>406,554</u></u>	<u><u>289,461</u></u>

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

	2015 \$	2014 \$
Cash flows from operating activities		
Surplus for the year	48,238	72,301
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	47,738	110,775
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	17,876	(14,590)
Accounts receivable – other	18,320	(6,554)
Accounts payable – City of Toronto	-	-
Accounts payable – other	(12,531)	11,570
Cash Provided By Operations	<u>119,641</u>	<u>173,502</u>
Financing Activities		
Loan from City	-	659,781
Payment of loan	(257,152)	(54,954)
Capital contribution	257,152	54,954
	<u>-</u>	<u>659,781</u>
Investing activities		
Purchase of tangible capital assets	(17,000)	(105,720)
Disposal of tangible capital assets	38,117	-
Acquisition of Streetscape	-	(659,781)
	<u>21,117</u>	<u>(765,501)</u>
Cash and short-term investments, Beginning Of Year	<u>218,631</u>	<u>150,849</u>
Cash and short-term investments, End Of Year	<u>359,389</u>	<u>218,631</u>

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

1. ESTABLISHMENT AND OPERATIONS

The Danforth 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:

Street & Christmas lights	5 years
Planters	5 years
Hanging Baskets	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
DANFORTH 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. 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:

	2015	2014
	\$	\$
Total special charges outstanding	58,019	77,695
Less: allowance for uncollected special charges	(21,700)	(23,500)
Special charges receivable	<u>36,319</u>	<u>54,195</u>

The provision for uncollected levies reported on the Statement of Revenue, Expenses and Operating Surplus comprises:

	2015	2014
	\$	\$
Special charges written-off	14,352	11,115
Change in allowance for uncollected special charges	(1,800)	5,600
	<u>12,552</u>	<u>16,715</u>

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

4. LOAN PAYABLE
Amount to be recovered in the future

At the Annual General Meeting of October 9, 2012 The Danforth Village BIA membership authorized the Board to enter into a loan agreement with the City for the purpose of financing the Board's share of the capital cost of a project to supply, deliver, assemble and install a pedestrian lighting system along Danforth Avenue between Westlake Avenue and Victoria Park Avenue and along the north side of Danforth Avenue (the "Project").

The City expected to complete the Project at an estimated cost of \$1,121,317. The City has agreed to loan and the Board has agreed to reimburse the City, in respect of its share of the capital cost of the Project amounting to \$659,781 (inclusive of a 15% contingency and 1.76% non-refundable HST) plus interest at the rate of 4% per annum payable through the annual BIA special levies over the course of 10 years. The loan will mature in 2023.

During the year, the BIA made an additional payment of \$200,000 towards the loan.

5. CAPITAL ASSETS

	2015			
	Planters	Computer	Lights	Total
Cost				
Beginning	176,263	-	259,433	435,696
Additions	-	2,000	15,000	17,000
Disposals	(38,117)	-	-	(38,117)
Ending	138,146	2,000	274,433	414,579
Accumulated Amortization				
Beginning	138,146	-	153,659	291,805
Amortization	-	666	47,072	47,738
Disposals	-	-	-	-
Ending	138,146	666	200,731	339,543
Net Book Value	-	1,334	73,072	75,036

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

CAPITAL ASSETS (CONT'D)

	2014			
	Planters	Computer	Lights	Total
Cost				
Beginning	128,618	-	201,358	329,976
Additions	47,645	-	58,075	105,720
Disposals	-	-	-	-
Ending	176,263	-	259,433	435,696
Accumulated Amortization				
Beginning	117,733	-	101,771	219,504
Amortization	20,413	-	51,888	72,301
Disposals	-	-	-	-
Ending	138,146	-	153,659	291,805
Net Book Value	38,117	-	105,774	143,891

6. 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.

7. FINANCIAL INSTRUMENTS

The BIA financial instruments carrying values approximate 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.

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

8. CAPITAL EXPENSES

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

9. BUDGET

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