

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

INDEX

1. **Independent Auditors' Report**
2. **Statement of Financial Position**
3. **Statement of Changes in Net Assets**
4. **Statement of Receipts over Expenditures**
5. **Statement of Cash Flows**
- 6-8. **Notes to Financial Statements**

BERMAN, LOFCHICK & LUM, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

JERRY BERMAN, Bsc., CPA, CA
MARSHALL LOFCHICK, B.A. (HONS.), CPA, CA
WINSTON LUM, B. Comm., CPA, CA

230 SHEPPARD AVENUE WEST
SUITE 300
TORONTO, ONTARIO M2N 1N1
TELEPHONE: (416) 229-9360
FAX: (416) 229-9375
email: berman@cpl.ca
marxh31@rogers.com
wilum@rogers.com

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Dundas West Business Improvement Area, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets 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 not-for-profit organizations 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 judgement, 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 Dundas West 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 not-for-profit organizations.

Respectfully submitted,

Berman, Lofchick & Lum, LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
June 30, 2016

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	2015	2014
ASSETS		
Current		
Cash	\$ 86,925	\$ 51,250
Accounts receivable - City of Toronto (note 4)	7,135	5,376
Sundry receivables	33,392	43,809
Prepaid expenses	<u>1,928</u>	<u>1,869</u>
	<u>\$ 129,380</u>	<u>\$ 102,304</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 5,834	\$ 5,683
Withholding taxes payable	-	788
Deferred revenue	<u>-</u>	<u>1,500</u>
	<u>5,834</u>	<u>7,971</u>
NET ASSETS		
Reserve for capital expenditures	47,654	47,654
Unrestricted net assets	<u>75,892</u>	<u>46,679</u>
	<u>123,546</u>	<u>94,333</u>
	<u>\$ 129,380</u>	<u>\$ 102,304</u>

Approved on behalf of the Board:

_____ Director

_____ Director

The accompanying notes form an integral part of these financial statements.

-2-

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	Reserve for capital expenditures	Unrestricted	Total 2015	Total 2014
BALANCE - Beginning of year	\$ 47,654	\$ 46,679	\$ 94,333	\$ 101,549
- Excess of revenues over expenses	-	29,213	29,213	6
- Transfer from reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,222)</u>
BALANCE - End of year	\$ <u>47,654</u>	\$ <u>75,892</u>	\$ <u>123,546</u>	\$ <u>94,333</u>

The accompanying notes form an integral
part of these financial statements.

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

	Budget 2015	Actual 2015	Budget 2014	Actual 2014
REVENUE				
City of Toronto				
- Special charges	\$ 199,933	\$ 220,159	\$ 169,030	\$ 168,842
- Mural Grant	5,000	5,000	5,000	3,161
Interest and sundry	-	1,155	-	40
Levy appeals provision	-	-	4,560	17,863
Fundraising and events	24,500	36,035	9,000	23,403
Transfer from capital reserve	-	-	32,140	4,452
Transfer from unrestricted	-	-	-	2,770
	<u>229,433</u>	<u>262,349</u>	<u>219,730</u>	<u>220,531</u>
EXPENSES				
Program and promotion	61,650	58,513	46,900	54,757
Administration	60,567	56,914	65,164	51,103
Provision for uncollected special charges (note 4)	18,176	31,800	15,366	27,500
Capital and maintenance	<u>93,900</u>	<u>85,909</u>	<u>92,300</u>	<u>87,165</u>
	<u>234,293</u>	<u>233,136</u>	<u>219,730</u>	<u>220,525</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>(4,860)</u>	\$ <u>29,213</u>	\$ <u>-</u>	\$ <u>6</u>

The accompanying notes form an integral
part of these financial statements.

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash flow from operating activities:		
Excess of revenues over expenses	\$ <u>29,213</u>	\$ <u>6</u>
Changes in operating activities:		
(Increase) decrease in accounts receivable	(1,759)	(982)
(Increase) decrease in sundry receivables	10,417	(3,032)
Increase in prepaid expenses	(59)	(30)
Decrease in accounts payable and accrued liabilities	(637)	(25,782)
Increase (decrease) in deferred revenue	<u>(1,500)</u>	<u>1,500</u>
	<u>6,462</u>	<u>(28,326)</u>
Cash flow from operating activities:	<u>35,675</u>	<u>(28,320)</u>
Cash flow from investing activities:		
Amount transferred from capital reserve	-	(4,452)
Amount transferred from unrestricted	<u>-</u>	<u>(2,770)</u>
	<u>-</u>	<u>(7,222)</u>
Net increase (decrease) in cash and cash equivalents	35,675	(35,542)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>51,250</u>	<u>86,792</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>86,925</u>	\$ <u>51,250</u>

The accompanying notes form an integral part of these financial statements.

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Handbook.

(a) PURPOSE OF THE ORGANIZATION

The Dundas West 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. The company is incorporated Federally as a not-for-profit organization and is exempt from income taxes under Section 149 of the Income Tax Act.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid bank accounts and Guaranteed Investment Certificates with an original maturity date of one year or less.

(c) ACCOUNTS RECEIVABLE - CITY OF TORONTO

Accounts receivable include amounts due from the City of Toronto. Unless otherwise provided for, all receivables are expected to be collected within 90 days.

(d) CAPITAL EXPENDITURES

Capital expenditures are charged to operations in the year of acquisition.

Continued..

-6-

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

...Continued

(e) REVENUE RECOGNITION

- (i) The organization uses the deferral method in accounting for receipts. Accordingly, receipts subject to externally imposed restrictions are initially recorded as deferred revenue and are subsequently recognized as revenue in the period in which the related expenses are incurred.
- (ii) Donated goods and services are not recorded in the accounts of the organization, except when a fair value of such goods and services can be reasonably estimated and when the goods and services are normally purchased by the organization and would be paid for if not donated. Volunteers contribute significant amounts of time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these statements.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

(g) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, withholding taxes payable and deferred revenue.

Continued...

DUNDAS WEST BUSINESS IMPROVEMENT AREA

(a government organization)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

...Continued

2. CAPITAL AND MAINTENANCE

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as a reserve for capital expenditures. 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 expenses are financed out of the reserve for capital expenditures.

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	\$ 38,935	\$ 32,876
Deduct - allowance for uncollected special charges	<u>(31,800)</u>	<u>(27,500)</u>
Special charges receivable	<u>\$ 7,135</u>	<u>\$ 5,376</u>

4. 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 to 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.