

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE  
BUSINESS IMPROVEMENT AREA**

**Financial Statements  
For the Year Ended December 31, 2016**

# **FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2016**

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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 Forest Hill Village Business Improvement Area**

I have audited the accompanying financial statements of the Forest Hill Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2016 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 Forest Hill Village Business Improvement Area as at December 31, 2016 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 10, 2017

  
Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash	16,581	84,092
Short-term Investments (Note 3)	268,531	483,191
Accounts receivable		
City of Toronto – special charges (Note 4)	63,487	16,255
Other	23,895	14,932
	<u>372,494</u>	<u>598,470</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	13,937	356,972
Other	4,769	4,611
	<u>18,706</u>	<u>361,583</u>
<b>NET FINANCIAL ASSETS</b>	<b>353,788</b>	<b>236,887</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	5,098	8,447
<b>ACCUMULATED SURPLUS</b>	<u><b>358,886</b></u>	<u><b>245,334</b></u>

Approved on behalf of the Board of Management:

  
Chair

  
Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>2016 \$ Budget (Note 9)</b>	<b>2016 \$ Actual</b>	<b>2015 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	195,859	201,295	197,522
Interest and other revenue	-	2,528	3,003
	<u>195,859</u>	<u>203,823</u>	<u>200,525</u>
<b>EXPENSES</b>			
Administration	55,678	38,951	35,684
Promotion and advertising	70,000	36,857	14,905
Maintenance	36,500	30,416	28,846
Capital (note 8)	404,222	21,035	356,972
Amortization	-	3,349	3,349
Provision for (recovery of) uncollected special charges (note 4)	1,459	(40,337)	(234)
	<u>567,859</u>	<u>90,271</u>	<u>439,522</u>
<b>SURPLUS (DEFICT) FOR THE YEAR</b>	<b>(372,000)</b>	<b>113,552</b>	<b>(238,997)</b>
<b>OPERATING SURPLUS, BEGINNING OF YEAR</b>	<b>245,334</b>	<b>245,334</b>	<b>484,331</b>
<b>OPERATING SURPLUS, END OF YEAR</b>	<b><u>(126,666)</u></b>	<b><u>358,886</u></b>	<b><u>245,334</u></b>

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
Surplus (deficit) for the year	113,552	(238,997)
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	3,349	3,349
	116,901	(235,648)
Balance - Beginning of year	236,887	472,535
Balance - End of year	<u>353,788</u>	<u>236,887</u>

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the year	113,552	(238,997)
Adjustment for non-cash item - Amortization	3,349	3,349
<b>Non-cash changes to operations</b>		
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(47,232)	(11,501)
Accounts receivable – other	(8,963)	(6,526)
Accounts payable - City of Toronto	(343,035)	345,622
Accounts payable – other	158	(13,496)
<b>Cash Provided By (Used In) Operations</b>	<b>(282,171)</b>	<b>78,451</b>
<b>Investing Activities</b>		
Purchase of tangible capital assets (note 4)	-	-
(Increase) decrease in short-term investments	214,660	(53,003)
<b>Cash, Beginning Of Year</b>	<b>84,092</b>	<b>58,644</b>
<b>Cash, End Of Year</b>	<b>16,581</b>	<b>84,092</b>

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**1. ESTABLISHMENT AND OPERATIONS**

The Forest Hill 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.

**Short-term Investments:**

Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

**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
Street Furniture	5 years
Pole Wraps	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  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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. SHORT-TERM INVESTMENTS**

Short-term investments consist of cashable guaranteed investment certificates with the TD Bank. These investments bear interest at the rate of ranging from 0.40% - 0.75% per annum and will be maturing in 2017.

**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/ (payable) net of an allowance for uncollected amounts. The special charges receivable/ (payable) from the City of Toronto are comprised of:

	2016	2015
	\$	\$
Total special charges outstanding	63,487	58,455
Less: allowance for uncollected special charges	-	(42,200)
Special charges receivable	<u>63,487</u>	<u>16,255</u>

Provision for (recovery of) uncollected levies reported on the Statement of Revenue, Expenses and Operating Surplus comprises:

	2016	2015
	\$	\$
Special charges written-off	1,863	1,966
Change in allowance for uncollected special charges	(42,200)	(2,200)
	<u>(40,337)</u>	<u>(234)</u>

THE BOARD OF MANAGEMENT FOR THE  
 FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**5. TANGIBLE CAPITAL ASSETS**

	2016		
	Street Furniture	Pole Wraps	Total
<b>Cost</b>			
Beginning	8,000	8,745	16,745
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>8,000</b>	<b>8,745</b>	<b>16,745</b>
<b>Accumulated Amortization</b>			
Beginning	4,800	3,498	8,298
Amortization	1,600	1,749	3,349
Disposals	-	-	-
<b>Ending</b>	<b>6,400</b>	<b>5,247</b>	<b>11,647</b>
<b>Net Book Value</b>	<b>1,600</b>	<b>3,498</b>	<b>5,098</b>

	2015		
	Street Furniture	Pole Wraps	Total
<b>Cost</b>			
Beginning	8,000	8,745	16,745
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>8,000</b>	<b>8,745</b>	<b>16,745</b>
<b>Accumulated Amortization</b>			
Beginning	3,200	1,749	4,949
Amortization	1,600	1,749	3,349
Disposals	-	-	-
<b>Ending</b>	<b>4,800</b>	<b>3,498</b>	<b>8,298</b>
<b>Net Book Value</b>	<b>3,200</b>	<b>5,247</b>	<b>8,447</b>

**THE BOARD OF MANAGEMENT FOR THE  
FOREST HILL VILLAGE BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**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 financial instruments recognized in the statement of financial position consist of cash and 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.

**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.

