

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

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

**LIBERTY 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 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, 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.

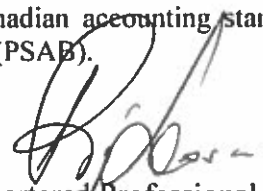
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

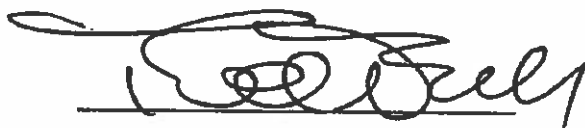
Toronto, Ontario  
March 23, 2017

  
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, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	236,706	182,696
Short-term investments (Note 4)	30,531	30,656
Accounts receivable		
City of Toronto – special charges (Note 5)	50,682	44,948
Other (Note 6)	29,461	24,853
	<u>347,380</u>	<u>283,153</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Other (Note 7)	12,487	6,224
	<u>12,487</u>	<u>6,224</u>
<b>NET FINANCIAL ASSETS</b>	<b>334,893</b>	<b>276,929</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 8)	4,499	15,226
<b>ACCUMULATED SURPLUS</b>	<u><b>339,392</b></u>	<u><b>292,155</b></u>

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	<b>2016 \$ Budget (Note 18)</b>	<b>2016 \$ Actual</b>	<b>2015 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto - special charges (note 9)	291,658	292,966	269,984
TTC VIP Metro passes (note 10)	1,195,200	1,394,046	1,198,630
Interest	-	-	439
Grants, sponsorships and other (note 11)	36,000	73,082	33,080
	<u>1,522,858</u>	<u>1,760,094</u>	<u>1,502,133</u>
<b>EXPENSES</b>			
Administration (note 12)	169,145	184,034	127,033
Design, improvements & maintenance (note 13)	53,500	21,432	26,204
TTC VIP Metro passes (note 10)	1,195,200	1,397,601	1,202,452
Promotion, marketing and advertising (note 14)	110,000	106,684	52,428
Capital (Note 15)	50,000	-	-
Amortization	-	12,519	71,415
Provision for (recovery of) uncollectable levies (note 4)	(4,987)	(9,413)	4,771
	<u>1,572,858</u>	<u>1,712,857</u>	<u>1,484,303</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(50,000)</b>	<b>47,237</b>	<b>17,830</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>292,155</b>	<b>292,155</b>	<b>274,325</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>242,155</u></b>	<b><u>339,392</u></b>	<b><u>292,155</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	47,237	17,830
Acquisition of tangible capital assets	(1,792)	(1,619)
Amortization of tangible capital assets	12,519	71,415
	57,964	87,626
Balance - Beginning of year	276,929	189,303
Balance - End of year	<u>334,893</u>	<u>276,929</u>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY 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 for the year	47,237	17,830
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	12,519	71,415
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(5,734)	14,585
Accounts receivable – other	(4,608)	(15,126)
Accounts payable – other	6,263	(12,821)
<b>Cash Provided By (Used In) Operations</b>	<b>55,677</b>	<b>75,883</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(1,792)	(1,619)
(Increase) decrease in short-term investments	125	49
<b>Cash, Beginning Of Year</b>	<b>182,696</b>	<b>108,383</b>
<b>Cash, End Of Year</b>	<b>236,706</b>	<b>182,696</b>

**THE BOARD OF MANAGEMENT FOR THE  
LIBERTY 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 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.

**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:

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, 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. CASH**

Cash consist of:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash	225	225
CIBC/TD – Operating A/C	182,371	103,580
CIBC Bank TTC activities	53,884	78,891
Cheques to be deposited - TTC	226	-
	<u>236,706</u>	<u>182,696</u>

**4. SHORT-TERM INVESTMENTS**

Short-term investments consist of cashable guaranteed investment certificates with the CIBC Bank. These investments bear interest at the rate of 0.90% per annum and will be maturing in 2017.

**5. 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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Total special charges outstanding	75,482	106,348
Less: allowance for uncollected special charges	(24,800)	(61,400)
Special charges receivable	<u>50,682</u>	<u>44,948</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, 2016**

**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:

	2016 \$	2015 \$
Special charges written-off (recovered)	27,187	11,871
Change in allowance for uncollected special charges	(36,600)	(7,100)
	<u>(9,413)</u>	<u>4,771</u>

**6. ACCOUNTS RECEIVABLE – OTHER**

Accounts Receivable other consist of:

	2016 \$	2015 \$
HST Rebate Receivable	22,222	16,936
Sponsorship	1,193	1,500
Prepaid Expenses – Contract	-	1,374
TTC	6,046	5,043
	<u>29,461</u>	<u>24,853</u>

**7. ACCOUNTS PAYABLE – OTHER**

Accounts Payable other consist of:

	2016 \$	2015 \$
Smart Commute	3,390	-
Office Cleaning	-	75
Rent	-	94
Bookkeeping	960	537
City of Toronto - Membership	3,390	-
Other	-	100
Receiver General- Emp. Deductions	-	2,412
Audit	2,200	2,100
EHT	1,190	807
Toronto Hydro	80	99
Envy Irrigation	1,277	-
	<u>12,487</u>	<u>6,224</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, 2016**

**8. CAPITAL ASSETS**

	<b>2016</b>				
	<b>King / Atlantic Gateway</b>	<b>Bike Rack &amp; Lockers</b>	<b>Computers</b>	<b>Dufferin / Liberty Gateway</b>	<b>Total</b>
<b>Cost</b>					
Beginning	279,980	60,640	3,758	13,805	358,183
Additions	-	-	1,792	-	1,792
Disposals	-	-	-	-	-
<b>Ending</b>	<b>279,980</b>	<b>60,640</b>	<b>5,550</b>	<b>13,805</b>	<b>359,975</b>
<b>Accumulated Amortization</b>					
Beginning	271,355	60,640	2,679	8,283	342,957
Amortization	8,625	-	1,133	2,761	12,519
Disposals	-	-	-	-	-
<b>Ending</b>	<b>279,980</b>	<b>60,640</b>	<b>3,812</b>	<b>11,044</b>	<b>355,476</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>1,738</b>	<b>2,761</b>	<b>4,499</b>

	<b>2015</b>				
	<b>King / Atlantic Gateway</b>	<b>Bike Rack &amp; Lockers</b>	<b>Computers</b>	<b>Dufferin / Liberty Gateway</b>	<b>Total</b>
<b>Cost</b>					
Beginning	279,980	60,640	2,139	13,805	356,564
Additions	-	-	1,619	-	1,619
Disposals	-	-	-	-	-
<b>Ending</b>	<b>279,980</b>	<b>60,640</b>	<b>3,758</b>	<b>13,805</b>	<b>358,183</b>
<b>Accumulated Amortization</b>					
Beginning	215,369	48,512	2,139	5,522	271,542
Amortization	55,986	12,128	540	2,761	71,415
Disposals	-	-	-	-	-
<b>Ending</b>	<b>271,355</b>	<b>60,640</b>	<b>2,679</b>	<b>8,283</b>	<b>342,957</b>
<b>Net Book Value</b>	<b>8,625</b>	<b>-</b>	<b>1,079</b>	<b>5,522</b>	<b>15,226</b>

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

**9. CITY OF TORONTO – SPECIAL CHARGES**

Special charges revenue consists of:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Special charges received	296,318	279,488
Special charges receivable (reduction in receivable)	(3,352)	(9,504)
	<u>292,966</u>	<u>269,984</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 2016 it was selling approximately 1,100 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 \$3,555 (2015 - \$3,822). 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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Donations & Sponsorships	3,500	2,260
Welcome Tote	12,351	-
Festival - Give Me Liberty Party & Other Events	55,129	29,670
Other Revenue	2,102	1,150
	<u>73,082</u>	<u>33,080</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, 2016**

**12. ADMINISTRATION EXPENSES**

Administration Expenses Consist of:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Salaries and Benefits	127,267	87,597
Accounting	6,858	6,829
Audit Fees	2,137	2,135
Bank Charges	260	266
Professional Development	-	2,035
Consultants	8,343	-
Membership & Associations	3,053	-
TABIA Membership Dues	5,000	5,000
Insurance - General	3,262	3,238
Directors' Liability Insurance	867	850
Meeting Expenses (non-AGM)	3,156	2,099
Rent	10,137	9,619
Office Supplies/Printing/Equipment/Software	12,671	7,057
Postage/Courier/Delivery	122	83
Transportation	901	225
	<u>184,034</u>	<u>127,033</u>

**13. DESIGN, IMPROVEMENTS & MAINTENANCE**

Design, Improvements & Maintenance Expenses Consist of:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Maintenance/Snow/Litter Clearing	9,093	6,552
Flowers & Floral Care	11,529	19,016
Hydro - Tree & Pedestrian Lights	810	636
Signage/Public Art/Bike Lockers		-
	<u>21,432</u>	<u>26,204</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, 2016**

**14. PROMOTION, MARKETING AND ADVERTISING EXPENSE**

Promotion, Marketing and Advertising Expense Consist of:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
AGM Expenses	610	2,833
Advertising	11,258	3,403
Website	10,503	963
Festival - Give Me Liberty Party	49,522	27,419
Benchmark Program	4,025	1,600
Other	992	50
Market Research	8,319	9,067
Event	21,455	7,093
	<u>106,684</u>	<u>52,428</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 2015 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, 2016**

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**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.