

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY  
BUSINESS IMPROVEMENT AREA**

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

# **LITTLE ITALY BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2016**

## **CONTENTS**

	<u>Page</u>
Independent auditor's report	3
Financial statements	
Statement of financial position	4
Statement of operations and Accumulated Surplus	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to financial statements	8 – 12

**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 Little Italy Business Improvement Area**

I have audited the accompanying financial statements of Little Italy 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 Little Italy 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  
April 25, 2017

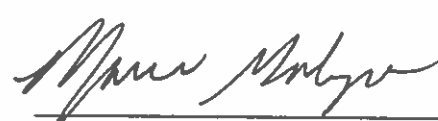
  
Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash	447,194	122,432
Short-term investments (Note 3)	152,115	367,611
Accounts receivable		
City of Toronto – special charges (Note 4)	24,480	8,155
Other	44,660	22,948
	<u>668,449</u>	<u>521,146</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	227,233	11,418
Other	79,220	27,011
	<u>306,453</u>	<u>38,429</u>
<b>NET FINANCIAL ASSETS</b>	361,996	482,717
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	199,573	37,528
<b>ACCUMULATED SURPLUS</b>	<u>561,569</u>	<u>520,245</u>

Approved on behalf of the Board of Management:

  
\_\_\_\_\_  
Chair Vice-Chair

  
\_\_\_\_\_  
Treasurer

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

	<b>2016 \$ Budget (Note 11)</b>	<b>2016 \$ Actual</b>	<b>2015 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	379,928	380,201	375,602
Sponsorships and other	79,000	151,847	103,178
	<u>458,928</u>	<u>532,048</u>	<u>478,780</u>
<b>EXPENSES</b>			
Administration	55,000	23,665	38,214
Promotion and advertising (Note 8)	276,000	336,001	278,754
Maintenance	52,000	64,517	67,979
Capital (Note 9)	218,000	3,500	-
Amortization	-	56,165	16,490
Provision for uncollected special charges (Note 4)	22,928	6,876	23,619
	<u>623,928</u>	<u>490,724</u>	<u>425,056</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	(165,000)	41,324	53,724
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>520,245</u>	<u>520,245</u>	<u>466,521</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>355,245</u>	<u>561,569</u>	<u>520,245</u>

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

	<b>2016</b> <b>\$</b>	<b>2015</b> <b>\$</b>
Surplus for the year	41,324	53,724
Acquisition of tangible capital assets	(218,210)	(11,415)
Amortization of tangible capital assets	56,165	16,490
	(120,721)	58,799
Balance - Beginning of year	482,717	423,918
Balance - End of year	361,996	482,717

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY 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	41,324	53,724
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	56,165	16,490
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(16,325)	31,627
Accounts receivable – other	(21,712)	14,641
Accounts payable - City of Toronto	215,815	2,954
Accounts payable – other	52,209	22,459
<b>Cash Provided By Operations</b>	<b>327,476</b>	<b>141,895</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(218,210)	(11,415)
(Increase) decrease in short-term investments	215,496	(103,258)
<b>Cash and short-term investments, Beginning Of Year</b>	<b>122,432</b>	<b>95,210</b>
<b>Cash and short-term investments, End Of Year</b>	<b>447,194</b>	<b>122,432</b>

**THE BOARD OF MANAGEMENT FOR THE  
LITTLE ITALY BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. ESTABLISHMENT AND OPERATIONS**

The Little Italy 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 generally accepted accounting principles 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
Streetscape	5 years
Flags & Banners	3 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  
LITTLE ITALY 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 a cashable guaranteed investment certificate with the Scotiabank. This investment bears interest at the rate of 1.00% 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 net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2016 \$	2015 \$
Total special charges outstanding	58,880	46,255
Less: allowance for uncollected special charges	(34,400)	(38,100)
Special charges receivable	<u>24,480</u>	<u>8,155</u>

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

	2016 \$	2015 \$
Special charges written-off	10,576	16,419
Change in allowance for uncollected special charges	(3,700)	7,200
	<u>6,876</u>	<u>23,619</u>

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

**5. TANGIBLE CAPITAL ASSETS**

	<b>2016</b>		
	<b>Lights</b>	<b>Banners</b>	<b>Total</b>
<b>Cost</b>			
Beginning	76,640	3,486	80,126
Additions	218,210	-	218,210
Disposals	-	-	-
<b>Ending</b>	<b>294,850</b>	<b>3,486</b>	<b>298,336</b>
<b>Accumulated Amortization</b>			
Beginning	40,274	2,324	42,598
Amortization	55,003	1,162	56,165
Disposals	-	-	-
<b>Ending</b>	<b>95,277</b>	<b>3,486</b>	<b>98,763</b>
<b>Net Book Value</b>	<b>199,573</b>	<b>-</b>	<b>199,573</b>

	<b>2015</b>		
	<b>Lights</b>	<b>Banners</b>	<b>Total</b>
<b>Cost</b>			
Beginning	65,225	3,486	68,711
Additions	11,415	-	11,415
Disposals	-	-	-
<b>Ending</b>	<b>76,640</b>	<b>3,486</b>	<b>80,126</b>
<b>Accumulated Amortization</b>			
Beginning	24,946	1,162	26,108
Amortization	15,328	1,162	16,490
Disposals	-	-	-
<b>Ending</b>	<b>40,274</b>	<b>2,324</b>	<b>42,598</b>
<b>Net Book Value</b>	<b>36,366</b>	<b>1,162</b>	<b>37,528</b>

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

**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 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.

**8. PROMOTION AND ADVERTISING EXPENSE**

Promotion and advertising expenses consist of:

	<b>2016 Budget \$</b>	<b>2016 Actual \$</b>	<b>2015 Actual \$</b>
Advertising	42,000	82,792	29,003
Taste	205,367	230,977	213,643
Other	28,633	22,232	36,108
	<u>276,000</u>	<u>336,001</u>	<u>278,754</u>

**9. 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.

**10. COMMITMENTS**

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The Board is committed to capital improvement projects of which the Board's share of \$27,492 (2015 - \$16,924) was outstanding as at December 31, 2016.

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

---

**11. BUDGET**

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