

**THE BOARD OF MANAGEMENT FOR
RONCESVALLES BUSINESS IMPROVEMENT AREA**

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

RONCESVALLES 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 Roncesvalles Business Improvement Area

I have audited the accompanying financial statements of Roncesvalles Business Improvement Area, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise 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 Roncesvalles 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 11, 2017


Chartered Professional Accountant
Licensed Public Accountant

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

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	57,321	1,648
Accounts receivable		
City of Toronto – special charges (Note 3)	20,250	21,809
Other	14,203	7,476
	<u>91,774</u>	<u>30,933</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	1,363
Other	74,850	131,399
	<u>74,850</u>	<u>132,762</u>
NET FINANCIAL ASSETS	16,924	(101,829)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	4,263	12,019
ACCUMULATED SURPLUS (DEFICIT) (NOTE 10)	<u>21,187</u>	<u>(89,810)</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

The accompanying notes are an integral part of these financial statements

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

	2016 Budget \$ (Note 7)	2016 Actual \$	2015 Actual \$
REVENUE			
City of Toronto – special charges	235,529	235,529	184,182
Grants, festival, sponsorships, donations and other	268,000	226,298	243,890
	<u>503,529</u>	<u>461,827</u>	<u>428,072</u>
EXPENSES			
Administration	55,582	58,819	53,863
Promotion and advertising	283,600	237,616	280,006
Maintenance	64,950	41,819	57,451
Capital	4,000	1,258	3,954
Amortization (Note 4)	-	7,756	7,756
Provision for (recovery of) uncollected special charges (Note 3)	2,003	3,562	(1,206)
	<u>410,135</u>	<u>350,830</u>	<u>401,824</u>
SURPLUS FOR THE YEAR	93,394	110,997	26,248
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	(89,810)	(89,810)	(58,469)
PRIOR PERIOD ADJUSTMENT	-	-	(57,589)
ACCUMULATED (DEFICIT), END OF YEAR	<u>3,584</u>	<u>21,187</u>	<u>(89,810)</u>

The accompanying notes are an integral part of these financial statements

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

	2016	2015
	\$	\$
Surplus for the year	110,997	26,248
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	<u>7,756</u>	<u>7,756</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	118,753	34,004
PRIOR PERIOD ADJUSTMENTS	-	(57,589)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>(101,829)</u>	<u>(78,244)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>16,924</u>	<u>(101,829)</u>

The accompanying notes are an integral part of these financial statements

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

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	110,997	26,248
Prior period adjustment	-	(57,589)
NON-CASH CHANGES TO OPERATIONS		
Add non-cash item: Amortization of capital assets	7,756	7,756
Increase (decrease) resulting from changes in:		
Accounts receivable - City of Toronto	1,559	(3,849)
Accounts receivable – other	(6,727)	21,839
Accounts payable – City of Toronto	(1,363)	(39,922)
Accounts payable – other	(56,549)	47,045
CASH PROVIDED BY OPERATING ACTIVITIES	55,673	1,528
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	-	-
CASH, BEGINNING OF YEAR	1,648	120
CASH, END OF YEAR	57,321	1,648

The accompanying notes are an integral part of these financial statements

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

1. ESTABLISHMENT AND OPERATIONS

The Roncesvalles 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 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:

Computers	3 years
Streetscape	5 years
Street Furniture	5 years
Planters	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 approximate fair value.

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

SIGNIFICANT ACCOUNT 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:

	2016	2015
	\$	\$
Total special charges outstanding	24,250	23,909
Less: allowance for uncollected special charges	(4,000)	(2,100)
Special charges receivable	<u>20,250</u>	<u>21,809</u>

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

	2016	2015
	\$	\$
Special charges written-off	1,662	595
Provision for losses on assessment appeals	<u>1,900</u>	<u>(1,800)</u>
	<u>3,562</u>	<u>(1,206)</u>

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

4. CAPITAL ASSETS

	2016	\$
	Street-scape	Total
Cost		
Beginning	38,780	38,780
Additions	-	-
Disposals	-	-
Ending	38,780	38,780
Accumulated Amortization		
Beginning	26,761	26,761
Amortization	7,756	7,756
Disposals	-	-
Ending	34,517	34,517
Net Book Value	4,263	4,263
	2015	
	Street-scape	Total
Cost		
Beginning	38,780	38,780
Additions	-	-
Disposals	-	-
Ending	38,780	38,780
Accumulated Amortization		
Beginning	19,005	19,005
Amortization	7,756	7,756
Disposals	-	-
Ending	26,761	26,761
Net Book Value	12,019	12,019

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

5. 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.

6. FINANCIAL INSTRUMENTS

The financial instruments recognized in the statement of financial position consist of cash, 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.

7. BUDGET

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