

**THE BOARD OF MANAGEMENT FOR THE
BLOOR YORKVILLE
BUSINESS IMPROVEMENT AREA**

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

BLOOR YORKVILLE 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	5
Statement of changes in net assets	6
Statement of cash flows	7
Notes to financial statements	8 – 12

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Bloor Yorkville Business Improvement Area

I have audited the accompanying financial statements of Bloor Yorkville 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 Bloor Yorkville 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 27, 2016

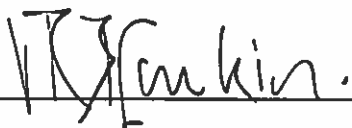



Chartered Professional Accountant
Licensed Public Accountant

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

	2016 \$	2015 \$
FINANCIAL ASSETS		
CURRENT		
Cash	185,985	346,950
Short-term investments (Note 3)	623,897	624,003
Accounts receivable		
City of Toronto (Note 4)	394,787	130,601
Other	71,467	77,142
Current portion of long-term receivable	94,644	91,004
	<u>1,370,780</u>	<u>1,269,700</u>
LONG-TERM RECEIVABLE		
Amount to be recovered in the future (Note 5)	777,425	872,069
	<u>2,148,205</u>	<u>2,141,769</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
Other	23,338	424,085
Current portion of long-term loan payable	94,644	91,004
	<u>117,982</u>	<u>515,089</u>
LONG-TERM PAYABLE		
Loan payable (Note 5)	777,425	872,069
	<u>895,407</u>	<u>1,387,158</u>
NET FINANCIAL ASSETS	<u>1,252,798</u>	<u>754,611</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	111,457	152,609
ACCUMULATED SURPLUS	<u>1,364,255</u>	<u>907,220</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2016 \$ Budget (Note 12)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	3,019,696	3,020,049	3,058,661
Interest and Other	3,000	275	9,692
Festival and miscellaneous	40,000	61,372	57,797
	<u>3,062,696</u>	<u>3,081,696</u>	<u>3,126,150</u>
EXPENSES			
Administration	525,550	558,721	519,401
Communication and member relations	44,900	22,776	73,565
Design, improvements and maintenance	834,000	1,083,402	825,520
Capital (Note 7)	800,000	-	41,410
Capital cost share loan	130,000	129,527	129,527
Capital contributions (Note 8)	250,000	250,000	250,000
Amortization	-	83,312	93,971
Promotion and marketing	593,900	560,850	513,028
Provision for (recovery of) uncollected special charges (Note 4)	199,432	(63,927)	299,885
	<u>3,377,782</u>	<u>2,624,661</u>	<u>2,746,307</u>
SURPLUS (DEFICIT) FOR THE YEAR	(315,086)	457,035	379,843
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>907,220</u>	<u>907,220</u>	<u>527,377</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>592,134</u>	<u>1,364,255</u>	<u>907,220</u>

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

	2016	2015
	\$	\$
Surplus for the year	457,035	379,843
Acquisition of tangible capital assets	(42,160)	(126,580)
Amortization of tangible capital assets	83,312	93,971
	498,187	347,234
Balance - Beginning of year	754,611	407,377
Balance - End of year	<u>1,252,798</u>	<u>754,611</u>

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

	2016	2015
	\$	\$
Cash flows from operating transactions		
Surplus for the year	457,035	379,843
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	83,312	93,971
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(264,186)	36,654
Accounts receivable – other	5,675	16,438
Accounts payable - City of Toronto	-	(8,465)
Accounts payable – other	(400,747)	132,471
Cash Provided By (Used In) Operations	<u>(118,911)</u>	<u>650,912</u>
Financing Activities		
Payment of loan	(91,004)	(87,504)
Capital contribution	91,004	87,504
	<u>-</u>	<u>-</u>
Investing Activities		
Purchase of tangible capital assets	(42,160)	(126,580)
(Increase) decrease in short-term investment	106	(258,507)
	<u>(42,054)</u>	<u>(385,087)</u>
Cash and short-term investments, Beginning Of Year	<u>346,950</u>	<u>81,125</u>
Cash and short-term investments, End Of Year	<u>185,985</u>	<u>346,950</u>

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

1. ESTABLISHMENT AND OPERATIONS

The Bloor Yorkville 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:

Benches	5 years	Street Furniture	5 years
Lighting	5 years	Office Furniture	5 years
Computers	3 years	Planters	5 years
Lampposts	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
BLOOR YORKVILLE 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 cash in Tangerine High Interest Savings account, cash in BMO Nestbitt Burns Investment account and a cashable GIC maturing in 2017 with BMO Nestbitt Burns which bears interest at the rate of 0.85% per annum.

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	875,887	970,501
Less: allowance for uncollected special charges	(481,100)	(839,900)
Special charges receivable	<u>394,787</u>	<u>130,601</u>

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

	2016	2015
	\$	\$
Special charges written-off	294,873	259,385
Change in provision for assessment appeals	(358,800)	40,500
	<u>(63,927)</u>	<u>299,885</u>

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

5. LOAN PAYABLE

AMOUNT TO BE RECOVERED IN THE FUTURE

At the Annual General Meeting of October 25, 2013 the Bloor Yorkville BIA membership authorized the Board to enter into a loan agreement with the City for the purpose of financing the Board's share of the capital cost of a project involving streetscape improvements along Yorkville Avenue between Bay Street and Avenue Road (the "Project").

The City expected to complete the Project at an estimated cost of \$2,000,577. The City has agreed to the loan and the Board has agreed to reimburse the City, in respect of its share of the capital cost of the Project. This amounts to \$1,050,577 (inclusive of 1.76% non-refundable HST) plus interest at the rate of 4% per annum payable through annual BIA special levies, over the course of 10 years.

6. TANGIBLE CAPITAL ASSETS

	Benches	Street Furniture	Holiday Décor	2016 Lighting	Office Furniture	Computers	Lamp- posts	Total
Cost								
Beginning	46,526	6,668	41,410	447,005	18,269	20,634	115,170	695,682
Additions	9,090	-	30,445	-	-	2,625	-	42,160
Disposals	-	-	-	-	-	-	-	-
Ending	55,616	6,668	71,855	447,005	18,269	23,259	115,170	737,842
Accumulated Amortization								
Beginning	46,526	6,668	8,282	400,336	13,593	20,634	47,034	543,073
Amortization	1,818	-	14,371	46,669	2,545	875	17,034	83,312
Disposals	-	-	-	-	-	-	-	-
Ending	48,344	6,668	22,653	447,005	16,138	21,509	64,068	626,385
Net Book Value	7,272	-	49,202	-	2,131	1,750	51,102	111,457

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

TANGIBLE CAPITAL ASSETS (CONT'D)

	Benches	Street Furniture	Holiday Décor	2015 Lighting	Office Furniture	Computers	Lamp- posts	Total
Cost								
Beginning	46,526	6,668	-	447,005	18,269	20,634	30,000	569,102
Additions	-	-	41,410	-	-	-	85,170	126,580
Disposals	-	-	-	-	-	-	-	-
Ending	46,526	6,668	41,410	447,005	18,269	20,634	115,170	695,682
Accumulated Amortization								
Beginning	39,222	5,334	-	342,864	11,048	20,634	30,000	449,102
Amortization	7,304	1,334	8,282	57,472	2,545	-	17,034	93,971
Disposals	-	-	-	-	-	-	-	-
Ending	46,526	6,668	8,282	400,336	13,593	20,634	47,034	543,073
Net Book Value	-	-	33,128	46,669	4,676	-	68,136	152,609

7. 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.

8. CAPITAL CONTRIBUTION

BIA agreed to contribute \$250,000 annually, commencing 2007 and ending in 2026 to a maximum of \$5,000,000, to the Bloor Street Transformation Project.

9. 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.

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

10. COMMITMENTS

The Board is committed to minimum annual operating payments for office space and equipment as follows:

	\$
2017	113,230
2018	104,049
2019	4,800
2020	4,478
	<u>226,557</u>

11. 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.

12. BUDGET

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