

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS
BUSINESS IMPROVEMENT AREA**

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

DUKE HEIGHTS 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 DUKE Heights Business Improvement Area

I have audited the accompanying financial statements of DUKE Heights 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.

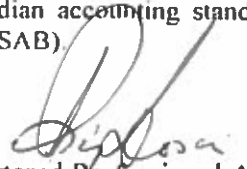
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Duke Heights 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 9, 2017


Chartered Professional Accountant
Licensed Public Accountant

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

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	430,823	5,473
Short-term investment (Note 3)	451,899	570,000
Accounts receivable		
City of Toronto – special charges (Note 4)	124,521	19,235
Other	122,915	99,075
	<u>1,130,158</u>	<u>693,783</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	19,539	14,930
Other	17,312	32,977
	<u>36,851</u>	<u>47,907</u>
NET FINANCIAL ASSETS	1,093,307	645,876
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	2,304	10,619
ACCUMULATED SURPLUS	<u>1,095,611</u>	<u>656,495</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2016 \$ Budget (Note 10)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	1,159,368	1,183,127	688,980
Sponsorships, contributions and other	-	17,968	32,641
	1,159,368	1,201,095	721,621
EXPENSES			
Administration	290,535	289,144	185,573
Promotion and advertising	107,000	124,827	202,321
Maintenance	260,000	214,554	206,163
Capital (Note 7) ;	407,500	-	-
Master Plan Consulting	-	104,130	22,681
Programs	-	3,594	48,161
Amortization	-	12,923	5,643
Provision for uncollected special charges (Note 4)	94,333	12,807	38,253
	1,159,368	761,979	708,795
SURPLUS FOR THE YEAR	-	439,116	12,826
ACCUMULATED SURPLUS, BEGINNING OF YEAR	656,495	656,495	643,669
ACCUMULATED SURPLUS, END OF YEAR	656,495	1,095,611	656,495

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

	2016 \$	2015 \$
Surplus for the year	439,116	12,826
Acquisition of tangible capital assets	(4,608)	(14,928)
Amortization of tangible capital assets	12,923	5,643
	447,431	3,541
Balance - Beginning of year	645,876	642,335
Balance - End of year	1,093,307	645,876

THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS 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	439,116	12,826
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	12,923	5,643
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(105,286)	(19,235)
Accounts receivable – other	(23,840)	(88,576)
Accounts payable - City of Toronto	4,609	13,159
Accounts payable – other	(15,665)	9,670
Cash Provided By Operations	311,857	(66,513)
Investing activities		
Purchase of tangible capital assets	(4,608)	(14,928)
(Increase) decrease in short-term investment	118,101	78,110
Cash, Beginning Of Year	5,473	8,804
Cash, End Of Year	430,823	5,473

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

1. ESTABLISHMENT AND OPERATIONS

The DUKE Heights 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:

Computers	3 years
Banners	2 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
DUKE HEIGHTS 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 INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate with the BMO Bank. This investment bears interest at the rate of 0.70% 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	204,821	123,235
Less: allowance for uncollected special charges	(80,300)	(104,000)
Special charges receivable	<u>124,521</u>	<u>19,235</u>

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

	2016	2015
	\$	\$
Special charges written-off	36,507	15,453
Provision for losses on assessment appeals	(23,700)	22,800
	<u>12,807</u>	<u>38,253</u>

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

5. CAPITAL ASSETS

	2016		
	Computer	Banners	Total
Cost			
Beginning	2,000	14,928	16,928
Additions	-	4,608	4,608
Disposals	-	-	-
Ending	2,000	19,536	21,536
Accumulated Amortization			
Beginning	1,333	4,976	6,309
Amortization	667	12,256	12,923
Disposals	-	-	-
Ending	2,000	17,232	19,232
Net Book Value	-	2,304	2,304
	2015		
	Computer	Banners	Total
Cost			
Beginning	2,000	-	2,000
Additions	-	14,928	14,928
Disposals	-	-	-
Ending	2,000	14,928	16,928
Accumulated Amortization			
Beginning	666	-	666
Amortization	667	4,976	5,643
Disposals	-	-	-
Ending	1,333	4,976	6,309

**THE BOARD OF MANAGEMENT FOR THE
DUKE HEIGHTS 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 financial instruments recognized in the statement of financial position consist of cash, 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. 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 \$18,711 (2015 - \$nil) was outstanding as at December 31, 2016.

10. BUDGET

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