

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

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

# **FAIRBANK 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 Fairbank Village Business Improvement Area**

I have audited the accompanying financial statements of Fairbank 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.

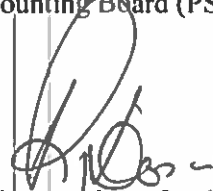
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Fairbank 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  
April 19, 2017

  
Chartered Professional Accountant  
Licensed Public Accountant

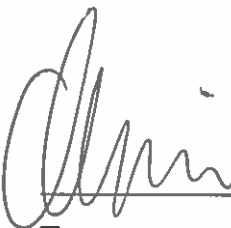
**THE BOARD OF MANAGEMENT FOR THE  
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash	18,522	14,098
Short-term investments (Note 3)	191,458	183,769
Accounts receivable		
City of Toronto – special charges (Note 4)	-	5,912
Other	22,831	21,569
	<u>232,811</u>	<u>225,348</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 4)	4,374	-
City of Toronto – other	-	6,505
Other	3,493	3,336
	<u>7,867</u>	<u>9,841</u>
<b>NET FINANCIAL ASSETS</b>	224,944	215,507
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	3,269	5,987
<b>ACCUMULATED SURPLUS</b>	<u>228,213</u>	<u>221,494</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
FAIRBANK VILLAGE BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>2016 \$ Budget (Note 9)</b>	<b>2016 \$ Actual</b>	<b>2015 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	240,682	242,280	213,119
Interest, fund raising and other	8,000	7,689	600
	<u>248,682</u>	<u>249,969</u>	<u>213,719</u>
<b>EXPENSES</b>			
Administration	62,439	81,501	42,062
Promotion and advertising	108,755	105,361	116,616
Maintenance	31,393	25,691	22,689
Capital (Note 8)	30,000	-	-
Amortization	-	2,718	5,018
Provision for uncollected special charges (Note 4)	16,095	27,979	18,087
	<u>248,682</u>	<u>243,250</u>	<u>204,472</u>
<b>SURPLUS FOR THE YEAR</b>	-	6,719	9,247
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>221,494</u>	<u>221,494</u>	<u>212,247</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>221,494</u>	<u>228,213</u>	<u>221,494</u>

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

	2016 \$	2015 \$
Surplus for the year	6,719	9,247
Acquisition of tangible capital assets	-	(6,505)
Amortization of tangible capital assets	2,718	5,018
	9,437	7,760
Balance - Beginning of year	215,507	207,747
Balance - End of year	224,944	215,507

**THE BOARD OF MANAGEMENT FOR THE  
FAIRBANK 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	6,719	9,247
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	2,718	5,018
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	5,912	(834)
Accounts receivable – other	(1,262)	(10,661)
Accounts payable – City of Toronto	(2,131)	6,505
Accounts payable – other	157	35
<b>Cash Provided By Operations</b>	<b>12,113</b>	<b>9,310</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	-	(6,505)
(Increase) decrease in short-term investments	(7,689)	(49,890)
<b>Cash, Beginning Of Year</b>	<b>14,098</b>	<b>61,183</b>
<b>Cash, End Of Year</b>	<b>18,522</b>	<b>14,098</b>

**THE BOARD OF MANAGEMENT FOR THE  
FAIRBANK 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 Fairbank 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:

Street & Christmas lights	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  
FAIRBANK 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. SHORT-TERM INVESTMENTS**

Short-term investments consist of cash invested with BMO wealth management. These investments are cashable on demand and are recorded at fair market value.

**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 (payable) net of an allowance for uncollected amounts. The special charges receivable from (payable to) the City of Toronto are comprised of:

	2016	2015
	\$	\$
Total special charges outstanding	45,626	43,212
Less: allowance for uncollected special charges	(50,000)	(37,300)
Special charges receivable (payable)	<u>(4,374)</u>	<u>5,912</u>

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

	2016	2015
	\$	\$
Special charges written-off	15,279	13,087
Change in provision for assessment appeals	12,700	5,000
	<u>27,979</u>	<u>18,087</u>

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

5. TANGIBLE CAPITAL ASSETS

	2016		
	Lights	Banners	Total
<b>Cost</b>			
Beginning	14,250	6,505	20,755
Additions	-	-	-
Disposals	-	-	-
<b>Ending</b>	<b>14,250</b>	<b>6,505</b>	<b>20,755</b>
<b>Accumulated Amortization</b>			
Beginning	12,600	2,168	14,768
Amortization	550	2,168	2,718
Disposals	-	-	-
<b>Ending</b>	<b>13,150</b>	<b>4,336</b>	<b>17,486</b>
<b>Net Book Value</b>	<b>1,100</b>	<b>2,169</b>	<b>3,269</b>

	2015		
	Lights	Banners	Total
<b>Cost</b>			
Beginning	14,250	-	14,250
Additions	-	6,505	6,505
Disposals	-	-	-
<b>Ending</b>	<b>14,250</b>	<b>6,505</b>	<b>20,755</b>
<b>Accumulated Amortization</b>			
Beginning	9,750	-	9,750
Amortization	2,850	2,168	5,018
Disposals	-	-	-
<b>Ending</b>	<b>12,600</b>	<b>2,168</b>	<b>14,768</b>
<b>Net Book Value</b>	<b>1,650</b>	<b>4,337</b>	<b>5,987</b>

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

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**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. 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. BUDGET**

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

