

**THE BOARD OF MANAGEMENT FOR THE
SHEPPARD EAST VILLAGE
BUSINESS IMPROVEMENT AREA**

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

SHEPPARD EAST 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 Sheppard East Village Business Improvement Area

I have audited the accompanying financial statements of Sheppard East 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.

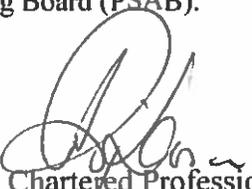
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Sheppard East 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 18, 2017


Chartered Professional Accountant
Licensed Public Accountant

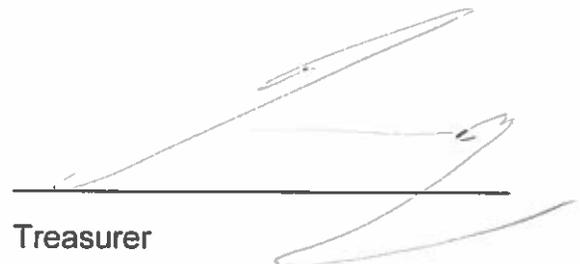
**THE BOARD OF MANAGEMENT FOR THE
SHEPPARD EAST VILLAGE BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	133	78
Short-term investments (Note 3)	78,500	86,622
Accounts receivable		
City of Toronto – special charges (Note 4)	23,845	12,585
Other	9,882	8,560
	112,360	107,845
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	10,535	21,573
Other	1,350	1,300
	11,885	22,873
NET FINANCIAL ASSETS	100,475	84,972
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	33,094	21,882
ACCUMULATED SURPLUS	133,569	106,854

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2016 \$ Budget (Note 9)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	177,230	177,297	126,256
Fund raising, interest and other	-	2,101	1,593
	<u>177,230</u>	<u>179,398</u>	<u>127,849</u>
EXPENSES			
Administration	32,427	29,148	36,712
Promotion and advertising	92,900	86,635	90,488
Maintenance	37,850	30,756	25,420
Capital (Note 8)	24,000	-	-
Amortization	-	12,284	6,738
Provision for (recovery of) uncollected special charges (Note 4)	5,053	(6,140)	4,907
	<u>192,230</u>	<u>152,683</u>	<u>164,265</u>
SURPLUS (DEFICIT) FOR THE YEAR	(15,000)	26,715	(36,416)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	106,854	106,854	143,270
ACCUMULATED SURPLUS, END OF YEAR	91,854	133,569	106,854

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Surplus (deficit) for the year	26,715	(36,416)
Acquisition of tangible capital assets	(23,496)	(21,570)
Amortization of tangible capital assets	<u>12,284</u>	<u>6,738</u>
	15,503	(51,248)
Balance - Beginning of year	84,972	136,220
Balance - End of year	<u><u>100,475</u></u>	<u><u>84,972</u></u>

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

	2016 \$	2015 \$
Cash flows from operating activities		
Surplus (deficit) for the year	26,715	(36,416)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	12,284	6,738
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(11,260)	(3,056)
Accounts receivable – other	(1,322)	998
Accounts payable - City of Toronto	(11,038)	13,859
Accounts payable – other	50	50
Cash Provided By (Used In) Operations	15,429	(17,827)
Investing activities		
Purchase of tangible capital assets	(23,496)	(21,570)
(Increase) decrease in short-term investments	8,122	39,495
Cash, Beginning Of Year	78	(20)
Cash, End Of Year	133	78

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

1. ESTABLISHMENT AND OPERATIONS

The Sheppard East 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:

Planters	5 years
Street Signs	5 years
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
SHEPPARD EAST 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 cashable guaranteed investment certificates with the Royal Bank of Canada. These investments bear 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	38,145	39,785
Less: allowance for uncollected special charges	(14,300)	(27,200)
Special charges receivable	<u>23,845</u>	<u>12,585</u>

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

	2016	2015
	\$	\$
Special charges written-off	6,760	2,707
Provision for losses on assessment appeals	(12,900)	2,200
	<u>(6,140)</u>	<u>4,907</u>

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

5. TANGIBLE CAPITAL ASSETS

	2016			
	Planters	Banners	Street Signs	Total
Cost				
Beginning	29,280	-	4,407	33,687
Additions	10,530	12,966	-	23,496
Disposals	-	-	-	-
Ending	39,810	12,966	4,407	57,183
Accumulated Amortization				
Beginning	7,398	-	4,407	11,805
Amortization	7,962	4,322	-	12,284
Disposals	-	-	-	-
Ending	15,360	4,322	4,407	24,089
Net Book Value	24,450	8,644	-	33,094

	2015			
	Planters		Street Signs	Total
Cost				
Beginning	7,710	-	4,407	12,117
Additions	21,570	-	-	21,570
Disposals	-	-	-	-
Ending	29,280	-	4,407	33,687
Accumulated Amortization				
Beginning	1,542	-	3,525	5,067
Amortization	5,856	-	882	6,738
Disposals	-	-	-	-
Ending	7,398	-	4,407	11,805
Net Book Value	21,882	-	-	21,882

**THE BOARD OF MANAGEMENT FOR THE
SHEPPARD EAST VILLAGE 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. 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.

