

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

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

DANFORTH VILLAGE 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 and accumulated surplus	5
Statement of changes in net financial 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 Danforth Village Business Improvement Area

I have audited the accompanying financial statements of the Danforth 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.

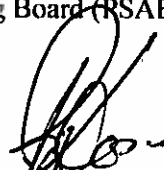
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Danforth 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
June 14, 2017




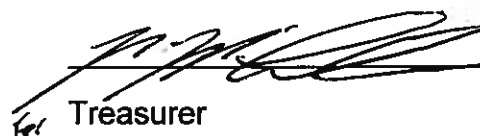
Chartered Professional Accountant
Licensed Public Accountant

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

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Current		
Cash	285,336	354,369
Short-term investment (Note 3)	5,060	5,020
Accounts receivable		
City of Toronto – special charges (Note 4)	31,457	36,319
Other	16,812	16,810
Current portion of long-term receivable	-	59,438
	<u>338,665</u>	<u>471,956</u>
Long-term receivable		
Amount to be recovered in the future (Note 5)	-	288,237
	<u>338,665</u>	<u>760,193</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Other	2,100	5,964
Current Portion of long-term loan payable	-	59,438
	<u>2,100</u>	<u>65,402</u>
Long-term payable		
Loan payable (Note 5)	-	288,237
	<u>2,100</u>	<u>353,639</u>
NET FINANCIAL ASSETS	336,565	406,554
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	32,896	75,036
ACCUMULATED SURPLUS	<u>369,461</u>	<u>481,590</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2016 \$ Budget (Note 11)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	426,787	427,707	502,881
Other revenue	57,850	8,730	28,422
	<u>484,637</u>	<u>436,437</u>	<u>531,303</u>
EXPENSES			
Administration	67,868	22,921	7,641
Promotion and advertising	74,500	6,296	16,598
Debt repayment	81,345	331,373	281,345
Capital	270,000	-	-
Maintenance	203,500	142,631	117,191
Amortization	-	42,140	47,738
Provision for uncollected special charges (Note 4)	(2,576)	3,205	12,552
	<u>694,637</u>	<u>548,566</u>	<u>483,065</u>
SURPLUS (DEFICIT) FOR THE YEAR	(210,000)	(112,129)	48,238
ACCUMULATED SURPLUS, BEGINNING OF YEAR	481,590	481,590	433,352
ACCUMULATED SURPLUS, END OF YEAR	271,590	369,461	481,590

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

	2016	2015
	\$	\$
Surplus (deficit) for the year	(112,129)	48,238
Acquisition of tangible capital assets	-	(17,000)
Disposition of tangible capital assets	-	38,117
Amortization of tangible capital assets	42,140	47,738
	(69,989)	117,093
Balance - Beginning of year	406,554	289,461
Balance - End of year	<u>336,565</u>	<u>406,554</u>

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH 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	(112,129)	48,238
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	42,140	47,738
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	4,862	17,876
Accounts receivable – other	(2)	18,320
Accounts payable – other	(3,864)	(12,531)
Cash Provided By (Used In) Operations	<u>(68,993)</u>	<u>119,641</u>
Financing Activities		
Payment of loan	(347,675)	(257,152)
Capital contribution	347,675	257,152
	<u>-</u>	<u>-</u>
Investing activities		
Purchase of tangible capital assets	-	(17,000)
Disposal of tangible capital assets	-	38,117
(Increase) decrease in short-term investment	(40)	191,942
	<u>(40)</u>	<u>213,059</u>
Cash, Beginning Of Year	<u>354,369</u>	<u>21,669</u>
Cash, End Of Year	<u>285,336</u>	<u>354,369</u>

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

1. ESTABLISHMENT AND OPERATIONS

The Danforth 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
Planters	5 years
Hanging Baskets	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
DANFORTH 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 INVESTMENT

Short-term investments consist of cash in Scotia Bank Investing Account. This investment bears interest at the rate of ranging from 0.01% per annum and can be withdrawn on demand.

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	47,557	58,019
Less: allowance for uncollected special charges	(16,100)	(21,700)
Special charges receivable	<u>31,457</u>	<u>36,319</u>

The provision for uncollected levies reported on the Statement of Revenue, Expenses and Operating Surplus comprises:

	2016	2015
	\$	\$
Special charges written-off	8,805	14,352
Change in allowance for uncollected special charges	(5,600)	(1,800)
	<u>3,205</u>	<u>12,552</u>

**THE BOARD OF MANAGEMENT FOR THE
DANFORTH VILLAGE 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 9, 2012 The Danforth Village 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 to supply, deliver, assemble and install a pedestrian lighting system along Danforth Avenue between Westlake Avenue and Victoria Park Avenue and along the north side of Danforth Avenue (the "Project").

The City expected to complete the Project at an estimated cost of \$1,121,317. The City has agreed to loan and the Board has agreed to reimburse the City, in respect of its share of the capital cost of the Project amounting to \$659,781 (inclusive of a 15% contingency and 1.76% non-refundable HST) plus interest at the rate of 4% per annum payable through the annual BIA special levies over the course of 10 years. This loan was paid off completely in 2016.

During the year, the BIA made an additional payment of \$250,028 towards the loan.

6. CAPITAL ASSETS

2016

	Planters	Computer	Lights	Total
Cost				
Beginning	-	2,000	274,433	276,433
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	-	2,000	274,433	276,433
Accumulated Amortization				
Beginning	-	666	200,731	201,397
Amortization	-	667	41,473	42,140
Disposals	-	-	-	-
Ending	-	1,333	242,204	243,537
Net Book Value	-	667	32,229	32,896

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

CAPITAL ASSETS (CONT'D)

	2015			
	Planters	Computer	Lights	Total
Cost				
Beginning	176,263	-	259,433	435,696
Additions	-	2,000	15,000	17,000
Disposals	(38,117)	-	-	(38,117)
Ending	138,146	2,000	274,433	414,579
Accumulated Amortization				
Beginning	138,146	-	153,659	291,805
Amortization	-	666	47,072	47,738
Disposals	-	-	-	-
Ending	138,146	666	200,731	339,543
Net Book Value	-	1,334	73,072	75,036

7. 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.

8. FINANCIAL INSTRUMENTS

The BIA financial instruments carrying values approximate 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.

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

9. 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.

10. CONTINGENT LIABILITY

The City carried out construction work on a side walk to facilitate cost shared streetscape project for the BIA. The City billed the BIA amounting to \$129,849 for the side walk construction costs. The Board of Management of the Danforth Village BIA has the opinion that the side walk construction work is the City's responsibility. In addition, the Board did not authorize this project. For these reasons the BIA is disputing this claim. At the year-end both parties were reviewing this issue. As the BIA is disputing this liability, no provision has been made in these financial statements for this liability. However, when the dispute will be resolved and any payment by the BIA is to be made then the BIA will recognize this liability.

11. BUDGET

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