

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR
BUSINESS IMPROVEMENT AREA**

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

GERRARD INDIA BAZAAR 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 – 11
Festival Revenue and Expenses (Schedule 1)	12

AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Gerrard India Bazaar Business Improvement Area

I have audited the accompanying financial statements of Gerrard India Bazaar 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 Gerrard India Bazaar 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).

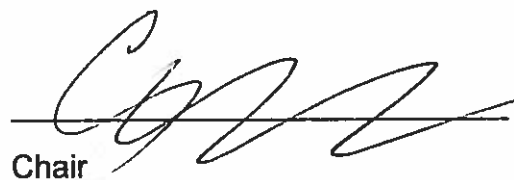
Toronto, Ontario
June 28, 2017

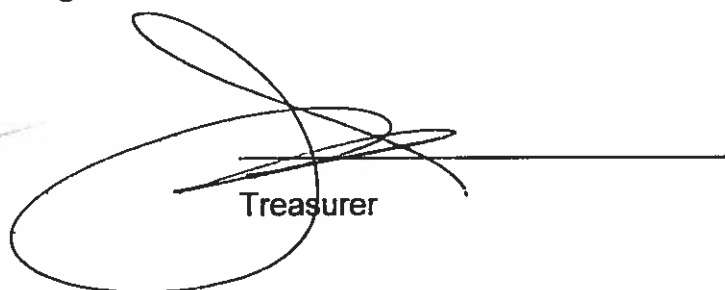

Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	45,568	42,193
Short-term investments (Note 3)	152,133	201,713
Accounts receivable		
City of Toronto – special charges (Note 4)	8,214	4,583
Other	13,705	15,803
	<u>219,620</u>	<u>264,292</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	22,032
Other	8,859	7,581
	<u>8,859</u>	<u>29,613</u>
NET FINANCIAL ASSETS	210,761	234,679
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	42,221	54,857
ACCUMULATED SURPLUS	<u>252,982</u>	<u>289,536</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2016 \$ Budget (Note 9)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	133,386	133,555	131,920
Festivals, grants & sponsorships (Schedule 1)	85,000	64,794	96,679
Interest	-	1,526	1,893
	<u>218,386</u>	<u>199,875</u>	<u>230,492</u>
EXPENSES			
Promotion and advertising	7,500	13,972	19,884
Festivals (Schedule 1)	143,000	117,954	116,968
Administration	48,317	53,147	58,756
Maintenance	20,500	28,627	9,941
Capital (note 7)	40,000	-	-
Amortization	-	19,122	16,153
Provision for uncollected levies (note 3)	7,069	3,607	7,097
	<u>266,386</u>	<u>236,429</u>	<u>238,028</u>
SURPLUS (DEFICIT) FOR THE YEAR	(48,000)	(36,554)	(7,536)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>289,536</u>	<u>289,536</u>	<u>297,072</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>241,536</u>	<u>252,982</u>	<u>289,536</u>

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

	2016	2015
	\$	\$
Surplus (deficit) for the year	(36,554)	(7,536)
Acquisition of tangible capital assets	(6,486)	(36,932)
Amortization of tangible capital assets	19,122	16,153
	(23,918)	(28,315)
Balance - Beginning of year	234,679	262,994
Balance - End of year	210,761	234,679

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
Cash flows from operating activities		
Deficit for the year	(36,554)	(7,536)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	19,122	16,153
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(3,631)	2,476
Accounts receivable – other	2,098	(66)
Accounts payable - City of Toronto	(22,032)	22,032
Accounts payable – other	1,278	(2,219)
Cash Provided By Operations	(39,719)	30,840
Investing activities		
Purchase of tangible capital assets	(6,486)	(36,932)
(Increase) decrease in short-term investments	49,580	(50,543)
Cash, Beginning Of Year	42,193	98,828
Cash, End Of Year	45,568	42,193

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. ESTABLISHMENT AND OPERATIONS

The Gerrard India Bazaar 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:

Banners	3 years
Lights	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
GERRARD INDIA BAZAAR 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 RBC Bank. These investments bear interest at the rate of ranging from 0.677% - 0.719% 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	8,714	4,583
Less: allowance for uncollected special charges	(500)	-
Special charges receivable	<u>8,214</u>	<u>4,583</u>

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

	2016	2015
	\$	\$
Special charges written-off	3,107	10,897
Change in allowance for uncollected special charges	500	(3,800)
	<u>3,607</u>	<u>7,097</u>

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

5. CAPITAL ASSETS

	2016		
	Lights	Banners	Total
Cost			
Beginning	94,541	5,796	100,337
Additions	6,486	-	6,486
Disposals	-	-	-
Ending	101,027	5,796	106,823
Accumulated Amortization			
Beginning	40,243	5,237	45,480
Amortization	18,563	559	19,122
Disposals	-	-	-
Ending	58,806	5,796	64,602
Net Book Value	42,221	-	42,221

	2015		
	Lights	Banners	Total
Cost			
Beginning	57,609	5,796	63,405
Additions	36,932	-	36,932
Disposals	-	-	-
Ending	94,541	5,796	100,337
Accumulated Amortization			
Beginning	26,021	3,306	29,327
Amortization	14,222	1,931	16,153
Disposals	-	-	-
Ending	40,243	5,237	45,480
Net Book Value	54,298	559	54,857

**THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR 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 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.

THE BOARD OF MANAGEMENT FOR THE
GERRARD INDIA BAZAAR BUSINESS IMPROVEMENT AREA
FESTIVAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 1

		2016	2015
Revenue			
Sponsorships		64,794	56,179
Grants		-	40,500
		<u>64,794</u>	<u>96,679</u>
Expenses			
FSA			
	Artist Performance	14,892	
	Casual Labour	1,400	
	Facility	29,462	
	Food	4,021	
	Medical	1,934	
	Fees	21,777	
	Music & Décor	27,883	
	Sponsorship	1,500	
	Photography	4,070	
	Security	1,351	
	TTC	<u>748</u>	<u>109,038</u>
			<u>112,204</u>
Vaishakhi			
	Artist Performance	400	
	Casual Labour	100	
	Music & Décor	2,187	
	Food	<u>480</u>	<u>3,167</u>
			-
Other			
	Artist Performance	300	
	Casual Labour	<u>265</u>	<u>565</u>
			-
Diwali			
	Casual Labour	480	
	Facility	816	
	Food	1,001	
	Music & Décor	402	
	Fees	<u>2,485</u>	<u>5,184</u>
			<u>4,764</u>
		<u>117,954</u>	<u>116,968</u>
EXCESS OF EXPENSES OVER REVENUE		<u>(53,160)</u>	<u>(20,289)</u>