

**THE BOARD OF MANAGEMENT FOR THE
THE BEACH BUSINESS IMPROVEMENT AREA**

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

THE BEACH 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 The Beach Business Improvement Area

I have audited the accompanying financial statements of The Beach 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 The Beach 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
July 7, 2017



Chartered Professional Accountant
Licensed Public Accountant

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

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	303,519	286,305
Accounts receivable		
City of Toronto – special charges (Note 3)	21,996	29,340
Other	17,673	15,303
	<u>343,188</u>	<u>330,948</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	159,950	-
Other	20,052	13,958
	<u>180,002</u>	<u>13,958</u>
NET FINANCIAL ASSETS	163,186	316,990
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	138,189	1,120
ACCUMULATED SURPLUS	<u>301,375</u>	<u>318,110</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

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

	2016 \$ Budget (Note 8)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	235,328	236,655	235,588
Fund raising and other	15,000	14,033	15,950
	<u>250,328</u>	<u>250,688</u>	<u>251,538</u>
EXPENSES			
Administration	79,127	88,846	82,535
Promotion and advertising	87,550	90,111	78,639
Maintenance	47,500	47,977	47,345
Capital (Note 7)	40,000	-	-
Amortization	-	35,667	1,840
Provision for uncollected special charges (Note 3)	(3,849)	4,822	3,239
	<u>250,328</u>	<u>267,423</u>	<u>213,598</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	(16,735)	37,940
ACCUMULATED SURPLUS, BEGINNING OF YEAR	318,110	318,110	280,170
ACCUMULATED SURPLUS, END OF YEAR	<u>318,110</u>	<u>301,375</u>	<u>318,110</u>

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

	2016	2015
	\$	\$
Surplus (deficit) for the year	(16,735)	37,940
Acquisition of tangible capital assets	(172,736)	-
Amortization of tangible capital assets	35,667	1,840
	(153,804)	39,780
Balance - Beginning of year	316,990	277,210
Balance - End of year	<u>163,186</u>	<u>316,990</u>

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

	2016	2015
	\$	\$
Cash flows from operating transactions		
Surplus (deficit) for the year	(16,735)	37,940
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	35,667	1,840
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	7,344	(3,939)
Accounts receivable - other	(2,370)	(1,806)
Accounts payable - City of Toronto	159,950	-
Accounts payable - other	6,094	4,471
Cash Provided By Operations	189,950	38,506
Capital Transactions		
Purchase of tangible capital assets	(172,736)	-
Cash, Beginning Of Year	286,305	247,799
Cash, End Of Year	303,519	286,305

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

1. ESTABLISHMENT AND OPERATIONS

The The Beach 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.

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 Furniture	5 years
Kew Park	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
THE BEACH 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. 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	30,896	35,240
Less: allowance for uncollected special charges	(8,900)	(6,000)
Special charges receivable	<u>21,996</u>	<u>29,340</u>

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

	2016 \$	2015 \$
Special charges written-off	1,922	12,139
Provision for losses on assessment appeals	2,900	(8,900)
	<u>4,822</u>	<u>3,239</u>

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

4. CAPITAL ASSETS

	2016			
	Kew Park	Street Furniture	Banners	Total
Cost				
Beginning	-	-	9,502	9,502
Additions	159,950	12,786	-	172,736
Disposals	-	-	-	-
Ending	159,950	12,786	9,502	182,238
Accumulated Amortization				
Beginning	-	-	8,382	8,382
Amortization	31,990	2,557	1,120	35,667
Disposals	-	-	-	-
Ending	31,990	2,557	9,502	44,049
Net Book Value	127,960	10,229	-	138,189

	2015			
	Kew Park	Street Furniture	Banners	Total
Cost				
Beginning	-	-	9,502	9,502
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	-	-	9,502	9,502
Accumulated Amortization				
Beginning	-	-	6,542	6,542
Amortization	-	-	1,840	1,840
Disposals	-	-	-	-
Ending	-	-	8,382	8,382
Net Book Value	-	-	1,120	1,120

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

5. 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.

6. 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.

7. 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.

8. BUDGET

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