

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2017**

**KENNEDY ROAD
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2017**

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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 Kennedy Road Business Improvement Area

I have audited the accompanying financial statements of Kennedy Road Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 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 Kennedy Road Business Improvement Area as at December 31, 2017 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).

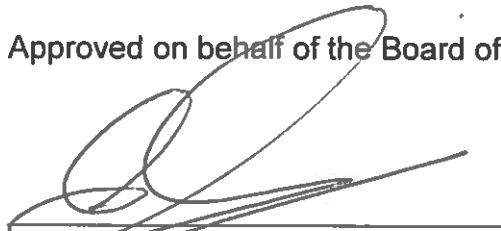
Toronto, Ontario
May 4, 2017


Chartered Professional Accountant
Licensed Public Accountant

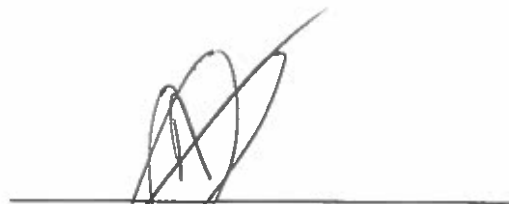
**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	26,673	23,014
Short-term investments (Note 3)	312,439	303,363
Accounts receivable		
City of Toronto – special charges (Note 4)	38,689	38,731
Other	23,242	23,022
	<u>401,043</u>	<u>388,130</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	16,186	17,647
	<u>16,186</u>	<u>17,647</u>
NET FINANCIAL ASSETS	384,857	370,483
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	3,959	6,725
ACCUMULATED SURPLUS	<u>388,816</u>	<u>377,208</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$ Budget (Note 8)	2017 \$ Actual	2016 \$ Actual
REVENUE			
City of Toronto – special charges	256,957	257,080	256,090
Interest and other	-	11,378	5,997
	<u>256,957</u>	<u>268,458</u>	<u>262,087</u>
EXPENSES			
Administration	25,233	23,914	33,797
Promotion and advertising	58,000	35,769	8,588
Maintenance	132,600	172,192	170,261
Capital	40,000	920	8,380
Amortization	-	2,766	23,536
Provision for (recovery of) uncollected levies (Note 4)	21,124	21,289	(14,327)
	<u>276,957</u>	<u>256,850</u>	<u>230,235</u>
SURPLUS (DEFICIT) FOR THE YEAR	(20,000)	11,608	31,852
OPERATING SURPLUS, BEGINNING OF YEAR	<u>377,208</u>	<u>377,208</u>	<u>345,356</u>
OPERATING SURPLUS, END OF YEAR	<u>357,208</u>	<u>388,816</u>	<u>377,208</u>

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u> \$	<u>2016</u> \$
Surplus for the year	11,608	31,852
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	<u>2,766</u>	<u>23,536</u>
	14,374	55,388
Balance - Beginning of year	370,483	315,095
Balance - End of year	<u><u>384,857</u></u>	<u><u>370,483</u></u>

**THE BOARD OF MNGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
Cash flows from operating activities		
Surplus (deficit) for the year	11,608	31,852
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	2,766	23,536
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	42	(10,790)
Accounts receivable – other	(220)	3,172
Accounts payable – other	(1,461)	15,045
Cash Provided By Operations	12,735	62,815
Investing activities		
Purchase of tangible capital assets	-	-
(Increase) decrease in short-term investments	(9,076)	(45,247)
Cash, Beginning Of Year	23,014	5,446
Cash, End Of Year	26,673	23,014

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. ESTABLISHMENT AND OPERATIONS

The Kennedy Road 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 generally accepted accounting principles 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
Streetscape	5 years	Street Signs	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
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONTD
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 and CIBC Banks. These investments bear interest at the rate of ranging from 0.50% - 1.15% per annum and will be maturing in 2018.

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:

	2017	2016
	\$	\$
Total special charges outstanding	74,389	66,131
Less: allowance for uncollected special charges	(35,700)	(27,400)
Special charges receivable / (payable)	<u>38,689</u>	<u>38,731</u>

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

	2017	2016
	\$	\$
Special charges written-off	12,989	16,573
Change in allowance for uncollected special charges	8,300	(30,900)
	<u>21,289</u>	<u>(14,327)</u>

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2017**

5. CAPITAL ASSETS

	2017				
	Banners	Lights	Street Signs	Streetscape	Total
Cost					
Beginning	-	23,434	5,965	-	29,399
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Ending	-	23,434	5,965	-	29,399
Accumulated Amortization					
Beginning	-	20,288	2,386	-	22,674
Amortization	-	1,573	1,193	-	2,766
Disposals	-	-	-	-	-
Ending	-	21,861	3,579	-	25,440
Net Book Value	-	1,573	2,386	-	3,959
	2016				
	Banners	Lights	Street Signs	Streetscape	Total
Cost					
Beginning	3,567	23,434	5,965	97,905	130,871
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Ending	3,567	23,434	5,965	97,905	130,871
Accumulated Amortization					
Beginning	2,378	18,715	1,193	78,324	100,610
Amortization	1,189	1,573	1,193	19,581	23,536
Disposals	-	-	-	-	-
Ending	3,567	20,288	2,386	97,905	124,146
Net Book Value	-	3,416	3,579	-	6,725

**THE BOARD OF MANAGEMENT FOR THE
KENNEDY ROAD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2017**

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. BUDGET

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

9. COMPARATIVE FIGURES

Certain of prior year figures have been re-classified to conform to current year's presentation.

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