

**THE BOARD OF MANAGEMENT FOR THE
LITTLE ITALY
BUSINESS IMPROVEMENT AREA**

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

**LITTLE ITALY
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 Little Italy Business Improvement Area

I have audited the accompanying financial statements of Little Italy 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 Little Italy 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).

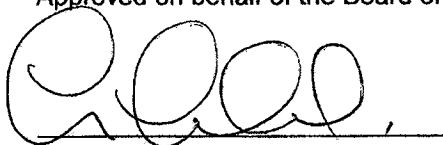
Toronto, Ontario
July 24, 2018


Chartered Professional Accountant
Licensed Public Accountant

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

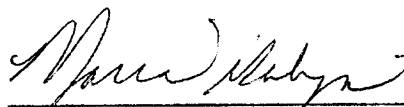
	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	369,236	447,194
Short-term investment (Note 3)	5,033	152,115
Accounts receivable		
City of Toronto – special charges (Note 4)	18,441	24,480
Other	39,948	44,660
	<u>432,658</u>	<u>668,449</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	9,022	227,233
Other	18,046	79,220
	<u>27,068</u>	<u>306,453</u>
NET FINANCIAL ASSETS	405,590	361,996
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	144,570	199,573
ACCUMULATED SURPLUS	<u>550,160</u>	<u>561,569</u>

Approved on behalf of the Board of Management:



Chair

LEONARDO LOMBARDI



Treasurer

MARIA GARIFO

THE BOARD OF MANAGEMENT FOR THE
LITTLE ITALY BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$ Budget <small>(Note 11)</small>	2017 \$ Actual	2016 \$ Actual
REVENUE			
City of Toronto – special charges	379,948	379,948	380,201
Sponsorships and other	105,400	112,761	151,847
	<u>485,348</u>	<u>492,709</u>	<u>532,048</u>
EXPENSES			
Administration	55,000	56,594	23,665
Promotion and advertising (Note 8)	308,000	271,383	336,001
Maintenance	68,000	93,446	64,517
Capital (Note 9)	45,000	12,305	3,500
Amortization	-	55,003	56,165
Provision for uncollected special charges (Note 3)	9,348	15,387	6,876
	<u>485,348</u>	<u>504,118</u>	<u>490,724</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	(11,409)	41,324
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>561,569</u>	<u>561,569</u>	<u>520,245</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>561,569</u>	<u>550,160</u>	<u>561,569</u>

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

	2017 \$	2016 \$
Surplus (deficit) for the year	(11,409)	41,324
Acquisition of tangible capital assets	-	(218,210)
Amortization of tangible capital assets	55,003	56,165
	43,594	(120,721)
Balance - Beginning of year	361,996	482,717
Balance - End of year	<u>405,590</u>	<u>361,996</u>

THE BOARD OF MANAGEMENT FOR THE
LITTLE ITALY 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	(11,409)	41,324
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	55,003	56,165
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	6,039	(16,325)
Accounts receivable – other	4,712	(21,712)
Accounts payable - City of Toronto	(218,211)	215,815
Accounts payable – other	(61,174)	52,209
Cash Provided By (Used In) Operations	(225,040)	327,476
Investing activities		
Purchase of tangible capital assets	-	(218,210)
(Increase) decrease in short-term investments	147,082	215,496
Cash, Beginning Of Year	447,194	122,432
Cash, End Of Year	369,236	447,194

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

1. ESTABLISHMENT AND OPERATIONS

The Little Italy 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
Streetscape	5 years
Flags & 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
LITTLE ITALY BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
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 INVESTMENT

Short-term investment consists of a cashable guaranteed investment certificate with the Scotiabank. This investment bears interest at the rate of 1.10% 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 net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2017 \$	2016 \$
Total special charges outstanding	41,941	58,880
Less: allowance for uncollected special charges	(23,500)	(34,400)
Special charges receivable	<u>18,441</u>	<u>24,480</u>

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

	2017 \$	2016 \$
Special charges written-off	26,287	10,576
Change in allowance for uncollected special charges	(10,900)	(3,700)
	<u>15,387</u>	<u>6,876</u>

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

5. TANGIBLE CAPITAL ASSETS

	2017		
	Lights	Banners	Total
Cost			
Beginning	294,850	3,486	298,336
Additions	-	-	-
Disposals	-	-	-
Ending	294,850	3,486	298,336
Accumulated Amortization			
Beginning	95,277	3,486	98,763
Amortization	55,003	-	55,003
Disposals	-	-	-
Ending	150,280	3,486	153,766
Net Book Value	144,570	-	144,570

	2016		
	Lights	Banners	Total
Cost			
Beginning	76,640	3,486	80,126
Additions	218,210	-	218,210
Disposals	-	-	-
Ending	294,850	3,486	298,336
Accumulated Amortization			
Beginning	40,274	2,324	42,598
Amortization	55,003	1,162	56,165
Disposals	-	-	-
Ending	95,277	3,486	98,763
Net Book Value	199,573	-	199,573

**THE BOARD OF MANAGEMENT FOR THE
LITTLE ITALY 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. PROMOTION AND ADVERTISING EXPENSE

Promotion and advertising expenses consist of:

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Advertising	59,000	22,817	82,792
Taste	220,000	230,803	230,977
Other	29,000	17,763	22,232
	<u>308,000</u>	<u>271,383</u>	<u>336,001</u>

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. COMMITMENTS AND CONTINGENT LIABILITY

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The Projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2017, the Board in conjunction with the City was committed to capital improvement projects amounting to \$200,000 of which the Board's share was \$100,000.

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

COMMITMENTS AND CONTINGENT LIABILITY (CONT'D)

However, the City has informed the Board that the actual costs could be in the range of \$350,000 and the Board's 50% share could be \$175,000. The City is investigating the reason for such a significant increase over the approved amount. As the Board did not authorize additional costs, it believes the BIA has no obligation to pay additional unsubstantiated costs. As the final accounting of the projects and business case for the significant increase has not been ascertained, this amount has not been recorded in the financial statements. However, the BIA has adequate surplus to pay for its obligations.

11. BUDGET

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