

**LAKESHORE VILLAGE BUSINESS  
IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

# **LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA**

## **Financial Statements December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

#### *Opinion*

We have audited the financial statements of **LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA (BIA)**, which comprise the statements of financial position as at **December 31, 2018 and December 31, 2017**, and the statements of operations, changes in accumulated surplus and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Lakeshore Village Business Improvement Area (BIA) as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Lakeshore Village Business Improvement Area (BIA) in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards 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.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the BIA's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA to cease to continue as a good concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the activities within the BIA to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and

where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Terence Chan, CPA, CA.

*C.C.L.*

**Chartered Professional Accountants Professional Corporation**  
**Authorized to practice public accounting by the**  
**Chartered Professional Accountants of Ontario**

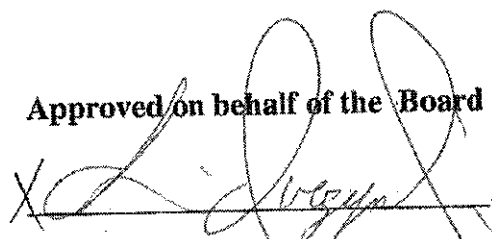
Toronto, Ontario  
April 2, 2019


# LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position December 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
<b>Financial Assets</b>		
Cash and short-term investments	40,316	58,021
Accounts receivable		
- City of Toronto - special charges (note 3)	5,294	5,250
- Other	<u>12,098</u>	<u>12,624</u>
	<u>57,708</u>	<u>75,895</u>
<b>Liabilities</b>		
Accounts payable		
- City of Toronto	9,378	9,378
- Other	1,600	10,392
Deferred grant - lighting (note 5)	<u>3,048</u>	<u>5,394</u>
	<u>14,026</u>	<u>25,164</u>
<b>Net Financial Assets</b>	43,682	50,731
<b>Non-Financial Assets</b>		
Equipment (note 4)	<u>18,844</u>	<u>12,967</u>
<b>Accumulated Surplus</b>	<u>62,526</u>	<u>63,698</u>

Approved on behalf of the Board of Management

 , Chair

 , Treasurer

## LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Accumulated Surplus Year ended December 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
<b>Accumulated Surplus</b>		
Balance, beginning of year	63,698	64,940
Excess for the year	<u>(1,172)</u>	<u>(1,242)</u>
<b>Balance, end of year</b>	<u><b>62,526</b></u>	<u><b>63,698</b></u>

## LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2018

	<b>Budget</b>		
	<b><u>2018</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
City of Toronto - special charges	98,965	98,965	98,557
Investment and other income	<u>9,000</u>	<u>20,247</u>	<u>9,974</u>
	<b><u>107,965</u></b>	<b><u>119,212</u></b>	<b><u>108,531</u></b>
<b>Expenses</b>			
Advertising and promotion	7,700	7,110	8,359
Amortization	-	3,569	3,227
Bank charges	250	147	136
Events	50,500	59,593	38,618
Insurance	820	810	775
Office and general	5,600	8,517	12,451
Professional fees	1,800	1,775	1,422
Repair and maintenance	25,500	21,761	27,844
Subcontractor	12,000	10,756	10,158
Utilities	-	2,603	2,654
Provision for uncollected special charges	<u>8,997</u>	<u>3,743</u>	<u>4,129</u>
	<b><u>113,167</u></b>	<b><u>120,384</u></b>	<b><u>109,773</u></b>
<b>Deficit for the year</b>	<b><u>(5,202)</u></b>	<b><u>(1,172)</u></b>	<b><u>(1,242)</u></b>



# LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows Year ended December 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
<b>Funds provided (used):</b>		
<b>Operating Activities</b>		
Deficit for the year	(1,172)	(1,242)
Item not affecting cash		
- Amortization	3,569	3,227
- Grant - City of Toronto	(2,346)	(2,346)
Changes in other non-cash working capital components (1)	<u>(8,310)</u>	<u>6,184</u>
	<u>(8,259)</u>	<u>5,823</u>
<b>Investing Activities</b>		
Acquisition of equipment	<u>(9,446)</u>	<u>-</u>
<b>Net (decrease) increase in cash</b>	<b>(17,705)</b>	<b>5,823</b>
Cash, beginning of year	<u>58,021</u>	<u>52,198</u>
<b>Cash, end of year</b>	<u><b>40,316</b></u>	<u><b>58,021</b></u>
 (1) Changes in other non-cash working capital components represented by:		
Accounts receivable - City of Toronto	(44)	4,285
Accounts receivable - Other	526	(7,093)
Accounts payable - Other	<u>(8,792)</u>	<u>8,992</u>
	<u>(8,310)</u>	<u>6,184</u>

# **LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA**

## **Notes to Financial Statements December 31, 2018**

### **1. Nature of the Organization**

Lakeshore Village Business Improvement Area is not-for-profit volunteer-based association dedicated to create a safe and competitive business area that attract shoppers and new businesses under the management and control of a Board of Management appointed by the 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 the Council under Section 220(17) of the Municipal Act.

### **2. Significant Accounting Policies**

The Organization follows Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) which include the following policies:

#### Revenue recognition:

The Organization receives special charges from the City of Toronto, cash donations from corporate sponsors and private donors, as well as grants for operating purposes and capital projects. Revenue are being recorded upon signing of contract, and when collection can be reasonably ascertained.

#### Equipment:

Equipment are stated at cost and amortized using straight-line basis over the estimated useful lives of the assets at the following rates per annum:

Computer	2 years
Planters	5 years
Lights	5 years
Fountain	5 years
Banners	3 years

#### Financial instruments:

Financial instruments are recorded at the approximated fair value. 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.

#### Use of Estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

## LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements December 31, 2018

#### 3. City of Toronto - Special Charges

Special charges levied by the City are collected from BIA members 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:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total special charges outstanding	12,494	9,450
Less: allowance for uncollected special charges	<u>(7,200)</u>	<u>(4,200)</u>
Accounts receivable - City of Toronto (special charges)	<u>5,294</u>	<u>5,250</u>

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Special charges written-off	743	1,329
Changes in allowance for uncollected special charges	<u>3,000</u>	<u>2,800</u>
	<u>3,743</u>	<u>4,129</u>

#### 4. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Computer equipment	1,070	1,056	14	57
Planters	9,447	945	8,502	-
Lights	104,207	93,879	10,328	12,910
Fountain	20,510	20,510	-	-
Banners	<u>6,768</u>	<u>6,768</u>	-	-
	<u>142,002</u>	<u>123,158</u>	<u>18,844</u>	<u>12,967</u>

## LAKESHORE VILLAGE BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements

December 31, 2018

#### 5. Deferred Grant - Lighting

Grant received from the City of Toronto for multiple constructions from year to year is being deferred and amortized on the same basis of the capital projects.

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of year	5,394	7,740
Less: amortization during the year	<u>(2,346)</u>	<u>(2,346)</u>
Balance at year end	<u>3,048</u>	<u>5,394</u>

#### 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. Budget

Budget figures are provided for comparative purpose only and have not been audited. Accordingly, we do not express any opinion on the budget figures.