

Appendix F-1:

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2008**

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2008**

CONTENTS

	<u>Page</u>
Auditors' report	1
Financial statements	
Statement of financial position	2
Statement of revenue, expenditures and operating surplus	3
Statement of cash flows	4
Notes to financial statements	5-6

AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Management for the Toronto Entertainment District Business Improvement Area

We have audited the statement of financial position for the Toronto Entertainment District Business Improvement Area as at December 31, 2008 and the statements of revenue, expenditures and operating surplus and cash flows for the period January 30, 2008 to December 31, 2008. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
February 19, 2009

Rosenswig McRae Thorpe LLP

Chartered Accountants
Licensed Public Accountants

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008

ASSETS

Cash and short-term investments (Note 3)	\$ 768,810
Accounts receivable	5,290
Other assets	<u>4,109</u>
	<u>\$ 778,209</u>

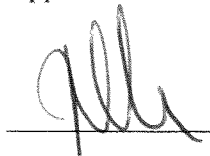
LIABILITIES


Accounts payable and accrued liabilities	
City of Toronto - special charges (Note 4)	\$ 47,048
Other	<u>25,054</u>
	<u>72,102</u>

ACCUMULATED SURPLUS

Operating surplus	<u>706,107</u>
	<u>\$ 778,209</u>

Approved on behalf of the Board of Management:


_____, Chair
J Robinson


_____, Treasurer

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF REVENUE, EXPENDITURES AND OPERATING SURPLUS
FOR THE PERIOD JANUARY 30, 2008 TO DECEMBER 31, 2008**

	<u>Actual</u>	<u>Budget</u> (Note 8)
Revenue		
City of Toronto - special charges	\$ 1,200,883	\$ 1,200,000
Interest earned	5,432	11,000
Municipal grant	-	10,000
Other income	<u>-</u>	<u>20,000</u>
	<u>1,206,315</u>	<u>1,241,000</u>
Expenditures		
Administration	214,552	315,000
Provision for levies in appeals	157,021	109,091
Advertising, marketing and promotion	62,798	283,909
Capital / Streetscape - non cost share	62,257	-
Safety and security	3,580	120,000
Capital / Streetscape - cost share	<u>-</u>	<u>413,000</u>
	<u>500,208</u>	<u>1,241,000</u>
Excess of revenue over expenditures for the period	706,107	\$ <u><u>-</u></u>
Operating surplus, beginning of period	<u>-</u>	
Operating surplus, end of period	\$ <u><u>706,107</u></u>	

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2008

Cash from operating activities	
Excess of revenue over expenditures for the period	\$ 706,107
Changes in non-cash working capital:	
Increase in accounts receivable	(5,290)
Increase in other assets	(4,109)
Accounts payable and accrued liabilities	
Increase in City of Toronto - special charges	47,048
Increase in other	<u>25,054</u>
Net cash from operating activities	768,810
Cash and short-term investments, beginning of period	<u>-</u>
Cash and short-term investments, end of period	<u><u>\$ 768,810</u></u>

TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. Establishment of operations

The Toronto Entertainment District Business Improvement Area was designated as a business improvement area by By-Law 125-2008 enacted on January 30, 2008. The appointment of members to a Board of Management ("Board") to manage and control the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on February 12, 2008.

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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by 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 the Canadian generally accepted accounting principles for local governments as prescribed by the Canadian Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), the most significant of which are as follows:

- a) Revenues and expenditures are recorded using the accrual basis of accounting.
- b) Capital expenditures are charged to operations in the year of acquisition.
- c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

3. Cash and short-term investments

Cash	\$ 463,810
Short-term investments	<u>305,000</u>
	<u>\$ 768,810</u>

The investments are considered held for trading and consist of amounts invested in term deposits on account at a Canadian Deposit Insurance approved financial institution. The rate of returns being realized on the investments range from 2.08% to 2.75%.

**TORONTO ENTERTAINMENT DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("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:

Total special charges outstanding	\$ 112,552
Less: Allowance for special charges in appeals	<u>(159,600)</u>
Special charges payable	\$ <u><u>(47,048)</u></u>

5. Contractual commitments

The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2008 the BIA had no such commitment outstanding relating to their 2008 capital improvement projects.

6. Insurance

The Board is required to deposit with the City 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 - fair value

The financial instruments recognized in the statement of financial position consist of cash and short-term investments, accounts receivable, other assets 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.

8. 2008 Budget

The 2008 budget figures on the statement of revenue, expenditures and operating surplus are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Thorpe LLP dated February 19, 2009.