

Appendix C:

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET
BUSINESS IMPROVEMENT AREA**

**Financial Statements
For the Year Ended December 31, 2011**

**BLOOR STREET
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2011

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AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the Bloor Street Business Improvement Area

I have audited the accompanying financial statements of Bloor Street Business Improvement Area, which comprise the statement of financial position as at December 31, 2011 and the statements of operations and cash flows for the year then ended, and 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 generally accepted accounting principles 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.

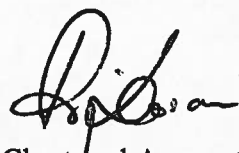
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Board as at December 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 9, 2012



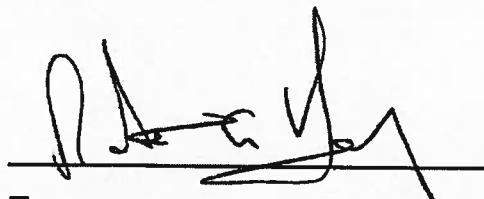
Chartered Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	2011 \$	2010 \$
FINANCIAL ASSETS		
Current		
Cash and short-term investments	223,095	1,293,712
Accounts receivable		
City of Toronto – special charges (Note 3)	49,888	-
Other	178,373	61,647
Current portion of long-term receivable	443,736	432,314
	<u>895,092</u>	<u>1,787,673</u>
Long-term receivable		
Amount to be recovered in the future (Note 4)	10,284,907	10,738,836
	<u>11,179,999</u>	<u>12,526,509</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 3)	-	3,061
Other	206,998	86,214
Current Portion of long-term loan payable	443,736	432,314
	<u>650,734</u>	<u>521,589</u>
Long-term payable		
Loan payable (Note 4)	10,284,907	10,738,836
	<u>10,935,641</u>	<u>11,260,425</u>
NET FINANCIAL ASSETS	<u>244,358</u>	<u>1,266,084</u>
CAPITAL FUND	<u>244,358</u>	<u>1,266,084</u>

Approved on behalf of the Board of Management:


Chair


Treasurer

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011 \$ Budget (Note 8)	2011 \$ Actual	2010 \$ Actual
REVENUE			
City of Toronto – special charges	1,650,000	1,650,000	1,661,350
Donations and sponsorships	250,000	250,000	462,815
Interest and Other	3,000	11,000	11,284
	<u>1,903,000</u>	<u>1,911,000</u>	<u>2,135,449</u>
EXPENSES			
Administration	2,550	2,614	4,568
Maintenance/Landscaping	390,000	56,145	204,256
Project Management/Consultants/Art/Decor	872,000	1,201,892	402,003
Promotion & advertising	552,450	500,084	314,715
Debt repayment	990,872	990,872	990,872
Contribution BSTP Maintenance Reserve Fund (Note 5)	30,000	30,000	30,000
Provision for uncollected special charge (Note 3)	204,066	151,119	168,027
	<u>3,041,938</u>	<u>2,932,726</u>	<u>2,114,441</u>
NET INCREASE (DECREASE) IN CAPITAL FUND BALANCE FOR THE YEAR	(1,138,938)	(1,021,726)	21,008
CAPITAL FUND BALANCE, BEGINNING OF YEAR	<u>1,266,084</u>	<u>1,266,084</u>	<u>1,245,076</u>
CAPITAL FUND BALANCE, END OF YEAR	<u>127,146</u>	<u>244,358</u>	<u>1,266,084</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011	2010
	\$	\$
Increase (decrease) in cash and short-term investments		
Cash flows from operating transactions		
Net increase (decrease) in capital fund balance for the year	(1,021,726)	21,008
Non-cash changes to operations		
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(49,888)	-
Accounts receivable – other	(116,726)	(66,912)
Accounts payable - City of Toronto	(3,061)	(65,443)
Accounts payable – other	120,784	51,901
Cash Provided By (Used In) Operations	(1,070,617)	(59,446)
Financing Activities		
Payment of loan	(432,314)	(411,728)
Amount to be recovered in future	432,314	411,728
	-	-
Net increase (decrease) in cash and short-term investments	(1,070,617)	(59,446)
Cash and short-term investments, Beginning Of Year	1,293,712	1,353,158
Cash and short-term investments, End Of Year	223,095	1,293,712

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. ESTABLISHMENT AND OPERATIONS

The Bloor Street Business Improvement Area (BIA) has been created solely for the purpose of allowing the City of Toronto to recover all costs associated with the Bloor Street Transformation Project. Its only purpose is to approve an annual budget to repay a loan from the City of Toronto including interest charges which will be amortized over a 20 year recovery period.

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) of the Canadian Institute of Chartered Accountants (CICA), the most significant of which are as follows:

- (a) Revenues and expenses are recorded using the accrual basis of accounting.
- (b) Tangible capital assets acquisitions are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	- 3 years
Furniture and equipment	- 5 years

 Other capital expenses 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. 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:

	2011	2010
	\$	\$
Total special charges outstanding	921,088	752,039
Less: allowance for uncollected special charges	(871,200)	(755,100)
Special charges receivable (payable)	49,888	(3,061)

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2011**

The provision for uncollected levies reported on the Statement of Revenue, Expenses and Operating Surplus comprises:

	2011	2010
	\$	\$
Special charges written-off	35,019	5,727
Increase in provision for losses on assessment appeals	116,100	162,300
	<u>151,119</u>	<u>168,027</u>

**4. AMOUNT TO BE RECOVERED IN THE FUTURE
LOAN PAYABLE**

The original construction cost of the Bloor Street Transformation Project was \$15,500,000. Local development projects have provided contributions amounting to \$2,125,000 for this project. The City has applied this amount towards the cost of the project.

In order to finance the net cost, the BIA signed an agreement with the City to obtain a loan amounting to \$13,375,000. The BIA made an initial payment of \$1,400,000 in 2008. The balance amounting to \$11,975,000 was to be paid in 20 annual installments of \$990,892. The installments include principal and interest at the rate of five percent (5%) per annum. The loan will mature in 2027.

5. BLOOR STREET TRANSFORMATION MAINTENANCE RESERVE FUND

BIA is required to contribute \$30,000 annually, commencing in 2009 and ending in 2027 to a maximum amount of \$540,000, to the City's Bloor Street Transformation Maintenance Reserve Fund.

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2011**

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. Accordingly, I do not express any opinion regarding the budget figures.

9. CONTINGENT LIABILITY

Due to unexpected circumstances such as asbestos removal, hydro delays etc. The Bloor Street Transformation Project cost is approximately \$2.6 million over budget. As the Project was managed by City, the Board may be responsible for a significantly lower cost. The exact liability and the detailed documents are not available at the present time. Any settlement resulting from the resolution of the contingency will be accounted for in the year in which the settlement occurs.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.