

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT
BUSINESS IMPROVEMENT AREA**

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

WATERFRONT 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 Waterfront Business Improvement Area

I have audited the accompanying financial statements of Waterfront 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
April 28, 2012


Chartered Accountant
Licensed Public Accountant

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

	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	193,960	65,277
Accounts receivable		
City of Toronto- Special charges (Note 3)	126,281	-
Prepaid Expenses	134	134
Deferred Expenses (note 5)	26,190	99
Other	8,890	14,300
	<u>355,455</u>	<u>79,810</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto- Special charges (Note 3)	-	82,681
Deferred Revenue (note 6)	-	60,000
Other	17,290	77,905
	<u>17,290</u>	<u>220,586</u>
NET FINANCIAL ASSETS	338,165	(140,776)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	22,454	32,376
	<u>360,619</u>	<u>(108,400)</u>
ACCUMULATED SURPLUS	360,619	(108,400)

Approved on behalf of the Board of Management:



Chair



Treasurer

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

	2011 \$ Budget (Note 9)	2011 \$ Actual	2010 \$ Actual
REVENUE			
City of Toronto – special charges	690,577	806,553	694,659
Grants, sponsorships, interest and other	186,000	155,138	834,873
	<u>876,577</u>	<u>961,691</u>	<u>1,529,532</u>
EXPENSES			
Administration	220,500	208,423	197,041
Promotion and advertising	315,500	226,023	1,249,394
Maintenance	20,000	5,603	14,135
Capital / amortization	130,000	9,922	9,922
Provision for uncollected special charges (Note 3)	135,688	42,701	139,652
	<u>821,688</u>	<u>492,672</u>	<u>1,610,144</u>
SURPLUS (DEFICIT) FOR THE YEAR	54,889	469,019	(80,612)
OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>(108,400)</u>	<u>(108,400)</u>	<u>(27,788)</u>
OPERATING SURPLUS (DEFICIT), END OF YEAR	<u>(53,511)</u>	<u>360,619</u>	<u>(108,400)</u>

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT 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		
Surplus (deficit) for the year	469,019	(80,612)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	9,922	9,922
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(126,281)	-
Accounts receivable – other	5,410	16,808
Prepaid Expenses	-	10,380
Deferred Expenses	(26,091)	122,132
Accounts payable - City of Toronto	(82,681)	28,254
Accounts payable – other	(60,615)	64,953
Deferred Revenue	(60,000)	(107,500)
Cash Provided By Operations	128,683	64,337
Capital Transactions		
Purchase of tangible capital assets	-	(42,298)
Cash and short-term investments, Beginning Of Year	65,277	43,238
Cash and short-term investments, End Of Year	193,960	65,277

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

1. ESTABLISHMENT AND OPERATIONS

The Waterfront (Formerly known as Queens Quay Harbourfront) 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) 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) 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:

Computers	3 years
Street & Christmas lights	5 years
Street furniture	5 years
Planters	5 years

(c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

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

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 (payable) from the City of Toronto are comprised of:

	2011 \$	2010 \$
Total special charges outstanding	425,781	284,919
Less: allowance for uncollected special charges	(299,500)	(367,600)
Special charges receivable (payable)	<u>126,281</u>	<u>(82,681)</u>

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

	2011 \$	2010 \$
Special charges written-off	110,801	20,752
Provision for losses on assessment appeals	(68,100)	118,900
	<u>42,701</u>	<u>139,652</u>

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

4. CAPITAL ASSETS

	2011		
	Cost	Accumulated Amortization	Net book Value
Lights	14,745	5,898	8,847
Banners	10,968	7,312	3,656
Office Furniture & Equipment	16,585	6,634	9,951
	<u>42,298</u>	<u>19,844</u>	<u>22,454</u>

	2010		
	Cost	Accumulated Amortization	Net book Value
Lights	14,745	2,949	11,796
Banners	10,968	3,656	7,312
Office Furniture & Equipment	16,585	3,317	13,268
	<u>42,298</u>	<u>9,922</u>	<u>32,376</u>

5. DEFERRED EXPENSES

Deferred expenses consist of payments for the 2012 Festival. These will be recognized as expenses in 2012 when the festival occurs.

6. DEFERRED REVENUE

Deferred revenue consisted of revenue for the 2011 Tall Ships Festival. It was recognized in 2011 when the festival was hosted.

7. 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.

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

8. 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.

9. 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.

10. COMPARATIVE FIGURES

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