

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2013

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Directors for the Toronto Financial District Business Improvement Area

We have audited the accompanying financial statements of Toronto Financial District Business Improvement Area, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, net financial assets 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 public sector 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Toronto Financial District Business Improvement Area as at December 31, 2013, and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Canada
March 5, 2014

Rosenswig McRae Thorpe LLP

Chartered Accountants
Licensed Public Accountants

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

	<u>2013</u>	<u>2012</u>
Cash	\$ 578,518	\$ 546,377
Investments (Note 3)	250,000	-
Accounts receivable		
City of Toronto - special charges (Note 4)	71,641	-
Other	<u>113,081</u>	<u>38,958</u>
	<u>1,013,240</u>	<u>585,335</u>

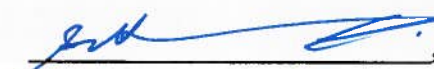
LIABILITIES

Accounts payable and accrued liabilities		
City of Toronto - special charges (Note 4)	-	91,462
Other	<u>156,622</u>	<u>150,313</u>
	<u>156,622</u>	<u>241,775</u>
Net Financial Assets	<u>856,618</u>	<u>343,560</u>

NON FINANCIAL ASSETS

Prepaid expenses	<u>7,963</u>	<u>4,167</u>
Accumulated surplus	<u>\$ 864,581</u>	<u>\$ 347,727</u>

Approved on behalf of the Board of Management:


_____, Chair
See accompanying notes.


_____, Treasurer

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	2013		2012
	<u>Actual</u>	<u>Budget</u> (Note 8)	
Revenue			
City of Toronto - special charges	\$ 1,546,598	\$ 1,542,298	\$ 954,768
Interest income	<u>8,197</u>	<u>-</u>	<u>-</u>
	<u>1,554,795</u>	<u>1,542,298</u>	<u>954,768</u>
 Expenses			
Administration	340,066	342,192	185,317
Streetscape - non cost share	295,230	562,640	-
Communications	164,804	219,618	-
Strategic planning	158,347	179,550	238,804
Provision for levies in appeals	<u>79,494</u>	<u>238,298</u>	<u>182,920</u>
	<u>1,037,941</u>	<u>1,542,298</u>	<u>607,041</u>
 Annual surplus	<u>\$ 516,854</u>	<u>\$ -</u>	<u>\$ 347,727</u>

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
STATEMENT OF NET FINANCIAL ASSETS
DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Annual surplus	\$ 516,854	\$ 347,727
Increase in prepaid expense	<u>(3,796)</u>	<u>(4,167)</u>
Change in net financial assets	513,058	343,560
Net financial assets, beginning of year	<u>343,560</u>	<u>-</u>
Net financial assets, end of year	<u>\$ 856,618</u>	<u>\$ 343,560</u>

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Cash from operating activities:		
Excess of revenue over expenditures for the year	\$ 516,854	\$ 347,727
Changes in non-cash working capital balances:		
(Increase) decrease in accounts receivable		
- City of Toronto - special charges	(163,103)	91,462
- Other	(74,123)	(38,958)
Increase in prepaid expenses	(3,796)	(4,167)
Increase in accounts payable and accrued liabilities - other	<u>6,309</u>	<u>150,313</u>
	<u>282,141</u>	<u>546,377</u>
Cash flows used in investing activities		
Purchase of investments	<u>(250,000)</u>	<u>-</u>
Increase in cash	32,141	546,377
Cash, beginning of year	<u>546,377</u>	<u>-</u>
Cash, end of year	<u>\$ 578,518</u>	<u>\$ 546,377</u>

TORONTO FINANCIAL DISTRICT BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. Establishment of operations

The Toronto Financial District Business Improvement Area was designated as a business improvement area by By-Law 1126-2011 enacted on September 22, 2011. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved by Council of the City of Toronto on November 9, 2011.

The BIA promotes economic development in the financial district and strives to ensure that the financial district is connected, well-maintained, integrated, and accessible. 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 public sector accounting standards. The most significant of which are as follows:

a) Accrual basis of accounting

Expenditures are recorded on the accrual basis of accounting, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been finally settled by the payment of money.

b) Revenue recognition

City of Toronto special charges revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest income is recognized when earned.

c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the BIA may undertake in the future.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

2. Significant accounting policies (continued.)

d) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition.

3. Investments

Investments consists of a guaranteed investment certificate earning interest of 1.23% annually and matures March, 2014.

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

	<u>2013</u>	<u>2012</u>
Total special charges outstanding	\$ 280,541	\$ 90,238
Less: Allowance for special charges in appeals	<u>(208,900)</u>	<u>(181,700)</u>
Special charges receivable (payable)	<u>\$ 71,641</u>	<u>\$ (91,462)</u>

5. 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.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

6. Contractual commitments

- a) 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, 2013 the BIA had a commitment outstanding relating to their 2013 capital improvement projects in the amount of \$12,349 (2012 - \$nil).
- b) During the year, the BIA committed to partnering with the City for their wayfinding project. The BIA will contribute \$50,000 per year for 2014 and 2015 towards the project.
- c) The Board has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2014	\$	75,430
2015		57,220
2016		<u>8,160</u>
	\$	<u>140,810</u>

7. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, short-term investments, accounts receivable, prepaid expenses 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. Long-term investments are recorded at cost.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 3.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

7. Financial instruments risks

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

8. 2013 Budget

The 2013 budget figures on the statement of operations are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Thorpe LLP dated March 5, 2014.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Administration		
Salaries and benefits	\$ 186,840	\$ 114,072
Occupancy costs	47,943	28,594
Utilities	27,571	11,710
Meeting expenses	20,021	7,405
Professional fees	17,695	7,939
Consulting fees	11,244	-
General office	9,898	4,045
Travel	7,959	2,913
Memberships	5,644	5,000
Insurance	4,067	3,473
Interest and bank charges	<u>1,184</u>	<u>166</u>
	<u>340,066</u>	<u>185,317</u>
Strategic Planning		
Salaries and benefits	94,108	-
Master Plan	38,363	238,804
Advocacy	16,514	-
Consulting fees	3,450	-
Travel	3,208	-
Meeting expenses	2,086	-
Memberships	<u>618</u>	<u>-</u>
	<u>158,347</u>	<u>238,804</u>
Communications		
Salaries and benefits	120,510	-
Advertising and promotion	30,068	-
Consulting fees	8,342	-
Travel	4,514	-
Meeting expenses	<u>1,370</u>	<u>-</u>
	<u>164,804</u>	<u>-</u>
Streetscape improvements - non cost share	<u>295,230</u>	<u>-</u>
Provision for levies in appeals	<u>79,494</u>	<u>182,920</u>
	<u>\$ 1,037,941</u>	<u>\$ 607,041</u>