

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

**Financial Statements
For the Year Ended December 31, 2013**

WATERFRONT BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2013

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INDEPENDENT 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, 2013 and the statements of operations and accumulated surplus, changes in 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 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, 2013 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 24, 2014


Chartered Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and short-term investments	450,495	335,074
Accounts receivable		
City of Toronto- Special charges (Note 3)	-	210,999
Prepaid Expenses	944	4,142
Other	5,193	8,593
	<u>456,632</u>	<u>558,808</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto- Special charges (Note 3)	52,685	-
Other	53,844	32,638
	<u>106,529</u>	<u>32,638</u>
NET FINANCIAL ASSETS	350,103	526,170
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	7,695	15,390
ACCUMULATED SURPLUS	<u>357,798</u>	<u>541,560</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013 \$ Budget (Note 8)	2013 \$ Actual	2012 \$ Actual
REVENUE			
City of Toronto – special charges	688,004	688,004	688,616
Grants, sponsorships, interest and other	78,000	80,969	122,194
	<u>766,004</u>	<u>768,973</u>	<u>810,810</u>
EXPENSES			
Administration	227,727	260,236	211,113
Promotion and advertising	444,000	447,296	392,788
Maintenance	22,500	10,548	26,198
Capital (Note 7)	108,500	-	-
Amortization	-	7,695	11,351
Provision for (recover of) uncollected special charges (Note 3)	(36,723)	226,960	(11,581)
	<u>766,004</u>	<u>952,735</u>	<u>629,869</u>
SURPLUS (DEFICIT) FOR THE YEAR	-	(183,762)	180,941
OPERATING SURPLUS, BEGINNING OF YEAR	<u>541,560</u>	<u>541,560</u>	<u>360,619</u>
OPERATING SURPLUS, END OF YEAR	<u>541,560</u>	<u>357,798</u>	<u>541,560</u>

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u> \$	<u>2012</u> \$
Surplus (deficit) for the year	(183,762)	180,941
Acquisition of tangible capital assets	-	(4,287)
Amortization of tangible capital assets	<u>7,695</u>	<u>11,351</u>
	(176,067)	188,005
Balance - Beginning of year	526,170	338,165
Balance - End of year	<u><u>350,103</u></u>	<u><u>526,170</u></u>

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
	\$	\$
Cash flows from operating activities		
Surplus (deficit) for the year	(183,762)	180,941
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	7,695	11,351
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	210,999	(84,718)
Accounts receivable – other	3,400	297
Prepaid Expenses	3,198	(4,008)
Deferred Expenses	-	26,190
Accounts payable - City of Toronto	52,685	-
Accounts payable – other	21,206	15,348
	<hr/>	<hr/>
Cash Provided By Operations	115,421	145,401
Investing Activities		
Purchase of tangible capital assets	-	(4,287)
Cash and short-term investments, Beginning Of Year	<hr/> 335,074	<hr/> 193,960
Cash and short-term investments, End Of Year	<hr/> 450,495	<hr/> 335,074

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013**

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:

	2013 \$	2012 \$
Total special charges outstanding	298,115	460,899
Less: allowance for uncollected special charges	<u>(350,800)</u>	<u>(249,900)</u>
Special charges receivable (payable)	<u>(52,685)</u>	<u>210,999</u>

The provision for (recovery of) uncollected levies reported on the Statement of Operations and Accumulated Surplus comprises:

	2013 \$	2012 \$
Special charges written-off	126,060	38,019
Provision for losses on assessment appeals	<u>100,900</u>	<u>(49,600)</u>
	<u>226,960</u>	<u>(11,581)</u>

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2013**

4. CAPITAL ASSETS

	2013				
	Banners	Office Furniture	Computers	Lights	Total
Cost					
Beginning	10,968	16,585	4,287	14,745	46,585
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Ending	10,968	16,585	4,287	14,745	46,585
Accumulated Amortization					
Beginning	10,968	9,951	1,429	8,847	31,195
Amortization	-	3,317	1,429	2,949	7,695
Disposals	-	-	-	-	-
Ending	10,968	13,268	2,858	11,796	38,890
Net Book Value	-	3,317	1,429	2,949	7,695

	2012				
	Banners	Office Furniture	Computers	Lights	Total
Cost					
Beginning	10,968	16,585	-	14,745	42,298
Additions	-	-	4,287	-	4,287
Disposals	-	-	-	-	-
Ending	10,968	16,585	4,287	14,745	46,585
Accumulated Amortization					
Beginning	7,312	6,634	-	5,898	19,844
Amortization	3,656	3,317	1,429	2,949	11,351
Disposals	-	-	-	-	-
Ending	10,968	9,951	1,429	8,847	31,195
Net Book Value	-	6,634	2,858	5,898	15,390

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2013**

5. 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.

6. 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.

7. CAPITAL EXPENSES

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as operating surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared Capital Improvement projects with the City for this reason the actual expenses in a given year could significantly differ from the amount budgeted for the year. Any excess actual capital expenses are financed out of the accumulated surplus.

8. BUDGET

Budget Figures are provided for comparative purposes only and have not been subject to audit procedures.

The Board of Directors of the
Company has approved the
issuance of the following
shares of common stock:

1. To Mr. J. H. Smith, 10,000 shares
of common stock, for the purpose
of the purchase of the
Company's property.

2. To Mrs. A. B. Jones, 5,000 shares
of common stock, for the purpose
of the purchase of the
Company's property.

3. To Mr. C. D. Brown, 15,000 shares
of common stock, for the purpose
of the purchase of the
Company's property.

4. To Mr. E. F. Green, 20,000 shares
of common stock, for the purpose
of the purchase of the
Company's property.

