

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

**Financial Statements
For the Year Ended December 31, 2014**

**BLOOR STREET
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2014

CONTENTS

	<u>Page</u>
Independent auditor's report	3
Financial statements	
Statement of financial position	4
Statement of operations and accumulated capital fund	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to financial statements	8 – 10

RAFIQ DOSANI, B.Comm. CPA, CA.
CHARTERED ACCOUNTANT

90 Risebrough Avenue
Toronto, Ontario M2M 2E3
Telephone: (416) 221 - 4095
Fax: (416) 221 - 4160

INDEPENDENT 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, 2014 and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and the related notes which comprises 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 accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB) 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 Bloor Street Business Improvement Area as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB).

Toronto, Ontario
April 29, 2015


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

	2014 \$	2013 \$
FINANCIAL ASSETS		
Current		
Cash and short-term investments	904,146	922,219
Accounts receivable		
City of Toronto – special charges (Note 3)	149,386	283,280
Other	321,257	39,549
Current portion of long-term receivable	525,480	500,457
	<u>1,900,269</u>	<u>1,745,505</u>
Long-term receivable		
Amount to be recovered in the future (Note 4)	8,782,344	9,307,824
	<u>10,682,613</u>	<u>11,053,329</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Other	46,541	9,357
Current Portion of long-term loan payable	525,480	500,457
	<u>572,021</u>	<u>509,814</u>
Long-term payable		
Loan payable (Note 4)	8,782,344	9,307,824
	<u>9,354,365</u>	<u>9,817,638</u>
NET FINANCIAL ASSETS	<u>1,328,248</u>	<u>1,235,691</u>
CAPITAL FUND	<u>1,328,248</u>	<u>1,235,691</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 AND ACCUMULATED CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$ Budget (Note 10)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	1,650,000	1,650,000	1,650,000
Donations and sponsorships	250,000	250,000	250,000
Interest and Other	3,000	6,489	8,019
	<u>1,903,000</u>	<u>1,906,489</u>	<u>1,908,019</u>
EXPENSES			
Administration	6,000	8,878	6,087
Project Management/Consultants/Art/Decor Capital (Note 8)	-	69,779	108,210
Debt repayment	1,420,000	596,871	337,048
Contribution BSTP Maintenance Reserve Fund (Note 5)	990,872	990,872	990,872
Provision for (recovery of) uncollected special charge (Note 3)	30,000	30,000	30,000
	<u>(16,363)</u>	<u>117,532</u>	<u>123,986</u>
	<u>2,430,509</u>	<u>1,813,932</u>	<u>1,596,203</u>
NET INCREASE (DECREASE) IN CAPITAL FUND BALANCE FOR THE YEAR	(527,509)	92,557	311,816
CAPITAL FUND BALANCE, BEGINNING OF YEAR	1,235,691	1,235,691	923,875
CAPITAL FUND BALANCE, END OF YEAR	708,182	1,328,248	1,235,691

**THE BOARD OF MANAGEMENT FOR THE
 BLOOR STREET BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u> \$	<u>2013</u> \$
Net increase in capital fund balance for the year	92,557	311,816
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	-	-
	<u>92,557</u>	<u>311,816</u>
Balance - Beginning of year	1,235,691	923,875
Balance - End of year	<u>1,328,248</u>	<u>1,235,691</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
Cash flows from operating transactions		
Net increase in capital fund balance for the year	92,557	311,816
Non-cash changes to operations		
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	133,894	(82,870)
Accounts receivable - other	(281,708)	(28,399)
Accounts payable - City of Toronto	-	-
Accounts payable - other	37,184	(4,598)
	<hr/>	<hr/>
Cash Provided By (Used In) Operations	(18,073)	195,949
Financing Activities		
Payment of loan	(500,457)	(476,626)
Capital contribution	500,457	476,626
	<hr/>	<hr/>
	-	-
Net increase (decrease) in cash and short-term investments	(18,073)	195,949
Cash and short-term investments, Beginning Of Year	922,219	726,270
	<hr/>	<hr/>
Cash and short-term investments, End Of Year	904,146	922,219
	<hr/>	<hr/>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 Canadian accounting standards for local governments as prescribed by the Public Sector Accounting Board (PSAB), the most significant of which are as follows:

Revenue recognition:

The BIA receives special charges from its members which are levied and collected by the City of Toronto. It also receives cash donations and sponsorships from corporate and private donors and grants from local, provincial and federal governments for events and festivals. Revenue is being recorded upon the signing of contracts and when collection can be reasonably ascertained.

Contributed services:

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

Financial instruments:

Financial instruments are recorded at the approximated fair value.

Use of estimates:

The preparation of these financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include determining the useful lives of tangible capital assets for amortization, the allowance for uncollectible levies and accounts receivable and contingent liabilities. Actual results could differ from management's best estimates, as additional information becomes available in the future.

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

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:

	2014 \$	2013 \$
Total special charges outstanding	787,886	911,780
Less: allowance for uncollected special charges	<u>(638,500)</u>	<u>(628,500)</u>
Special charges receivable	<u>149,386</u>	<u>283,280</u>

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

	2014 \$	2013 \$
Special charges written-off	107,532	180,486
Increase (decrease) in provision for losses on assessment appeals	10,000	(56,500)
	<u>117,532</u>	<u>123,986</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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.

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. CAPITAL EXPENSES

In order to finance major capital expenses the BIA annually budgets certain amounts and accumulates them. Once adequate funds have accumulated, the BIA undertakes capital improvement projects. 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 capital 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, 2014**

9. CONTINGENT LIABILITY

Due to unexpected circumstances such as asbestos removal, hydro delays etc. The Bloor Street Transformation Project cost is approximately \$2.4 million more than the initial estimate. 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. BUDGET

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

