

Appendix O:

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2014

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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, 2014, 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, 2014, 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.

Rosenswig McRae Thorpe LLP

Toronto, Canada
March 12, 2015

Chartered Accountants
Licensed Public Accountants

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

ASSETS

	<u>2014</u>	<u>2013</u>
Cash	\$ 376,266	\$ 578,518
Investments (Note 3)	700,000	250,000
Accounts receivable		
City of Toronto - special charges (Note 4)	101,385	71,641
Other	<u>168,994</u>	<u>113,081</u>
	<u>1,346,645</u>	<u>1,013,240</u>

LIABILITIES

Accounts payable and accrued liabilities	<u>148,242</u>	<u>156,622</u>
Net financial assets	<u>1,198,403</u>	<u>856,618</u>

NON FINANCIAL ASSETS

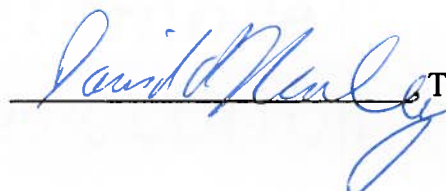
Prepaid expenses	<u>21,622</u>	<u>7,963</u>
Accumulated surplus (Note 5)	<u>\$ 1,220,025</u>	<u>\$ 864,581</u>

Accumulated surplus is comprised of:

Restricted surplus (Note 5)	\$ 820,025	\$ -
Unrestricted surplus	<u>400,000</u>	<u>864,581</u>
	<u>\$ 1,220,025</u>	<u>\$ 864,581</u>

Approved on behalf of the Board of Management:

 _____, Chair

 _____, Treasurer

See accompanying notes.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014**

	2014		2013
	<u>Actual</u>	<u>Budget</u> (Note 9)	
Revenue			
City of Toronto - special charges	\$ 1,549,600	\$ 1,543,714	\$ 1,546,598
Interest income	11,299	5,000	8,197
Other income	1,307	10,630	-
	<u>1,562,206</u>	<u>1,559,344</u>	<u>1,554,795</u>
Expenses			
Administration	342,056	379,802	340,066
Strategic planning	297,149	239,073	158,347
Streetscape - non cost share	237,836	289,811	295,230
Communications	209,170	210,320	164,804
Provision for levies in appeals	105,850	140,338	79,494
Streetscape - cost share	14,701	300,000	-
	<u>1,206,762</u>	<u>1,559,344</u>	<u>1,037,941</u>
Annual surplus	<u>\$ 355,444</u>	<u>\$ -</u>	<u>\$ 516,854</u>

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
STATEMENT OF NET FINANCIAL ASSETS
DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Annual surplus	\$ 355,444	\$ 516,854
Increase in prepaid expense	<u>(13,659)</u>	<u>(3,796)</u>
Change in net financial assets	341,785	513,058
Net financial assets, beginning of year	<u>856,618</u>	<u>343,560</u>
Net financial assets, end of year	<u>\$ 1,198,403</u>	<u>\$ 856,618</u>

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Cash from operating activities:		
Excess of revenue over expenditures for the year	\$ 355,444	\$ 516,854
Changes in non-cash working capital balances:		
(Increase) decrease in accounts receivable		
- City of Toronto - special charges	(29,744)	(163,103)
- Other	(55,913)	(74,123)
Increase in prepaid expenses	(13,659)	(3,796)
(Decrease) increase in accounts payable and accrued liabilities - other	<u>(8,380)</u>	<u>6,309</u>
	<u>247,748</u>	<u>282,141</u>
Cash flows used in investing activities		
Purchase of investments	<u>(450,000)</u>	<u>(250,000)</u>
Increase in cash	(202,252)	32,141
Cash, beginning of year	<u>578,518</u>	<u>546,377</u>
Cash, end of year	<u>\$ 376,266</u>	<u>\$ 578,518</u>

TORONTO FINANCIAL DISTRICT BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014**

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 1.22% annually and matures January 2, 2015.

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("City") are collected and remitted to the BIA by the City. The total special charges outstanding (owing) consist of amounts collected by the City not yet remitted to the BIA and amounts uncollected by the City.

The BIA 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>2014</u>	<u>2013</u>
Total special charges outstanding	\$ 336,585	\$ 280,541
Less: Allowance for special charges in appeals	<u>(235,200)</u>	<u>(208,900)</u>
Special charges receivable (payable)	<u>\$ 101,385</u>	<u>\$ 71,641</u>

5. Annual surplus

The Board has internally restricted surplus in excess of \$400,000 towards capital projects.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

6. Insurance

The BIA 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.

7. 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, 2014 the BIA had a commitment outstanding relating to their 2014 capital improvement projects in the amount of \$6,558 (2013 - \$12,349).
- b) During the year, the BIA committed to partnering with Strategic Regional Research Associates. The BIA contributed \$40,000 in 2014 and will contribute \$30,000 per year in 2015 and 2016 towards the research project.
- c) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2015	\$	57,220
2016		<u>8,160</u>
	\$	<u>65,380</u>

8. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, 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.

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, 2014**

8. Financial instruments risks (continued)

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.

9. 2014 Budget

The 2014 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 12, 2015.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Administration		
Salaries and benefits	\$ 204,623	\$ 186,840
Occupancy costs	51,934	47,943
Utilities	23,801	27,571
Professional fees	17,685	17,695
Meeting expenses	17,496	20,021
Memberships	6,628	5,644
Consulting fees	5,851	11,244
General office	5,350	9,898
Insurance	4,061	4,067
Travel	2,845	7,959
Interest and bank charges	<u>1,782</u>	<u>1,184</u>
	<u>342,056</u>	<u>340,066</u>
Strategic Planning		
Salaries and benefits	103,142	94,108
Master Plan	54,700	38,363
Research	46,920	-
Advocacy	32,628	16,514
Parking enforcement	26,326	-
Public realm compliance	22,768	-
Meeting expenses	4,143	2,086
Consulting fees	3,301	3,450
Travel	2,329	3,208
Memberships	<u>892</u>	<u>618</u>
	<u>297,149</u>	<u>158,347</u>
Communications		
Salaries and benefits	132,358	120,510
Advertising and promotion	62,709	30,068
Travel	8,463	4,514
Consulting fees	3,393	8,342
Meeting expenses	<u>2,247</u>	<u>1,370</u>
	<u>209,170</u>	<u>164,804</u>
Streetscape improvements - non cost share	<u>237,836</u>	<u>295,230</u>
Streetscape improvements - cost share	<u>14,701</u>	<u>-</u>
Provision for levies in appeals	<u>105,850</u>	<u>79,494</u>
	<u>\$ 1,206,762</u>	<u>\$ 1,037,941</u>