

Appendix E:

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

**Financial Statements
For the Year Ended December 31, 2010**

**BLOOR STREET
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2010

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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 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, 2010 and the statements of revenue, expenditure and operating surplus and changes in financial position 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.

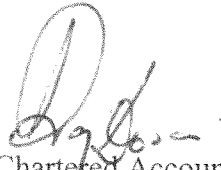
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2010 and its results of financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
March, 2011


Chartered Accountant
Licensed Public Accountant

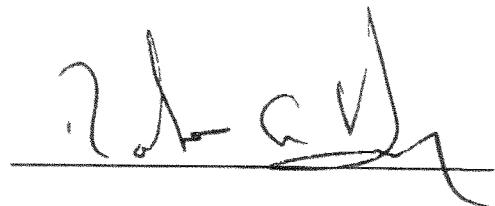
**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

	2010	2009
	\$	\$
ASSETS		
Current		
Cash and short-term investments	1,293,712	1,353,158
Accounts receivable		
City of Toronto – special charges (Note 3)	-	-
Other	61,647	15,321
Current portion of long-term receivable	432,314	411,728
	<u>1,787,673</u>	<u>1,780,207</u>
Long-term receivable		
Amount to be recovered in the future (Note 4)	10,738,836	11,171,150
	<u>12,526,509</u>	<u>12,951,357</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 3)	3,061	68,504
Other	86,214	54,899
Current portion of long-term loan payable	432,314	411,728
	<u>521,589</u>	<u>535,131</u>
Long-term		
Loan payable (Note 5)	10,738,836	11,171,150
Capital fund balance	1,266,084	1,245,076
	<u>12,526,509</u>	<u>12,951,357</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CAPITAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 \$ Budget (Note 8)	2010 \$ Actual	2009 \$ Actual
REVENUE			
City of Toronto – special charges	1,650,000	1,661,350	1,650,000
Donations and sponsorships	255,000	462,815	250,000
Interest and Other	-	11,284	10,384
	1,905,000	2,135,449	1,910,384
EXPENDITURE			
Administration	6,500	4,568	8,784
Consultants and architects fees	306,000	402,003	447,925
Maintenance	250,000	204,256	
Promotion & advertising	233,500	314,715	171,073
Debt repayment	990,872	990,872	990,872
Contribution BSTP Maintenance Reserve Fund (Note 5)	30,000	30,000	30,000
Provision for uncollected special charges (Note 3)	222,120	168,027	236,779
	2,038,992	2,114,441	1,885,433
NET INCREASE (DECREASE) IN CAPITAL FUND BALANCE FOR THE YEAR	(133,992)	21,008	24,951
CAPITAL FUND BALANCE, BEGINNING OF YEAR	1,245,076	1,245,076	1,220,125
CAPITAL FUND BALANCE, END OF YEAR	1,111,084	1,266,084	1,245,076

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 \$	2009 \$
CASH PROVIDED BY OPERATIONS		
Net increase in capital fund balance for the year	21,008	24,951
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	-	110,056
Accounts receivable – other	(66,912)	1,873
Accounts payable - City of Toronto	(65,443)	-
Accounts payable – other	51,901	26,616
CASH PROVIDED BY OPERATIONS	<u>(59,446)</u>	<u>163,496</u>
FINANCING ACTIVITIES		
Payment of loan	(411,728)	(392,121)
Amount to be recovered in future	411,728	392,121
	<u>-</u>	<u>-</u>
Net increase in cash and short-term investments	(59,446)	163,496
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	<u>1,353,158</u>	<u>1,189,662</u>
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<u>1,293,712</u>	<u>1,353,158</u>

**THE BOARD OF MANAGEMENT FOR THE
BLOOR STREET BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 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 expenditures are recorded using the accrual basis of accounting.
- (b) Tangible capital assets acquisitions are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:
 - Computer equipment - 3 years
 - Furniture and equipment - 5 years
 Other capital expenditures are charged to operations in the year of acquisition.
- (c) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.

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:

	2010	2009
	\$	\$
Total special charges outstanding	752,039	524,295
Less: allowance for uncollected special charges	(755,100)	(592,800)
Special charges receivable (payable)	<u>(3,061)</u>	<u>(68,505)</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, 2010**

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

	2010 \$	2009 \$
Special charges written-off	5,727	24,979
Increase in provision for losses on assessment appeals	162,300	211,800
	<u>168,027</u>	<u>236,779</u>

**4. AMOUNT TO BE RECOVERED IN THE FUTURE
LOAN PAYABLE**

In order to finance the cost of the Bloor Street Transformation Project, 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 2009. The remaining balance amounting to \$11,975,000, to bear interest at the rate of five percent (5%) per annum and repayable, commencing December 2010, in 20 annual installments of \$990,892 each consisting of principal and interest. The loan will mature in 2027.

In addition, local development projects have provided contributions amounting to \$2,125,000 for this project. The City maintains this amount in a reserve fund to be applied towards the cost of this project.

5. BLOOR STREET TRANSFORMATION MAINTENANCE RESERVE FUND

BIA is required to contribute \$30,000 annually, commencing in 2010 and ending in 2027 to a maximum amount of \$540,000, to the City's Bloor Street Transformation Maintenance Reserve 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, 2010**

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 approximate 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. 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.

9. CONTINGENT LIABILITY

Due to unexpected circumstances such as asbestos removal, Hydro delays etc. The Bloor Street Transformation Project cost is approximately \$4 million over budget. As the Project was managed by the 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.