

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

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

THE WATERFRONT BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2010

CONTENTS

	<u>Page</u>
Auditor's report	3
Financial statements	
Statement of financial position	4
Statement of revenue, expenditure and operating surplus	5
Statement of changes in financial position	6
Notes to financial statements	7 – 9

AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for the The Waterfront Business Improvement Area

I have audited the accompanying financial statements of The Waterfront 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

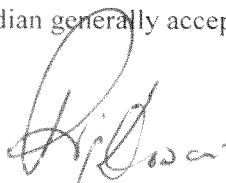
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.



Chartered Accountant
Licensed Public Accountant

Toronto, Ontario
July 29, 2011


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

	2010	2009
	\$	\$
ASSETS		
CURRENT		
Cash and short-term investments	65,277	43,238
Accounts receivable		
Prepaid Expenses	134	10,514
Deferred Expenses (Note 5)	99	122,231
Other	14,300	31,108
	<u>79,810</u>	<u>207,091</u>
Capital assets, net (note 4)	32,376	-
	<u>112,186</u>	<u>207,091</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		
City of Toronto – special charges (Note 3)	82,681	54,427
Deferred Revenue (Note 6)	60,000	167,500
Other	77,905	12,952
	<u>220,586</u>	<u>234,879</u>
ACCUMULATED SURPLUS (DEFICIT)		
Restricted	32,376	-
Unrestricted	(140,776)	(27,788)
	<u>(108,400)</u>	<u>(27,788)</u>
	<u>112,186</u>	<u>207,091</u>

Approved on behalf of the Board of Management:



 Chair



 Treasurer

THE BOARD OF MANAGEMENT FOR THE
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 \$ Budget (Note 10)	2010 \$ Actual	2009 \$ Actual
REVENUE			
City of Toronto – special levies	694,418	694,659	414,627
Grants, sponsorships, interest and other	755,924	834,873	65,802
	<u>1,450,342</u>	<u>1,529,532</u>	<u>480,429</u>
EXPENDITURE			
Administration	222,490	197,041	100,649
Promotion and advertising	1,086,695	1,249,394	281,606
Maintenance	20,000	14,135	12,734
Capital / amortization	10,000	9,922	-
Provision for uncollected levies (Note 3)	111,157	139,652	86,285
	<u>1,450,342</u>	<u>1,610,144</u>	<u>481,274</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	-	(80,612)	(845)
OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>(27,788)</u>	<u>(27,788)</u>	<u>(26,943)</u>
OPERATING SURPLUS (DEFICIT), END OF YEAR (Note 7)	<u>(27,788)</u>	<u>(108,400)</u>	<u>(27,788)</u>

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

	2010 \$	2009 \$
CASH PROVIDED BY OPERATIONS		
Excess (deficiency) of revenue over expenditure for the year	(80,612)	(845)
Add: non-cash item		
Amortization of capital assets	9,922	-
Increase (decrease) resulting from changes in		
Accounts receivable – Other	16,808	41,662
Prepaid Expenses	10,380	(10,514)
Deferred Expenses	122,132	(122,231)
Accounts payable – City of Toronto	28,254	2,009
Accounts payable – Other	64,953	(23,682)
Deferred Revenue	(107,500)	167,500
CASH PROVIDED BY OPERATIONS	64,337	53,899
INVESTING ACTIVITY		
Purchase of capital assets	(42,298)	-
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	<u>43,238</u>	<u>(10,661)</u>
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	<u>65,277</u>	<u>43,238</u>

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

1. ESTABLISHMENT AND OPERATIONS

The The Waterfront 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 expenditures 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:

Flags and banners	3 years
Street & Christmas lights	5 years
Computer	3 years
Office Furniture & Equipment	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
 THE WATERFRONT BUSINESS IMPROVEMENT AREA
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D
 FOR THE YEAR ENDED DECEMBER 31, 2010

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 / to the City of Toronto are comprised of:

	2010 \$	2009 \$
Total special charges outstanding	284,919	194,273
Less: allowance for uncollected special charges	(367,600)	(248,700)
Special charges receivable (payable)	<u>(82,681)</u>	<u>(54,427)</u>

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

	2010 \$	2009 \$
Special charges written-off	20,752	7,885
Change in allowance for uncollected special charges	118,900	78,400
	<u>139,652</u>	<u>86,285</u>

THE BOARD OF MANAGEMENT FOR THE
 THE WATERFRONT BUSINESS IMPROVEMENT AREA
 NOTES TO THE FINANCIAL STATEMENTS, CONT'D
 FOR THE YEAR ENDED DECEMBER 31, 2010

4. CAPITAL ASSETS

	2010		
	Cost	Accumulated Amortization	Net book Value
Lights	14,745	2,949	11,796
Banners	10,968	3,656	7,312
Office Furniture & Equipment	16,585	3,317	13,268
	42,298	9,922	32,376

5. DEFERRED EXPENSES

Deferred expenses consist of payments for the 2011 Festival. These will be recognized as expenses in 2011 when the festival occurs.

6. DEFERRED REVENUE

Deferred revenue consists of revenue for the 2011 Festival. It will be recognized in 2011 when the festival will be hosted.

7. DEFICIT

There are adequate funds included in the 2011 budget to cover year 2010 deficit.

8. 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.

9. FINANCIAL INSTRUMENTS

The financial instruments recognized in the statement of financial position consist of cash and short-term investments, accounts receivable, deferred revenue 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.

10. 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.