

Appendix Q:

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2012

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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 statement of financial position for the Toronto Financial District Business Improvement Area as at December 31, 2012 and the statements of operations and accumulated surplus and cash flows for the year then ended.

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 for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants 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 plan and perform an 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 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, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Toronto, Canada
March 8, 2013

Rosenswig McRae Thorpe LLP

Chartered Accountants
Licensed Public Accountants

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

Current

Cash (Note 3)	\$ 546,377
Accounts receivable	38,958
Prepaid expenses	<u>4,167</u>
	<u>\$ 589,502</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	
City of Toronto - special charges (Note 4)	\$ 91,462
Other	<u>150,313</u>
	<u>241,775</u>

ACCUMULATED SURPLUS

Unrestricted surplus	<u>347,727</u>
	<u>\$ 589,502</u>

Approved on behalf of the Board of Management:

Don M. Stewart, Chair

David M. Kelly Treasurer

See accompanying notes.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

**STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012**

	<u>Actual</u>	<u>Budget</u> (note 9)
Revenue		
City of Toronto - special charges	\$ <u>954,768</u>	\$ <u>949,300</u>
Expenses		
Strategic planning	240,327	512,500
Administration	183,794	350,500
Provision for levies in appeals	<u>182,920</u>	<u>86,300</u>
	<u>607,041</u>	<u>949,300</u>
Annual surplus	347,727	\$ <u><u>-</u></u>
Accumulated surplus, beginning of year	<u>-</u>	
Accumulated surplus, end of year	<u>\$ 347,727</u>	

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2012

Cash from operating activities	
Excess of revenue over expenditures for the year	\$ 347,727
Changes in non-cash working capital balances:	
Increase in accounts receivable	(38,958)
Increase in prepaid expenses	(4,167)
Accounts payable and accrued liabilities	
Increase in City of Toronto - special charges	150,313
Increase in Other	<u>91,462</u>
	<u>546,377</u>
Increase in cash	546,377
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>\$ 546,377</u>

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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 generally accepted accounting principles for local governments as prescribed by the Canadian Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), 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.

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, 2012

3. Cash

Included in cash is \$10,000 held as collateral against the BIA visa card and is not available for current use.

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("City") are collected and remitted to the Board by the City. The total special charges outstanding (owing) 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 net of an allowance for uncollected amounts. The special charges receivable (payable) from (to) the City of Toronto are comprised of:

Total special charges outstanding	\$ 90,238
Less: Allowance for special charges in appeals	<u>(181,700)</u>
Special charges payable	<u>\$ (91,462)</u>

5. Contractual commitments

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, 2012 the BIA had no such commitment outstanding.

The Board has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

2013	\$	50,760	
2014		24,470	
2015		<u>7,360</u>	
	\$	<u>82,590</u>	

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

6. Insurance

The Board 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. 2012 Budget

The 2012 budget figures on the statement of revenue, expenditures and operating surplus are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Thorpe LLP dated March 8, 2013.