

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

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

THE WATERFRONT 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 surplus	5
Statement of changes in net financial assets	6
Statement of cash flows	7
Notes to financial statements	8 – 11

INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the City of Toronto and the Board of Management for 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, 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.

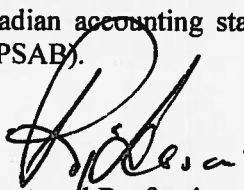
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 the The Waterfront 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
May 28, 2015


Chartered Professional Accountant
Licensed Public Accountant


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

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash and short-term investments	377,523	450,495
Accounts receivable		
City of Toronto- Special charges (Note 3)	47,291	-
Prepaid Expenses	22,782	944
Other	8,788	5,193
	<u>456,384</u>	<u>456,632</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto - Special charges (Note 3)	-	52,685
City of Toronto – Other	1,247	-
Other	22,618	53,844
	<u>23,865</u>	<u>106,529</u>
NET FINANCIAL ASSETS	432,519	350,103
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4)	-	7,695
ACCUMULATED SURPLUS	<u>432,519</u>	<u>357,798</u>

Approved on behalf of the Board of Management:



Chair



Treasurer

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 \$ Budget (Note 9)	2014 \$ Actual	2013 \$ Actual
REVENUE			
City of Toronto – special charges	687,514	687,514	688,004
Grants, sponsorships, interest and other	39,700	83,481	80,969
	<u>727,214</u>	<u>770,995</u>	<u>768,973</u>
EXPENSES			
Administration	285,610	274,804	260,236
Promotion and advertising	455,300	447,442	447,296
Maintenance	20,500	7,891	10,548
Capital (Note 7)	130,500	5,114	-
Amortization	-	7,695	7,695
Provision for (recover of) uncollected special charges (Note 3)	53,304	(46,672)	226,960
	<u>945,214</u>	<u>696,274</u>	<u>952,735</u>
SURPLUS (DEFICIT) FOR THE YEAR	(218,000)	74,721	(183,762)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>357,798</u>	<u>357,798</u>	<u>541,560</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>139,798</u>	<u>432,519</u>	<u>357,798</u>

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

	2014	2013
	\$	\$
Surplus (deficit) for the year	74,721	(183,762)
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	7,695	7,695
	82,416	(176,067)
Balance - Beginning of year	350,103	526,170
Balance - End of year	<u>432,519</u>	<u>350,103</u>

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

	2014 \$	2013 \$
Cash flows from operating activities		
Surplus (deficit) for the year	74,721	(183,762)
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	7,695	7,695
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(47,291)	210,999
Accounts receivable – other	(3,595)	3,400
Prepaid Expenses	(21,838)	3,198
Accounts payable - City of Toronto	(51,438)	52,685
Accounts payable – other	(31,226)	21,206
	<hr/>	<hr/>
Cash Provided By (Used In) Operations	(72,972)	115,421
Investing Activities		
Purchase of tangible capital assets	-	-
Cash and short-term investments, Beginning Of Year	450,495	335,074
	<hr/>	<hr/>
Cash and short-term investments, End Of Year	377,523	450,495
	<hr/>	<hr/>

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

1. ESTABLISHMENT AND OPERATIONS

The Waterfront (Formerly known as Queens Quay Harbourfront) 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 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.

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:

Banners	3 years	Computers	3 years
Office Furniture	5 years	Lights	5 years

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.

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

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 the City of Toronto are comprised of:

	2014	2013
	\$	\$
Total special charges outstanding	189,491	298,115
Less: allowance for uncollected special charges	(142,200)	(350,800)
Special charges receivable (payable)	<u>47,291</u>	<u>(52,685)</u>

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

	2014	2013
	\$	\$
Special charges written-off	161,928	126,060
Provision for losses on assessment appeals	(208,600)	100,900
	<u>(46,672)</u>	<u>226,960</u>

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

4. CAPITAL ASSETS

	2014			
	Office Furniture	Computers	Lights	Total
Cost				
Beginning	16,585	4,287	14,745	46,585
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	16,585	4,287	14,745	46,585
Accumulated Amortization				
Beginning	13,268	2,858	11,796	38,890
Amortization	3,317	1,429	2,949	7,695
Disposals	-	-	-	-
Ending	13,268	2,858	11,796	46,585
Net Book Value	-	-	-	-

	2013			
	Office Furniture	Computers	Lights	Total
Cost				
Beginning	16,585	4,287	14,745	46,585
Additions	-	-	-	-
Disposals	-	-	-	-
Ending	16,585	4,287	14,745	46,585
Accumulated Amortization				
Beginning	9,951	1,429	8,847	31,195
Amortization	3,317	1,429	2,949	7,695
Disposals	-	-	-	-
Ending	13,268	2,858	11,796	38,890
Net Book Value	3,317	1,429	2,949	7,695

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

5. 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.

6. 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.

7. CAPITAL EXPENSES

In order to finance major capital expenses, the BIA annually budgets certain amounts and accumulates them as surplus. Once adequate funds have accumulated, the BIA undertakes cost-shared Capital Improvement projects with the City 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 surplus.

8. COMMITMENTS

The Board, in co-operation with the City, has implemented cost-shared capital improvement projects on publicly owned property for several years. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. The Board is committed to capital improvement projects of which the Board's share of \$247,507 (2013 - \$nil) was outstanding as at December 31, 2014.

9. BUDGET

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