

Appendix O:

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

Strathmore
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**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

DECEMBER 31, 2015

CONTENTS

| | <u>Page</u> |
|-----------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 2 |
| Statement of Operations | 3 |
| Statement of Net Financial Assets | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-9 |
| Schedule of Expenses | 10 |

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, 2015, 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, 2015, 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 3, 2016

Chartered Professional Accountants
Licensed Public Accountants

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Cash | \$ 1,110,588 | \$ 376,266 |
| Investments (Note 3) | 500,000 | 700,000 |
| Accounts receivable | | |
| City of Toronto - special charges (Note 4) | 141,491 | 101,385 |
| Other | <u>45,956</u> | <u>168,994</u> |
| | <u>1,798,035</u> | <u>1,346,645</u> |

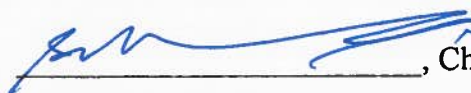
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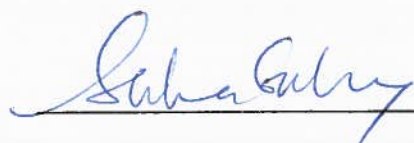
| | | |
|--|------------------|------------------|
| Accounts payable and accrued liabilities | <u>122,079</u> | <u>148,242</u> |
| Net financial assets | <u>1,675,956</u> | <u>1,198,403</u> |

NON FINANCIAL ASSETS

| | | |
|--------------------------------------|---------------------|---------------------|
| Prepaid expenses | <u>7,614</u> | <u>21,622</u> |
| Accumulated surplus (Note 5) | <u>\$ 1,683,570</u> | <u>\$ 1,220,025</u> |
| Accumulated surplus is comprised of: | | |
| Restricted surplus (Note 5) | \$ 1,283,570 | \$ 820,025 |
| Unrestricted surplus | <u>400,000</u> | <u>400,000</u> |
| | <u>\$ 1,683,570</u> | <u>\$ 1,220,025</u> |

Approved on behalf of the Board of Management:

 _____, Chair

 _____, Treasurer

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

| | <u>2015</u> | | <u>2014</u> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| | <u>Actual</u> | <u>Budget</u> | |
| | | Unaudited (Note 9) | |
| Revenue | | | |
| City of Toronto - special charges | \$ 1,544,275 | \$ 1,543,714 | \$ 1,549,600 |
| Interest income | 11,329 | 9,000 | 11,299 |
| Other income | <u>1,987</u> | <u>-</u> | <u>1,307</u> |
| | <u>1,557,591</u> | <u>1,552,714</u> | <u>1,562,206</u> |
| Expenses | | | |
| Administration | 399,110 | 377,531 | 342,056 |
| Advocacy and urban realm | 252,786 | 284,177 | 297,149 |
| Communications | 213,453 | 220,082 | 209,170 |
| Streetscape - non cost share | 196,596 | 299,295 | 237,836 |
| Provision for levies in appeals | 32,101 | 140,338 | 105,850 |
| Streetscape - cost share | <u>-</u> | <u>231,291</u> | <u>14,701</u> |
| | <u>1,094,046</u> | <u>1,552,714</u> | <u>1,206,762</u> |
| Annual surplus | <u>\$ 463,545</u> | <u>\$ -</u> | <u>\$ 355,444</u> |

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
STATEMENT OF NET FINANCIAL ASSETS
DECEMBER 31, 2015**

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Annual surplus | \$ 463,545 | \$ 355,444 |
| Decrease (increase) in prepaid expense | <u>14,008</u> | <u>(13,659)</u> |
| Change in net financial assets | 477,553 | 341,785 |
| Net financial assets, beginning of year | <u>1,198,403</u> | <u>856,618</u> |
| Net financial assets, end of year | <u>\$ 1,675,956</u> | <u>\$ 1,198,403</u> |

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**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

STATEMENT OF CASH FLOWS

DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|-------------------|
| Cash from operating activities: | | |
| Excess of revenue over expenditures for the year | \$ 463,545 | \$ 355,444 |
| Changes in non-cash working capital balances: | | |
| Decrease (increase) in accounts receivable | | |
| - City of Toronto - special charges | (40,106) | (29,744) |
| - Other | 123,038 | (55,913) |
| Decrease (increase) in prepaid expenses | 14,008 | (13,659) |
| Decrease in accounts payable and accrued liabilities | | |
| - other | <u>(26,163)</u> | <u>(8,380)</u> |
| | <u>534,322</u> | <u>247,748</u> |
| Cash flows used in investing activities | | |
| Proceeds on maturity (purchase) of investments | <u>200,000</u> | <u>(450,000)</u> |
| Increase (decrease) in cash | 734,322 | (202,252) |
| Cash, beginning of year | <u>376,266</u> | <u>578,518</u> |
| Cash, end of year | <u>\$ 1,110,588</u> | <u>\$ 376,266</u> |

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Professional Accountants. The significant accounting policies are summarized 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 CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. Significant accounting policies (continued)

d) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition.

e) Cost-share expenditures

The Board, in co-operation with the City, agrees to cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually incorporated in a multi-year tender by the city. The BIA's share of the cost are not invoiced by the City until contracts are closed. The BIA accrues the costs in the financial statements when the invoices are received from the City. These amounts are identified in Note 7 - Contractual commitments.

3. Investments

Investments consists of a guaranteed investment certificate earning interest of 0.8% annually and matures March 2016. Subsequent to the maturity, a new GIC was purchased for \$1,500,000 earning interest of 0.83% due June 2016.

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 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 from the City of Toronto are comprised of:

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Total special charges outstanding | \$ 352,191 | \$ 336,585 |
| Less: Allowance for special charges in appeals | <u>(210,700)</u> | <u>(235,200)</u> |
| Special charges receivable | <u>\$ 141,491</u> | <u>\$ 101,385</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, 2015**

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 \$10,000,000 for each occurrence or accident has been obtained by the Board, through the City of Toronto.

7. Contractual commitments

- a) As at December 31, 2015 the BIA had an estimated commitment outstanding relating to their 2015 cost-shared capital improvement projects expenditures in the amount of \$558,427 (2014 - \$6,558).
- b) During the year, the BIA committed to partnering with Strategic Regional Research Associates. The BIA contributed \$30,000 in 2015 and will contribute \$30,000 in 2016 towards the research project.
- c) The BIA has contractual commitments to minimum annual operating payments for equipment and other contractual obligations as follows:

| | | |
|------|----|----------------|
| 2016 | \$ | 84,700 |
| 2017 | | 78,600 |
| 2018 | | <u>17,640</u> |
| | \$ | <u>180,940</u> |

- d) In 2015, the BIA established a long-term retention bonus plan. The sole beneficiary under the scheme is the Executive Director and the amount is not payable under the plan before a pre-determined date. The cost associated with the retention bonus is recognized evenly over the period to the pre-determined date in the income statement.

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.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. Financial instruments risks (continued)

b) 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. 2015 Budget

The 2015 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 3, 2016.

**TORONTO FINANCIAL DISTRICT
BUSINESS IMPROVEMENT AREA**

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Administration | | |
| Salaries and benefits | \$ 242,861 | \$ 204,623 |
| Occupancy costs | 51,962 | 51,934 |
| Utilities | 37,812 | 23,801 |
| Meeting expenses | 23,910 | 17,496 |
| Professional fees | 12,548 | 17,685 |
| Memberships | 6,938 | 6,628 |
| General office | 6,754 | 5,350 |
| Travel | 5,431 | 2,845 |
| Consulting fees | 4,681 | 5,851 |
| Insurance | 4,144 | 4,061 |
| Interest and bank charges | <u>2,069</u> | <u>1,782</u> |
| | <u>399,110</u> | <u>342,056</u> |
| Advocacy and urban realm | | |
| Salaries and benefits | 129,912 | 103,142 |
| Public realm compliance | 44,507 | 22,768 |
| Research | 27,016 | 46,920 |
| Advocacy | 33,871 | 32,628 |
| Master Plan | 5,902 | 54,700 |
| Consulting fees | 4,826 | 3,301 |
| Travel | 3,157 | 2,329 |
| Meeting expenses | 2,985 | 4,143 |
| Memberships | 610 | 892 |
| Parking enforcement | <u>-</u> | <u>26,326</u> |
| | <u>252,786</u> | <u>297,149</u> |
| Communications | | |
| Salaries and benefits | 137,819 | 132,358 |
| Advertising and promotion | 66,733 | 62,709 |
| Travel | 3,710 | 8,463 |
| Consulting fees | 3,053 | 3,393 |
| Meeting expenses | <u>2,138</u> | <u>2,247</u> |
| | <u>213,453</u> | <u>209,170</u> |
| Streetscape improvements - non cost share | <u>196,596</u> | <u>237,836</u> |
| Streetscape improvements - cost share | <u>-</u> | <u>14,701</u> |
| Provision for levies in appeals | <u>32,101</u> | <u>105,850</u> |
| | <u>\$ 1,094,046</u> | <u>\$ 1,206,762</u> |