

**Appendix AL:**

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

**Financial Statements  
For the Year Ended December 31, 2015**

# **WATERFRONT BUSINESS IMPROVEMENT AREA**

**DECEMBER 31, 2015**

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## **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 Waterfront Business Improvement Area, which comprise the statement of financial position as at December 31, 2015 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.

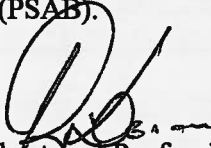
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2015 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  
April 26, 2016

  
Chartered Professional Accountant  
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015**

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments	232,773	377,523
Accounts receivable		
City of Toronto- Special charges (Note 3)	467,858	47,291
Prepaid Expenses	3,893	22,782
Other	17,675	8,788
	<u>722,199</u>	<u>456,384</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	13,975	1,247
Other	57,927	22,618
	<u>71,902</u>	<u>23,865</u>
<b>NET FINANCIAL ASSETS</b>	650,297	432,519
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 4)	46,313	-
<b>ACCUMULATED SURPLUS</b>	<u>696,610</u>	<u>432,519</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, 2015**

	<b>2015 \$ Budget (Note 9)</b>	<b>2015 \$ Actual</b>	<b>2014 \$ Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	687,276	1,075,795	687,514
Grants, sponsorships, interest and other	47,000	75,649	83,481
	<u>734,276</u>	<u>1,151,444</u>	<u>770,995</u>
<b>EXPENSES</b>			
Administration	284,977	340,287	274,804
Promotion and advertising	479,300	484,834	447,442
Maintenance	20,500	10,193	7,891
Capital (Note 7)	66,000	533	5,114
Amortization	-	14,037	7,695
Provision for (recover of) uncollected special charges (Note 3)	69,499	37,469	(46,672)
	<u>920,276</u>	<u>887,353</u>	<u>696,274</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(186,000)</b>	<b>264,091</b>	<b>74,721</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>432,519</b>	<b>432,519</b>	<b>357,798</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>246,519</b>	<b>696,610</b>	<b>432,519</b>

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Surplus for the year	264,091	74,721
Acquisition of tangible capital assets	(60,350)	-
Amortization of tangible capital assets	14,037	7,695
	217,778	82,416
Balance - Beginning of year	432,519	350,103
Balance - End of year	<u>650,297</u>	<u>432,519</u>

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	264,091	74,721
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	14,037	7,695
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(420,567)	(47,291)
Accounts receivable – other	(8,887)	(3,595)
Prepaid Expenses	18,889	(21,838)
Accounts payable - City of Toronto	12,728	(51,438)
Accounts payable – other	35,309	(31,226)
<b>Cash Used In Operations</b>	<b>(84,400)</b>	<b>(72,972)</b>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(60,350)	-
<b>Cash and short-term investments, Beginning Of Year</b>	<b>377,523</b>	<b>450,495</b>
<b>Cash and short-term investments, End Of Year</b>	<b>232,773</b>	<b>377,523</b>

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**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, 2015**

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**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:

	2015 \$	2014 \$
Total special charges outstanding	641,358	189,491
Less: allowance for uncollected special charges	(173,500)	(142,200)
Special charges receivable (payable)	<u>467,858</u>	<u>47,291</u>

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

	2015 \$	2014 \$
Special charges written-off	6,169	161,928
Provision for losses on assessment appeals	31,300	(208,600)
	<u>37,469</u>	<u>(46,672)</u>

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**4. CAPITAL ASSETS**

	<b>2015</b>				
	<b>Office Furniture</b>	<b>Computers</b>	<b>Banners</b>	<b>Lights</b>	<b>Total</b>
<b>Cost</b>					
Beginning	-	-	-	-	-
Additions	18,256	1,154	13,975	26,965	60,350
Disposals	-	-	-	-	-
<b>Ending</b>	<b>18,256</b>	<b>1,154</b>	<b>13,975</b>	<b>26,965</b>	<b>60,350</b>
<b>Accumulated Amortization</b>					
Beginning	-	-	-	-	-
Amortization	3,651	381	4,612	5,393	14,037
Disposals	-	-	-	-	-
<b>Ending</b>	<b>3,651</b>	<b>381</b>	<b>4,612</b>	<b>5,393</b>	<b>14,037</b>
<b>Net Book Value</b>	<b>14,605</b>	<b>773</b>	<b>9,363</b>	<b>21,572</b>	<b>46,313</b>

	<b>2014</b>				
	<b>Office Furniture</b>	<b>Computers</b>	<b>Banners</b>	<b>Lights</b>	<b>Total</b>
<b>Cost</b>					
Beginning	16,585	4,287	-	14,745	35,617
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>Ending</b>	<b>16,585</b>	<b>4,287</b>	<b>-</b>	<b>14,745</b>	<b>35,617</b>
<b>Accumulated Amortization</b>					
Beginning	13,268	2,858	-	11,796	27,922
Amortization	3,317	1,429	-	2,949	7,695
Disposals	-	-	-	-	-
<b>Ending</b>	<b>16,585</b>	<b>4,287</b>	<b>-</b>	<b>14,745</b>	<b>35,617</b>
<b>Net Book Value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**THE BOARD OF MANAGEMENT FOR THE  
WATERFRONT BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**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 \$3,108 (2014 - \$247,507) was outstanding as at December 31, 2015.

**9. BUDGET**

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

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5700 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637

The following information is provided for your information. The data were obtained from the analysis of the sample and are presented in the table below. The values are given in the units indicated in the table.

The results of the analysis are given in the table below. The values are given in the units indicated in the table. The values are given in the units indicated in the table.

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