

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

**Financial Statements
For the Year Ended December 31, 2016**

WATERFRONT BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2016

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 Waterfront Business Improvement Area, which comprise the statement of financial position as at December 31, 2016 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.

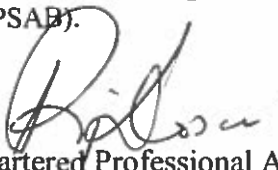
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2016 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 27, 2017



Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	252,218	116,857
Short-term investment (Note 3)	5,294	115,916
Accounts receivable		
City of Toronto- Special charges (Note 4)	406,420	467,858
Prepaid Expenses	79,297	3,893
Other	3,843	17,675
	<u>747,072</u>	<u>722,199</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	13,975
Other	28,103	57,927
	<u>28,103</u>	<u>71,902</u>
NET FINANCIAL ASSETS	718,969	650,297
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	35,622	46,313
ACCUMULATED SURPLUS	<u>754,591</u>	<u>696,610</u>

Approved on behalf of the Board of Management:


Chair


Treasurer WICE

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$ Budget (Note 10)	2016 \$ Actual	2015 \$ Actual
REVENUE			
City of Toronto – special charges	704,100	742,712	1,075,795
Grants, sponsorships, interest and other	50,700	98,266	75,649
	<u>754,800</u>	<u>840,978</u>	<u>1,151,444</u>
EXPENSES			
Administration	330,827	329,808	340,287
Promotion and advertising	357,000	315,022	484,834
Maintenance	20,500	18,377	10,193
Capital (Note 8)	125,000	1,435	533
Amortization	-	14,832	14,037
Provision for uncollected special charges (Note 4)	3,473	103,523	37,469
	<u>836,800</u>	<u>782,997</u>	<u>887,353</u>
SURPLUS (DEFICIT) FOR THE YEAR	(82,000)	57,981	264,091
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>696,610</u>	<u>696,610</u>	<u>432,519</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>614,610</u>	<u>754,591</u>	<u>696,610</u>

THE BOARD OF MANAGEMENT FOR THE
 WATERFRONT BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 \$	2015 \$
Surplus for the year	57,981	264,091
Acquisition of tangible capital assets	(4,141)	(60,350)
Amortization of tangible capital assets	14,832	14,037
	68,672	217,778
Balance - Beginning of year	650,297	432,519
Balance - End of year	718,969	650,297

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
	\$	\$
Cash flows from operating activities		
Surplus for the year	57,981	264,091
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	14,832	14,037
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	61,438	(420,567)
Accounts receivable – other	13,832	(8,887)
Prepaid Expenses	(75,404)	18,889
Accounts payable - City of Toronto	(13,975)	12,728
Accounts payable – other	(29,824)	35,309
Cash Provided By (Used In) Operations	28,880	(84,400)
Investing Activities		
Purchase of tangible capital assets	(4,141)	(60,350)
(Increase) decrease in short-term investment	110,622	(143)
Cash, Beginning Of Year	116,857	261,750
Cash, End Of Year	252,218	116,857

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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.

Short-term Investments:

Short-term investments are highly liquid financial instruments with original maturities greater than three months but less than one year and are classified as "short-term" investments. BIA classifies short-term investments as current assets and reports them at their fair market value.

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, 2016**

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. SHORT-TERM INVESTMENT

Short-term investment consists of cashable guaranteed investment certificate with the Scotia Bank. This investment bears interest at the rate of 0.85% per annum and will be maturing in 2017.

4. 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:

	2016	2015
	\$	\$
Total special charges outstanding	611,720	641,358
Less: allowance for uncollected special charges	(205,300)	(173,500)
Special charges receivable (payable)	<u>406,420</u>	<u>467,858</u>

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

	2016	2015
	\$	\$
Special charges written-off	71,723	6,169
Provision for losses on assessment appeals	31,800	31,300
	<u>103,523</u>	<u>37,469</u>

THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2016

5. CAPITAL ASSETS

	2016				
	Office Furniture	Computers	Banners	Lights	Total
Cost					
Beginning	18,256	1,154	13,975	26,965	60,350
Additions	1,768	2,373	-	-	4,141
Disposals	-	-	-	-	-
Ending	20,024	3,527	13,975	26,965	64,491
Accumulated Amortization					
Beginning	3,651	381	4,612	5,393	14,037
Amortization	3,651	1,176	4,612	5,393	14,832
Disposals	-	-	-	-	-
Ending	7,302	1,557	9,224	10,786	28,869
Net Book Value	12,722	1,970	4,751	16,179	35,622

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

**THE BOARD OF MANAGEMENT FOR THE
WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2016**

6. 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.

7. 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.

8. 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.

9. 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 \$6,166 (2015 - \$3,108) was outstanding as at December 31, 2016.

10. BUDGET

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

