

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

**Financial Statements
For the Year Ended December 31, 2017**

THE WATERFRONT BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2017

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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 The Waterfront Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 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.

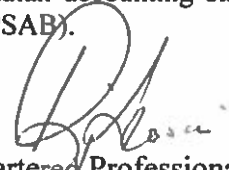
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2017 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, 2018


Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	658,680	252,218
Short-term investment (Note 3)	5,335	5,294
Accounts receivable		
City of Toronto- Special charges (Note 4)	103,568	406,420
Other	217,274	83,140
	<u>984,857</u>	<u>747,072</u>
LIABILITIES		
Accounts payable and accrued liabilities		
Other	48,614	28,103
	<u>48,614</u>	<u>28,103</u>
NET FINANCIAL ASSETS	936,243	718,969
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	45,046	35,622
ACCUMULATED SURPLUS	<u>981,289</u>	<u>754,591</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, 2017**

	2017 \$ Budget (Note 9)	2017 \$ Actual	2016 \$ Actual
REVENUE			
City of Toronto – special charges	1,152,930	1,313,378	742,712
Grants, sponsorships, interest and other	89,940	166,317	98,266
	<u>1,242,870</u>	<u>1,479,695</u>	<u>840,978</u>
EXPENSES			
Administration	360,228	380,182	329,808
Promotion and advertising	461,830	469,079	315,022
Maintenance	134,000	40,724	18,377
Capital (Note 8)	182,000	204,095	1,435
Amortization	-	23,601	14,832
Provision for (recovery of) uncollected special charges (Note 4)	(327,983)	135,316	103,523
	<u>810,075</u>	<u>1,252,997</u>	<u>782,997</u>
SURPLUS FOR THE YEAR	432,795	226,698	57,981
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>981,289</u>	<u>754,591</u>	<u>696,610</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>1,414,084</u>	<u>981,289</u>	<u>754,591</u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u> \$	<u>2016</u> \$
Surplus for the year	226,698	57,981
Acquisition of tangible capital assets	(33,025)	(4,141)
Amortization of tangible capital assets	<u>23,601</u>	<u>14,832</u>
	217,274	68,672
Balance - Beginning of year	718,969	650,297
Balance - End of year	<u><u>936,243</u></u>	<u><u>718,969</u></u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
	\$	\$
Cash flows from operating activities		
Surplus for the year	226,698	57,981
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	23,601	14,832
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	302,852	61,438
Accounts receivable – other	(134,134)	(61,572)
Accounts payable - City of Toronto	-	(13,975)
Accounts payable – other	20,511	(29,824)
Cash Provided By Operations	<u>439,528</u>	<u>28,880</u>
Investing Activities		
Purchase of tangible capital assets	(33,025)	(4,141)
(Increase) decrease in short-term investment	(41)	110,622
Cash, Beginning Of Year	<u>252,218</u>	<u>116,857</u>
Cash, End Of Year	<u><u>658,680</u></u>	<u><u>252,218</u></u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017**

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 0.21% per annum and will be maturing in 2018.

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:

	2017	2016
	\$	\$
Total special charges outstanding	389,368	611,720
Less: allowance for uncollected special charges	(285,800)	(205,300)
Special charges receivable (payable)	<u>103,568</u>	<u>406,420</u>

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

	2017	2016
	\$	\$
Special charges written-off	54,816	71,723
Provision for losses on assessment appeals	80,500	31,800
	<u>135,316</u>	<u>103,523</u>

THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2017

5. CAPITAL ASSETS

	2017				
	Office Furniture	Computers	Banners	Lights	Total
Cost					
Beginning	20,024	3,527	13,975	26,965	64,491
Additions	20,483	5,282	7,260	-	33,025
Disposals	-	-	-	-	-
Ending	40,507	8,809	21,235	26,965	97,516
Accumulated Amortization					
Beginning	7,302	1,557	9,224	10,786	28,869
Amortization	8,101	2,936	7,171	5,393	23,601
Disposals	-	-	-	-	-
Ending	15,403	4,493	16,395	16,179	52,470
Net Book Value	25,104	4,316	4,840	10,786	45,046

	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

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2017**

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. BUDGET

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

