

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

**Financial Statements
For the Year Ended December 31, 2025**

THE WATERFRONT BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2025

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Management's responsibility for the financial statements

The financial statements of the Board of Management of The Waterfront Business Improvement Area (the BIA) are the responsibility of management and have been approved by the Board of Management.

The financial statements have been prepared in compliance with the Canadian public sector accounting standards, established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 2 to the financial statements.

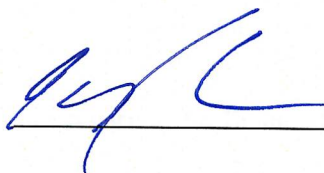
The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the BIA's financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the financial statements.

The financial statements have been audited by Rafiq Dosani, CPA, independent external auditor appointed by Waterfront BIA, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines his responsibilities, the scope of his examination and his opinion on the BIA's financial statements.

Signed by:

 Executive Director

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

Opinion

I have audited the financial statements of The Waterfront Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2025, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2025 and its financial performance and its 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).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the BIA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian Auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

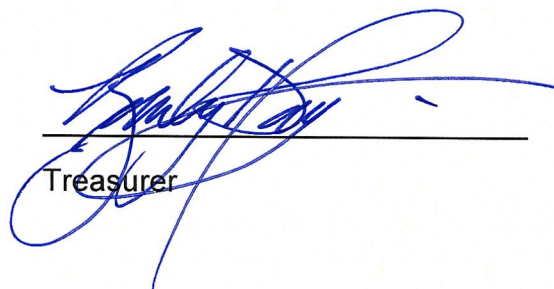
**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	2025	2024
	\$	\$
FINANCIAL ASSETS		
Cash	824,012	827,254
Short-term investments (Note 3)	305,255	295,344
Accounts receivable		
City of Toronto- Special charges (Note 4)	95,339	32,791
Other	18,312	30,875
	<u>1,242,918</u>	<u>1,186,264</u>
LIABILITIES		
Accounts payable		
City of Toronto – Special charges (Note 3)	127,200	-
Other	32,514	68,032
	<u>159,714</u>	<u>68,032</u>
NET FINANCIAL ASSETS	1,083,204	1,118,232
NON-FINANCIAL ASSETS		
Prepaid expenses	121,538	232,013
Tangible Capital Assets (Note 5)	288,518	293,741
	<u>410,056</u>	<u>525,754</u>
ACCUMULATED SURPLUS	1,493,260	1,643,986

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, 2025**

	2025 \$ Budget (Note 9)	2025 \$ Actual	2024 \$ Actual
REVENUE			
City of Toronto – special charges	2,240,958	2,242,549	2,170,158
Grants, sponsorships, interest and other	20,000	119,230	102,746
	<u>2,260,958</u>	<u>2,361,779</u>	<u>2,272,904</u>
EXPENSES			
Administration	968,875	977,024	876,592
Promotion and advertising	1,030,000	1,110,513	802,982
Maintenance	220,000	167,978	218,778
Capital (Note 8)	125,000	1,946	-
Amortization	-	140,298	111,778
Provision for uncollected special charges (Note 4)	175,021	114,746	121,472
	<u>2,518,896</u>	<u>2,512,505</u>	<u>2,131,602</u>
SURPLUS (DEFICIT) FOR THE YEAR	(257,938)	(150,726)	141,302
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,643,986	1,643,986	1,502,684
ACCUMULATED SURPLUS, END OF YEAR	<u>1,386,048</u>	<u>1,493,260</u>	<u>1,643,986</u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 \$	2024 \$
	<hr/>	<hr/>
Surplus for the year	(150,726)	141,302
Acquisition of tangible capital assets	(135,075)	(24,627)
Decrease (Increase) in prepaid expenses	110,475	(216,207)
Amortization of tangible capital assets	<u>140,298</u>	<u>111,778</u>
	(35,028)	12,246
Balance - Beginning of year	1,118,232	1,105,986
Balance - End of year	<u>1,083,204</u>	<u>1,118,232</u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 \$	2024 \$
Cash flows from operating activities		
Surplus for the year	(150,726)	141,302
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	140,298	111,778
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(62,548)	189,595
Accounts receivable – other	12,563	(13,103)
Prepaid expenses	110,475	(216,207)
Accounts payable – City of Toronto	127,200	(171,518)
Accounts payable – other	(35,518)	21,869
Cash Provided by Operations	141,744	63,716
Investing Activities	(135,075)	
Purchase of tangible capital assets		(24,627)
(Increase) decrease in short-term investments	(9,911)	(258,893)
Cash, Beginning of Year	827,254	1,047,058
Cash, End of Year	824,012	827,254

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

1. ESTABLISHMENT AND OPERATIONS

The Waterfront 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 & Computers	3 years	Waterfront RE Connect	3 years
Office Furniture	5 years	Wayfinding signs	5 years
TERRY FOX PARK	5 years	:Love Park Sculpture	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, 2025**

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 INVESTMENTS

Short-term investments consist of funds invested with Scotia Bank. These funds cashable on demand.

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:

	2025	2024
	\$	\$
Total special charges outstanding	373,927	225,991
Less: Allowance for uncollected special charges	(278,588)	(193,200)
Special charges receivable / payable	<u>95,339</u>	<u>32,791</u>

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

	2025	2024
	\$	\$
Special charges written-off	29,357	142,972
Change in provision for losses on assessment appeals	85,389	(21,500)
	<u>114,746</u>	<u>121,472</u>

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2025**

5. CAPITAL ASSETS

	2025						
	Street Signs	Computers & Banners	Terry Fox Park	Love Park Sculpture & furniture	Wayfinding Signs	Waterfront RE Connect	Total
Cost							
Beginning	9,715	126,280	100,000	88,348	129,823	205,000	659,166
Additions		7,875				127,200	135,075
Ending	9,715	134,155	100,000	88,348	129,823	332,200	794,241
Accumulated Amortization							
Beginning	5,829	120,624	40,000	35,340	62,632	101,000	365,425
Amortization	1,943	8,281	20,000	17,670	25,964	66,440	140,298
Ending	7,772	128,905	60,000	53,010	88,596	167,440	505,723
Net Book Value	1,943	5,250	40,000	35,338	41,227	164,760	288,518

	2024						
	Street Signs	Computers & Banners	Terry Fox Park	Love Park Sculpture & furniture	Wayfinding Signs	Waterfront RE Connect	Total
Cost							
Beginning	9,715	117,796	100,000	88,348	113,680	205,000	634,539
Additions	-	8,484	-	-	16,143	-	24,627
Ending	9,715	126,280	100,000	88,348	129,823	205,000	659,166
Accumulated Amortization							
Beginning	3,886	115,423	20,000	17,670	36,668	60,000	253,647
Amortization	1,943	5,201	20,000	17,670	25,964	41,000	111,778
Ending	5,829	120,624	40,000	35,340	62,632	101,000	365,425
Net Book Value	3,886	5,656	60,000	53,008	67,191	104,000	293,741

**THE BOARD OF MANAGEMENT FOR
THE WATERFRONT BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2025**

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.