

# TORONTO TRANSIT INFRASTRUCTURE LTD. REPORT NO.

**MEETING DATE:** JUNE 21, 2012

**SUBJECT:** FINANCIAL STATEMENTS OF TORONTO TRANSIT  
INFRASTRUCTURE LIMITED (TTIL) FOR THE YEAR  
ENDED DECEMBER 31, 2011

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Board:

1. Approve the attached financial statements of Toronto Transit Infrastructure Limited (TTIL) for the year ended December 31, 2011;
2. Forward a copy of the approved financial statements to the Shareholder for information; and to the City Manager, as requested by the City Budget Committee at its meeting held on March 27, 2012.

### **BACKGROUND**

On March 8, 2011, the Company's shareholder resolved to reactivate the Company for the limited purpose of providing assistance and advice to the TTC with respect to the City of Toronto Subway Project. The shareholder also resolved to amend the name of the Company, effective March 21, 2011, from Toronto Transit Consultants Limited to Toronto Transit Infrastructure Limited.

### **DISCUSSION**

In December 2009, the Canadian Institute of Chartered Accountants amended the Public Sector Accounting Standards. Under the new standards, the Company is now defined as an "other government organization" and, given the nature of its operations, has elected to adopt Public Sector Accounting Standards (PSAS).

These financial statements are the first financial statements prepared in accordance with PSAS. Other than the changes in the financial statement presentation, there was no impact on the Statement of Operations and Accumulated Deficit as at January 1, 2011 and

December 31, 2011, with adoption of PSAS.

Approval of the 2011 financial statements should be signified by the signature of the Statement of Financial Position by a Director of the Company.

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(Unaudited)  
Financial Statements of

**TORONTO TRANSIT INFRASTRUCTURE LIMITED**

Year ended December 31, 2011

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# TORONTO TRANSIT INFRASTRUCTURE LTD

Statement of Financial Position (Unaudited)

As at	Dec 31 2011	Dec 31 2010	Jan 1 2010
	(\$)	(\$)	(\$)
<b>FINANCIAL ASSETS</b>			
Cash	2,316	161,262	160,384
Interest receivable	-	171	28
<b>Total Financial Assets</b>	<b>2,316</b>	<b>161,433</b>	<b>160,412</b>
<b>LIABILITIES</b>			
Accounts payable	1,769	-	-
<b>Total Liabilities</b>	<b>1,769</b>	<b>0</b>	<b>0</b>
<b>Net Financial Assets</b>	<b>547</b>	<b>161,433</b>	<b>160,412</b>
<b>Accumulated Surplus (note 6)</b>	<b>547</b>	<b>161,433</b>	<b>160,412</b>

See accompanying notes to the financial statements

On behalf of the Board:

\_\_\_\_\_ Director

## TORONTO TRANSIT INFRASTRUCTURE LTD

Statement of Operations and Deficit (Unaudited)  
Years ended December 31

	2011	2010
	(\$)	(\$)
<b>REVENUE</b>		
Interest income	1,022	1,061
<b>Total revenue</b>	<b>1,022</b>	<b>1,061</b>
<b>EXPENSES</b>		
Research Activities	161,908	40
<b>Total expenses (note 5)</b>	<b>161,908</b>	<b>40</b>
<b>Annual (Deficit) / Surplus</b>	<b>(160,886)</b>	<b>1,021</b>
<b>Accumulated Surplus, beginning of year</b>	<b>161,433</b>	<b>160,412</b>
<b>Accumulated Surplus, end of year</b>	<b>547</b>	<b>161,433</b>

See accompanying notes to the financial statements

# TORONTO TRANSIT INFRASTRUCTURE LTD

(incorporated under the laws of the Province of Ontario)

## Statement of Cash Flows (Unaudited) Years ended December 31

	2011	2010
	(\$)	(\$)
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
Cash paid to employees	(39,785)	-
Cash paid to the government and suppliers	(120,354)	-
Cash received for interest	1,193	878
<b>Net cash flows (used in)/from operating activities</b>	<b>(158,946)</b>	<b>878</b>
Net (decrease) / increase in cash during the year	(158,946)	878
Cash, beginning of year	161,262	160,384
<b>Cash, end of year</b>	<b>2,316</b>	<b>161,262</b>

See accompanying notes to the consolidated financial statements

# TORONTO TRANSIT INFRASTRUCTURE LIMITED

Notes to Financial Statements (Unaudited)

Year ended December 31, 2011

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## 1. NATURE OF OPERATIONS

Toronto Transit Infrastructure Limited (the "Company") is incorporated under the Canada Business Corporations Act and is a wholly-owned subsidiary of the Toronto Transit Commission (the "Commission"). The Company was initially incorporated as the Toronto Transit Consultants Limited and provided professional consulting services in connection with urban transit systems worldwide. These operations ceased December 31, 1997. On March 8, 2011, the Company's shareholder resolved to reactivate the Company for the limited purpose of providing assistance and advice to the TTC with respect to the City of Toronto Subway Project. The shareholder also resolved to amend the name of the Company, effective March 21, 2011, from Toronto Transit Consultants Limited to Toronto Transit Infrastructure Limited.

## 2. ADOPTION OF AND TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS

In December 2009, the Canadian Institute of Chartered Accountants ("CICA") amended the Public Sector Accounting Standards. Under the new standards, the Company is now an "other government organization" and given the nature of its operations, has elected to adopt Public Sector Accounting Standards. These financial statements are the first financial statements prepared in accordance with Public Sector Accounting Standards (PSAS). In accordance with PS 2125 – First-Time Adoption by Government Organizations, the updated accounting policies have been applied retroactively, with a transition date of January 1, 2010. None of the optional exemptions available under PS 2125 were elected by, or applicable to, the Company.

The adoption of Public Sector Accounting Standards had no impact on the financial statements of the Company as at January 1, 2010 and December 31, 2010.

The Company adopted the recommendations of Section PS 1201 - Financial Statement Presentation. Under this model, the Balance Sheet has been replaced with a Statement of Financial Position. In addition, expenditures on the Statement of Operations have been reclassified to present expenditures by function as opposed to expenditures by object. Presentation of expenditures by object is found in note 5.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

These financial statements are prepared in accordance with the Public Sector Accounting Handbook.

### (b) Measurement uncertainty

The preparation of the financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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(c) **Revenue Recognition**

Interest revenue is recognized on an accrual basis.

(d) **Cash**

Cash consists of funds on deposit with a chartered bank.

4. **INCOME TAXES**

Pursuant to section 149(1)(d) of the Income Tax Act (Canada), the Company is exempt from federal income tax. As a result, no tax provision has been recorded in these financial statements.

5. **EXPENDITURES BY OBJECT**

The following tables provide a breakdown of the statement of operations by expenditure object:

<u>Expenses</u>	<u>2011</u>	<u>2010</u>
Wages and Payroll Expenses	44,685	-
Consultant Fees	68,481	-
Legal Fees	45,207	-
Miscellaneous	3,535	40
<b>Total Expenses</b>	<b>161,908</b>	<b>40</b>

6. **ACCUMULATED SURPLUS**

The accumulated surplus includes 1,000 common shares with a par value of \$100 each.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Retained (Deficit)/Earnings	(99,453)	61,433	60,412
Capital Stock	100,000	100,000	100,000
<b>Accumulated Surplus</b>	<b>547</b>	<b>161,433</b>	<b>160,412</b>