

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

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

**CABBAGETOWN**  
**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 Cabbagetown Business Improvement Area

I have audited the accompanying financial statements of Cabbagetown 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 Cabbagwtown 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)

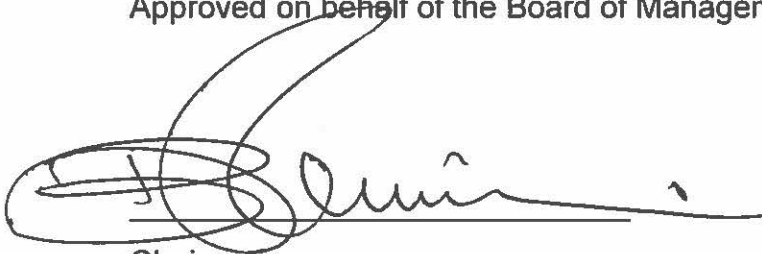
Toronto, Ontario  
March 21, 2018


  
Chartered Professional Accountant  
Licensed Public Accountant

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

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash	11,853	66,075
Short-term investments (Note 3)	76,443	77,285
Accounts receivable		
City of Toronto – special charges (Note 4)	5,235	14,805
Other	13,244	14,600
	106,775	172,765
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
City of Toronto	2,879	28,817
Other	8,121	21,810
	11,000	50,627
<b>NET FINANCIAL ASSETS</b>	95,775	122,138
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	20,960	26,090
<b>ACCUMULATED SURPLUS</b>	116,735	148,228

Approved on behalf of the Board of Management:

  
Chair

  
Treasurer

**THE BOARD OF MANAGEMENT FOR THE  
CABBAGETOWN  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b> <b>\$</b> <b>Budget</b> <b>(Note 10)</b>	<b>2017</b> <b>\$</b> <b>Actual</b>	<b>2016</b> <b>\$</b> <b>Actual</b>
<b>REVENUE</b>			
City of Toronto – special charges	199,019	199,736	195,717
Festival and sponsorship	48,000	66,765	52,538
Interest and Other	3,500	9,850	10,046
	<u>250,519</u>	<u>276,351</u>	<u>258,301</u>
<b>EXPENSES</b>			
Administration	94,873	100,138	90,422
Promotion, advertising & Cabbagetown Festival	106,500	130,344	114,171
Maintenance	47,100	57,024	41,000
Capital (Note 8)	-	-	-
Amortization	-	8,005	7,430
Provision for uncollected levies (Note 4)	2,046	12,333	4,098
	<u>250,519</u>	<u>307,844</u>	<u>257,121</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	-	(31,493)	1,180
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>148,228</u>	<u>148,228</u>	<u>147,048</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>148,228</u>	<u>116,735</u>	<u>148,228</u>

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

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	2017 \$	2016 \$
Surplus (deficit) for the year	(31,493)	1,180
Acquisition of tangible capital assets	(2,875)	(31,100)
Amortization of tangible capital assets	8,005	7,430
	(26,363)	(22,490)
Balance - Beginning of year	122,138	144,628
Balance - End of year	<u>95,775</u>	<u>122,138</u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus (deficit) for the year	(31,493)	1,180
<b>Non-cash changes to operations</b>		
Add: Non-cash item Amortization of capital assets	8,005	7,430
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	9,570	3,536
Accounts receivable – other	1,356	481
Accounts payable - City of Toronto	(25,938)	20,880
Accounts payable – other	(13,689)	17,654
<b>Cash Provided By (Used In) Operations</b>	<b>(52,189)</b>	<b>51,161</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(2,875)	(31,100)
(Increase) decrease in short-term investments	842	(734)
<b>Cash and short-term investments, Beginning Of Year</b>	<b>66,075</b>	<b>46,748</b>
<b>Cash and short-term investments, End Of Year</b>	<b>11,853</b>	<b>66,075</b>

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

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**1. ESTABLISHMENT AND OPERATIONS**

The Cabbagetown 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:

Street Signs	5 years	Planters	5 years
Parkettes	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  
CABBAGETOWN  
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 INVESTMENTS**

Short-term investments consist of a cashable guaranteed investment certificate with the TD Canada Trust and Meridian. These investments bear interest at the rate ranging from 1.40% to 3.00% 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 net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto are comprised of:

	2017	2016
	\$	\$
Total special charges outstanding	18,935	22,305
Less: allowance for uncollected special charges	<u>(13,700)</u>	<u>(7,500)</u>
Special charges receivable	<u>5,235</u>	<u>14,805</u>

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

	2017	2016
	\$	\$
Special charges written-off	6,133	6,598
Change in allowance for uncollected special charges	<u>6,200</u>	<u>(2,500)</u>
	<u>12,333</u>	<u>4,098</u>

THE BOARD OF MANAGEMENT FOR THE  
CABBAGETOWN  
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NOTES TO THE FINANCIAL STATEMENTS, CONT'D  
FOR THE YEAR ENDED DECEMBER 31, 2017

5. CAPITAL ASSETS

	2017			
	Parkettes	Planters	Street Signs	Total
<b>Cost</b>				
Beginning	31,100	-	6,050	37,150
Additions	-	2,875	-	2,875
Disposals	-	-	-	-
<b>Ending</b>	<b>31,100</b>	<b>2,875</b>	<b>6,050</b>	<b>40,025</b>
<b>Accumulated Amortization</b>				
Beginning	6,220	-	4,840	11,060
Amortization	6,220	575	1,210	8,005
Disposals	-	-	-	-
<b>Ending</b>	<b>12,440</b>	<b>575</b>	<b>6,050</b>	<b>19,065</b>
<b>Net Book Value</b>	<b>18,660</b>	<b>2,300</b>	<b>-</b>	<b>20,960</b>

	2016			
	Parkettes	Planters	Street Signs	Total
<b>Cost</b>				
Beginning	-	-	6,050	6,050
Additions	31,100	-	-	31,100
Disposals	-	-	-	-
<b>Ending</b>	<b>31,100</b>	<b>-</b>	<b>6,050</b>	<b>37,150</b>
<b>Accumulated Amortization</b>				
Beginning	-	-	3,630	3,630
Amortization	6,220	-	1,210	7,430
Disposals	-	-	-	-
<b>Ending</b>	<b>6,220</b>	<b>-</b>	<b>4,840</b>	<b>11,060</b>
<b>Net Book Value</b>	<b>24,880</b>	<b>-</b>	<b>1,210</b>	<b>26,090</b>

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

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**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 is committed to annual rent payments for office space as follows:

	\$
2018	19,680
2019	20,064
2020	20,640
2021	10,230
	<u>70,614</u>

**10. BUDGET**

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