

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

**Financial Statements
For the Year Ended December 31, 2023**

CABBAGETOWN
BUSINESS IMPROVEMENT AREA

DECEMBER 31, 2023

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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 Cabbagetown Business Improvement Area

Opinion

I have audited the financial statements of Cabbagetown Business Improvement Area (BIA), which comprise the statement of financial position as at December 31, 2023, 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, 2023 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 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 BIA 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.

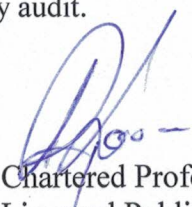
Auditor's Responsibilities for the Audit of the Financial Statements

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 Board'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.

Toronto, Ontario
August , 2024

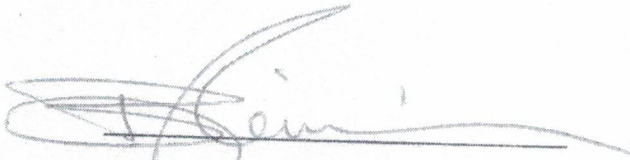

Chartered Professional Accountant
Licensed Public Accountant

August , 2024
**THE BOARD OF MANAGEMENT FOR THE
 CABBAGETOWN BUSINESS IMPROVEMENT AREA
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2023**

Licensed Public Accountant

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	67,875	113,333
Short-term investments (Note 3)	455,691	213,810
Accounts receivable		
City of Toronto – Special Charges (Note 4)	34,702	36,141
Other	24,201	18,724
	<u>582,469</u>	<u>382,008</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	-
Other	84,666	17,823
	<u>84,666</u>	<u>17,823</u>
NET FINANCIAL ASSETS	497,803	364,185
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	7,762	-
ACCUMULATED SURPLUS	<u>505,565</u>	<u>364,185</u>

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, 2023**

	2023 \$ Budget (Note 9)	2023 \$ Actual	2022 \$ Actual
REVENUE			
Special charges	427,189	426,581	391,901
Grants, festival ,interest and other	113,000	205,651	367,202
	<u>540,189</u>	<u>632,232</u>	<u>759,103</u>
EXPENSES			
Administration	198,911	173,872	169,283
Promotion, advertising & Cabbagetown Festival	158,387	225,806	397,722
Maintenance	114,600	67,931	68,811
Capital (Note 8)	13,000	15,087	31,388
Amortization	-	1,940	-
Provision for uncollected special charges (Note 4)	5,291	6,216	307
	<u>490,189</u>	<u>490,852</u>	<u>667,511</u>
SURPLUS FOR THE YEAR	50,000	141,380	91,592
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>364,185</u>	<u>364,185</u>	<u>272,593</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>414,185</u>	<u>505,565</u>	<u>364,185</u>

**THE BOARD OF MANAGEMENT FOR THE
 CABBAGETOWN BUSINESS IMPROVEMENT AREA
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 \$	2022 \$
Surplus for the year	141,380	91,592
Acquisition of tangible capital assets	(9,702)	-
Amortization of tangible capital assets	1,940	-
	133,618	91,592
Balance - Beginning of year	364,185	272,593
Balance - End of year	<u>497,803</u>	<u>364,185</u>

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
Cash flows from operating activities		
Surplus for the year	141,380	91,592
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	1,940	-
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	1,439	(18,274)
Accounts receivable – other	(5,477)	11,833
Accounts payable - City of Toronto	-	-
Accounts payable – other	66,843	(6,602)
Cash Provided By Operations	206,125	78,549
Investing activities		-
Purchase of tangible capital assets	(9,702)	-
(Increase) decrease in short-term investments	(241,881)	(100,517)
Cash, Beginning of Year	113,333	135,301
Cash, End of Year	67,875	113,333

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 levy from property owners of the BIA 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 levy from its members which is 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	Spice Garden Fence	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, 2023**

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 guaranteed investment certificates with the TD Canada Trust and Meridian Credit Union. These investments bear interest at the rate ranging from 4.80% to 5.0% per annum and will be maturing in 2024. In addition, funds are held in TD Canada Trust high interest savings account which is cashable on demand.

4. CITY OF TORONTO – SPECIAL CHARGES

The City collects levy from BIA members and remits the amount collected to the BIA. The total special charges outstanding consist of amounts collected by the City but not yet remitted to the BIA and amounts uncollected by the City.

The BIA records special charges receivable net of an allowance for uncollected amounts. The special charges receivable from the City of Toronto is comprised of:

	2023	2022
	\$	\$
Total special charges outstanding	43,302	43,241
Less: Allowance for uncollected special charges	<u>(8,600)</u>	<u>(7,100)</u>
Special charges receivable	<u>34,702</u>	<u>36,171</u>

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

	2023	2022
	\$	\$
Levy written-off	4,716	6,807
Change in allowance for uncollected levy	<u>1,500</u>	<u>(6,500)</u>
	<u>6,216</u>	<u>307</u>

THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2023

5. TANGIBLE CAPITAL ASSETS

	2023	
	Spice Garden Fences	Total
Cost		
Beginning	-	-
Additions	9,702	9,702
Disposals	-	-
Ending	9,702	9,702
Accumulated Amortization		
Beginning	-	-
Amortization	1,940	1,940
Disposals	-	-
Ending	1,940	1,940
Net Book Value	7,762	7,762

	2022		
	Planters	Street Signs	Total
Cost			
Beginning	2,875	6,050	8,925
Additions			
Disposals			
Ending	2,875	6,050	8,925
Accumulated Amortization			
Beginning	2,875	6,050	8,925
Amortization			
Disposals			
Ending	2,875	6,050	8,925
Net Book Value	-	-	-

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2023**

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.

10. 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. As at December 31, 2023, the Board in conjunction with the City was committed to capital improvement projects amounting to \$314,568 of which the Board's share was \$157,284.