

**CABBAGETOWN
BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2024

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Michael Rosenswig
Jeff McRae
Tony Rosso
Lorraine Varga
Michelle Koscec
Dustin Jainaraine

Chartered Professional Accountants
Associated with MGI Worldwide

INDEPENDENT AUDITORS' REPORT

To the Council of the Corporation of the City of Toronto and the
Board of Directors for the Cabbagetown Business Improvement Area:

Opinion

We have audited the financial statements of Cabbagetown Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2024 and the statements of operations, net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2024 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 these financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted 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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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

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

Other Matters

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.

Toronto, Canada
August 5, 2025

RMB Rosenswig McKee Rosso LLP

Chartered Professional Accountants
Licensed Public Accountants

**CABBAGETOWN
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024**

FINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Cash	\$ 300,339	\$ 130,812
Investments (Note 3)	307,293	395,060
Accounts receivable		
City of Toronto - special charges (Note 4)	17,847	34,702
Other	<u>49,299</u>	<u>24,201</u>
	<u>674,778</u>	<u>584,775</u>

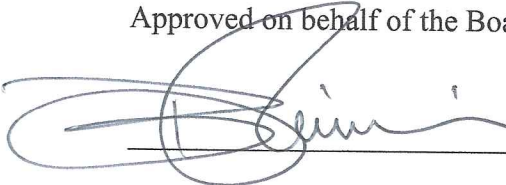
LIABILITIES

Accounts payable and accrued liabilities		
City of Toronto	\$ 13,202	\$ -
Other	70,528	86,972
Deferred revenue (Note 5)	<u>42,108</u>	<u>-</u>
	<u>125,838</u>	<u>86,972</u>
Net financial assets	<u>548,940</u>	<u>497,803</u>

NON FINANCIAL ASSETS

Tangible capital assets	<u>5,822</u>	<u>7,762</u>
Accumulated surplus (Note 6)	<u>\$ 554,762</u>	<u>\$ 505,565</u>
Restricted surplus (Note 6)	\$ 145,822	\$ 7,762
Unrestricted surplus (Note 6)	<u>408,940</u>	<u>497,803</u>
Accumulated surplus (Note 6)	<u>\$ 554,762</u>	<u>\$ 505,565</u>

Approved on behalf of the Board of Management:

 Chair

 , Treasurer

See accompanying notes.

CABBAGETOWN
BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>		<u>2023</u>
	<u>Actual</u>	<u>Budget</u> (Note 10)	
Revenue			
City of Toronto - special charges	\$ 426,867	\$ 426,867	\$ 426,581
Cabbagetown festival	260,960	105,000	144,711
Other festivals and events	11,951	7,000	1,000
Grants	67,730	12,500	47,303
Other income	<u>36,074</u>	<u>7,000</u>	<u>12,637</u>
	<u>803,582</u>	<u>558,367</u>	<u>632,232</u>
Expenses			
Cabbagetown festival	294,750	151,000	15,408
Administration	213,450	221,752	173,872
Other festivals and events	118,950	46,600	182,526
Maintenance	68,850	110,230	67,931
Provison for levies in appeals	24,190	38,806	6,216
Streetscape improvements	21,235	132,650	15,087
Promotion	11,020	8,000	27,872
Amortization	<u>1,940</u>	<u>-</u>	<u>1,940</u>
	<u>754,385</u>	<u>709,038</u>	<u>490,852</u>
Annual surplus (deficit)	<u>\$ 49,197</u>	<u>\$ (150,671)</u>	<u>\$ 141,380</u>

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
STATEMENT OF NET FINANCIAL ASSETS
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Annual surplus	\$ 49,197	\$ 141,380
Acquisition of tangible capital assets	-	(9,702)
Amortization of tangible capital assets	<u>1,940</u>	<u>1,940</u>
Change in net financial assets	51,137	133,618
Net financial assets, beginning of year	<u>497,803</u>	<u>364,185</u>
Net financial assets, end of year	<u><u>\$ 548,940</u></u>	<u><u>\$ 497,803</u></u>

CABBAGETOWN
BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Cash from operating activities		
Annual surplus	\$ 49,197	141,380
Adjustment for:		
Amortization	<u>1,940</u>	<u>1,940</u>
	51,137	143,320
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable		
City of Toronto - special charges	16,855	1,439
Other	(25,098)	(5,477)
Increase in deferred revenues	42,108	-
Increase (decrease) in accounts payable and accrued liabilities		
City of Toronto	13,202	-
Other	<u>(16,444)</u>	<u>66,843</u>
	<u>81,760</u>	<u>206,125</u>
Cash flows used in investing activities		
Change in investments	87,767	(178,944)
Purchase of tangible capital assets, art and sculptures	<u>-</u>	<u>(9,702)</u>
	<u>87,767</u>	<u>(188,646)</u>
Increase in cash position	169,527	17,479
Cash, beginning of year	<u>130,812</u>	<u>113,333</u>
Cash, end of year	<u>\$ 300,339</u>	<u>\$ 130,812</u>

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. Establishment of operations

The Cabbagetown District Business Improvement Area was designated as a business improvement area through City of Toronto By-Laws. The appointment of members to a Board of Management ("Board") to manage the Business Improvement Area ("BIA") was approved 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, through property tax billings, based on an annual operating budget prepared by the Board and approved by Council as required by Section 220 (17) of the Municipal Act, as amended.

2. Significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards ("CPSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

a) Accrual basis of accounting

The BIA follows the accrual method of accounting for revenues and expenses. Expenses are recorded on the accrual basis of accounting, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been finally settled by the payment of money.

b) Investments

Investments are recorded at cost which approximates their fair value on the date of acquisition. Subsequent to acquisition they are recorded at their fair market value.

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

2. Significant accounting policies (continued)

c) Revenue recognition

- i) City of Toronto special charges - The City of Toronto levies special charges to land owners within the BIA boundaries through the property tax system. Special charges revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.
- ii) Interest, festival, grants and other income - revenue is recognized when earned.
- iii) Restricted revenues are initially recorded as deferred revenue and are recognized as revenue in the year in which the related expenses are incurred.

d) Use of estimates

The preparation of financial statements in conformity with CPSAS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

- e) Tangible capital assets are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. These assets are tested for impairment when events or changes in circumstances indicate the carrying value may no longer be recoverable. Management believes that no such events have indicated impairment. The BIA records amortization over 5 years straight-line.
- f) Services provided without charge by the City of Toronto and others are not recorded in these financial statements.
- g) Cost-share expenditures

The Board, in co-operation with the City, agrees to cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually incorporated in a multi-year tender by the city. The BIA's share of the cost are not invoiced by the City until contracts are closed. The BIA accrues the costs in the financial statements when the invoices are received from the City.

**CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

3. Investments

Investments consist of amounts invested in guaranteed investment certificates (GIC) with maturity dates between March and November 2025 earning interest from 3.25% to 3.85%.

4. City of Toronto - special charges

Special charges levied by the City of Toronto ("City") are collected and remitted to the Board by the City. The total special charges outstanding (owing) 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:

	<u>2024</u>	<u>2023</u>
Total special charges outstanding	\$ 24,147	\$ 43,302
Less: Allowance for special charges in appeals	<u>(6,300)</u>	<u>(8,600)</u>
Special charges receivable	<u>\$ 17,847</u>	<u>\$ 34,702</u>

The City decreased allowances for special charges by \$2,300 (2023 - increased by \$1,500) for uncollectable amounts. The City also wrote off \$26,490 of levies during the year (2023 - \$4,716).

5. Deferred revenues

Deferred revenues consist of:

	<u>Opening</u>	<u>Additions</u>	<u>Recognized as Revenue</u>	<u>Closing</u>
Festivals	\$ <u>-</u>	\$ <u>42,108</u>	\$ <u>-</u>	\$ <u>42,108</u>

Deferred revenues relate to 2025 festival revenues.

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. Accumulated surplus

	2024			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 497,803	\$ -	\$ 7,762	\$ 505,565
Annual surplus	49,197	-	-	49,197
Amortization	1,940	-	(1,940)	-
Re-allocation of opening surplus	(140,000)	140,000	-	-
Accumulated surplus, end of year	\$ 408,940	\$ 140,000	\$ 5,822	\$ 554,762

	2023			
	Unrestricted surplus	Internally restricted surplus	Invested in capital assets	Total
Accumulated surplus, beginning of year	\$ 364,185	\$ -	\$ -	\$ 364,185
Annual surplus	131,678	-	9,702	141,380
Amortization	1,940	-	(1,940)	-
Accumulated surplus, end of year	\$ 497,803	\$ -	\$ 7,762	\$ 505,565

The board of directors have internally restricted \$140,000 for future capital improvements.

7. Contractual commitments

The Board, in co-operation with the City, agrees to annual cost-shared capital improvement projects on publicly owned property. The projects are long-term in nature and are usually completed subsequent to the year of Council's approval. As at December 31, 2024 the BIA has \$140,000 (2023 - \$157,284) of commitments outstanding relating to their ongoing capital improvement projects to be completed in 2025.

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
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8. Insurance

The Board is required to deposit with the City 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.

9. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash, investments, accounts receivable, accounts payable, accrued liabilities and deferred revenue. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments disclosed in Note 3.

c) Liquidity risk

Liquidity risk is the risk that the BIA will encounter difficulties in meeting obligations associated with financial liabilities. The BIA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

10. 2024 Budget

The 2024 budget figures on the statement of operations are presented for information purposes only and are not commented on by the opinion of Rosenswig McRae Rosso LLP dated August 5, 2025.

11. Annual surplus

The City of Toronto requires the BIA to budget tangible capital assets as annual expenditures. Through the year as assets are purchased they are capitalized and amortized over their useful lives. Capital assets of \$nil (2023 - \$9,702) were purchased during the year. The amortization of tangible capital assets during the year amounted to \$1,940 which reduced the annual surplus (2023 - \$1,940). The amount of surplus not invested in tangible capital assets for the year is \$51,137 (2023 - \$143,320).

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.



Michael Rosenswig
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Dustin Jainaraine

Chartered Professional Accountants
Associated with MGI Worldwide

August 5, 2025

Board of Directors
Cabbagetown Business Improvement Area
237 Carlton St.
Toronto, Ontario
M5A 2L2

Dear Board of Directors:

As part of our annual audit of your financial statements for the year ended December 31, 2024 we wish to report to you on our findings.

We wish to thank Matthew Mohan and the organization's staff for assisting us during the audit. Based on our materiality of \$15,000, there were no identified items that have not been adjusted for.

Related party transactions

We have not identified any related party transaction in the course of our audit.

Other matters

It was noted during the course of the audit that prior year audit adjusting entries are not being transacted in the internal accounting records. We recommend recording the audit entries on the last day of the fiscal year and ensuring that the ending figures for the fiscal year reconcile to the audit statement figures. This will ensure you are using the correct opening figures for the following fiscal year.

We also recommend that government funding agreements entered into are monitored to ensure that funding earned in a fiscal year is being appropriately accrued for at year end as an item receivable. This will ensure that expenditures are being recognized in the same year as funding revenues.

Internal controls

We have not noted any significant internal control matters. Though the segregation of duties is important to having a high degree of internal controls, we understand that this may not be feasible due to the limited number of personnel in the accounting and finance areas.

Yours very truly,

ROSENSWIG McRAE THORPE LLP

A handwritten signature in black ink, appearing to read 'Dustin Jainaraine', written over a light blue horizontal line.

Dustin Jainaraine, CPA, CA
DJ/dj