

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

**Financial Statements
For the Year Ended December 31, 2022**

CABBAGETOWN
BUSINESS IMPROVEMENT AREA
DECEMBER 31, 2022

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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, 2022, 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, 2022 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 16, 2023

Chartered Professional Accountant
Licensed Public Accountant

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	113,333	135,301
Short-term investments (Note 3)	213,810	113,293
Accounts receivable		
City of Toronto – Special Charges (Note 4)	36,141	17,867
Other	18,724	30,557
	<u>382,008</u>	<u>297,018</u>
LIABILITIES		
Accounts payable and accrued liabilities		
City of Toronto	-	-
Other	17,823	24,425
	<u>17,823</u>	<u>24,425</u>
NET FINANCIAL ASSETS	364,185	272,593
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	-	-
	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>364,185</u>	<u>272,593</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, 2022**

	2022 \$ Budget (Note 9)	2022 \$ Actual	2020 \$ Actual
REVENUE			
Special charges	390,954	391,901	306,495
Donations and sponsorship	77,000	323,500	5,868
Grants, interest and other	33,500	43,702	36,654
	<u>501,454</u>	<u>759,103</u>	<u>349,017</u>
EXPENSES			
Administration	171,613	169,283	167,257
Promotion, advertising & Cabbagetown Festival	160,700	397,722	47,967
Maintenance	108,600	68,811	84,552
Capital (Note 8)	13,000	31,388	6,783
Amortization	-	-	575
Provision for uncollected special charges (Note 4)	17,642	307	4,681
	<u>471,555</u>	<u>667,511</u>	<u>311,815</u>
SURPLUS FOR THE YEAR	29,899	91,592	37,202
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>272,593</u>	<u>272,593</u>	<u>235,391</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>302,492</u>	<u>364,185</u>	<u>272,593</u>

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$
Surplus for the year	91,592	37,202
Acquisition of tangible capital assets	-	-
Amortization of tangible capital assets	-	575
	91,592	37,777
Balance - Beginning of year	272,593	234,816
Balance - End of year	364,185	272,593

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$
Cash flows from operating activities		
Surplus for the year	91,592	37,202
Non-cash changes to operations		
Add: Non-cash item Amortization of capital assets	-	575
Increase (decrease) resulting from changes in		
Accounts receivable - City of Toronto	(18,274)	370
Accounts receivable – other	11,833	(1,793)
Accounts payable - City of Toronto	-	-
Accounts payable – other	(6,602)	11,130
Cash Provided By Operations	78,549	47,484
Investing activities	-	-
Purchase of tangible capital assets	-	-
(Increase) decrease in short-term investments	(100,517)	(2,296)
Cash, Beginning of Year	135,301	90,113
Cash, End of Year	113,333	135,301

**THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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		

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, 2022**

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 1.20% to 3.3% per annum and will be maturing in 2023. In addition, funds are held in TD Canada Trust high interest savings account which are 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:

	2022	2021
	\$	\$
Total special charges outstanding	43,241	31,467
Less: Allowance for uncollected special charges	(7,100)	(13,600)
Special charges receivable	<u>36,171</u>	<u>17,867</u>

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

	2022	2021
	\$	\$
Levy written-off	6,807	4,181
Change in allowance for uncollected levy	(6,500)	500
	<u>307</u>	<u>4,681</u>

THE BOARD OF MANAGEMENT FOR THE
CABBAGETOWN BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2022

5. TANGIBLE CAPITAL ASSETS

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	-	-	-	

2021				
	Parkettes	Planters	Street Signs	Total
Cost				
Beginning	31,100	2,875	6,050	40,025
Additions				-
Disposals				-
Ending	31,100	2,875	6,050	40,025
Accumulated Amortization				
Beginning	31,100	2,300	6,050	39,450
Amortization		575		575
Disposals				-
Ending	31,100	2,875	6,050	40,025
Net Book Value	-	-	-	-

**THE BOARD OF MANAGEMENT FOR THE
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NOTES TO THE FINANCIAL STATEMENTS, CONT'D
FOR THE YEAR ENDED DECEMBER 31, 2022**

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.