

CABBAGETOWN COMMUNITY ARTS CENTRE
Financial Statements
Year Ended August 31, 2025

CABBAGETOWN COMMUNITY ARTS CENTRE

Index to Financial Statements

Year Ended August 31, 2025

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Debt	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Cabbagetown Community Arts Centre

I have reviewed the accompanying financial statements of Cabbagetown Community Arts Centre (the organization) that comprise the statement of financial position as at August 31, 2025, and the statements of revenues and expenditures, changes in net debt and cash flows for the year then ended, and 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 not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the organization derives revenue from voluntary donations and fundraising activities, the completeness of which is not susceptible to me obtaining evidence I considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to donations and fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended August 31, 2025, current assets and net debt as at August 31, 2025. My audit conclusion on the financial statements for the year ended August 31, 2024, was modified accordingly because of the possible effects of this limitation of scope.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Cabbagetown Community Arts Centre (*continued*)

Qualified Conclusion

Based on my review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Cabbagetown Community Arts Centre as at August 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Other Matter

The financial statements of Cabbagetown Community Arts Centre for the year ended August 31, 2024 were audited by me and my conclusion on those financial statements were modified for the reasons described in the *Basis for Qualified Conclusion* section.

Ahil Ahlesan

Chartered Professional Accountant, Professional Corporation

Markham, Ontario
February 4, 2026

CABBAGETOWN COMMUNITY ARTS CENTRE

Statement of Financial Position

August 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 20,486	\$ 26,327
Accounts receivable	583	356
Harmonized sales tax recoverable	4,598	4,032
	<u>\$ 25,667</u>	<u>\$ 30,715</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,486	\$ 9,148
Current portion of Term loan (Note 5)	8,000	8,000
Employee withholding tax payable	-	7,251
Deferred grant (Note 6)	40,000	20,000
	<u>57,486</u>	<u>44,399</u>
TERM LOAN (Note 5)	<u>19,334</u>	<u>27,333</u>
	<u>76,820</u>	<u>71,732</u>
NET DEBT	<u>(51,153)</u>	<u>(41,017)</u>
	<u>\$ 25,667</u>	<u>\$ 30,715</u>

LEASE COMMITMENT (Note 8)

LIQUIDITY RISK (Note 1)

ON BEHALF OF THE BOARD

Director

Director

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Revenues and Expenditures****Year Ended August 31, 2025**

	2025	2024
REVENUES		
Fundraising	\$ 79,706	\$ 85,347
Programs and instruction	71,141	50,568
Donations - foundation (Note 7)	38,005	33,976
Donations - individual	34,275	1,826
Grants	20,000	20,000
Donations - corporate	11,000	10,003
Donations - third party	6,656	4,915
Gifts in kind	148	-
	<u>260,931</u>	<u>206,635</u>
EXPENSES		
Program instruction	93,195	107,616
Occupancy costs	89,516	82,844
Sub contracts	59,373	58,511
Office and general	15,684	14,330
Professional fees	3,850	4,650
Bingo expenses	3,565	6,625
Bank charges	2,764	2,304
Interest on long term debt	2,248	1,702
Program supplies	872	339
	<u>271,067</u>	<u>278,921</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (10,136)</u>	<u>\$ (72,286)</u>

See notes to financial statements

CABBAGETOWN COMMUNITY ARTS CENTRE

Statement of Changes in Net Debt

Year Ended August 31, 2025

	2025	2024
NET ASSETS (DEBT) - BEGINNING OF YEAR	\$ (41,017)	\$ 31,269
Deficiency of revenues over expenses	<u>(10,136)</u>	<u>(72,286)</u>
NET DEBT - END OF YEAR	<u>\$ (51,153)</u>	<u>\$ (41,017)</u>

CABBAGETOWN COMMUNITY ARTS CENTRE**Statement of Cash Flows****Year Ended August 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	<u>\$ (10,136)</u>	<u>\$ (72,286)</u>
Changes in non-cash working capital:		
Accounts receivable	(227)	433
Accounts payable and accrued liabilities	339	2,716
Deferred grant	20,000	-
Harmonized sales tax payable	(566)	3,657
Employee withholding tax payable	<u>(7,251)</u>	<u>-</u>
	<u>12,295</u>	<u>6,806</u>
Cash flow from (used by) operating activities	<u>2,159</u>	<u>(65,480)</u>
FINANCING ACTIVITY		
Repayment of term loan	<u>(8,000)</u>	<u>(4,666)</u>
DECREASE IN CASH FLOW	(5,841)	(70,146)
Cash - beginning of year	<u>26,327</u>	<u>96,473</u>
CASH - END OF YEAR	<u>\$ 20,486</u>	<u>\$ 26,327</u>

See notes to financial statements

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2025

1. Purpose of the organization

Cabbagetown Community Arts Centre (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario on April 23, 1982 in the name of The Spruce St. Cabbagetown Community Band Inc. and changed the name to Cabbagetown Community Centre Inc. on May 16, 1986. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide instruction in music, drama, sculpture and painting to give children from low-income families an opportunity to learn and perform, work in groups and create art.

As at August 31, 2025, the organization had a net debt of \$51,153 and had a deficiency of \$10,136 for the years then ended. Further, the organization is in a net liability position of \$51,153. To address the above liquidity and going concern risk, management has implemented several plan including cost reduction plan and reaching out to new donors, this resulted in the deficit for year ended August 31, 2025 is \$10,136 compared to a deficit of \$72,286 for the year ended August 31, 2024. Based on the projection, the organization is expected to be breakeven for the year ending August 31, 2026. There is no certainty that the organization will achieve the expected cost reduction and increase in revenue as per its plan.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. Summary of significant accounting policies

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates is the accuracy of accrued liabilities.

Contributed materials and services

The organization receives materials and services from volunteers. Contributed materials are recognized in the statement of revenues and expenditures to the extent their fair values are determinable. Because of the difficulty indetermining their fair value of contributed services are not recognized in the financial statements.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount to be received can be reasonable estimated and collection is reasonably assured.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

(continues)

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2025

3. Summary of significant accounting policies (continued)

Financial instruments

The Corporation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Corporation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Corporation subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets of the Corporation subsequently measured at amortized cost consist of cash, accounts receivable and Harmonized sales tax recoverable. The Financial liabilities measured at amortized cost are accounts payable and accrued liabilities and term loan.

4. Capital assets charged to the statement of operations

The organization did not expense any capital assets during the year's ended August 31, 2025 (2024 - \$nil).

5. Term loan

Term loan obtained during January 2024 to repay the CEBA loan of \$40,000. The loan bears interest at CIBC's prime rate plus 1.5% per annum and is repayable over 60 equal monthly instalments of \$666.66 commencing February 2024 and due by January 2029.

Amounts payable within one year

	<u>2025</u>	<u>2024</u>
	\$ 27,333	\$ 35,333
	<u>(8,000)</u>	<u>(8,000)</u>
	<u>\$ 19,333</u>	<u>\$ 27,333</u>

Principal repayment terms are approximately:

2026	\$ 8,000
2027	8,000
2028	8,000
2029	3,333
	<u>\$ 27,333</u>

6. Deferred grant

Balance, beginning of year
Plus: Amount received related to the following year

Less: Amount recognized as revenue during the year

Balance, end of year

	<u>2025</u>	<u>2024</u>
	\$ 20,000	\$ 20,000
	<u>40,000</u>	<u>20,000</u>
	60,000	40,000
	<u>(20,000)</u>	<u>(20,000)</u>
	\$ 40,000	\$ 20,000

(continues)

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2025

6. Deferred grant (continued)

2025	2024
------	------

The organization received a grant from Toronto Arts Council that relates to the following fiscal year is recorded as a deferred grant at the balance sheet date.

7. Donations - foundation

Donations from foundations consist of the following:

	2025	2024
Catherine and Maxwell Meighen Foundation	\$ 10,000	\$ -
Beutel Goodman Charitable Foundation	10,000	-
Paypal Giving Fund	6,002	1,976
Jackman Foundation	5,000	5,000
Norman and Margaret Jewison Foundation	3,000	3,000
Canada Helps	3	-
Walterstock	4,000	-
Nicola Wealth Private Giving Foundation	-	10,000
Miscellaneous donor	-	4,000
Kiwani's Foundation	-	10,000
	\$ 38,005	\$ 33,976

8. Lease commitment

The organization continues to occupy the premises on a month to month basis.

9. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk on cash and accounts receivable. The organization's credit risk is considered low as cash is held at a Canadian Schedule 1 banks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers, term loan payable, and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is not exposed to any market risk at August 31, 2025.

CABBAGETOWN COMMUNITY ARTS CENTRE

Notes to Financial Statements

Year Ended August 31, 2025

10. Economic dependence

The organization is dependent on grants and fund raising activities including donations for continued operations.