

Financial statements of

Toronto Artscape Inc.

December 31, 2013

Toronto Artscape Inc.

December 31, 2013

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Independent Auditor's Report

To the Directors of
Toronto Artscape Inc.

We have audited the accompanying financial statements of Toronto Artscape Inc., which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net assets 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, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Artscape Inc. as at December 31, 2013, 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 18, 2014

Toronto Artscape Inc.

Statement of financial position as at December 31, 2013

	2013	2012
	\$	\$
Assets		
Current assets		
Cash	675,817	168,260
Receivables	679,360	1,010,211
Prepaid expenses	85,900	69,959
Due from related parties (Note 3)	35,524	176,260
	1,476,601	1,424,690
Restricted cash (Note 13)		
Deposit in trust	-	181,214
Capital reserve fund	61,475	50,000
	61,475	231,214
Capital assets (Note 5(a))	14,311,904	14,906,376
Capital assets under capital lease (Note 5 (b))	598,654	609,739
Capital work-in-progress (Note 5(c))	23,452,479	13,843,709
	38,363,037	29,359,824
Artscape second mortgages (Note 4)	3,273,000	3,273,000
	43,174,113	34,288,728
Liabilities		
Current liabilities		
Lines of credit (Note 8(a))	-	240,000
Accounts payable and accrued liabilities (Note 15)	2,349,298	2,429,313
Tenant deposits and rents received in advance	393,813	418,986
Deferred revenue (Note 11)	25,441	100,483
Short-term loans (Note 8(b))	1,000,000	1,000,000
Current portion of long-term debt (Note 9(c))	242,552	231,993
	4,011,104	4,420,775
Long-term debt (Note 9(a))	16,740,350	10,815,441
Long-term obligation under capital lease (Note 9(b))	181,334	284,433
	16,921,684	11,099,874
Deferred capital contributions (Note 6(c))	18,388,981	14,932,302
Deferred capital contributions - unexpended (Note 7)	245,000	245,000
Artscape second mortgages (Note 4)	3,273,000	3,273,000
	21,906,981	18,450,302
	42,839,769	33,970,951
Net assets		
Internally restricted	-	-
Capital reserves (Note 13)	61,475	50,000
Unrestricted	272,869	267,777
	334,344	317,777
	43,174,113	34,288,728

Approved by the Board

Director

Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Inc.

Statement of operations

year ended December 31, 2013

	2013	2012
	\$	\$
Revenue		
City of Toronto - operating grant	315,000	264,000
Rental income	2,425,768	3,154,260
Venue income (Note 16)	1,644,023	613,100
Creative Placemaking Lab	333,665	165,515
Management fees and project recovery	590,847	608,445
Interest and other	19,065	11,903
Amortization of deferred capital contributions	329,427	350,543
	5,657,795	5,167,766
Expenses		
Property expenses	1,546,410	1,760,824
Salaries and benefits	600,378	625,006
Property rent	465,760	475,488
Interest on long-term debt	134,898	116,504
Venue expenses (Note 16)	1,337,476	718,835
Creative Placemaking Lab	343,444	206,383
Realty taxes	194,706	177,061
Administration and contract fees	459,199	459,469
Amortization	570,431	611,948
	5,652,703	5,151,518
Excess of revenue over expenses for the year	5,092	16,248

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Inc.
Statement of changes in net assets
year ended December 31, 2013

	2013		2012	
	Capital reserves (Note 13)	Unrestricted	Total	Total
	\$	\$	\$	\$
Balances, beginning of year	50,000	267,777	317,777	377,249
Excess of revenue over expenses for the year	-	5,092	5,092	16,248
Annual capital contribution (Note 13)	20,200	-	20,200	17,300
Capital expenditures (Note 13)	(8,725)	-	(8,725)	(93,020)
Balances, end of year	61,475	272,869	334,344	317,777

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Inc.

Statement of cash flows

year ended December 31, 2013

	2013	2012
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	5,092	16,248
Items not involving cash		
Amortization of deferred capital contributions	(329,427)	(350,543)
Amortization of capital assets	570,431	611,948
Changes in non-cash operating assets and liabilities		
Receivables	330,851	(463,250)
Prepaid expenses	(15,941)	7,847
Due from related parties	140,736	(147,817)
Restricted cash	169,739	374,348
Net capital reserves transactions (Note 13)	11,475	(75,720)
Accounts payable and accrued liabilities	(80,015)	1,119,663
Tenant deposits and rent received in advance	(25,173)	116,943
Deferred revenue	(75,042)	100,483
	702,726	1,310,150
Investing activities		
Capital work-in-progress	(9,608,770)	(5,585,143)
Disposal/(acquisition) of capital assets	35,126	(398,621)
	(9,573,644)	(5,983,764)
Financing activities		
Decrease in line of credit and short-term loans	(240,000)	(669,087)
Deferred capital contributions	3,786,106	963,079
Increase in long-term debt and obligation under capital lease	5,832,369	4,002,207
	9,378,475	4,296,199
Increase (decrease) in cash during the year	507,557	(377,415)
Cash, beginning of the year	168,260	545,675
Cash, end of year	675,817	168,260

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

1. Establishment and operations

Toronto Artscape Inc. ("Artscape") was incorporated as a not-for-profit corporation without share capital on January 24, 1986 with the following mandate:

- (i) To create and manage sustainable and affordable spaces in which artists live and or work, including galleries, studios and performance spaces.
- (ii) To seek, purchase and own property, and to carry out any agreements and conditions required for such activities.
- (iii) To enhance communities through arts, culture and creativity.
- (iv) To educate the public and increase its understanding of arts, culture and creativity and their importance by offering or sponsoring courses, seminars, conferences and meetings, publication of materials and otherwise collecting and disseminating information.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with accounting standards for not-for-profit organizations ("ASNPOs") using the deferral method of reporting contributions.

a) *Capital assets*

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized as follows:

- Leasehold improvements at all locations - straight-line basis over the term of the respective leases.
- Furniture and equipment - straight-line basis over 5 years.
- The vehicle - straight-line basis over 10 years.
- Computers - straight-line basis over 5 years.

b) *Capital work-in-progress*

Capital work-in-progress is recorded at cost and comprises capital assets under construction, including related costs (such as payroll, interest and financing costs), capital assets not yet placed in service, and pre-construction costs related to specific projects expected to be constructed. Amortization begins when the projects are complete and put into operation.

c) *Contributions for capital assets*

Grants and other amounts received to fund capital projects and to cover the costs of specific capital assets are deferred and recognized in revenue over the same amortization period as the related assets.

d) *Revenue recognition*

Artscape uses the deferral method of accounting for contributions. Unrestricted grants and donations are recognized when received or deemed receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Rental and venue income, revenue from Creative Placemaking Lab and income and management fees, are recorded on the accrual basis when the related service is performed.

e) *Donated goods and services*

Donated goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased if not donated.

A substantial number of volunteers have made significant contributions of their time to Artscape's programs and supporting services. The value of this contributed time is not reflected in these financial statements.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

2. Summary of significant accounting policies (continued)

f) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when Artscape becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

g) *Use of estimates*

Canadian ASNPOs require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent. Actual results could differ from these estimates. Accounts requiring significant estimates and assumptions include accrued liabilities, deferred revenue, and deferred capital contributions.

3. Related parties

Artscape Regent Park Development Non-Profit Corporation

Artscape Regent Park Development Non-Profit Corporation ("ARPDC") was incorporated on September 7, 2010. ARPDC is a co-venturer with the Regent Park Development Corporation and Daniels Eastside Corporation in Regent Park Arts Non-Profit Development Corporation ("RPAD"), a joint venture corporation which was formed to develop the Regent Park Arts and Cultural Centre (renamed Daniels Spectrum).

ARPDC is controlled by Artscape as the positions on the Board are appointed by Artscape.

Artscape has an operating lease agreement with RPAD. Commencing August 1, 2012, Artscape leased the Daniel Spectrum premises from RPAD for 50 years, less 2 days, at an annual rent of \$1 plus taxes and utilities. In turn, Artscape sub-leases the property to tenants and is responsible for the management and operation of the premises.

Toronto Artscape Foundation

On an ongoing basis, Artscape enters into various agency agreements with the Toronto Artscape Foundation to administer and carry out the Foundation's activities.

The Foundation was established as a registered charity on January 27, 2005 with the objectives of increasing the public's understanding of arts and culture through education and to provide support for Artscape's activities that are of a charitable nature.

During the year, the Foundation disbursed funds to Artscape totaling \$1,927,079 (2012 - \$2,028,146) for its projects and activities.

Artscape Non-Profit Homes Inc.

Artscape Non-Profit Homes Inc. ("ANPHI") was incorporated as a not-for-profit corporation on July 29, 1994 without share capital. ANPHI was created specifically to develop and manage Artscape's current and future projects intended to meet the affordable housing and live/work studio needs of low and middle income artists of all disciplines.

Artscape provides administrative services to ANPHI and full management services to all projects developed and/or owned or leased by ANPHI. During the year, Artscape charged management fees of \$38,390 (2012 - \$37,454) to ANPHI and ANPHI charged Artscape rent of \$ 34,673 (2012 - \$33,500) for space leased on the ground floor of 900 Queen Street West.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

3. Related parties (continued)

Due to/from related parties

	2013	2012
	\$	\$
Due to/from Toronto Artscape Foundation	(34,900)	165,144
Due from/to Artscape Non-Profit Homes Inc.	70,424	11,116
	35,524	176,260

The amounts due to and from related parties consist of payments for various costs and expenses incurred in the ordinary course of business and are interest free and due on demand. All transactions were recorded at the exchange amount.

4. Artscape second mortgages

Artscape holds second mortgages totaling \$3,273,000 (2012 - \$3,273,000) on 48 individual condominium units at the Artscape Triangle Lofts in the form of shared appreciation mortgages. Upon resale, Artscape has the right to set the selling price of the unit and will collaborate with the unit owner to sell the property to qualified artists only. Artscape will be entitled to a share of the property's appreciation in value based upon a predetermined formula. Artscape's share of the appreciation will then be added to the value of the second mortgage which will be transferred to the new buyer of the unit.

5. Capital assets

a) Capital assets

			2013	2012
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Leasehold improvements				
Artscape Wychwood Barns	13,397,981	1,391,521	12,006,460	12,367,266
Artscape Distillery Studios	3,036,412	1,681,522	1,354,890	1,519,447
Parkdale Arts and Cultural Centre	610,529	438,154	172,375	210,231
Artscape Gibraltar Point Centre for Daniels Spectrum	621,474	363,651	257,823	286,602
Daniels Spectrum	439,452	-	439,452	401,181
Vehicle	40,100	33,420	6,680	7,793
Furniture and equipment	395,719	321,496	74,223	113,856
	18,541,668	4,229,764	14,311,904	14,906,376

b) Capital assets under capital lease

			2013	2012
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Artscape Wychwood Bans				
HVAC and geothermal system	665,170	66,517	598,654	609,739

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

5. Capital assets (continued)

c) Capital work-in-progress

	2013		
	Balance beginning of year	Additions during year	Balance end of year
	\$	\$	\$
Artscape Triangle Lofts	3,213,713	119,256	3,332,969
Artscape Youngplace	9,715,269	8,015,590	17,730,859
Artscape Launchpad	419,398	171,904	591,302
Adelaide Widmer Artspace	52,445	86,807	139,252
Artscape Distillery Studios	24,215	2,933	27,148
Artscape Wychwood Barns	297,891	41,968	339,859
Artscape Simcoe Lofts	60,144	2,299	62,443
Artscape Jarvis Lofts	8,117	50,000	58,117
Daniels Spectrum	-	1,117,779	1,117,779
Future projects	52,517	234	52,751
	13,843,709	9,608,770	23,452,479

6. Deferred capital contributions

a) Capital work-in-progress

	2013		
	Balance beginning of year	Received during year	Balance end of year
	\$	\$	\$
Artscape Youngplace	1,264,767	2,539,329	3,804,096
Artscape Triangle Lofts	2,299,677	32,750	2,332,427
Artscape Launchpad	53,205	-	53,205
Artscape Distillery Studios	286,498	-	286,498
Artscape Wychwood Barns	350,000	-	350,000
Daniels Spectrum	888,000	304,554	1,192,554
	5,142,147	2,876,633	8,018,780

b) Capital assets

	2013			2012
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Artscape Wychwood Barns	10,037,114	985,207	9,051,908	9,242,595
Artscape Distillery Studios	1,818,373	1,047,219	771,153	874,002
Parkdale Arts and Culture Centre	382,500	307,594	74,907	94,031
Artscape Gibraltar Point	75,358	54,375	20,983	24,375
Daniels Spectrum	422,296	-	422,296	401,181
Furniture and equipment	116,586	87,632	28,954	41,971
	12,852,228	2,482,027	10,370,201	10,678,155

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

6. Deferred capital contributions (continued)

c) *Deferred capital contributions - total*

	2013	2012
	\$	\$
Capital work-in-progress (Note 7 (a))	8,018,780	4,254,147
Capital assets (Note 7 (b))	10,370,201	10,678,155
	18,388,981	14,932,302

7. Deferred capital contributions - unexpended

	2013	2012
	\$	\$
Canada Life Section 37 grant	245,000	245,000

This amount represents a payment from the City of Toronto which has been allocated to Artscape as part of a Section 37 agreement between Canada Life Assurance Company and the City of Toronto. Funds are to be used for the sole purpose of providing artists' housing in the Queen Street West area.

8. Credit facilities and short-term debt

a) *Lines of credit*

Toronto Dominion Bank

Artscape has an available operating line of credit of \$350,000 (2012 - \$350,000). The line of credit is secured by a first charge general security agreement covering all the corporation's assets. Interest on the line of credit is at prime + 1.75 % (2012 - prime + 1.75%). At December 31, 2013, the balance outstanding was \$Nil (2012 - \$240,000).

b) *Short-term loans*

Alterna Savings and Credit Union Limited

Short-term interest only loan with respect to the Artscape Triangle Lofts, due May 31, 2014 (2012 - due May 31, 2013). Interest is at prime + 1% (2012 - prime + 1%). The outstanding balance at December 31, 2013 was \$1,000,000 (2012 - \$1,000,000). Security on the loan is a general assignment of rents and a general security agreement.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

9. Long-term debt

a) Long-term debt

	2013	2012
	\$	\$
Artscape Youngplace		
Construction loan A (prime+1%) from Alterna Savings and Credit Union totaling \$5,800,000. The loan was used for the purchase of the Shaw Street School and to cover approved budget costs in the redevelopment of the property.	5,800,000	5,800,000
Construction loan B totaling \$5,700,000 of which \$1,424,991 has been advanced as at December 31, 2012. The loan is to fund the remaining costs of the approved budget until complete. Interest on the loan is at the Credit Union's prime rate plus 2%.	5,700,000	1,424,991
Construction loan C (prime + 2%) Security on the loan is a guarantee from the City of Toronto until May 31, 2013, first and second mortgage on the property, a general assignment of rents and a general security agreement.	1,789,420	-
Artscape Wychwood Barns ("AWB")		
Manufacturers Life Insurance Company capital loan bearing interest at 4.63% with monthly principal and interest payments totalling \$16,923 until June 15, 2014. The loan is secured by a limited guarantee from the City of Toronto, an assignment of rent at AWB, as well as a general security agreement.	3,008,698	3,075,192
City of Toronto Sustainable Energy Fund loan totalling \$700,000 allocated between the residential portion (ANPHI \$400,000) and the arts and green components (Artscape \$300,000) of the Barns. The loan is to be repaid in 240 equal monthly instalments of \$2,917 beginning May 1, 2009 with Artscape's share being \$1,250. Interest on the loan is at 0% as long as the payments are up to date. If not, then interest is at the bank prime rate. Security on the loan is a promissory note provided by Artscape.	231,245	246,246
Carried forward	16,529,363	10,546,429

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

9. Long-term debt (continued)

a) Long-term debt (continued)

	2013	2012
	\$	\$
Balance brought forward	16,529,363	10,546,429
Green Municipal Fund loan totalling \$600,000 allocated between the residential portion (ANPHI \$463,280) and the arts and green components (Artscape \$136,720) of the Barns. Repayment of the loan is with semi-annual blended principal and interest payments of \$18,808 (Artscape's share \$4,326) on February 20 and August 20 of each year beginning in 2010 until August, 2029. Interest on the loan is at the Government of Canada bond rate minus 1.5%.	114,142	119,985
Other loans		
TD Bank loan #1 due October 31, 2014 and repayable in monthly payments of \$1,296 principal plus interest at prime + 2.25%. The loan is secured by a limited guarantee from the City of Toronto.	182,429	199,668
Toronto Atmospheric Fund loan repayable in monthly installments of \$2,927 including principal plus interest at the Canada yield plus 2.5%. The loan is secured by an assignment of all rents in respect of the leased premises at 1313 Queen St. W. and at Artscape Gibraltar Point, and a general security agreement.	53,869	83,872
Better Buildings Partnership loan repayable in quarterly installments of \$1,152 principal only. Interest is calculated at the floating prime rate, but is forgiven as long as there has been no default in the principal payments.	-	4,606
	16,879,803	10,954,560
Less: current portion (Note 9 (c))	(139,453)	(139,119)
	16,740,350	10,815,441

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

9. Long-term debt (continued)

b) Obligation under capital lease

	2013	2012
	\$	\$
Obligation under capital lease from sale/leaseback agreement with Lift Capital totalling \$700,000, allocated between the residential portion (ANPHI \$34,830) and the arts and green components (Artscape \$665,170) of the Barns, in respect of the HVAC and geothermal systems. The term of the lease is seven years, expiring in December 2015, with equal monthly payments of \$11,231. Interest on the lease is calculated at 10.5% and for 2013 totalled \$35,159 (2012 - \$44,369). Artscape's share of future payments until the end of the lease totals \$256,067, of which is \$38,517 represents imputed interest. At the end of the lease, Artscape has the option to purchase the equipment for \$70,000, renew the lease for a further seven years, or return all of the equipment to the lessor.	284,433	377,307
Less: current portion (Note 9 (c))	(103,099)	(92,874)
	181,334	284,433

c) Current portion of long-term debt

	2013	2012
	\$	\$
Long-term loans and mortgages (Note 9(a))	139,453	139,119
Obligation under capital lease (Note 9(b))	103,099	92,874
	242,552	231,993

10. Interest rate and credit risks

Artscape is exposed to interest rate risk on its variable rate loans and credit lines such that increases in the bank and government prime rates would increase interest and loan carrying costs. Artscape mitigates interest rate risk by monitoring its various revenue and expense streams to offset potential interest rate increases.

Credit risk arises from the potential that a counter party will fail to fulfill its obligations. Artscape is exposed to some credit risk on its receivables which normally consist of rental amounts due from tenants, amounts due for services and programs, as well as various forms of project funding. To mitigate credit risk, Artscape engages in regular monitoring and follow up of outstanding amounts and implements payment plans when necessary. Generally, Artscape does not have significant exposure to any individual party.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

11. Deferred revenue and program and other grants

	Deferred revenue 2012	Received during year	Recognized as revenue	Deferred revenue 2013
	\$	\$	\$	\$
Fundraising - Daniels Spectrum	90,059	-	90,059	-
Fundraising -Artscape YOUNGplace	-	11,441	-	11,441
Creative Placemaking Lab	5,000	14,000	5,000	14,000
Management fee - RPAD	5,424	-	5,424	-
	100,483	25,441	100,483	25,441

12. Commitments

(a) Rental commitments

Parkdale Arts and Cultural Centre

Leased from the City of Toronto under terms which require annual rental payments of \$1 plus taxes and operating costs and a requirement that the property operates on a cost recovery basis. This lease expires on August 14, 2017.

Artscape Gibraltar Point

Leased from the City of Toronto under terms which require annual payments of \$1 and the requirement that the Centre operate on a cost-recovery basis. The lease expires on September 30, 2019.

Artscape Wychwood Barns

Leased from the City of Toronto, beginning March 26, 2006, under terms which require annual rental payments of \$1. The lease is for a term of 50 years, expiring March 27, 2056.

Theatre Passe Muraille

Leased from the City of Toronto for annual rental payments of \$1. Artscape in turn leases the property to Theatre Passe Muraille for an annual base rent of \$2, a management fee of \$15,315 for 2013, escalating at 5% per year, and an ANNUAL capital contribution of \$10,200 (2012 - \$7,300). The lease with the City expires on January 10, 2018, with an option to renew the lease for an additional five years.

Artscape Distillery Studios

49,512 square feet in buildings 58, 59 and 74 are leased from Cityscape Holdings Inc. This lease expires on February 28, 2023. Annual rent is increased by the greater of 4.75% per annum or the percentage increase in the CPI as compared to the immediately preceding year. Beginning September 1, 2009 an additional management fee in the amount of 2.5% of the base annual rent became payable to the landlord.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

12. Commitments (continued)

(a) Rental commitments (continued)

Artscape Distillery Studios

Minimum annual rental payments for the Artscape Distillery Studios for the next five years and thereafter are:

	\$
2014	451,535
2015	473,014
2016	495,482
2017	519,017
2018	543,471
Thereafter	2,445,686
	<hr/> 4,928,205 <hr/>

Liberty Market Building

Artscape leases office space at 171 East Liberty Street under a lease which expires December 31, 2019.

Minimum annual rental payments for 171 East Liberty Street to the expiry of the lease are:

	\$
2014	104,890
2015	123,400
2016	123,400
2017	129,570
2018	129,570
Thereafter	129,700
	<hr/> 740,530 <hr/>

13. Restricted cash

Deposit in trust

An amount of \$ Nil (2012 - \$181,214) is currently being held in trust, as a builder's warranty, with respect to the 48 Artscape Triangle Lofts condominium units as part of an agreement with the Tarion Warranty Corporation. Tarion Warranty Corporation has released the amount to Artscape during 2013.

Capital reserves

Artscape maintains separate capital reserve funds for the leased properties at Theatre Passe Muraille (TPM) and the Artscape Wychwood Barns - Barn 4. Annual contributions are collected from the tenants and may only be used for required repairs, maintenance and replacements of a capital nature.

Toronto Artscape Inc.

Notes to the financial statements

December 31, 2013

13. Restricted cash (continued)

Capital reserves (continued)

	AWB Barn 4	TPM	Total 2013	Total 2012
	\$	\$	\$	\$
Opening balance, January 1	40,000	10,000	50,000	125,720
Annual contribution	10,000	10,200	20,200	17,300
Capital expenditures	-	(8,725)	(8,725)	(93,020)
Closing balance, December 31	50,000	11,475	61,475	50,000

14. Contingency

An assessment of realty taxes related to a property located at 76 Wychwood Avenue (Artscape Wychwood Barns) is currently being appealed. A resolution of this matter is pending as at the date of these financial statements. Any amounts in excess of that included in these financial statements with respect to this matter will be recognized when settled.

15. Accounts payable and accrued liabilities

As at December 31, 2013 and 2012, no amounts were outstanding with respect to government remittances.

16. Comparative amounts

Venue income and Venue expenses of \$613,100 and \$718,835, respectively, for 2012 have been reclassified to conform to the current year's presentation. The amounts were presented in the 2012 financial statements as follows:

	Revenue	Expenses
	\$	\$
Artscape Gibraltar Point	247,584	306,042
Artscape Wychwood Barns Covered Street Barn 2	365,516	412,793
	613,100	718,835