

**DOWNTOWN TILLSONBURG
BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS
For the year ended December 31, 2023**

**DOWNTOWN TILLSONBURG
BUSINESS IMPROVEMENT AREA**

For the year ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of Downtown Tillsonburg Business Improvement Area

Qualified Opinion

We have audited the financial statements of Downtown Tillsonburg Business Improvement Area (the 'BIA' or 'local board'), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the local board as at December 31, 2023, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many organizations, the local board derives revenue from donations and other contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the local board and we were not able to determine whether any adjustments might be necessary to revenues for the years ended December 31, 2023 and 2022 and, annual surplus, accumulated surplus and net financial assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was also modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of 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 qualified 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 the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditors' Responsibilities for the Audit of the Financial Statements

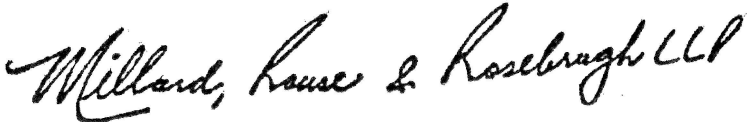
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 auditors' 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 auditors' 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.



July 17, 2024
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
Financial Assets		
Cash	81,080	89,061
Accounts receivable	25,104	8,339
Harmonized sales tax recoverable	15,464	7,808
Due from Town of Tillsonburg	-	3,145
	121,648	108,353
Liabilities		
Accounts payable and accrued liabilities	75,693	20,061
Employee deductions payable	1,840	3,098
Due to the Town of Tillsonburg (Note 8)	21,283	-
Deferred income	4,657	-
Loan payable (Note 9)	30,000	-
	133,473	23,159
Net Financial Assets	(11,825)	85,194
Non-Financial Assets		
Tangible capital assets (Note 3)	39,901	-
Intangible assets (Note 4)	13,120	-
Inventory	496	1,805
Prepaid expenses	720	720
	54,237	2,525
Net Assets	42,412	87,719
Accumulated Surplus (Note 6)	42,412	87,719

APPROVED ON BEHALF OF THE BOARD

Director

Director

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget	2023	2022
Revenues			
Tax levy - Town of Tillsonburg	166,940	167,182	159,935
Facade improvement plan	35,000	32,743	19,700
Capital contribution - Town of Tillsonburg	15,000	15,000	-
Memorandum of understanding	40,680	35,115	30,534
Grants and wages subsidies	116,955	53,484	51,687
Other income (Note 7)	128,385	48,960	17,811
Interest	400	710	640
Donations	2,500	2,801	2,000
	505,860	355,995	282,307
Expenses			
Maintenance and beautification	51,596	15,979	8,208
Operational	316,741	288,155	242,562
AGM	1,588	3,063	2,005
Debt payments	18,917	14,452	14,046
Special projects	70,000	34,492	56,486
Marketing and events	33,796	14,197	8,063
Bad debt expense	-	109	9,900
Amortization	-	7,041	-
	492,638	377,488	341,270
Operating Surplus (Deficiency)	13,222	(21,493)	(58,963)
Professional Fees - Human Resources	-	23,814	-
Excess (Deficiency) of Revenues over Expenses	13,222	(45,307)	(58,963)
Accumulated Surplus - Beginning of Year	-	87,719	146,682
Accumulated Surplus - End of Year	-	42,412	87,719

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2023	2022
Annual Surplus (Deficit)	(45,307)	(58,963)
Change in prepaid expenses	-	(120)
Change in inventory	1,309	-
Purchase of capital assets and intangibles	(60,062)	-
Amortization of capital assets	7,041	-
Increase (Decrease) in Net Financial Assets	(97,019)	(59,083)
Net Financial Assets - Beginning of Year	85,194	144,277
Net Financial Assets - End of Year	(11,825)	85,194

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31	2023	2022
Cash Flows from Operating Activities		
Excess (Deficiency) of Revenues over Expenses	(45,307)	(58,963)
Charges (credits) to income not involving cash Amortization	7,041	-
	(38,266)	(58,963)
Change in non-cash working capital balances		
Accounts receivable	(16,765)	2,724
Inventory	1,309	-
Prepaid expenses	-	(120)
Accounts payable	55,632	11,552
Harmonized sales tax receivable	(7,656)	3,994
Loans receivable - BIA Relief Program	-	6,085
Employee deductions payable	(1,258)	(846)
Deferred income	4,657	
	(2,347)	(35,574)
Cash Flows from Financing Activities		
Advances of loans	30,000	-
Due to the Town of Tillsonburg	24,428	(3,261)
	54,428	(3,261)
Cash Flows from Capital Activities		
Purchase of tangible capital assets and intangibles	(60,062)	-
Net Decrease in Bank	(7,981)	(38,835)
Opening Bank	89,061	127,896
Closing Bank	81,080	89,061

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. DESCRIPTION OF BUSINESS

The Downtown Tillsonburg Business Improvement Area is a non-profit, local board as created under the Municipal Act, RSO Ontario. The board oversees the improvement, beautification, and maintenance of municipally-owned land, buildings, and structures in the designated area beyond that provided at the expense of the municipality generally and to promote the area as a business and shopping area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Downtown Tillsonburg Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Basis of Accounting

Revenues and expenses are recorded on the accrual basis, whereby they are reflected in account in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(b) Fund Accounting

The Downtown Tillsonburg Business Improvement Area follows the principles of fund accounting. The Downtown Tillsonburg Business Improvement Area operates with one general fund. The general fund records amount used for the day to day operations. The Restricted fund records contributions restricted for the facade improvement plan. See Note 5.

(c) Revenue Recognition

Restricted contributions related to the facade improvement plan operations are recognized as revenue of the restricted fund in the year in which the contributions are received.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(d) Financial Instruments

Financial instruments are recorded at the fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains or losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The local board's financial instruments consist of cash, accounts receivable, investments and accounts payable. The amortized cost of these financial instruments approximate their carrying values, unless otherwise noted.

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

(f) Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(g) Gifts in Kind

Donated goods, services and facilities are not reported in these financial statements.

(h) Tangible Capital Assets

Tangible capital assets are stated at cost. Amortization is provided for in the accounts as follows:

Computer Equipment	30% declining balance
Fixtures and Equipment	30% declining balance

In the year of acquisition, amortization is provided for at one-half of the above rates. No amortization is provided for in the year of disposal.

(i) Intangible Assets

Intangible assets are stated at cost. Amortization is provided for on a 5 year straight line basis.

In the year of acquisition, amortization is provided for at one-half of the above rate. No amortization is provided for in the year of disposal.

3. TANGIBLE CAPITAL ASSETS	Cost	Accumulated Amortization	2023	2022
Computer equipment	780	117	663	-
Fixtures and equipment	46,162	6,924	39,238	-
	46,942	7,041	39,901	-

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. INTANGIBLE ASSETS	Cost	Accumulated Amortization	2023	2022
Software	13,120	-	13,120	-

The software is not currently in use as of year end, no amortization will be taken until asset is in use.

5. RESTRICTED FUNDS	2023	2022
During the year the following activity occurred within the restricted fund:		
Facade Improvement Plan (FIP)		
Opening balance	156,622	183,608
Contributions received during the year	35,000	19,700
Qualified expenditures during the year	(34,492)	(66,386)
Transfer from general fund	35,000	19,700
Restricted funds - closing balance	192,130	156,622

6. ACCUMULATED SURPLUS	2023	2022
Accumulated surplus consists of the following:		
Accumulated deficit from operations	(149,718)	(68,903)
Restricted fund - Facade Improvement Plan (Note 5)	192,130	156,622
	42,412	87,719

7. OTHER INCOME	2023	2022
Sponsorship/donation	29,864	8,090
Rental income	11,405	3,786
Event ticket sales and miscellaneous income	7,691	5,935
	48,960	17,811

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

8. DUE TO TOWN OF TILLSONBURG

Included within the amounts due to the Town of Tillsonburg is a payable of \$20,384 that will be repaid via four installments in 2024 of \$5,096 plus interest. Interest on this balance is being charged at 5.25% per annum. The remaining balance is due within 30 days.

9. LOAN PAYABLE

The loan payable balance consists of a loan taken out by the Town of Tillsonburg on behalf of the BIA. The loan is due in blended semi annual installments of \$5,467, bearing interest at the rate of 5.22% per annum. Required principal payments over the next three years are:

2024 - \$14,420
2025 - \$10,252
2026 - \$5,328

10. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.

11. FINANCIAL INSTRUMENTS

The BIA has identified the following financial risks:

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the company by failing to discharge an obligation. The BIA's credit risk is mainly related to accounts receivable. The BIA provides credit to its clients in the normal course of operations. The risk of loss is considered remote.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade payable and accrued liabilities are generally paid within 30 days. This risk has increased from the prior year due to an increased deficit in the operating fund.

DOWNTOWN TILLSONBURG BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

12. COMMITMENT

The Town of Tillsonburg incurred debt on behalf of the Downtown Tillsonburg Business Improvement Area related to the acquisition of LED streetlights. The Downtown Tillsonburg Business Improvement Areas has committed to reimburse the Town of Tillsonburg for the principal and interest payments on this debt. The outstanding commitment as at December 31, 2023 was \$69,000 (2022 - \$69,000). The commitment will be complete in December of 2028 and payments over the next five years are as follows:

2024 - \$13,297
2025 - \$12,914
2026 - \$12,537
2027 - \$12,162
2028 - \$11,784

Office

The Downtown Tillsonburg Business Improvement Area has a rental agreement with the Tillsonburg Town Centre for office space at the rate of \$1,000 per month for the offices located at 164 Broadway, Unit 10, Tillsonburg, ON. The amounts are expensed as incurred and the lease is renewed annually under similar terms.

Other

The Downtown Tillsonburg Business Improvement Area has a vehicle lease agreement with monthly charges of \$655 plus HST, expiring in May 2024.

The Organization has also signed a commitment for \$10,500 for work to be completed, to date \$6,000 has been paid of this commitment.

13. RELATED PARTY TRANSACTIONS

All related party transactions are considered to be in the normal course of operations and are recorded at the exchange amount agreed to by the related parties.

14. SUBSEQUENT EVENTS

Subsequent to year end, a new vehicle lease agreement was signed. The lease is for a twenty four month period with monthly payments of \$655 plus HST.

15. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. The BIA is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

As of the date of issuance of these financial statements, the full impact to the BIA's financial position is not known.