



## GOOD REDDEN KLOSLER

Supporting Growth. Providing Direction.

Chartered Professional Accountants

### INDEPENDENT AUDITORS' REPORT

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To the Members of

#### TILLSONBURG BUSINESS IMPROVEMENT AREA

We have audited the accompanying financial statements of Tillsonburg Business Improvement Area, which are comprised of the statement of financial position as at December 31, 2017 and the statements of general operations, 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 qualified audit opinion.

#### Basis for Qualified Opinion

In common with many non-profit organizations, the association derives revenue from fund raising, donations and other sundry sources, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to fundraising and other sundry revenue.

#### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Tillsonburg Business Improvement Area as at December 31, 2017, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

*Good Redden Klosler LLP*

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CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Tillsonburg, Ontario  
March 27, 2018

Integrating Accounting, Advisory & Wealth Management Services

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# TILLSONBURG BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(With comparative figures as at December 31, 2016)

(Audited)

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	106,284	68,745
Accounts receivable	4,795	3,582
Account receivable from Town of Tillsonburg	23,246	40,385
HST receivable	8,512	10,898
Prepaid expenses	245	-
<b>Total Assets</b>	<b>143,082</b>	<b>123,610</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	4,242	4,087
Deposits - BIA bucks	800	774
Due to Turtlefest Committee - note 7	-	5,676
Current portion of long-term debt	2,000	2,000
<b>Total current liabilities</b>	<b>7,042</b>	<b>12,537</b>
<b>Long-Term Debt - note 4</b>	<b>-</b>	<b>2,000</b>
<b>Total Liabilities</b>	<b>7,042</b>	<b>14,537</b>
<b>Net Assets</b>		
Unrestricted	25,404	20,214
Restricted	110,636	88,859
<b>Total Net Assets</b>	<b>136,040</b>	<b>109,073</b>
<b>Total Liabilities and Net Assets</b>	<b>143,082</b>	<b>123,610</b>

Approved by: \_\_\_\_\_



# TILLSONBURG BUSINESS IMPROVEMENT AREA

## STATEMENT OF GENERAL OPERATIONS

For the year ended December 31, 2017

(With comparative figures for the year ended December 31, 2016)

(Audited)

	2017	2016
	\$	\$
<b>Revenue</b>		
Municipal levies	119,741	117,385
Facade revenue	25,000	25,856
Grants and donations	7,100	8,458
AGM and other miscellaneous income	505	2,426
Interest income	77	204
<b>Total revenue</b>	<b>152,423</b>	<b>154,329</b>
<b>Expenditures</b>		
Operational	60,119	56,976
Special projects	28,860	40,634
Beautification	13,814	14,282
Marketing and events	13,674	14,021
Debt payments - note 3	8,989	8,989
<b>Total expenditures</b>	<b>125,456</b>	<b>134,902</b>
<b>Excess of Revenue over Expenditures</b>	<b>26,967</b>	<b>19,427</b>
<b>Net Assets, Beginning of Year</b>	<b>109,073</b>	<b>89,646</b>
<b>Net Assets, End of Year</b>	<b>136,040</b>	<b>109,073</b>



# TILLSONBURG BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

(With comparative figures for the year ended December 31, 2016)

(Audited)

	2017	2016
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenditures for the year	26,967	19,427
Changes in non-cash working capital accounts		
Decrease (increase) in accounts receivable	(1,213)	(3,207)
Decrease (increase) in account receivable from town	17,139	(6,402)
Decrease (increase) in HST receivable	2,386	3,580
Decrease (increase) in prepaid expenses	(245)	-
Increase (decrease) in accounts payable and accrued liabilities	181	(2,319)
Increase (decrease) in due to Turtlefest committee	(5,676)	-
Increase (decrease) in deferred revenue	-	(856)
Cash flows from (applied to) operating activities	39,539	10,223
<b>Cash Flows from Financing Activities</b>		
Increase (decrease) in long-term debt	(2,000)	(2,000)
<b>Increase in Cash During the Year</b>	37,539	8,223
<b>Cash at Beginning of Year</b>	68,745	60,522
<b>Cash at End of Year</b>	106,284	68,745



# TILLSONBURG BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(Audited)

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### 1. OPERATIONS

The organization is a non-profit organization, established to utilize the combined strength of its members in the business improvement area to maintain, rejuvenate and revitalize the commercial core of Tillsonburg.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The organization follows Canadian accounting standards for not-for-profit organizations, significant aspects of the accounting policies adopted by the Board are as follows:

#### (a) Accrual Basis of Accounting

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

#### (b) Fund Accounting

The Tillsonburg BIA follows the principles of fund accounting. The Tillsonburg BIA operates with one general fund. The general fund records amounts used for the day to day operations. The board has internally restricted the use of funds for various projects. See note 5.

#### (c) Revenue Recognition

The organization follows the deferral method of fund accounting. Contributions are recognized as revenue when qualifying expenditures arise. Revenues from tax levies are recognized when due from the town, investment income is recognized when earned, and other revenues are recognized when received or become collectable.

#### (d) Estimates

In the preparation of financial statements, estimates and assumptions are made which can effect the amounts reported and note disclosures. The actual results may differ from these estimates.

#### (e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and 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.

#### (f) Capital Assets

In common with non-profit organizations of this size, capital assets are expensed as incurred.



# TILLSONBURG BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(Audited)

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### 3. COMMITMENTS

The Town of Tillsonburg incurred debt on behalf of the Board of Management. The Tillsonburg BIA has committed to reimburse the Town for the principal and interest payments on this debt. The yearly repayments are expensed as incurred. The outstanding commitment as at December 31, 2017 was \$21,937 (2016 - \$30,465). The commitment will be complete in March of 2020.

The Tillsonburg BIA has entered an agreement to lease office space from the Tillsonburg District Chamber of Commerce at a monthly rate of \$300. The amounts are expensed as incurred and the annual lease matures on May 31, 2018.

Tillsonburg BIA enters into facade improvement agreements with property owners in the designated business improvement area and has approved a total of 6 facade improvement applications with a total commitment to be paid of \$64,978.

### 4. LONG-TERM DEBT

Represents loan payable to the Town of Tillsonburg. The loan bears no interest and requires yearly principal payments of \$2,000. The total outstanding balance as at December 31, 2017 was \$2,000 and will be fully repaid in 2018.

### 5. RESTRICTED FUNDS

During the year the following activity occurred within restricted funds:

	Facade \$
Opening Balance	88,859
Contributions during the year	50,000
Qualifying expenditures during the year	(28,223)
Closing Balance	110,636

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# TILLSONBURG BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

(Audited)

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### 6. FINANCIAL INSTRUMENTS

The Business Improvement Area is exposed to various risks through financial instruments and the Board monitors, evaluates and manages these risks. The following analysis provides information about risk exposure and concentration as of December 31, 2017.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association manages exposure to liquidity risk through the annual budgeting process and monitoring of financial reports throughout the year.

It is the Board's opinion that the BIA is not exposed to any significant interest, currency or credit risks arising from financial instruments.

### 7. PRIOR PERIOD ADJUSTMENT

The 2015 financial statements have been adjusted to include \$6,095 in amounts payable to the Turtlefest Committee. The liability relates to HST collected on Turtlefest related expenses which was outstanding at the beginning of the fiscal year.

The 2015 statements were also adjusted to decrease amounts receivable from the Turtlefest Committee from \$1,956 to \$419. Subsequent to the 2015 year end, the Board identified that certain BIA expenses were paid for by the Turtlefest Committee in error.

The net effect of these adjustments is to decrease the 2015 net assets by \$7,632, increase HST expense by \$7,632, increase Due to Turtlefest Committee liability by \$5,676, and decrease Due from Turtlefest Committee receivable by \$1,956.

### 8. ECONOMIC DEPENDENCE

The organization is funded by the municipal levies of the Town of Tillsonburg and is dependent on these levies to carry out its operations.

