
Financial statements of
The Corporation of the City of
Barrie – Downtown Barrie Business
Improvement Area

December 31, 2020

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Independent Auditor's Report

To the Board of Directors of
The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area

Qualified Opinion

We have audited the financial statements of The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area (the "Organization") which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020 and the result of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

In common with similar organizations, the Organization derives revenue from fundraising activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, annual surplus (deficit) and cash flows from operations for the years ended December 31, 2020 and 2019, net financial assets and accumulated surplus as at January 1 and December 31, for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly, because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 audit 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 PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 3, 2021

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**

Statement of operations

Year ended December 31, 2020

	Budget 2020	2020	2019
Notes	\$	\$	\$
	(Note 7)		
Revenue			
Business improvement area levy	556,000	513,606	622,676
Fundraising and other revenue	—	313,530	414,088
Government grants	—	13,658	22,502
	556,000	840,794	1,059,266
Expenses			
Administration	280,308	278,698	269,192
Marketing and communication	51,293	49,342	104,792
Culture and heritage events	54,517	75,246	194,125
Self-funded culture and heritage events	5,020	8,777	270,640
Beautification and cleanliness	43,120	47,707	26,085
Covid-19 expenses	99,818	89,390	—
Memorial square and other	16,276	280,682	191,952
Contribution to The Corporation of the City of Barrie	5,000	5,000	5,000
Amortization	648	648	648
	556,000	835,490	1,062,434
Annual surplus (deficit)	—	5,304	(3,168)
Accumulated surplus, beginning of year	106,429	106,429	109,597
Accumulated surplus, end of year	106,429	111,733	106,429

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

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of change in net financial assets
Year ended December 31, 2020

	Budget		
	2020	2020	2019
	\$	\$	\$
	(Note 7)		
Annual surplus (deficit)	—	5,304	(3,168)
Acquisition of tangible capital assets	—	(1,526)	—
Amortization of tangible capital assets	648	648	648
	648	4,426	(2,520)
Decrease (increase) in prepaid expenses	—	767	(2,503)
Net financial assets, beginning of year	101,033	101,033	106,056
Net financial assets, end of year	101,681	106,226	101,033

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

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of financial position
As at December 31, 2020

	Notes	2020	2019
		\$	\$
Financial assets			
Cash		207,311	300
Inventories for resale		24,332	27,395
Accounts receivable		59,541	38,562
HST receivable		19,533	—
Due from The Corporation of the City of Barrie	2	—	84,051
		310,717	150,308
Liabilities			
Accounts payable and accrued liabilities		62,949	46,115
HST payable		—	3,160
Due to The Corporation of the City of Barrie	2	141,542	—
		204,491	49,275
Net financial assets		106,226	101,033
Non-financial assets			
Prepaid expense		3,334	4,101
Tangible capital assets	3	2,173	1,295
Accumulated surplus	4	111,733	106,429

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

Approved on behalf of the Board of Directors

_____, Director

_____, Director

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**

Statement of cash flows

Year ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Annual surplus (deficit)	5,304	(3,168)
Item not involving cash		
Amortization	648	648
Change in non-cash operating balances		
Inventories for resale	3,063	(2,643)
Accounts receivable	(20,979)	(35,754)
Due from The Corporation of the City of Barrie	225,593	29,897
Accounts payable and accrued liabilities	16,834	10,363
HST receivable, net	(22,693)	3,160
Prepaid expenses	767	(2,503)
	208,537	—
Investing activity		
Acquisition of tangible capital assets	(1,526)	—
Net change in cash	207,011	—
Cash, beginning of year	300	300
Cash, end of year	207,311	300

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

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements

December 31, 2020

1. Summary of significant accounting policies

Management's responsibility for the financial statements

The financial statements of The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area (the "Organization") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Organization is an unincorporated entity formed to improve the Barrie Downtown Business Core by attracting more business and maintaining the general upkeep of the downtown area.

Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred.

Inventories for resale

The Organization's inventory consists of holiday ornaments that are sold for fundraising. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific identification basis.

Revenue recognition

Revenues are recognized as follows:

The business improvement area levy is based on a special downtown business levy that is recognized in the calendar year to which the tax assessment applies and at the time the assessment is known.

Fundraising and other revenues are recognized when cash is collected.

Government grants are recognized in the period in which the transfer is authorized and any eligibility criteria are met unless restricted through stipulations that required specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to: transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the tangible capital asset is available for productive use as follows:

Computer equipment	Straight-line	3 years
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**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2020

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates in the preparation of the financial statements are contingent assets and liabilities, the valuation of inventories for resale, the estimated useful life of tangible capital assets and the estimation of certain accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Due from (to) The Corporation of the City of Barrie

At the end of the year, the amounts due from The Corporation of the City of Barrie are as follows:

	2020	2019
	\$	\$
Due from (to) The Corporation of the City of Barrie	(141,542)	84,051

This balance is interest-free, unsecured, and payable/receivable on demand.

During 2020, the Organization recognized a \$10,000 grant from The Corporation of the City of Barrie related to the pedestrianization Dunlop costs.

The Organization funded various capital projects as outlined in Note 5. The amounts paid to The Corporation of the City of Barrie during the year are presented below by expense categories from the Statement of operations.

	2020	2019
	\$	\$
Memorial square	264,400	156,733
Contribution to The Corporation of the City of Barrie	5,000	5,000
Self-funded culture and heritage events	—	1,000
	269,400	162,733

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2020

3. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Computer equipment	3,469	1,296	2,173	1,295

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the tangible capital asset is available for productive use.

4. Accumulated surplus

The Organization segregates its accumulated surplus into the following categories:

	2020	2019
	\$	\$
Invested in tangible capital assets	2,173	1,295
Unallocated accumulated surplus	109,560	105,134
	111,733	106,429

5. Commitments

a) Downtown Barrie Camera Project

In 2013, the Organization approved a commitment to The Corporation of the City of Barrie for the Downtown Barrie Camera Project to a maximum of \$50,000, ending December 31, 2022. This project was started and completed during 2013. As of December 31, 2020 \$40,000 (2019 - \$35,000) was paid; outstanding commitments are \$10,000 (2019 - \$15,000).

b) Dunlop Streetscape

In 2019, the Organization approved a \$300,000 commitment to the Corporation of the City of Barrie for the Dunlop Streetscape project with payments over ten (10) years, to begin in 2022.

c) Operating lease

The Organization has an operating lease for its premises which expires April 30, 2022. The base rate is \$10,179 per annum and will increase based on an inflation index starting in year 2019. The Organization is also subject to monthly property tax charges, operating cost charges and other expenses under the lease agreement.

The Organization has entered into an operating lease for a photocopier effective April 1, 2016 at \$120 per month, which expires on September 30, 2021.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2020

5. Commitments (continued)

c) Operating lease (continued)

The committed payments towards these commitments are as follows:

	\$
2021	24,890
2022	11,305
	<u>36,195</u>

d) Memorial Square/Meridian Place Project

The Organization is committed to funding \$3,351,775 for the construction of the Memorial Square/Meridian Place Project. As of December 31, 2020, the BIA has funded \$1,205,862 (2019 - \$941,462) of the project and plans to fundraise an additional \$632,967 over a 5 year period. The remainder of the Organization's commitment will be funded by a loan from The Corporation of the City of Barrie.

6. Expenses by object

	2020	2019
	\$	\$
Salaries, wages and employee benefits	189,376	204,279
Materials	18,568	13,647
Contracted services	324,549	648,215
Rents and financial expenses	32,949	32,911
Contributions to the Corporation of the City of Barrie	269,400	162,733
Amortization	648	648
	<u>835,490</u>	<u>1,062,433</u>

7. Budget

The budget adopted by the Organization on May 26, 2020 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards requires a full accrual basis. The budget expensed all tangible capital expenditures on acquisition rather than annually including amortization expense. For presentation purposes the amounts budgeted for capital expenditures are shown on the statement of change in net financial assets and actual amortization for the year added to the budget in the statement of operations.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area
Notes to the financial statements**

December 31, 2020

8. Significant event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.