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

December 31, 2018

Independent Auditor's Report	1-2
Statement of operations	3
Statement of change in net financial assets	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7-10

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, 2018, 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, 2018 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 (deficit) surplus and cash flows from operations for the years ended December 31, 2018 and 2017, net financial assets and accumulated surplus as at January 1 and December 31, for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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.



Chartered Professional Accountants
Licensed Public Accountants
May 28, 2019

**The Corporation of the City of Barrie -
Downtown Barrie Business Improvement Area**
Statement of operations
Year ended December 31, 2018

	Budget 2018	2018	2017
	\$	\$	\$
Notes			
	(Note 7)		
Revenue			
Business improvement area levy	574,399	618,429	491,387
Fundraising and other revenue	—	584,753	401,761
Government grants	—	16,000	25,000
	574,399	1,219,182	918,148
Expenses			
Administration	233,349	238,698	193,988
Marketing and communication	105,650	98,141	119,613
Culture and heritage events	95,150	181,040	101,946
Self funded culture and heritage events	—	296,836	229,551
Beautification and cleanliness	15,250	18,850	12,504
Memorial square	120,000	430,973	234,663
Contribution to The Corporation of the City of Barrie	5,000	5,000	5,000
Amortization	—	—	266
	574,399	1,269,538	897,531
Annual (deficit) surplus	—	(50,356)	20,617
Accumulated surplus, beginning of year	159,953	159,953	139,336
Accumulated surplus, end of year	159,953	109,597	159,953

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, 2018

	Budget 2018	2018	2017
	\$	\$	\$
	(Note 7)		
Annual (deficit) surplus	(2,200)	(50,356)	20,617
Acquisition of tangible capital assets	—	(1,943)	—
Amortization of tangible capital assets	—	—	266
	(2,200)	(52,299)	20,883
Increase in prepaid expenses	—	—	(1,598)
Net financial assets, beginning of year	158,355	158,355	139,070
Net financial assets, end of year	156,155	106,056	158,355

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, 2018

	Notes	2018	2017
		\$	\$
Financial assets			
Cash		300	300
Inventories for resale		24,752	24,904
Accounts receivable		2,808	4,082
Due from The Corporation of the City of Barrie	2	106,285	157,145
		134,145	186,431
Liabilities			
Accounts payable and accrued liabilities		28,089	28,076
Net financial assets		106,056	158,355
Non-financial assets			
Prepaid expense		1,598	1,598
Tangible capital assets	3	1,943	—
Accumulated surplus	4	109,597	159,953

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, 2018

	2018	2017
	\$	\$
Operating activities		
Annual (deficit) surplus	(50,356)	20,617
Item not involving cash		
Amortization	—	266
Change in non-cash operating balances		
Inventories for resale	152	(7,116)
Accounts receivable	1,274	179
Due from The Corporation of the City of Barrie	50,860	(13,045)
Accounts payable and accrued liabilities	13	697
Prepaid expenses	—	(1,598)
	1,943	—
Investing activity		
Acquisition of tangible capital assets	(1,943)	—
Net change in cash	—	—
Cash, beginning of year	300	300
Cash, end of year	300	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, 2018

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:

- (a) 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.
- (b) Fundraising and other revenues are recognized when cash is collected.
- (c) 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:

Furniture and fixtures	Straight-line	5 years
------------------------	---------------	---------

**The Corporation of the City of Barrie -
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2018

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 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 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:

	2018	2017
	\$	\$
Due from The Corporation of the City of Barrie	106,285	157,145

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

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.

	2018	2017
	\$	\$
Memorial square	344,529	187,500
Contribution to The Corporation of the City of Barrie	5,000	5,000
	349,529	192,500

3. Tangible capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Furniture and fixtures	1,943	—	1,943	—

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.

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

December 31, 2018

4. Accumulated surplus

The Organization segregates its accumulated surplus into the following categories:

	2018	2017
	\$	\$
Invested in tangible capital assets	1,943	—
Unallocated accumulated surplus	107,654	159,953
	109,597	159,953

5. Commitments

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, 2018 \$30,000 (\$25,000 in 2017) was paid; outstanding commitments are \$20,000 (\$25,000 in 2017).

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 committed payments towards these leases are as follows:

	<u>\$</u>
2019	24,676
2020	24,934
2021	24,890
2022	11,305
Thereafter	—
	<u>85,805</u>

The Organization is committed to funding \$3,351,775 for the construction of the Memorial Square/Meridian Place project. As of December 31, 2018, the BIA has funded \$784,729 (\$440,200 in 2017) of the project and plans to fundraise an additional \$1,054,100 over a 7 year period. The remainder of the Organization's commitment will be funded by a loan from The Corporation of the City of Barri

**The Corporation of the City of Barrie -
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2018

6. Expenses by object

	2018	2017
	\$	\$
Salaries, wages and employee benefits	179,281	130,244
Materials	194,783	167,116
Contracted services	525,093	386,107
Rents and financial expenses	20,852	21,268
Contributions to the Corporation of the City of Barrie	349,529	192,500
Amortization	—	266
	1,269,538	897,531

7. Budget

The budget adopted by the Organization on February 27, 2018 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.