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

December 31, 2021

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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

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, 2021, 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, 2021 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, 2021 and 2020, net financial assets and accumulated surplus as at January 1 and December 31, for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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
April 19, 2022

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of operations
Year ended December 31, 2021

	Notes	Budget 2021 \$	2021 \$	2020 \$
		(Note 7)		
Revenue				
Business improvement area levy		561,077	602,122	513,606
Fundraising and other revenue		—	227,316	313,530
Government grants	2	—	225,657	13,658
		561,077	1,055,095	840,794
Expenses				
Administration	6	272,029	317,552	278,698
Marketing and communication		65,000	89,157	49,342
Culture and heritage events		80,000	89,922	75,246
Self-funded culture and heritage events	2	—	—	8,777
Beautification and cleanliness		68,000	70,487	47,707
Covid-19 expenses		50,000	77,144	89,390
Memorial square and other	2	19,892	206,950	280,682
Contribution to The Corporation of the City of Barrie	2	5,000	5,000	5,000
Amortization		1,156	1,156	648
		561,077	857,368	835,490
Annual surplus		—	197,727	5,304
Accumulated surplus, beginning of year		111,733	111,733	106,429
Accumulated surplus, end of year		111,733	309,460	111,733

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, 2021

	Budget		
	2021	2021	2020
	\$	\$	\$
	(Note 7)		
Annual surplus	–	197,727	5,304
Acquisition of tangible capital assets	–	(2,143)	(1,526)
Amortization of tangible capital assets	1,156	1,156	648
	1,156	196,740	4,426
Decrease in prepaid expenses	–	404	767
Net financial assets, beginning of year	106,226	106,226	101,033
Net financial assets, end of year	107,382	303,370	106,226

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, 2021

	Notes	2021	2020
		\$	\$
Financial assets			
Cash		107,484	207,311
Inventories for resale		22,482	24,332
Accounts receivable		260,341	59,541
HST receivable		55,231	19,533
		445,538	310,717
Liabilities			
Accounts payable and accrued liabilities		46,404	62,949
Due to The Corporation of the City of Barrie	2	95,764	141,542
		142,168	204,491
Net financial assets		303,370	106,226
Non-financial assets			
Prepaid expenses		2,930	3,334
Tangible capital assets	3	3,160	2,173
Accumulated surplus	4	309,460	111,733

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, 2021

	2021	2020
	\$	\$
Operating activities		
Annual surplus	197,727	5,304
Item not involving cash		
Amortization	1,156	648
Change in non-cash operating balances		
Inventories for resale	1,850	3,063
Accounts receivable	(200,800)	(20,979)
Due from The Corporation of the City of Barrie	(45,778)	225,593
Accounts payable and accrued liabilities	(16,545)	16,834
HST receivable, net	(35,698)	(22,693)
Prepaid expenses	404	767
	(97,684)	208,537
Investing activity		
Acquisition of tangible capital assets	(2,143)	(1,526)
Net change in cash	(99,827)	207,011
Cash, beginning of year	207,311	300
Cash, end of year	107,484	207,311

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, 2021

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, 2021

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 to The Corporation of the City of Barrie

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

	2021	2020
	\$	\$
Due to The Corporation of the City of Barrie	(95,764)	(141,542)

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

During 2021, the Organization recognized a \$65,000 (\$10,000 in 2020) grant from The Corporation of the City of Barrie related to the pedestrianization of Dunlop Street costs.

The Organization is committed to fund 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.

	2021	2020
	\$	\$
Memorial square	185,808	264,400
Contribution to The Corporation of the City of Barrie for the Downtown Barrie Camera Project (Note 5)	5,000	5,000
	190,808	269,400

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2021

3. Tangible capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Computer equipment	5,612	2,452	3,160	2,173

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:

	2021	2020
	\$	\$
Invested in tangible capital assets	3,160	2,173
Unallocated accumulated surplus	306,300	109,560
	309,460	111,733

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, 2021 \$45,000 (2020 - \$40,000) was paid; outstanding commitments are \$5,000 (2020 - \$10,000).

b) *Dunlop Streetscape*

In 2019, the Organization committed to funding \$300,000 of the construction of the Dunlop Streetscape project. As of December 31, 2021, the BIA has funded \$nil (\$nil as at December 31, 2020) of the project. Minimum annual contribution payments of \$15,000 to The Corporation of the City of Barrie are required beginning in 2022 and ending in 2041, unless the commitment is paid off earlier. Contribution payments are interest free.

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 Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2021

5. Commitments (continued)

c) *Operating lease (continued)*

Subsequent to year end, the Organization entered into a new operating lease for its premises which commences on May 1, 2022 and expires on April 30, 2025. The base rate is \$12,528 for the first year, \$12,920 for the second year and \$13,389 for the third year. There is an option to renew for up to five years. The Organization is also subject to monthly property tax charges, operating cost charges and other expenses under the lease agreement.

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, 2021, the BIA has funded \$1,391,670 (2020 - \$1,205,862) of the project; outstanding commitments are \$1,960,105 (2020 - \$2,145,793). The Organization intends to fundraise an additional \$447,159 (2020 - \$632,967) over a 4 year period. Minimum annual contribution payments of \$75,647 to The Corporation of the City of Barrie are required beginning in 2022 and ending in 2041, unless the commitment is paid off earlier. Contribution payments are interest free.

The Organization's minimum annual committed payments towards these commitments are as follows:

	\$
2022	118,740
2023	116,089
2024	116,533
2025	99,328
2026	90,647
Thereafter	1,806,854
	<u>2,348,191</u>

6. Expenses by object

	2021 \$	2020 \$
Salaries, wages and employee benefits	207,514	189,376
Materials	9,142	18,568
Contracted services	417,722	324,549
Rents and financial expenses	31,026	32,949
Contributions to the Corporation of the City of Barrie	190,808	269,400
Amortization	1,156	648
	<u>857,368</u>	<u>835,490</u>

7. Budget

The budget adopted by the Organization on December 8, 2020 and adopted by the City of Barrie on May 25, 2021 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.

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.