



Financial Statements

Alliston Business Improvement Association

December 31, 2021

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## Independent Auditor's Report

To the Chairman, Members of the Board of Management and Ratepayers of the Alliston Business Improvement Association

### Opinion

We have audited the financial statements of Alliston Business Improvement Association ("the Association"), which comprise the statement of financial position as at December 31, 2021, and 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 Association as at December 31, 2021, and the results of its operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Association derives revenue from event activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to event revenue, accumulated surplus, and cash flows from operations for the years ended December 31, 2021, current assets as at December 31, 2021, and net assets as at January 1 and December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 was 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association'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 Association'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 Association 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.

*Grant Thornton LLP*



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## Alliston Business Improvement Association Statement of Operations and Accumulated Surplus

Year Ended December 31

2021

2020

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Levied by the Town of			
New Tecumseth	\$ 216,944	\$ <b>216,944</b>	\$ 216,944
Other contributions	5,000	<b>13,000</b>	15,996
Monument building rental income	-	<b>3</b>	245
Event income	<u>1,200</u>	<u>-</u>	<u>-</u>
	<u>223,144</u>	<u><b>229,947</b></u>	<u>233,185</u>
<b>Expenditures</b>			
Bank fees	-	73	147
Events	31,800	19,369	14,558
Beautification	35,200	18,218	26,428
Facilities and equipment	-	3,164	3,571
Downtown clean-up	-	1,120	7,228
Amortization	10,668	10,668	14,960
Operating	87,741	12,202	17,327
Planters	-	2,915	1,642
Wages	-	57,927	71,502
Website development	-	1,787	-
Advertising	68,403	66,107	58,121
Miscellaneous	<u>-</u>	<u>4,501</u>	<u>392</u>
	<u>233,812</u>	<u><b>198,051</b></u>	<u>215,876</u>
Annual (deficit) surplus	\$ <u>(10,668)</u>	<u><b>31,896</b></u>	<u>17,309</u>
Accumulated surplus, beginning of year		<u><b>167,996</b></u>	<u>150,687</u>
Accumulated surplus, end of year		\$ <u><b>199,892</b></u>	\$ <u>167,996</u>

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See accompanying notes to the financial statements.

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## Alliston Business Improvement Association Statement of Change in Net Financial Assets

Year Ended December 31

2021

2020

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual (deficit) surplus	\$ (10,668)	\$ 31,896	\$ 17,309
Acquisition of tangible capital assets	-	(1,824)	(2,831)
Amortization of tangible capital assets	<u>10,668</u>	<u>10,668</u>	<u>14,960</u>
Change in net Financial assets	-	40,740	29,438
Net financial assets, beginning of year	<u>146,352</u>	<u>146,352</u>	<u>116,914</u>
Net financial assets, end of year	\$ <u>146,352</u>	\$ <u>187,092</u>	\$ <u>146,352</u>

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See accompanying notes to the financial statements.

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## Alliston Business Improvement Association Statement of Cash Flows

Year Ended December 31	2021	2020
Increase in cash and cash equivalents		
<b>Operating Activities</b>		
Annual surplus	\$ 31,896	\$ 17,309
Amortization	10,668	14,960
Changes in non-cash item balances		
Prepays	(16,950)	-
Receivables	(3,765)	2,997
Payables and accruals	<u>5,445</u>	<u>10,668</u>
	<u>27,294</u>	<u>45,934</u>
<b>Financing Activities</b>		
Purchase of tangible capital assets	<u>(1,824)</u>	<u>(2,831)</u>
Increase in cash and cash equivalents	25,470	43,103
Cash and cash equivalents, beginning of year	<u>164,739</u>	<u>121,636</u>
Cash and cash equivalents, end of year	\$ <u>190,209</u>	\$ <u>164,739</u>

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See accompanying notes to the financial statements.

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# Alliston Business Improvement Association

## Notes to the Financial Statements

December 31, 2021

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### 1. Nature of operations

The Alliston Business Improvement Association (the "Association") was created under the provisions of a by-law passed by the Council of The Corporation of the Town of New Tecumseth. Designated to serve the downtown area of the community of Alliston, its operations are governed by applicable sections of the Municipal Act, Town by-laws and other applicable legislation. It is a board of management of The Corporation of the Town of New Tecumseth.

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### 2. Summary of significant accounting policies

The financial statements of the Association are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the Board are as follows:

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, guaranteed investment certificates and balances with banks.

#### Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Benches and planters	5 years
Banners	3 years
Storage containers	10 years
Billboards	5 years
Furniture and fixtures	15 years
Office equipment	5 years
Sign Frames	5 years
Decorative lights	3 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets which are under the threshold established by the Board are not capitalized and are expensed as incurred.

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# Alliston Business Improvement Association

## Notes to the Financial Statements

December 31, 2021

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### 2. Summary of significant accounting policies (continued)

#### Revenue recognition

Government transfers are recognized in the financial statements in the year in which the 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.

Rental income, interest income and other revenues are recognized as the amounts are earned and there is reasonable assurance of collection.

#### Use of estimates

The preparation of financial statements in accordance with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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### 3. Financial Instruments

Financial instruments consist of receivables, payables and accruals and unearned revenue. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

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### 4. Downtown area expenses, sub-contracting purchases, hanging planters and consultant costs

The Council of the Town of New Tecumseth has directed the Town to assume the costs of downtown area expenses, sub-contracting purchases, hanging planters and consultant costs for the Association's facilities. Costs totalling \$45,934 were incurred by the Town during 2021 (2020 - \$49,598). As these costs are reported by the Town, they were not budgeted by the Association and are not reported in these financial statements.

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# Alliston Business Improvement Association

## Notes to the Financial Statements

December 31, 2021

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**5. Related party transactions** 2021 2020

The Association had the following related party transactions:

With the Town of New Tecumseth, valued at cost:

- Related organization

Municipal levy	<b>\$ 216,944</b>	\$ 216,944
Other contributions	<b>13,000</b>	15,996

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**6. Budget figures**

The operating budget approved by the Board for 2021 is reflected on the statement of operations. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures.

Adjustments to the budget approved by the Board are reflected to adjust the basis of presentation to the accounting principles applied in preparing the financial statements. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

	<u>Revenues</u>	<u>Expenditures</u>
Board's approved budget	\$ 223,144	\$ 223,144
Add: Amortization expense	<u>-</u>	<u>10,668</u>
Adjusted budget per statement of operations	<u>\$ 223,144</u>	<u>\$ 233,812</u>

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## Alliston Business Improvement Association Notes to the Financial Statements

December 31, 2021

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### 7. Tangible capital assets

	Benches and <u>Planters</u>	<u>Banners</u>	Storage <u>Containers</u>	<u>Billboards</u>	Furniture and <u>Fixtures</u>
Cost					
Balance, beginning of year	\$ 36,285	\$ 16,341	\$ 4,471	\$ 4,376	\$ 4,625
Add: Additions during the year	-	163	-	-	-
Less: Write off of fully amortized assets during the year	<u>(8,599)</u>	<u>(4,130)</u>	<u>-</u>	<u>(2,035)</u>	<u>-</u>
Balance, end of year	<u>27,686</u>	<u>12,374</u>	<u>4,471</u>	<u>2,341</u>	<u>4,625</u>
Accumulated amortization					
Balance, beginning of year	29,887	10,310	3,800	4,142	2,798
Add: Amortization during the year	3,375	3,843	447	234	308
Less: Write off of fully amortized assets during the year	<u>(8,599)</u>	<u>(4,130)</u>	<u>-</u>	<u>(2,035)</u>	<u>-</u>
Balance, end of year	<u>24,663</u>	<u>10,023</u>	<u>4,247</u>	<u>2,341</u>	<u>3,106</u>
Net book value of Tangible Capital Assets	<u>\$ 3,023</u>	<u>\$ 2,351</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 1,519</u>

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## Alliston Business Improvement Association Notes to the Financial Statements

December 31, 2021

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### 7. Tangible capital assets (continued)

	Sign Frames	Decorative Lights	Office Equipment	<u>2021</u>	<u>2020</u>
Cost					
Balance, beginning of year	\$ 6,389	\$ 3,925	\$ 2,422	<b>\$ 78,834</b>	\$ 85,046
Add: Additions during the year	1,661	-	-	<b>1,824</b>	2,831
Less: Write off of fully amortized assets during the year	<u>-</u>	<u>(2,001)</u>	<u>-</u>	<b><u>(16,765)</u></b>	<u>(9,043)</u>
Balance, end of year	<u>8,050</u>	<u>1,924</u>	<u>2,422</u>	<b><u>63,893</u></b>	<u>78,834</u>
Accumulated amortization					
Balance, beginning of year	1,662	3,180	1,411	<b>57,190</b>	51,273
Add: Amortization during the year	1,444	533	484	<b>10,668</b>	14,960
Less: Write off of fully amortized assets during the year	<u>-</u>	<u>(2,001)</u>	<u>-</u>	<b><u>(16,765)</u></b>	<u>(9,043)</u>
Balance, end of year	<u>3,106</u>	<u>1,712</u>	<u>1,895</u>	<b><u>51,093</u></b>	<u>57,190</u>
Net book value of Tangible Capital Assets	<b>\$ <u>4,944</u></b>	<b>\$ <u>212</u></b>	<b>\$ <u>527</u></b>	<b>\$ <u>12,800</u></b>	<b>\$ <u>21,644</u></b>

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