



Financial Statements

Alliston Business Improvement Association

December 31, 2018

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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, 2018, and the statements of operations and accumulated surplus, statement of change in net financial assets and cash flow 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, 2018, 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, 2018 and December 31, 2017, current assets as at December 31, 2018 and December 31, 2017, and net assets 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 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Barrie, Canada
April 4, 2019

Chartered Professional Accountants
Licensed Public Accountants

**Alliston Business Improvement Association
Statement of Financial Position**

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 107,182	\$ 64,316
Receivables	<u>7,888</u>	<u>8,535</u>
	115,070	72,851
Liabilities		
Payables and accruals	<u>21,865</u>	<u>16,448</u>
Net financial assets	93,205	56,403
Non-financial assets		
Prepays	-	1,643
Tangible capital assets (Note 7)	<u>27,270</u>	<u>46,884</u>
	<u>27,270</u>	<u>48,527</u>
Accumulated Surplus	\$ <u>120,475</u>	\$ <u>104,930</u>

On behalf of the Board



Director

"Mike Jerry"

Director

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See accompanying notes to the financial statements.

Alliston Business Improvement Association Statement of Operations and Accumulated Surplus

Year Ended December 31

2018

2017

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Levied by the Town of			
New Tecumseth	\$ 216,944	\$ 216,944	\$ 176,733
Other contributions	25,000	30,000	-
Monument building rental income	720	690	760
Event income	19,019	31,960	36,407
	<u>261,683</u>	<u>279,594</u>	<u>213,900</u>
Expenditures			
Bank fees	-	143	272
Events	73,200	72,229	61,623
Facilities and equipment	-	10,999	9,681
Downtown clean-up	16,100	11,421	14,445
Amortization	22,494	22,494	33,947
Operating	76,163	9,229	13,705
Planters	-	4,924	7,224
Wages	-	69,450	58,234
Website development	-	7,573	7,842
Advertising	71,220	51,785	46,552
Miscellaneous	-	3,802	1,379
	<u>259,177</u>	<u>264,049</u>	<u>254,904</u>
Annual surplus (deficit)	\$ <u>2,506</u>	<u>15,545</u>	<u>(41,004)</u>
Accumulated surplus, beginning of year		<u>104,930</u>	<u>145,934</u>
Accumulated surplus, end of year		\$ <u>120,475</u>	\$ <u>104,930</u>

See accompanying notes to the financial statements.

Alliston Business Improvement Association Statement of Change in Net Financial Assets

Year Ended December 31

2018

2017

	<u>Budget</u>		<u>Actual</u>		<u>Actual</u>
Annual surplus (deficit)	\$ 2,506		\$ 15,545		\$ (41,004)
Change in prepaids	-		1,643		9,430
Acquisition of tangible capital assets	(25,000)		(2,880)		(10,550)
Amortization of tangible capital assets	<u>22,494</u>		<u>22,494</u>		<u>33,947</u>
Change in net financial assets	-		36,802		(8,177)
Net financial assets, beginning of year	<u>64,580</u>		<u>56,403</u>		<u>64,580</u>
Net financial assets, end of year	\$ <u>64,580</u>		\$ <u>93,205</u>		\$ <u>56,403</u>

See accompanying notes to the financial statements.

Alliston Business Improvement Association Statement of Cash Flows

Year Ended December 31

2018

2017

Increase in cash and cash equivalents

Operating Activities

Annual surplus (deficit)	\$ 15,545	\$ (41,004)
Amortization	22,494	33,947
Changes in non-cash item balances		
Prepays	1,643	9,430
Receivables	647	44,539
Payables and accruals	<u>5,417</u>	<u>10,725</u>
	<u>45,746</u>	<u>57,637</u>

Financing Activities

Purchase of tangible capital assets	<u>(2,880)</u>	<u>(10,550)</u>
Increase in cash and cash equivalents	42,866	47,087
Cash and cash equivalents, beginning of year	<u>64,316</u>	<u>17,229</u>
Cash and cash equivalents, end of year	\$ <u>107,182</u>	\$ <u>64,316</u>

See accompanying notes to the financial statements.

Alliston Business Improvement Association

Notes to the Financial Statements

December 31, 2018

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.

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 Canadian Institute of Chartered Accountants. 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:

Banners	3 years
Billboards	5 years
Garbage Cans	5 years
Barricades	5 years
Benches and planters	5 years
Storage containers	10 years
Decorative lights	3 years
Furniture and fixtures	15 years
Website Domain	2 years
Office equipment	5 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.

Alliston Business Improvement Association

Notes to the Financial Statements

December 31, 2018

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.

3. Financial Instruments

Financial instruments consist of receivables and payables and accruals. 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.

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 facilities. Costs totalling \$70,032 were incurred by the Town during 2018 (2017 - \$71,061). As these costs are reported by the Town, they were not budgeted by the Association and are not reported in these financial statements.

Alliston Business Improvement Association

Notes to the Financial Statements

December 31, 2018

5. Related party transactions

	<u>2018</u>	<u>2017</u>
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The Association had the following related party transactions:

With the Town of New Tecumseth, valued at cost:

- Related organization

Municipal levy	\$ 216,944	\$ 176,733
Other contributions	30,000	-

6. Budget figures

The operating budget approved by the Board for 2018 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	\$ 261,683	\$ 261,683
Less: Tangible capital assets capitalization	-	(25,000)
Add: Amortization expense	-	22,494
Adjusted budget per consolidated statement of operations	<u>\$ 261,683</u>	<u>\$ 259,177</u>

Alliston Business Improvement Association

Notes to the Financial Statements

December 31, 2018

7. Tangible capital assets

	Benches and Planters	Banners	Storage Containers	Billboard	Garbage Cans	Furniture and Fixtures
Cost						
Balance, beginning of year	\$ 43,403	\$ 70,072	\$ 4,471	\$ 10,844	\$ 5,763	\$ 4,088
Add: Additions during the year	-	1,692	-	-	-	537
Less: Write off of fully amortized assets during the year	<u>(992)</u>	<u>(49,585)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>42,411</u>	<u>22,179</u>	<u>4,471</u>	<u>10,844</u>	<u>5,763</u>	<u>4,625</u>
Accumulated amortization						
Balance, beginning of year	22,459	63,022	2,459	7,268	5,188	1,892
Add: Amortization during the year	7,403	4,826	447	1,488	575	290
Less: Write off of fully amortized assets during the year	<u>(992)</u>	<u>(49,585)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>28,870</u>	<u>18,263</u>	<u>2,906</u>	<u>8,756</u>	<u>5,763</u>	<u>2,182</u>
Net book value of Tangible Capital Assets	\$ <u>13,541</u>	\$ <u>3,916</u>	\$ <u>1,565</u>	\$ <u>2,088</u>	\$ <u>-</u>	\$ <u>2,443</u>

Alliston Business Improvement Association

Notes to the Financial Statements

December 31, 2018

7. Tangible capital assets (continued)

	Office Equipment	Barricades	Decorative Lights	Website Domain	2018	2017
Cost						
Balance, beginning of year	\$ 1,710	\$ 916	\$ 19,577	\$ 1,957	\$ 162,801	\$ 194,236
Add: Additions during the year	-	-	651	-	2,880	10,550
Less: Write off of fully amortized assets during the year	-	(916)	-	-	(51,493)	(41,985)
Balance, end of year	<u>1,710</u>	<u>-</u>	<u>20,228</u>	<u>1,957</u>	<u>114,188</u>	<u>162,801</u>
Accumulated amortization						
Balance, beginning of year	171	916	12,051	491	115,917	123,955
Add: Amortization during the year	342	-	6,634	489	22,494	33,947
Less: Write off of fully amortized assets during the year	-	(916)	-	-	(51,493)	(41,985)
Balance, end of year	<u>513</u>	<u>-</u>	<u>18,685</u>	<u>980</u>	<u>86,918</u>	<u>115,917</u>
Net book value of Tangible Capital Assets	<u>\$ 1,197</u>	<u>\$ -</u>	<u>\$ 1,543</u>	<u>\$ 977</u>	<u>\$ 27,270</u>	<u>\$ 46,884</u>