

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of the Campbellford Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Trent Hills

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Opinion

We have audited the financial statements of the Campbellford Business Improvement Area of the Corporation of the Municipality of Trent Hills (the organization), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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 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 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 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 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 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 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 16, 2020

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	43,028	16,264
HST receivable	631	3,071
TOTAL FINANCIAL ASSETS	43,659	19,335
LIABILITIES		
Accounts payable and accrued liabilities	8,946	2,942
Due to Municipality	-	162
TOTAL LIABILITIES	8,946	3,104
NET FINANCIAL ASSETS	34,713	16,231
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	20,932	20,970
Prepaid expenses	2,504	2,474
TOTAL NON-FINANCIAL ASSETS	23,436	23,444
ACCUMULATED SURPLUS (note 4)	58,149	39,675

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Municipal contribution (note 5)	40,000	39,794	39,838
Interest income	-	792	1,543
Other grants	-	9,397	-
TOTAL REVENUES	40,000	49,983	41,381
EXPENSES			
Contribution to Municipality for Town Square	-	-	25,000
Secretarial support	9,000	9,000	9,000
Promotion and advertising	11,245	4,823	10,869
Beautification and streetscape	7,500	-	7,431
Sponsorships and special events	4,000	9,720	1,927
Christmas program	3,827	-	-
Training	500	-	2,043
Professional fees	1,750	1,819	1,819
Insurance	1,728	1,723	417
Office	450	230	425
Amortization	407	4,194	407
TOTAL EXPENSES	40,407	31,509	59,338
ANNUAL SURPLUS/(DEFICIT)	<u>(407)</u>	18,474	(17,957)
ACCUMULATED SURPLUS - beginning of year		39,675	57,632
ACCUMULATED SURPLUS - end of year		58,149	39,675

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	(407)	18,474	(17,957)
Amortization of tangible capital assets	407	4,194	407
Acquisition of tangible capital assets	-	(4,156)	(20,970)
Change in prepaid expenses	-	(30)	(2,474)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	18,482	(40,994)
NET FINANCIAL ASSETS - beginning of year	16,231	16,231	57,225
NET FINANCIAL ASSETS - end of year	16,231	34,713	16,231

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	18,474	(17,957)
Items not involving cash		
Amortization of tangible capital assets	4,194	407
Change in non-cash assets and liabilities		
HST receivable	2,440	(2,774)
Prepaid expenses	(30)	(2,474)
Accounts payable and accrued liabilities	6,004	(21)
Due to Municipality	(162)	(9,838)
Net change in cash from operating activities	30,920	(32,657)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,156)	(20,970)
NET CHANGE IN CASH	26,764	(53,627)
CASH - beginning of year	16,264	69,891
CASH - end of year	43,028	16,264

The accompanying notes are an integral part of these financial statements

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the organization are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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 or transfers are due.

Other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the organization's best information and judgment. Actual results could differ from these estimates.

(c) 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. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Christmas decorations	3 to 5 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

No amortization is charged in the year of acquisition. Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

(e) Reserves

Certain amounts, as approved by the organization, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



CAMPBELLFORD BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Inter-Entity Transactions

The Campbellford Business Improvement Area is a organization of the Municipality of Trent Hills and is consolidated with the Municipality's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Municipality.

2. BUDGET FIGURES

The operating budget, approved by the organization, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

3. TANGIBLE CAPITAL ASSETS

The net book value of the organization's tangible capital assets are:

	2019 Christmas Decorations and Banners \$	2018 Christmas Decorations and Banners \$
COST		
Balance, beginning of year	28,054	7,084
Add: additions during the year	4,156	20,970
Balance, end of year	32,210	28,054
ACCUMULATED AMORTIZATION		
Balance, beginning of year	7,084	6,677
Add: additions during the year	4,194	407
Balance, end of year	11,278	7,084
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	20,932	20,970

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	20,932	20,970
Surplus	20,932	20,970
Reserve		
General	37,217	18,705
	58,149	39,675

5. INTER-ENTITY TRANSACTIONS

During the year, the organization entered into transactions with the Municipality of Trent Hills.

As part of the budgeting process, the Municipality approves a contribution to the organization which is identified on the Statement of Operations and Accumulated Surplus. The contribution is based on an additional tax levy on the businesses within the geographical boundaries of the Campbellford Business Improvement Area. The Municipality bills the tax levy and contributes this tax levy adjusted for any applicable supplementary tax billing or tax write-off annually to the organization.

Details of the inter-entity expense transactions are as follows:

	2019	2018
	\$	\$
Allocated costs:		
Contribution to Municipality for Town Square	-	25,000

The following services are provided to the organization by the Municipality at no cost:

- Accounting services
- Installation and removal of banners and Christmas decorations

All balances with the Municipality of Trent Hills have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

6. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations. The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.
