

PETERBOROUGH DOWNTOWN BUSINESS

IMPROVEMENT AREA

FINANCIAL STATEMENTS

AT DECEMBER 31, 2013

**PETERBOROUGH DOWNTOWN BUSINESS
IMPROVEMENT AREA
FINANCIAL STATEMENTS
AT DECEMBER 31, 2013**

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INDEPENDENT AUDITORS' REPORTT. 705.742.3418
F. 705.742.9775**TO THE BOARD OF MANAGEMENT OF THE PETERBOROUGH
DOWNTOWN BUSINESS IMPROVEMENT AREA**www.collinsbarrowkawarthas.com*Report on the Financial Statements*

We have audited the accompanying financial statements of the Peterborough Downtown Improvement Area, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and accumulated surplus, cash flows and change in net assets for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as noted in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Board derives revenue from special events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to special events revenues, assets and accumulated surplus.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Peterborough Business Improvement Area as at December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLPChartered Professional Accountants
Peterborough, Ontario
May 28, 2014

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA**STATEMENT OF FINANCIAL POSITION****At December 31, 2013**

	2013 \$	2012 \$
FINANCIAL ASSETS		
Cash	76,626	69,811
Short-term investments (Note 4)	5,482	5,452
Accounts receivable	25,008	37,370
	107,116	112,633
LIABILITIES		
Accounts payable and accrued	46,148	54,481
Deferred revenue	12,640	22,360
	58,788	76,841
NET FINANCIAL ASSETS	48,328	35,792
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	37,824	48,831
ACCUMULATED SURPLUS (Note 6)	86,152	84,623

The accompanying notes are an integral part of this financial statement.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For The Year Ended December 31, 2013

	Budget 2013 \$ (Unaudited)	Actual 2013 \$	Actual 2012 \$
REVENUE			
Requisition from City of Peterborough	278,723	278,723	278,723
Other grants from City of Peterborough	94,305	68,588	58,645
Community Future Development grant	-	-	13,000
Interest	-	30	29
Special events	-	22,156	80,657
Other revenues	156,500	17,916	11,274
	529,528	387,413	442,328
EXPENSES			
Administration	132,037	144,767	133,362
Promotion	85,000	100,389	89,534
Communications	13,000	6,228	20,350
Streetscape	100,633	77,303	77,378
Special events	205,000	46,190	126,306
Amortization	-	11,007	5,804
	535,670	385,884	452,734
ANNUAL SURPLUS/(DEFICIT)	(6,142)	1,529	(10,406)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	84,623	84,623	95,029
ACCUMULATED SURPLUS - END OF YEAR	78,481	86,152	84,623

The accompanying notes are an integral part of this financial statement.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For The Year Ended December 31, 2013

	Budget 2013 \$ (Unaudited)	Actual 2013 \$	Actual 2012 \$
Annual surplus/(deficit)	(6,142)	1,529	(10,406)
Acquisition of tangible capital assets	-	-	(54,035)
Amortization of tangible capital assets	-	11,007	5,804
(Increase)/decrease in prepaid expenses	-	-	500
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(6,142)	12,536	(58,137)
NET FINANCIAL ASSETS, beginning of year	35,792	35,792	93,929
NET FINANCIAL ASSETS, end of year	29,650	48,328	35,792

The accompanying notes are an integral part of this financial statement.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2013

	2013 \$	2012 \$
OPERATIONS		
Annual surplus/(deficit)	1,529	(10,406)
Non-cash charges to operations		
Amortization	11,007	5,804
(Uses) Sources:		
Decrease (increase) in accounts receivable	18,330	(18,484)
Decrease (increase) in prepaid expenses	-	500
Increase (decrease) in deferred revenue	(9,720)	22,360
Increase (decrease) in accounts payable	(14,301)	34,806
Net change in cash from operations	6,845	34,580
INVESTING		
Decrease (increase) in short-term investments	(30)	(29)
Net change in cash from investing	(30)	(29)
CAPITAL		
Acquisition of capital asset	-	(54,035)
Net change in cash from capital	-	(54,035)
INCREASE (DECREASE) IN CASH	6,815	(19,484)
OPENING CASH	69,811	89,295
CLOSING CASH	76,626	69,811

The accompanying notes are an integral part of this financial statement.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

NOTE 1: IMPROVEMENT AREA

The Peterborough Downtown Business Improvement Area ("Improvement Area"), comprising those lands as described in City of Peterborough By-Law 1980-142, was established for the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond that provided at the expense of the City, and for the promotion of the area as a business and shopping area.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with generally accepted accounting principles for local governments and their boards as recommended by the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Business Improvement Area are as follows:

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the 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:

Equipment	- 3 years
Decorations	- 5 years

Amortization is recorded at one half of the above rate in the year of acquisition.

Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

Recognition of Revenue and Expenses

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

Revenue is raised for the Improvement Area by City Council through a special levy upon designated ratepayers. The Board of Management for the Improvement Area requisitions funds from the City from time to time and accounts for these revenues on the accrual basis.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2013

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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Contributed Services

These financial statements do not reflect the significant value of services contributed by Board members and other interested parties to the various committees and programs of the Board of Management.

Non-Financial Assets

Non-financial assets are accounted for as assets by the Improvement Area because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Improvement Area unless they are sold.

Deferred Revenue

Deferred revenue represents gift certificates sold but not redeemed.

NOTE 3: FINANCIAL INSTRUMENTS

The Improvement Area's financial instruments consist of cash, accounts receivable, short-term investments and accounts payable and accrued liabilities. Unless otherwise noted, the Improvement Area does not have any significant concentration of interest, currency or credit risk.

NOTE 4: SHORT-TERM INVESTMENTS

Short-term investments consist of treasury bills and are recorded at a cost of \$5,482 (2012 - \$5,452) which approximates market value of \$5,482 (2012 - \$5,452).

NOTE 5: CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value	
			2013 \$	2012 \$
Equipment	1,200	1,200	-	200
Decorations	54,035	16,211	37,824	48,631
	55,235	17,411	37,824	48,831

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2013

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NOTE 6: ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2013 \$	2012 \$
Surplus		
Operating fund	48,328	35,792
Invested In Capital Assets		
Net book value of tangible capital assets	37,824	48,831
	86,152	84,623