

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

Draft June 22, 2023

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

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Draft June 22, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Management of the Peterborough Downtown Business Improvement Area

Opinion

We have audited the financial statements of the Peterborough Downtown Business Improvement Area (the Improvement Area), which comprise the statement of financial position as at December 31, 2022, 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 Improvement Area as at December 31, 2022, and the results of its operations and its 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 Improvement Area 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 Improvement Area'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 Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement Area'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 Improvement Area'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 Improvement Area'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 Improvement Area 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

Peterborough, Ontario
June 22, 2023

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	260,574	207,413
Short-term investments (note 3)	5,709	5,709
Accounts receivable (note 6)	89,076	37,412
TOTAL FINANCIAL ASSETS	355,359	250,534
LIABILITIES		
Accounts payable and accrued liabilities	26,701	6,253
Gift cards payable	6,084	20,284
Deferred revenue	5,100	-
TOTAL LIABILITIES	37,885	26,537
NET FINANCIAL ASSETS	317,474	223,997
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	46,895	70,932
ACCUMULATED SURPLUS (note 8)	364,369	294,929

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Requisition from City of Peterborough (note 6)	334,492	334,492	327,933
Other grants from City of Peterborough (note 6)	282,950	306,325	246,400
City of Peterborough - beautification	27,500	24,500	27,500
Special events	25,000	25,000	24,961
Regional Tourism Organization 8	-	96,100	-
Other	8,925	25,874	29,200
TOTAL REVENUES	678,867	812,291	655,994
EXPENSES			
Administration	243,920	255,649	306,836
Promotion	88,000	86,017	53,768
Communications	30,000	22,662	30,389
Streetscape	143,500	199,989	168,094
Special events	99,500	102,127	35,945
Security	27,000	2,370	55,340
Amortization	-	24,037	25,773
Urban Park Project	50,000	50,000	-
TOTAL EXPENSES	681,920	742,851	676,145
ANNUAL SURPLUS/(DEFICIT)	<u>(3,053)</u>	69,440	(20,151)
ACCUMULATED SURPLUS - beginning of year		294,929	315,080
ACCUMULATED SURPLUS - end of year		364,369	294,929

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(3,053)	69,440	(20,151)
Amortization of tangible capital assets	11,767	24,037	25,773
INCREASE IN NET FINANCIAL ASSETS	8,714	93,477	5,622
NET FINANCIAL ASSETS - beginning of year	223,997	223,997	218,375
NET FINANCIAL ASSETS - end of year	232,711	317,474	223,997

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	69,440	(20,151)
Items not involving cash		
Amortization of tangible capital assets	24,037	25,773
Change in non-cash assets and liabilities		
Accounts receivable	(51,664)	24,811
Accounts payable and accrued liabilities	20,448	(33,227)
Gift cards payable	(14,200)	(13,369)
Deferred revenue	5,100	-
NET CHANGE IN CASH	53,161	(16,163)
CASH - beginning of year	207,413	223,576
CASH - end of year	260,574	207,413

The accompanying notes are an integral part of these financial statements

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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.

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 are as follows:

(a) 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:

Pole Banners	5 years
Decorations	5 years
Wi-Fi and Other Equipment	5-7 years

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

(b) 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian 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 expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include the amounts recorded for amortization of tangible capital assets which are based on estimates of useful lives and residual values.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

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 or transfers are due.

Taxation

Revenue is raised for the Improvement Area by City Council through 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. Interest revenue is recognized when it is earned. Special events revenue is earned once the event has taken place.

Grants and other revenue are recognized in the financial statements as revenue in the period in which the transactions or events occurred that give rise to the revenue.

(e) Inter-Entity Transactions

The Improvement Area is a Board of the City of Peterborough and is consolidated with the City financial statements.

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

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

(f) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

2. COMMITMENT

In 2020, the Improvement Area entered into an agreement for the maintenance of public spaces in downtown Peterborough for 5 years ending March 31, 2025. Expected payments, net of HST rebate, over the remaining term of the contract are as follows:

2023	\$184,250
2024	186,743
2025	46,685

3. SHORT-TERM INVESTMENTS

Short-term investments consist of treasury bills and are recorded at a cost of \$5,709 (2021 - \$5,709).

4. BUDGET FIGURES

The budget, approved by the Board of Management, for 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. Budget figures are not subject to audit.

5. CONTRACTUAL RIGHTS

The Improvement Area has an agreement with the City of Peterborough to receive funding of \$150,000 annually. This agreement will expire in 2036. This funding is included in other grants from City of Peterborough on the statement of operations and accumulated surplus and is in addition to the requisition received from the City through a special levy from designated ratepayers.

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. INTER-ENTITY TRANSACTIONS

All funding received from the City of Peterborough has been identified on the Statement of Operations and Accumulated Surplus. There is an outstanding balance of \$24,500 between the City and the Improvement Area at December 31, 2022 (2021 - \$3,438) which is included in accounts receivable on the statement of financial position.

7. TANGIBLE CAPITAL ASSETS

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

	Pole Banners	Decorations	Equipment	2022 Totals	2021 Totals
	\$	\$	\$	\$	\$
COST					
Balance, beginning of year	13,314	71,806	63,258	148,378	148,378
Balance, end of year	13,314	71,806	63,258	148,378	148,378
ACCUMULATED AMORTIZATION					
Balance, beginning of year	12,763	21,542	43,141	77,446	51,673
Add: additions during the year	367	14,361	9,309	24,037	25,773
Balance, end of year	13,130	35,903	52,450	101,483	77,446
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	184	35,903	10,808	46,895	70,932

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

PETERBOROUGH DOWNTOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Surplus		
Operating fund	181,960	99,313
Invested In Capital Assets		
Net book value of tangible capital assets	46,895	70,932
Surplus	228,855	170,245
Reserve		
Casino settlement	135,514	74,684
Urban park	-	50,000
Total Reserves	135,514	124,684
	364,369	294,929