
Financial statements of
The Corporation of the City of
Barrie – Downtown Barrie Business
Improvement Area

December 31, 2023

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Independent Auditor's Report

To the Board of Directors of
The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area

Qualified Opinion

We have audited the financial statements of The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area (the "Organization") which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023 and the result of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

In common with similar organizations, the Organization derives revenue from fundraising activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, annual surplus and cash flows from operations for the years ended December 31, 2023 and 2022, and net financial assets and accumulated surplus as at January 1 and December 31, for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly, because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 qualified audit opinion.

Emphasis of Matter – Restated Corresponding Information

We draw attention to Note 8 to the financial statements, which explains that certain corresponding information presented for the year ended December 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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 PSAS, 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 25, 2024

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of operations
Year ended December 31, 2023

	Notes	Budget 2023 \$	2023 \$	2022 \$
		(Note 7)		(Restated) (Note 8)
Revenue				
Business improvement area levy		684,387	674,663	661,681
Fundraising and other revenue		—	179,741	218,690
Government grants	2	—	280,972	229,830
		684,387	1,135,376	1,110,201
Expenses	6			
Administration		281,460	330,694	288,932
Marketing and communication		81,450	97,604	44,732
Culture and heritage events		134,955	252,245	191,744
Beautification and cleanliness		73,500	178,382	107,419
Open Air Dunlop		—	—	242,192
Memorial square and other	2	96,800	187,395	165,006
Contribution to The Corporation of the City of Barrie	2	15,000	15,000	20,000
Amortization		1,222	1,222	1,225
		684,387	1,062,542	1,061,250
Annual surplus		—	72,834	48,951
Accumulated surplus, beginning of year		358,411	358,411	309,460
Accumulated surplus, end of year		358,411	431,245	358,411

The accompanying notes are an integral part of the financial statements.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of change in net financial assets
Year ended December 31, 2023

	Budget 2023 \$	2023 \$	2022 \$
	(Note 7)		(Restated) (Note 8)
Annual surplus	—	72,834	48,951
Acquisition of tangible capital assets	—	(286,321)	—
Amortization of tangible capital assets	1,222	1,222	1,225
	1,222	(212,265)	50,176
Decrease (increase) in prepaid expenses	—	4,121	(2,761)
Net financial assets, beginning of year	350,785	350,785	303,370
Net financial assets, end of year	352,007	142,641	350,785

The accompanying notes are an integral part of the financial statements.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of financial position
As at December 31, 2023

	Notes	2023 \$	2022 \$ (Restated) (Note 8)
Financial assets			
Cash		114,738	209,070
Accounts receivable		90,101	141,903
HST receivable		69,948	122,962
		274,787	473,935
Liabilities			
Accounts payable and accrued liabilities		85,421	52,576
Deferred revenue		—	7,569
Due to The Corporation of the City of Barrie	2	46,725	63,005
		132,146	123,150
Net financial assets		142,641	350,785
Non-financial assets			
Prepaid expenses		1,570	5,691
Tangible capital assets	3	287,034	1,935
Accumulated surplus	4	431,245	358,411

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors

_____, Director

_____, Director

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Statement of cash flows
Year ended December 31, 2023

	2023	2022
	\$	\$
		(Restated) (Note 8)
Operating activities		
Annual surplus	72,834	48,951
Item not involving cash		
Amortization	1,222	1,225
Change in non-cash operating balances		
Inventories for resale	—	22,482
Accounts receivable	51,802	118,438
HST receivable	53,014	(67,731)
Accounts payable and accrued liabilities	32,845	6,172
Deferred revenue	(7,569)	7,569
Due to The Corporation of the City of Barrie	(16,280)	(32,759)
Prepaid expenses	4,121	(2,761)
	191,989	101,586
Investing activity		
Acquisition of tangible capital assets	(286,321)	—
Net change in cash	(94,332)	101,586
Cash, beginning of year	209,070	107,484
Cash, end of year	114,738	209,070

The accompanying notes are an integral part of the financial statements.

1. Summary of significant accounting policies

Management's responsibility for the financial statements

The Organization is an unincorporated entity formed to improve the Barrie Downtown Business Core by attracting more business and maintaining the general upkeep of the downtown area. The financial statements of The Corporation of the City of Barrie – Downtown Barrie Business Improvement Area (the "Organization") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

Revenue recognition

Revenues are recognized as follows:

The business improvement area levy is based on a special downtown business levy that is recognized in the calendar year to which the tax assessment applies and at the time the assessment is known.

Fundraising and other revenues are recognized when cash is collected.

Government grants are recognized in the period in which the transfer is authorized and any eligibility criteria are met unless restricted through stipulations that required specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met. For any amounts received, but for which revenue is not yet recognized, the amount is recorded as deferred revenue.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to: transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the tangible capital asset is available for productive use as follows:

Computer equipment	Straight-line	3 years
Meridian Place fixtures	Straight-line	15 years
Equipment	Straight-line	15 years

First time adoption of PS 3280 Asset Retirement Obligations

Effective January 1, 2023, the Organization adopted PS 3280 Asset Retirement Obligations retrospectively. The adoption of the new standard had no impact on the financial statements of the Organization, as no asset retirement obligations were identified.

First time adoption of PS 3450 Financial Instruments

Effective January 1, 2023, the Organization adopted PS 3450 Financial Instruments prospectively. The adoption of the new standard had no impact on the financial statements of the Organization, as no financial instruments were identified that would require a change in measurement under the new standard.

1. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates in the preparation of the financial statements are contingent assets and liabilities, the estimated useful life of tangible capital assets and the estimation of certain accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Due to The Corporation of the City of Barrie

At the end of the year, the amounts due to The Corporation of the City of Barrie are as follows:

	2023	2022
	\$	\$
Due to The Corporation of the City of Barrie	(46,725)	(63,005)

This balance is interest-free, unsecured, and payable on demand.

During 2023, the Organization recognized a \$30,000 (\$60,000 in 2022) grant from The Corporation of the City of Barrie related to the pedestrianization of Dunlop Street costs.

During 2023, the Organization recognized \$45,853 (\$26,247 in 2022) in other funding from the Corporation of the City of Barrie related to various projects and events.

The Organization is committed to fund various capital projects at the Corporation of the City of Barrie as outlined in Note 5. The amounts paid to The Corporation of the City of Barrie during the year are presented below by expense categories from the statement of operations.

	2023	2022
	\$	\$
Memorial square	181,243	158,852
Contribution to The Corporation of the City of Barrie for the Downtown Barrie Camera Project (Note 5a)	—	5,000
Contribution to The Corporation of the City of Barrie for the Dunlop Streetscape Project (Note 5b)	15,000	15,000
	196,243	178,852

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2023

3. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	5,612	4,899	713	1,935
Equipment	54,163	—	54,163	—
Meridian Place fixtures	232,158	—	232,158	—
	291,933	4,899	287,034	1,935

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the tangible capital asset is available for productive use.

4. Accumulated surplus

The Organization segregates its accumulated surplus into the following categories:

	2023	2022
	\$	\$
Invested in tangible capital assets	287,034	1,935
Unallocated accumulated surplus	144,211	321,809
	431,245	323,744

5. Commitments

(a) Dunlop Streetscape

In 2019, the Organization committed to funding \$300,000 of the construction of the Dunlop Streetscape project. As of December 31, 2023, the BIA has funded \$30,000 (\$15,000 in 2022) of the project; outstanding commitments are \$270,000 (\$285,000 in 2022). Minimum annual contribution payments of \$15,000 to The Corporation of the City of Barrie are required, ending in 2041, unless the commitment is paid off earlier. Contribution payments are interest free.

(b) Operating leases

The Organization has an operating lease for its premises which expires on April 30, 2025. The base rate is \$12,528 for the first year, \$12,920 for the second year and \$13,389 for the third year. In addition, the Organization is subject to monthly property tax charges, operating cost charges and other expenses under the lease agreement.

The Organization has a second operating lease for its premises which expires on April 30, 2025. The base rate is \$10,179 for the first year and \$10,962 for the second year. In addition, the Organization is subject to monthly property tax charges, operating cost charges and other expenses under the lease agreement.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2023

5. Commitments (continued)

(c) Memorial Square/Meridian Place Project

The Organization is committed to funding \$3,351,775 for the construction of the Memorial Square/Meridian Place Project. As of December 31, 2023, the BIA has funded \$1,731,765 (\$1,550,522 in 2022) of the project; outstanding commitments are \$1,620,010 (\$1,801,253 in 2022). The Organization intends to fundraise an additional \$182,711 (\$288,307 in 2022) over a 2-year period. Minimum annual contribution payments of \$75,647 to The Corporation of the City of Barrie are required, ending in 2041, unless the commitment is paid off earlier. Contribution payments are interest free.

The Organization's minimum annual committed payments towards these commitments are as follows:

	\$
2024	130,627
2025	104,417
2026	90,647
2027	90,647
2028	90,647
Thereafter	1,618,018
	<u>2,125,003</u>

6. Expenses by object

	2023 \$	2022 \$
Salaries, wages and employee benefits	227,679	185,572
Materials	16,847	9,388
Contracted services	581,325	655,420
Rents and financial expenses	39,226	30,793
Contributions to the Corporation of the City of Barrie	196,243	178,852
Amortization	1,222	1,225
	<u>1,062,542</u>	<u>1,061,250</u>

7. Budget

The budget adopted by the Organization on February 23, 2023 and approved by the City of Barrie on May 3, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards requires a full accrual basis. The budget expensed all tangible capital expenditures on acquisition rather than annually including amortization expense. For presentation purposes the amounts budgeted for capital expenditures are shown on the statement of change in net financial assets and actual amortization for the year added to the budget in the statement of operations.

**The Corporation of the City of Barrie –
Downtown Barrie Business Improvement Area**
Notes to the financial statements
December 31, 2023

8. Prior period adjustment

During the year, it was discovered that accounts receivable and revenue were understated for the year ended December 31, 2022. Prior period adjustments have been recorded and 2022 corresponding figures restated. The impact of these adjustments was to:

Increase revenues, annual surplus, and accumulated surplus, end of the year by \$34,667 as follows:

	2022 \$	Adjustments \$	2022 \$
	(Previously reported)		(Restated)
Revenues	1,075,534	34,667	1,110,201
Annual surplus	14,284	34,667	48,951
Accumulated surplus, end of year	323,744	34,667	358,411

Increase assets, net financial assets, and accumulated surplus by \$34,667 as follows:

	2022 \$	Adjustments \$	2022 \$
	(Previously reported)		(Restated)
Financial assets	439,268	34,667	473,935
Net financial assets	316,118	34,667	350,785
Accumulated surplus	323,744	34,667	358,411