

**WALKERTON BUSINESS
IMPROVEMENT AREA**

FINANCIAL REPORT

DECEMBER 31, 2022

WALKERTON BUSINESS IMPROVEMENT AREA

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Debt	5
Statement of Cash Flow	6
Notes to the Financial Statements	7
Schedule 1 - Schedule of Tangible Capital Assets	10

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Walkerton Business Improvement Area**:

Opinion

We have audited the financial statements of **Walkerton Business Improvement Area** (the BIA), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in net 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, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2022, and 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 BIA 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 BIA'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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA'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.

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements Continued

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 BIA'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 BIA'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 BIA 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 SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Walkerton, Ontario
October 31, 2023

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$
Financial assets		
Cash	-	131,472
Accounts receivable (Net of Allowance for Doubtful Accounts of \$nil / 2021 \$1,903)	-	28,130
		159,602
Liabilities		
Accounts payable and accruals		23,334
Deferred revenue (Note 3)		117,315
	-	140,649
Net financial assets	-	18,953
Non-financial assets		
Tangible capital assets (Schedule 1 and Note 4)	-	456
Prepaid and sundry	-	1,526
	-	1,982
Accumulated surplus (deficit) (Note 6)	-	20,935

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AS AT DECEMBER 31, 2022

	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
	(Note 5)		
Revenues			
Taxation	-	-	83,800
Grants - Municipality of Brockton	-	-	-
Grants-Government of Ontario	-	-	-
Fundraising and promotion	-	35,754	122,747
Interest income	-	934	711
	-	36,688	207,258
Expenses			
Promotion	-	37,364	182,124
Visitor information office	-	-	-
Image expenses	-	1,526	-
	-	38,890	182,124
Other			
Loss on disposal of tangible capital assets	-	(218)	273
Transfer of net assets to Brockton (Note 7)	-	(18,515)	-
	-	(18,733)	273
Annual (deficit) surplus	-	(20,935)	25,407
Accumulated surplus (deficit), beginning of year	20,935	20,935	(4,472)
Accumulated , end of year (Note 6)	20,935	-	20,935

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED DECEMBER 31, 2022

	Actual 2022	Actual 2021
	\$	\$
Annual (deficit) surplus	(20,935)	25,407
Amortization of tangible capital assets	238	283
Gain on sale of tangible capital assets	218	(273)
Proceeds on sale of tangible capital assets	-	3,000
Change in prepaid expense	1,526	1,465
Change in net financial assets	(18,953)	29,882
Net financial assets (debt), beginning of year	18,953	(10,929)
Net financial assets, end of year	-	18,953

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOW AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$
Cash flows from (for):		
Operating activities		
Annual (deficit) surplus	(20,935)	25,407
Non-cash items:		
Amortization	238	283
Gain on disposal of tangible capital assets	218	(273)
	(20,479)	25,417
Changes in:		
Accounts receivable	28,130	(16,747)
Prepaid and sundry	1,526	1,465
Accounts payable and accruals	(23,334)	(872)
Net change in cash from operations	(14,157)	9,263
Proceeds on disposal of tangible capital assets	-	3,000
Net change in cash from capital	-	3,000
Financing activities		
Deferred revenue	(117,315)	5,790
Net change in cash position	(131,472)	18,053
Cash position, beginning of year	131,472	113,419
Cash, end of year	-	131,472

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

Nature of Business

The Walkerton Business Improvement Area ("the BIA") works to promote business, shopping and service destination within Walkerton, while also striving to improve, beautify and maintain the area within the BIA. It was discontinued in 2022, see Note 7 for further details.

1. Summary of significant accounting policies

The financial statements of the the BIA are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the BIA and the changes thereto. The statement of financial position includes all the assets and liabilities of the BIA. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the BIA's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Revenue recognition

Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers. Government grants are recognized in the financial statements as revenues in the period in which the events giving rise to the grants occur, providing the grants are approved, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Memberships and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on deposit, short-term deposits with a maturity of less than three months at acquisition and temporary bank overdrafts which form an integral part of the BIA's cash management.

(c) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the balance sheet. The revenue is reported on the statement of operations in the year in which it is used for the specified purpose.

(d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. The BIA's implementation of the Public Sector Handbook PS3150 has required management to make estimates of historical cost, useful lives and amortization of tangible capital assets. Actual results could differ from those estimates.

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

1. Summary of significant accounting policies (continued)

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual (deficit) surplus, provides the change in net financial assets for the year.

(i) 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, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer	- 3 years
Office Furniture	- 15 years
Equipment	- 10 years
Leaseholds	- 4 years
Signs & Displays	- 5 years

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(f) Segment disclosures

The BIA has adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). BIA services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

(g) Financial instruments

The BIA considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

Initial recognition and measurement

A financial asset or a financial liability is recognized when the organization becomes a party to the contractual provisions of the financial instrument. Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in net income in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

2. Related party transactions

Invoices in the amount of \$Nil (2021 - \$240) were paid to businesses related to Board members, the transactions were in the normal course of operations and recorded at the exchange amount which is the amount agreed upon between the parties.

3. Deferred revenue

Deferred revenue is the amount of Walkerton dollars sold that are still outstanding. This program is open to anyone to purchase Walkerton dollars at the BIA, that can be spent at participating Walkerton businesses.

4. Tangible capital assets

Schedule 1 provides information on the tangible capital assets of the BIA by major asset class, as well as accumulated amortization of the assets controlled.

5. Budget amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The 2022 budget amounts for the BIA approved by the Board of Directors and Brockton Council have been restated to conform to the basis of preparation of the revenues and expenditures on the statement of financial activities. The budget numbers have not been audited.

6. Accumulated surplus

The accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2022	2021
	\$	\$
Surplus:		
Invested in tangible capital assets	-	456
General area	-	20,479
Total accumulated surplus	-	20,935

7. Significant event

Council of Brockton Municipality has approved to the dissolution of the BIA, therefore any remaining assets or liabilities were transferred to Brockton. Brockton will continue the administration of Walkerton dollars and will continue some of the events the BIA hosted.

WALKERTON BUSINESS IMPROVEMENT AREA

SCHEDULE 1 SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Computer	Equipment	Signs & Displays	2022 Total	2021 Total
	\$	\$	\$	\$	\$
Cost					
Balance, beginning of year	5,619	2,247	40,883	48,749	74,389
Additions	-	-	-	-	-
Disposals	(5,619)	(2,247)	(40,883)	(48,749)	(25,640)
Balance, end of year	-	-	-	-	48,749
Accumulated amortization					
Balance, beginning of year	5,340	2,070	40,883	48,293	70,923
Amortization	187	51	-	238	283
Disposals	(5,527)	(2,121)	(40,883)	(48,531)	(22,913)
Balance, end of year	-	-	-	-	48,293
Net book value, end of year	-	-	-	-	456

The accompanying notes are an integral part of
these financial statements