

Financial Statements of

**DOWNTOWN OAKVILLE  
BUSINESS IMPROVEMENT AREA**

And Independent Auditor's Report thereon

Year ended December 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the Board of Management of the Downtown Oakville Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Town of Oakville

### ***Opinion***

We have audited the accompanying financial statements of the Downtown Oakville Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023,
- the statements of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes and schedules, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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

Oakville, Ontario

May 23, 2024

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Index to Financial Statements

Year ended December 31, 2023

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Financial Statements	Page
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule of Expenses	10

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Financial Assets</b>		
Cash	\$ 201,921	\$ 141,439
Investments	234,245	353,081
Accounts receivable	17,936	23,556
	454,102	518,076
<b>Liabilities</b>		
Accounts payable and accrued liabilities	17,641	42,572
Due to Town of Oakville	12,040	23,579
Long-term liability (note 3)	71,425	111,544
	101,106	177,695
Net financial assets	352,996	340,381
<b>Non-Financial Assets</b>		
Tangible capital assets (note 4)	343,147	391,082
Prepaid expenses	21,928	9,018
Commitments (note 5)		
Accumulated surplus (note 6)	\$ 718,071	\$ 740,481

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 7)	2023	2022
<b>Revenue:</b>			
Town of Oakville – special tax levy	\$ 1,194,612	\$ 1,194,613	\$ 1,171,180
Sponsorships and donations	80,388	79,214	94,644
Federal Grant	–	50,000	–
Municipal Grant	10,000	10,000	10,000
Term deposit – interest	–	9,801	720
Miscellaneous	–	333	150
<b>Total revenue</b>	<b>1,285,000</b>	<b>1,343,961</b>	<b>1,276,694</b>
<b>Expenses (schedules):</b>			
Administration	435,000	437,685	425,543
Beautification	495,000	450,876	393,474
Marketing	300,000	309,716	289,678
Events	40,000	99,143	58,556
Amortization	–	68,059	42,831
Write-off of special tax levy	40,000	892	16,639
<b>Total expenses</b>	<b>1,310,000</b>	<b>1,366,371</b>	<b>1,226,721</b>
<b>Annual (deficit) surplus</b>	<b>(25,000)</b>	<b>(22,410)</b>	<b>49,973</b>
<b>Accumulated surplus, beginning of year</b>	<b>740,481</b>	<b>740,481</b>	<b>690,508</b>
<b>Accumulated surplus, end of year (note 6)</b>	<b>\$ 715,481</b>	<b>\$ 718,071</b>	<b>\$ 740,481</b>

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

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus (deficit)	\$ (22,410)	\$ 49,973
Acquisition of tangible capital assets	(20,124)	(55,691)
Amortization of tangible capital assets	68,059	42,831
	25,525	37,113
Prepaid expenses	(12,910)	(1,487)
Change in net financial assets	12,615	35,626
Net financial assets, beginning of year	340,381	304,755
Net financial assets, end of year	\$ 352,996	\$ 340,381

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



# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (22,410)	\$ 49,973
Item not involving cash:		
Amortization	68,059	42,831
Change in non-cash operating working capital:		
Accounts receivable	5,620	(9,585)
Accounts payable and accrued liabilities	(24,930)	(68,651)
Due to Town of Oakville	(11,540)	21,002
Prepaid expenses	(12,910)	(1,487)
Deferred revenue	—	(40,000)
Net change in cash from operating activities	1,889	(5,917)
Financing activities:		
Purchase of investments	118,836	(706)
Repayment of long-term liabilities	(40,119)	(39,621)
Net change in cash from financing activities	78,717	(40,327)
Investing activities:		
Cash used to acquire tangible capital assets	(20,124)	(55,690)
Net change in cash	60,482	(101,934)
Cash, beginning of year	141,439	243,373
Cash, end of year	\$ 201,921	\$ 141,439

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

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2023

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The Downtown Oakville Business Improvement Area (the "Business Improvement Area") was established July 4, 1978 in accordance with Section 220 of the Municipal Act, (R.S.O.1990) for the purpose of providing improvements, beautification and maintenance of land, buildings and structures in the area, and the promotion of the Business Improvement Area as a business and shopping area. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investment income:

Investment income is reported as revenue in the period earned.

(e) Financial instruments:

Financial instruments are financial assets or liabilities of the Business Improvement Area which, in general, provide the Library the right to receive cash or another financial asset from another party or require the Library to pay another party cash or other financial assets.

Financial instruments reported on the statement of financial position of the Business Improvement Area are measured as follows:

Cash:	Cost
Investments:	Cost
Accounts Receivable:	Cost
Due to Town of Oakville:	Cost
Deferred Revenue:	Cost
Long-term Liability:	Cost

Investments consist of guaranteed investment certificates and are recorded at amortized cost. The recorded amount approximates fair value.

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

(f) 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.

(g) Tangible capital assets

Tangible capital assets are recorded at cost which includes 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:

Asset	Useful life – years
Streetscape improvements	3–20
Office furniture & equipment	3–15

Amortization is charged in the year of acquisition and in the year of disposal.

(h) Contributions 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.

(i) Use of estimates:

The preparation of financial statements 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. Actual results could differ from those estimates.

The Business Improvement Area's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

(j) Related party transactions:

Transactions with related parties are measured at the carrying amount. The amounts due to the Town of Oakville, a related party, are non-interest bearing with a no specified repayment term.

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 2. Deferred revenue:

Deferred revenue relates to unrecognized funds from the following sources:

	2023		2022	
Balance, beginning of year	\$	–	\$	40,000
Earned during the year		–		(40,000)
Balance, end of year	\$	–	\$	–

## 3. Long-term liabilities:

The balance of long-term liabilities, reported on the statement of financial position is made up of the following:

	2023		2022	
Loan for \$200,000, repayable in monthly installments of \$3,440 principal and including interest calculated at a rate of 1.25% per annum, maturing September 30, 2025, secured by a general security agreement.	\$	71,425	\$	111,544

Principal repayment on long-term debt over the next three years are as follows:

2024	\$	40,623
2025		30,802
	\$	\$71,425

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 4. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Streetscape improvements	\$ 586,200	\$ 19,892	\$ (4,469)	\$ 601,623
Office furniture and equipment	42,942	232	(8,303)	34,871
<b>Total</b>	<b>\$ 629,142</b>	<b>\$ 20,124</b>	<b>\$ (12,772)</b>	<b>\$ 636,494</b>

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Streetscape improvements	\$ 205,336	\$ (4,469)	\$ 63,982	\$ 264,849
Office furniture and equipment	32,724	(8,303)	4,077	28,498
<b>Total</b>	<b>\$ 238,060</b>	<b>\$ (12,772)</b>	<b>\$ 68,059</b>	<b>\$ 293,347</b>

	Net book value December 31, 2022	Net book value December 31, 2023
Streetscape improvements	\$ 380,864	\$ 336,774
Office furniture and equipment	10,218	6,373
<b>Total</b>	<b>\$ 391,082</b>	<b>\$ 343,147</b>

## 5. Commitments:

The Business Improvement Area has entered into the following commitments as at December 31, 2023. The previous lease agreement expired on February 15, 2022. A new ten-year lease for office premises was signed in October 2021 with Strongman Properties. Minimal annual basic rental payments are \$32,504. Annual basic rental payments are to increase in every two years as disclosed below. This lease expires February 15, 2032. Minimum annual payments are as follows:

Principal repayment on long-term debt over the next five years are as follows:

2024	\$ 33,460
2025	33,460
2026	34,416
2027	34,416
2028	35,372
Thereafter	106,722
	<b>\$ 277,846</b>

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 343,147	\$ 391,082
Stabilization reserve	374,924	349,399
	<u>\$ 718,071</u>	<u>\$ 740,481</u>

The Stabilization reserve fund is designated by the Board for the future purchase of beautification items. The change in the stabilization reserve fund balance is as follows:

	2023	2022
Fund balance, beginning of year	\$ 349,399	\$ 312,286
Transfers to reserves	25,525	37,113
Fund balance, end of year	<u>\$ 374,924</u>	<u>\$ 349,399</u>

## 7. Budget data:

The budget data presented in these financial statements is based upon the 2023 budget approved by the Board on January 16, 2023. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

## Schedule of Expenses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Administration:		
Bank charges	\$ 534	\$ 463
Bookkeeping	18,265	16,624
Computer software	1,437	1,416
Employee benefits	35,894	34,566
Hydro	3,567	3,111
Insurance	1,526	5,165
Interest expense	1,165	1,663
Meetings	423	621
Memberships	3,419	4,051
Merchant showcase	977	2,151
Non-refundable HST (provincial portion)	1,379	710
Office maintenance	3,538	1,914
Office supplies and equipment	2,257	3,664
Parking	847	754
Photocopier	–	356
Postage	239	406
Professional fees	4,811	5,211
Public Relations	150	–
Rent	59,248	55,699
Salaries	293,108	283,125
Seminars and training	–	109
Telephone and internet	4,901	3,764
	<u>\$ 437,685</u>	<u>\$ 425,543</u>

# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Schedule of Expenses (continued)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
<b>Events:</b>		
Community events	\$ 12,132	\$ 17,260
Event permits	9,728	-
Interactive events	50,000	-
Summer events	27,283	41,296
	<b>\$ 99,143</b>	<b>\$ 58,556</b>
<b>Marketing:</b>		
Autumn marketing	\$ 18,882	\$ 14,689
Branding	5,477	3,242
Content development	28,146	25,025
Destination marketing	5,958	13,237
Downtown Oakville Gift cards	19,240	-
General advertising	5,534	3,824
Holiday marketing	51,203	62,922
Internet and website	11,013	9,364
Media buys	15,510	42,933
Member marketing	43,822	18,959
Production	7,756	-
Research and data	14,500	-
Signage	-	13,697
Spring marketing	41,507	25,317
Summer marketing	40,027	55,439
Tourism oriented directional signage	1,141	1,030
	<b>\$ 309,716</b>	<b>\$ 289,678</b>



# DOWNTOWN OAKVILLE BUSINESS IMPROVEMENT AREA

Schedule of Expenses (continued)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Beautification:		
Fall baskets	\$ 61,005	\$ 65,593
Holiday install and maintenance	103,241	105,662
Miscellaneous expense	6,647	5,939
Signs - general	—	706
Spring flowers	28,594	22,360
Summer flowers	114,040	108,540
Sweeping and litter maintenance	20,603	14,624
Tree and Sod Replacement	20,325	—
Winter flowers and baskets	96,421	70,050
	<hr/>	<hr/>
	\$ 450,876	\$ 393,474
Other expenses:		
Amortization	\$ 68,059	\$ 42,831
	<hr/>	<hr/>
	\$ 68,059	\$ 42,831
Write-offs:		
Write-off of special tax levy	\$ 892	\$ 16,639
Total expenses	<hr/>	<hr/>
	\$ 1,366,371	\$ 1,226,721