

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of the Campbellford Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Trent Hills

Opinion

We have audited the financial statements of the Campbellford Business Improvement Area of the Corporation of the Municipality of Trent Hills (the Board), which comprise the statement of financial position as at December 31, 2023, 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 Board as at December 31, 2023, and the results of its operations and 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 Board 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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 KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 22, 2024

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	41,312	70,032
Accounts receivable	-	25,000
HST receivable	733	4,118
TOTAL FINANCIAL ASSETS	42,045	99,150
LIABILITIES		
Accounts payable and accrued liabilities	7,727	61,897
Deferred revenue	3,870	4,350
Due to Municipality of Trent Hills (note 5)	3,592	-
TOTAL LIABILITIES	15,189	66,247
NET FINANCIAL ASSETS	26,856	32,903
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	15,656	22,553
Prepaid expenses	1,931	1,645
TOTAL NON-FINANCIAL ASSETS	17,587	24,198
ACCUMULATED SURPLUS (note 3)	44,443	57,101

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Municipal contribution (note 5)	39,800	39,908	40,329
Interest income	700	2,724	1,677
Other grants	-	16,747	8,525
Tourism Relief grant	-	-	100,000
TOTAL REVENUES	40,500	59,379	150,531
EXPENSES			
Secretarial support	18,000	18,000	9,100
Promotion and advertising	3,150	921	3,802
Beautification and streetscape	5,000	6,380	4,426
Sponsorships and special events	2,300	3,435	3,686
Christmas program	3,000	12,118	5,195
Professional fees	1,850	2,391	2,089
Insurance	1,750	1,905	1,827
Office	5,450	2,355	2,029
Grant costs	-	17,635	99,041
Amortization	5,961	6,897	5,961
TOTAL EXPENSES	46,461	72,037	137,156
ANNUAL SURPLUS/(DEFICIT)	<u>(5,961)</u>	(12,658)	13,375
ACCUMULATED SURPLUS - beginning of year		57,101	43,726
ACCUMULATED SURPLUS - end of year		44,443	57,101

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS/(DEFICIT)	(5,961)	(12,658)	13,375
Amortization of tangible capital assets	5,961	6,897	5,961
Acquisition of tangible capital assets	-	-	(17,632)
Change in prepaid expenses	-	(286)	(121)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	(6,047)	1,583
NET FINANCIAL ASSETS - beginning of year	32,903	32,903	31,320
NET FINANCIAL ASSETS - end of year	32,903	26,856	32,903

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(12,658)	13,375
Items not involving cash		
Amortization of tangible capital assets	6,897	5,961
Change in non-cash assets and liabilities		
Accounts receivable	25,000	(25,000)
HST receivable	3,385	(3,715)
Prepaid expenses	(286)	(121)
Accounts payable and accrued liabilities	(54,170)	59,782
Deferred revenue	(480)	4,350
Due to Municipality of Trent Hills	3,592	-
Net change in cash from operating activities	(28,720)	54,632
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(17,632)
NET CHANGE IN CASH	(28,720)	37,000
CASH - beginning of year	70,032	33,032
CASH - end of year	41,312	70,032

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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 adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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.

Other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the organization's best information and judgment. Actual results could differ from these estimates.

(c) 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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:

Christmas decorations	3 to 5 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

No amortization is charged in the year of acquisition. Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) 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.

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
HST receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Due to Municipality of Trent Hills	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(h) Inter-Entity Transactions

The Campbellford Business Improvement Area is a Board of the Municipality of Trent Hills and is consolidated with the Municipality's financial statements.

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

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

2. TANGIBLE CAPITAL ASSETS

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

	2023 Christmas Decorations and Banners \$	2022 Christmas Decorations and Banners \$
COST		
Balance, beginning of year	49,842	32,210
Add: additions during the year	-	17,632
Balance, end of year	49,842	49,842
ACCUMULATED AMORTIZATION		
Balance, beginning of year	27,289	21,328
Add: additions during the year	6,897	5,961
Balance, end of year	34,186	27,289
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,656	22,553

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	15,656	22,553
Reserve		
General	28,787	34,548
	44,443	57,101

4. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant liquidity, interest rate, credit or currency risk.

5. INTER-ENTITY TRANSACTIONS

During the year, the organization entered into transactions with the Municipality of Trent Hills.

As part of the budgeting process, the Municipality approves a contribution to the organization which is identified on the Statement of Operations and Accumulated Surplus. The contribution is based on an additional tax levy on the businesses within the geographical boundaries of the Campbellford Business Improvement Area. The Municipality bills the tax levy and contributes this tax levy adjusted for any applicable supplementary tax billing or tax write-off annually to the organization.

The following services are provided to the organization by the Municipality at no cost:

- Accounting services
- Installation and removal of banners and Christmas decorations

All balances with the Municipality of Trent Hills have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

6. BUDGET FIGURES

The operating budget, approved by the Board, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

7. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on the Board's financial statements.