

Financial Statements of

**THE THORNBURY BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2015

# Thornbury Business Improvement Area

## Financial Statements

Year ended December 31, 2015

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of The Thornbury Business Improvement Area:

We have audited the accompanying financial statements of The Thornbury Business Improvement Area ("the Entity"), which comprise the financial position as at December 31, 2015 and the statement of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of The Thornbury Business Improvement Area as at December 31, 2015, and its consolidated results of operations and the changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 6, 2016  
Waterloo, Canada

# Thornbury Business Improvement Area

## Statement of Financial Position

Year ended December 31, 2015

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|                                     | <b>Actual<br/>2015</b> | Actual<br>2014   |
|-------------------------------------|------------------------|------------------|
| <b>Financial assets</b>             |                        |                  |
| Cash and cash equivalents           | \$ 57,883              | \$ 65,386        |
| <b>Net financial assets</b>         | <b>57,883</b>          | <b>65,386</b>    |
| <b>Non-financial assets</b>         |                        |                  |
| Tangible capital assets (note 2)    | 3,463                  | 5,080            |
| <b>Accumulated Surplus (note 3)</b> | <b>\$ 61,346</b>       | <b>\$ 70,466</b> |

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# Thornbury Business Improvement Area

## Statement of Operations

Year ended December 31, 2015

|   | Budget<br>2015 | Actual<br>2015 | Actual<br>2014 |
|---|----------------|----------------|----------------|
| <b>Revenue:</b>                                       |                |                |                |
| BIA Levy  | \$ 80,000      | \$ 80,000      | \$ 80,000      |
| Grants From Town                                      | 5,950          | 5,950          | 5,950          |
| Other   | -              | 616            | 393            |
|   | 85,950         | 86,566         | 86,343         |
| <b>Expenses:</b>                                      |                |                |                |
| Administration  | 11,300         | 8,803          | 16,196         |
| Advertising & Promotion                               | 1,500          | 4,493          | 13,769         |
| Amortization  | -              | 5,688          | 4,332          |
| Beautification  | 18,500         | 33,573         | 17,781         |
| Conferences & Memberships                             | 2,200          | 298            | 1,784          |
| Professional Fees                                     | 2,450          | 2,476          | 2,450          |
| Promotion - Special Events                            | 40,000         | 40,355         | 29,176         |
|   | 75,950         | 95,686         | 85,488         |
| <b>Annual surplus</b>                                 | 10,000         | (9,120)        | 855            |
| <b>Accumulated surplus,<br/>beginning of the year</b> | 70,466         | 70,466         | 69,611         |
| <b>Accumulated surplus,<br/>end of the year</b>       | \$ 80,466      | \$ 61,346      | \$ 70,466      |

## Thornbury Business Improvement Area

### Statement of Net Financial Assets

Year ended December 31, 2015

|   | Budget<br>2015   | Actual<br>2015   | Actual<br>2014   |
|---|------------------|------------------|------------------|
| Annual Surplus                                    | \$ 10,000        | \$ (9,120)       | \$ 855           |
| Acquisition of tangible capital assets            | -                | (4,071)          | (2,234)          |
| Amortization of tangible capital assets           | -                | 5,688            | 4,332            |
|   | -                | 1,617            | 2,098            |
| Change in net financial assets                    | 10,000           | (7,503)          | 2,953            |
| Net financial assets (debt),<br>beginning of year | 65,386           | 65,386           | 62,433           |
| <b>Net financial assets, end of year</b>          | <b>\$ 75,396</b> | <b>\$ 57,883</b> | <b>\$ 65,386</b> |

# Thornbury Business Improvement Area

## Statement of Cash Flows

Year ended December 31, 2015

|  | <b>Actual<br/>2015</b> | Actual<br>2014   |
|--|------------------------|------------------|
| Increase (decrease) in cash and cash equivalents |                        |                  |
| <b>Operating</b>                                 |                        |                  |
| Annual surplus                                   | \$ (9,120)             | \$ 855           |
| Amortization                                     | 5,688                  | 4,332            |
|  | (3,432)                | 5,187            |
| <b>Investing</b>                                 |                        |                  |
| Purchase of tangible capital assets              | (4,071)                | (2,234)          |
| Net increase in cash and cash equivalents        | (7,503)                | 2,953            |
| Cash and cash equivalents, beginning of year     | 65,386                 | 62,433           |
| <b>Cash and cash equivalents, end of year</b>    | <b>\$ 57,883</b>       | <b>\$ 65,386</b> |



# Thornbury Business Improvement Area

## Notes to the Financial Statements

Year ended December 31, 2015

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### 1. Significant accounting policies:

The Thornbury Business Improvement Area Board of Management (the Board or the BIA) was established and approved by the Corporation of The Town of The Blue Mountains By-law No. 25-1981 on December 14, 1981. The Board's mandate is to improve and beautify the Thornbury business area.

#### (a) Basis of accounting:

The financial statements of the Board are the representations of management. They have been prepared in accordance with the Canadian Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measureable; expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (b) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that 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. Estimates are used when accounting for items such as tangible capital assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

#### (c) Cash and cash equivalents:

Cash and cash equivalents are included in the cash balances consolidated with the Town of The Blue Mountains (the Town) cash balances segregated for the BIA.

#### (d) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by the BIA. The following rates are used:

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

| Asset    | Useful Life - Years |
|----------|---------------------|
| Fixtures | 3 to 5              |

# Thornbury Business Improvement Area

## Notes to the Financial Statements

Year ended December 31, 2015

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### 1. Significant accounting policies (continued)

(e) Revenue recognition:

Revenues are recognized as follows:

- a. The BIA Levy revenue is recorded on an annual basis using the proportionate share of the total number of businesses for the year and an annually established rate per business. Revenue is recognized when levied.
- b. Municipal transfers are recognized in the year the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Municipal grants are recognized when approved to the extent that the related expenses have been incurred and collection can be reasonably assured.
- c. Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

### 2. Tangible capital assets:

|                                 | <b>2015</b>     |           | <b>2014</b>     |
|---------------------------------|-----------------|-----------|-----------------|
|                                 | <b>Fixtures</b> |           | <b>Fixtures</b> |
| <b>Cost</b>                     |                 |           |                 |
| Balance, beginning of year      | \$ 13,000       | \$        | 10,766          |
| Additions                       | 4,071           |           | 2,234           |
| Balance, end of year            | 17,071          |           | 13,000          |
| <b>Accumulated amortization</b> |                 |           |                 |
| Balance, beginning of year      | 7,920           |           | 3,588           |
| Additions                       | 5,688           |           | 4,332           |
| Balance, end of year            | 13,608          |           | 7,920           |
| <b>Net Book Value</b>           | <b>\$ 3,463</b> | <b>\$</b> | <b>5,080</b>    |

# Thornbury Business Improvement Area

## Notes to the Financial Statements

Year ended December 31, 2015

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### 3. Accumulated surplus:

|                                       | <b>2015</b>      | <b>2014</b>      |
|---------------------------------------|------------------|------------------|
| Investment in tangible capital assets | \$ 3,463         | \$ 5,080         |
| Reserves                              | 57,883           | 65,386           |
| <b>Balance, end of year</b>           | <b>\$ 61,346</b> | <b>\$ 70,466</b> |

The investment in tangible capital assets represents amounts already spent and invested in fixtures. Reserves represent funds set aside by by-law or resolution for specific purposes.

### 4. Related Party Transaction

The BIA was established as a board of management by the Town. The Town is considered to be a related party.

During the year, the BIA in its normal course of operations had the following transactions with the Town:

|                  | <b>2015</b>     | <b>2014</b>     |
|------------------|-----------------|-----------------|
| Grants From Town | \$ 5,950        | \$ 5,950        |
|                  | <b>\$ 5,950</b> | <b>\$ 5,950</b> |

# Thornbury Business Improvement Area

## Notes to the Financial Statements

Year ended December 31, 2015

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### 5. Budget

Membership levies are collected from businesses operating within designated areas of the Town. Budgeted membership levies for 2015 of \$80,000 (2014 - \$80,000) reflect the total levies expected to be collected for the year.

The Budget adopted by Council of the Town on March 30, 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards requires the full accrual basis. The budget figures anticipated using reserves accumulated in previous years to reduce current year expenditures for tangible capital assets in excess of current year revenues to \$nil. The budget expenses all tangible capital expenditures rather than including amortization expense. Amortization was not contemplated on development of the BIA budget and, as such, has not been included. As a result, the budget figures presented in the Statement of Operations represent the Financial Plan adopted by Council on March 30, 2015 with adjustments as follows:

|  |    |         |
|--|----|---------|
| Budget surplus (deficit) per Statement of Operations | \$ | 10,000  |
| Less: Amortization                                   |    | (5,688) |
| <hr/>  |    |         |
| Budget Balance for the Year                          | \$ | 4,312   |

### 6. Segment disclosure

Since the BIA's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.