

**CORPORATION OF THE TOWNSHIP OF ESSA  
ANGUS BUSINESS IMPROVEMENT AREA BOARD  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Angus Business Improvement Area Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Essa**

#### *Opinion*

We have audited the financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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 19, 2023

**CORPORATION OF THE TOWNSHIP OF ESSA**

**ANGUS BUSINESS IMPROVEMENT AREA BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2022**

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Due from Township of Essa (note 4)	12,592	6,195
<b>NET FINANCIAL ASSETS</b>	12,592	6,195
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	30,734	35,125
<b>ACCUMULATED SURPLUS (note 3)</b>	43,326	41,320

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



# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>REVENUES</b>			
Taxation (note 4)	29,035	30,562	27,285
Investment income	-	-	61
<b>TOTAL REVENUES</b>	<b>29,035</b>	<b>30,562</b>	<b>27,346</b>
<b>EXPENSES</b>			
Decorations	11,927	8,989	8,349
Landscaping	12,548	10,316	11,777
Amortization	4,391	4,391	4,391
Signs	-	1,410	-
Professional fees (note 4)	-	3,000	1,500
Memberships and other	-	150	350
Donations	-	300	-
<b>TOTAL EXPENSES</b>	<b>28,866</b>	<b>28,556</b>	<b>26,367</b>
<b>ANNUAL SURPLUS</b>	<b><u>169</u></b>	<b>2,006</b>	<b>979</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>41,320</b>	<b>40,341</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>43,326</b>	<b>41,320</b>

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>ANNUAL SURPLUS</b>	169	2,006	979
<u>Amortization of tangible capital assets</u>	4,391	4,391	4,391
<b>INCREASE IN NET FINANCIAL ASSETS</b>	4,560	6,397	5,370
<b>NET FINANCIAL ASSETS - beginning of year</b>	6,195	6,195	825
<b>NET FINANCIAL ASSETS - end of year</b>	10,755	12,592	6,195

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



# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD

### STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	2,006	979
Items not involving cash		
Amortization of tangible capital assets	4,391	4,391
Change in non-cash assets and liabilities		
Due from Township of Essa	(6,397)	(5,370)
<b>NET CHANGE IN CASH</b>	-	-
<b>CASH - beginning of year</b>	-	-
<b>CASH - end of year</b>	-	-

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



# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 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.

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the BIA special area tax rate annually, incorporating amounts to be raised for BIA services. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

Investment income is recognized as earned.

#### (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 Board'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:

Electronic Sign	10 years
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Assets under construction are not amortized until they are put into service.

#### (d) Reserve Funds

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



# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Inter-Entity Transactions

The Angus Business Improvement Area Board is a Board of the Township of Essa and is consolidated with the Township'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 Township.

### 2. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2022	2021
	\$	\$
<b>COST</b>		
Balance, beginning of year	43,907	43,907
Balance, end of year	43,907	43,907
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	8,782	4,391
Add: additions during the year	4,391	4,391
Balance, end of year	13,173	8,782
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>30,734</b>	<b>35,125</b>

# CORPORATION OF THE TOWNSHIP OF ESSA

## ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	30,734	35,125
<b>Surplus</b>	30,734	35,125
<b>Reserve Fund</b>		
Operations	12,592	6,195
	43,326	41,320

### 4. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Essa.

As part of the budgeting process, the Township approves a tax levy contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus. The tax levy contribution is adjusted for any tax adjustments for properties within the Board's geographical boundaries.

Details of the inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Professional fees	3,000	1,500
	3,000	1,500

In addition, the Township provides accounting and administrative services to the Board at no cost.

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

### 5. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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.