

Financial Statements of

**KERR VILLAGE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020,
- the statements of operations for the year then ended,
- the statement of changes in net financial assets (net debt) for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, 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, 2020, and its results of operations, its changes in net financial assets (net debt) 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

May 25, 2021

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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KERR VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash	\$ 27,031	\$ 25,737
Accounts receivable	3,093	29,951
	<u>30,124</u>	<u>55,688</u>
Liabilities		
Accounts payable	10,313	15,797
Due to Town of Oakville	80,771	57,244
	<u>91,084</u>	<u>73,041</u>
Net financial debt	(60,960)	(17,353)
Non-Financial Assets		
Tangible capital assets (note 2)	14,287	30,390
Prepaid expenses	1,950	2,922
Commitments (note 3)		
Accumulated (deficit) surplus (note 4)	<u>\$ (44,723)</u>	<u>\$ 15,959</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
	(note 5)		
Revenue:			
Town of Oakville			
Special tax levy	\$ 262,556	\$ 262,556	\$ 412,512
Supplementary taxes	-	-	8,638
Write-off special tax levy	(10,000)	(27,606)	(5,153)
Net tax revenue	252,556	234,950	415,997
Sponsorships	-	-	122,743
Canada summer job	5,500	8,703	7,840
Other	4,500	64	384
Total revenue	262,556	243,717	546,964
Expenses (schedule):			
Administrative	128,756	198,068	174,417
Promotions	26,800	2,234	316,273
Advertising	42,000	7,560	32,967
Beautification	65,000	80,434	79,917
Amortization of tangible capital assets	-	16,103	17,533
Total expenses	262,556	304,399	621,107
Annual deficit	-	(60,682)	(74,143)
Accumulated surplus, beginning of year	15,959	15,959	90,102
Accumulated (deficit) surplus, end of year	\$ 15,959	\$ (44,723)	\$ 15,959

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Debt

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual deficit	\$ (60,682)	\$ (74,143)
Acquisition of tangible capital assets	-	(28,173)
Amortization of tangible capital assets	16,103	17,533
	(44,579)	(84,783)
Acquisition of prepaid expenses	(1,950)	(2,922)
Use of prepaid expenses	2,922	2,635
	972	(287)
Change in net financial assets	(43,607)	(85,070)
Net financial (debt) assets, beginning of year	(17,353)	67,717
Net financial debt, end of year	\$ (60,960)	\$ (17,353)

See accompanying notes to financial statements.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (60,682)	\$ (74,143)
Item not involving cash:		
Amortization of tangible capital assets	16,103	17,533
Change in non-cash assets and liabilities:		
Accounts receivable	26,858	(9,356)
Accounts payable	(5,484)	3,067
Due to Town of Oakville	23,527	664
Prepaid expenses	972	(287)
Net change in cash from operating activities	1,294	(62,523)
Capital activities:		
Cash used to acquire tangible capital assets	-	(28,173)
Net change in cash	1,294	(90,696)
Cash, beginning of year	25,737	116,433
Cash, end of year	\$ 27,031	\$ 25,737

See accompanying notes to financial statements.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Kerr Village Business Improvement Area (the "Business Improvement Area") was established February 7, 2005 in accordance with Section 220 of the Municipal Act, (R.S.O 1990) for the purpose of providing improvement, beautification and maintenance of lands, buildings and structures in the improvement area and the promotion of Kerr Village 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 prepared by management 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.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) 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.

(i) 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 and equipment	3 - 15

Annual amortization is charged in the year of acquisition.

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

(e) 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.

(f) Related party transactions:

Transactions with related parties are measured at the carrying amount.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31 2020
Streetscape improvements	\$ 63,267	\$ -	\$ -	\$ 63,267
Office furniture and equipment	27,261	-	-	27,261
Total	\$ 90,528	\$ -	\$ -	\$ 90,528

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31 2020
Streetscape improvements	\$ 41,823	\$ -	\$ 12,173	\$ 53,996
Office furniture and equipment	18,315	-	3,930	22,245
Total	\$ 60,138	\$ -	\$ 16,103	\$ 76,240

	Net book value December 31, 2019	Net book value December 31, 2020
Streetscape improvements	\$ 21,444	\$ 9,271
Office furniture and equipment	8,946	5,016
Total	\$ 30,390	\$ 14,287

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 nor 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets in 2020 nor 2019.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Commitments:

The Business Improvement Area is obligated under an operating lease over the next year as per below:

2021	\$6,087
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4. Accumulated surplus:

Accumulated surplus (deficit) consists of the following:

	2020	2019
Invested in tangible capital assets	\$ 14,287	\$ 30,390
Operating deficit	(59,010)	(14,431)
	<hr/>	<hr/>
	\$ (44,723)	\$ 15,959

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on March 24, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

6. COVID-19:

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

KERR VILLAGE BUSINESS IMPROVEMENT AREA

Schedule of Expenses

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Administration:		
General	\$ 139,188	\$ 122,112
Office costs	53,247	45,997
Audit	5,633	6,308
	<u>198,068</u>	<u>174,417</u>
Promotions:		
Santa Claus parade and tree lighting	1,384	22,515
Fall Social	1,195	5,875
Handmade & Vintage market	-	19,446
Summer Celebration	-	125
Fall Festival	(345)	268,315
	<u>2,234</u>	<u>316,273</u>
Advertising	7,560	32,967
Beautification	80,434	79,917
Amortization	16,103	17,533
Total expenses	<u>\$ 304,399</u>	<u>\$ 621,107</u>