

INDEPENDENT AUDITOR'S REPORT

To the Board members, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque Business Improvement Area Committee:

Opinion

We have audited the financial statements of the Corporation of the Town of Gananoque Business Improvement Area Committee (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement 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 the notes to the financial statements, including a summary of significant accounting policies;

(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 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 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 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 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 judgement 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 of 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.

Draft

- 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 conclusions are 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.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
, 2021.

**Town of Gananoque
Business Improvement Area Committee
Statement of Financial Position**

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash	---	2,965
Due from Town	13,325	3,136
	13,325	6,101
 NET FINANCIAL ASSETS	 13,325	 6,101
 ACCUMULATED SURPLUS (note 3)	 13,325	 6,101

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Operations**

For the year ended December 31	(Note 4) Budget	2020	2019
	\$	\$	\$
REVENUES			
Municipal contribution	45,100	45,454	45,100
Government grants	---	4,584	15,789
Fees and service charges	---	1	13
TOTAL REVENUES	45,100	50,039	60,902
EXPENSES			
Administration	1,800	1,690	3,501
Advertising and promotion	6,000	4,114	5,552
Beautification	26,000	23,022	19,383
Contracted services	7,000	6,998	---
Salaries and benefits	---	4,628	32,770
Special events	2,000	2,000	1,110
Taxation write offs	500	363	---
TOTAL EXPENSES	43,300	42,815	62,316
ANNUAL SURPLUS (DEFICIT)	1,800	7,224	(1,414)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,101	6,101	7,515
ACCUMULATED SURPLUS, END OF YEAR	7,901	13,325	6,101

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Changes in Net Financial Assets**

For the year ended December 31	2020	2019
	\$	\$
ANNUAL SURPLUS (DEFICIT)	7,224	(1,414)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	7,224	(1,414)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,101	7,515
NET FINANCIAL ASSETS, END OF YEAR	13,325	6,101

Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus (deficit)	7,224	(1,414)
Net Change in Non-Cash Working Capital Items Due from Town	(10,189)	1,414
Working Capital from Operations	(2,965)	---
NET (DECREASE) INCREASE IN CASH	(2,965)	---
CASH, BEGINNING OF YEAR	2,965	2,965
CASH, END OF YEAR	---	2,965

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

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2020

1. Status of the Committee

Pursuant to the Municipal Act, the Gananoque Business Improvement Area Committee (the 'Committee') was established by By-law No. 78-33 on October 17, 1978 by the Town of Gananoque.

2. Significant Accounting Policies

The financial statements of the Gananoque Business Improvement Area Committee are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of accounting policies by the Committee are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Committee.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all 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:

Assets	Estimated Useful Life
Equipment	3 to 30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2020

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Committee's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Committee considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

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

Deferred Revenues

The Committee defers recognition of 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.

The Committee receives restricted contributions under the authority of Federal and Provincial legislation and Committee by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Committee has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Committee has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2020

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Committee classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

3. Accumulated Surplus

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

	2020	2019
	\$	\$
Unrestricted Surplus	---	---
Reserves	13,325	6,101
Accumulated Surplus	13,325	6,101

4. Budget Figures

Gananoque Business Improvement Area Committee reviews its operating and capital budgets each year. The approved operating budget for 2020 is included in the budget figures presented in the Statement of Operations.
