

Financial Statements of

**TOWN OF CARLETON PLACE
BUSINESS IMPROVEMENT AREA
COMMITTEE**

Year ended December 31, 2024

DRAFT

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Corporation of the Town of Carleton Place Business Improvement Area Committee

Opinion

We have audited the financial statements of Corporation of the Town of Carleton Place Business Improvement Area Committee (the Committee), which comprise:

- the statement of financial position as at end of December 31, 2024
- 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 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 Committee as at December 31, 2024, 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 “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

We are independent of the Committee 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 Committee'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 Committee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee'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 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 Committee'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 Committee'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 Committee 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.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

(date)

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Accrued receivables	\$ 77,168	\$ 5,679
Due from the Corporation of the Town of Carleton Place (note 2)	839	71,871
	78,007	77,550
Financial liabilities:		
Accounts payable and accrued liabilities	1,200	592
Deferred revenue	2,431	4,586
	3,631	5,178
Net financial assets	74,376	72,372
Non-financial asset:		
Prepaid expenses	7,359	1,300
Commitments (note 4)		
Accumulated surplus (schedule 1)	\$ 81,735	\$ 73,672

See accompanying notes to financial statements.

On behalf of the Committee:

Chair

BIA Coordinator

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 3)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 173,686	\$ 172,259	\$ 153,832
Municipal contribution	13,770	—	13,300
Promotions and donations	11,000	20,705	18,180
Government grant	—	—	41,791
	198,456	192,964	227,103
Expenses:			
Advertising and promotion	93,248	91,488	117,777
Salaries, wages and benefits	66,326	66,724	44,379
Office supplies and maintenance	12,887	17,334	18,987
Downtown light display	10,200	6,292	—
Conventions and conferences	2,960	3,063	1,479
Street maintenance	12,000	—	12,321
Contribution to façade improvements	—	—	4,147
Professional fees	—	—	1,145
	197,621	184,901	200,235
Annual surplus	835	8,063	26,868
Accumulated surplus, beginning of year	73,672	73,672	46,804
Accumulated surplus, end of year	\$ 74,507	\$ 81,735	\$ 73,672

See accompanying notes to financial statements.

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 3)	2024 Actual	2023 Actual
Annual surplus	\$ 835	\$ 8,063	\$ 26,868
Change in prepaid expenses	—	(6,059)	(1,300)
Change in net financial assets	835	2,004	25,568
Net financial assets, beginning of year	72,372	72,372	46,804
Net financial assets, end of year	\$ 73,207	\$ 74,376	\$ 72,372

See accompanying notes to financial statements.

TOWN OF CARLETON PLACE BUSINESS IMPROVEMENT AREA COMMITTEE

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 8,063	\$ 26,868
Change in non-cash working capital:		
Prepaid expenses	(6,059)	(1,300)
Accrued receivables	(77,833)	(5,679)
Due from the Corporation of the Town of Carleton Place	77,376	(16,084)
Deferred revenue	(2,155)	(3,805)
Accounts payable and accrued liabilities	608	—
Net change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to financial statements.

TOWN OF CARLETON PLACE BUSINESS IMPROVEMENT AREA COMMITTEE

Notes to Financial Statements

Year ended December 31, 2024

Pursuant to the Municipal Act, the Town of Carleton Place Business Improvement Area Committee (the "Committee") was established by By-law No. 31-78 on September 18, 1978 by the Corporation of the Town of Carleton Place (the "Town"). The Committee is a local board of the Town with the purpose of promoting the downtown district.

1. Significant accounting policies:

The financial statements of the 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 the accounting policies by the Committee are as follows:

(a) Reporting entity:

The financial statements reflect financial assets, liabilities, operating revenue and expenses of the Committee.

(b) 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.

(c) 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.

(d) Revenue recognition:

Taxation, municipal grants, and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated.

Restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

Promotions and donations are recognized when the goods are sold or services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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 revenue and expenses during the period. Actual results could differ from these estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations and Accumulated Surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and Accumulated Surplus and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations and Accumulated Surplus.

(g) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

2. Due from the Corporation of the Town of Carleton Place:

The amount is the net receivable from the Town for operating expenses paid on behalf of the Committee net of deposits made on behalf of the Committee.

3. Budget figures:

The Committee reviews its operating and capital budgets each year. The approved operating budget for 2024 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus and Statement of Changes in Net Financial Assets.

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Commitments:

The Committee is committed to a lease for office space under an operating lease expiring June 1, 2025. The annual lease payments amount to \$6,600.

5. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Committee assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Committee as at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations and Accumulated Surplus. The balance of the allowance for doubtful accounts is \$Nil (2023 - \$Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Committee will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Committee manages its liquidity risk by monitoring its operating requirements. The Committee prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no changes to the risk exposures from 2023.

6. Change in accounting policies - adoption of new accounting standards:

The Committee adopted the following standards concurrently beginning January 1, 2024:

- PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Change in accounting policies - adoption of new accounting standards (continued):

- PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements as a result of adopting the new accounting standards.

TOWN OF CARLETON PLACE

BUSINESS IMPROVEMENT AREA COMMITTEE

Schedule 1 – Continuity of reserves and reserve funds

Year ended December 31, 2024

	2024 Budget (note 3)	2024 Actual	2023 Actual
Net transfers from (to) other funds:			
Transfers (to) from current fund	\$ 835	\$ 8,063	\$ 26,868
Reserves and reserve fund balance, change in year	835	8,063	26,868
Reserves and reserve fund balance, beginning of year	73,672	73,672	46,804
Reserves and reserve fund balances, end of year	\$ 74,507	\$ 81,735	\$ 73,672
Composition of reserves:			
		2024	2023
Contingency reserve		\$ 81,735	\$ 73,672