

January 29, 2025

Mayor Post and Members of Council
Town of Orangeville
87 Broadway
Orangeville, ON
L9W 1K1

Dear Mayor Post and Members of Council,

Subject: OBIA 2024 Preliminary Financial Report, OBIA 2025 Budget
OBIA 2023 Audited Financial Statements

The OBIA Board of Management and the OBIA membership met for their Annual General Meeting on January 28th, at the Opera House located at 87 Broadway. To summarize, the following resolutions were passed unanimously by the membership:

1. Moved by R. Hough, I. McGugan Carried.
Motion to accept the 2024 Preliminary Financial Report as presented and to move any year-end surplus to the OBIA's General Surplus.
2. Moved by R. Hough, I. McGugan, Carried.
Motion to accept the 2025 OBIA Budget of \$605,300, including a BIA Levy of \$515,500, other revenue of \$69,800 and a contribution from reserves of \$20,000.

The OBIA Board of Management met on May 16, 2024 and the following resolution was passed by the Board:

1. Moved by D. Nairn, J. Patterson Carried.
Motion to approve the 2023 Audited Financial Statement as presented.

The OBIA Board of Management respectfully requests Council review the enclosed documents and that Council:

Approve the following:

1. OBIA 2024 Preliminary Financial Report
2. OBIA 2025 Budget of \$605,300, including a BIA Levy of \$515,500, other revenue of \$69,800 and a contribution from reserves of \$20,000.

Receive the following:

5. OBIA 2023 Audited Financial Statements

The OBIA Board of Management appreciates the Town of Orangeville's ongoing support for

Orangeville Business Improvement Area

10 First Street, Orangeville ON. L9W 2C4
519 942 0087

the local business community and looks forward to working with Council and Town staff for another successful year.

Sincerely,



Alison Scheel
OBIA General Manager

Encl:

1. OBIA 2024 Preliminary Financial Report
2. OBIA 2025 Budget
3. OBIA 2023 Audited Financial Statement

cc. Raylene Martell, Clerk | Town of Orangeville
Cheryl Braan, Treasurer | Town of Orangeville
Rebecca Medeiros, Sr. Financial Analyst – Operations | Town of Orangeville

OBIA 2024 PRELIMINARY FINANCIAL REPORT	2024 Preliminary	2024 Budget
REVENUE		
BIA Levy	-496,000	-496,000
Grant Revenue	-154,605	0
Event Revenue	-32,382	-33,000
Farmers' Market Revenue	-28,062	-24,000
Santa Claus Parade Revenue	0	-5,000
Other Revenue	-13,303	-3,500
Total Revenues	-724,352	-561,500
EXPENSES		
Organizational Effectiveness	54,881	50,800
Stakeholder Alignment	12,262	14,400
Member Engagement	29,035	47,634
Beautified Space	100,330	100,200
Customer Attraction	331,772	348,466
Subtotal Annual Operating Expenditures	528,280	561,500
Special Projects	165,987	30,000
Total Expenses (Annual Operating + Special Projects)	694,267	591,500
Surplus/Deficit	-30,085	30,000
Contribution from Reserves	0	-30,000
Contribution to Reserves	-30,085	0
Net BIA	0	0
GENERAL RESERVES / GENERAL SURPLUS		
Current Year Contribution TO / FROM Reserves (estimated)	-30,085	30,000
BIA General Reserves / General Surplus (estimated)	-236,458	-236,458
Net Accumulated BIA General Reserves / General Surplus (estimated)	-266,543	-206,458

OBIA 2025 BUDGET	2025 Budget	2024 Budget	Budget % Change
REVENUE			
BIA Levy	-515,500	-496,000	3.9%
Grant Revenue	0	0	0%
Event Revenue	-35,300	-33,000	7%
Farmers' Market Revenue	-26,500	-24,000	10%
Santa Claus Parade Revenue	0	-5,000	-100%
Other Revenue	-8,000	-3,500	129%
Total Revenues	-585,300	-561,500	4.2%
EXPENSES			
Organizational Effectiveness	59,470	50,800	17%
Stakeholder Alignment	15,420	14,400	7%
Member Engagement	37,340	47,634	-22%
Beautified Space	107,620	100,200	7%
Customer Attraction	365,450	348,466	5%
Subtotal Annual Operating Expenditures	585,300	561,500	4.2%
Special Projects	20,000	30,000	-33%
Total Expenses (Annual Operating + Special Projects)	605,300	591,500	2.3%
Surplus/Deficit	20,000	30,000	-33%
Contribution from Reserves	-20,000	-30,000	-33%
Contribution to Reserves	0	0	0.0%
Net BIA	0	0	0.0%
GENERAL RESERVES / GENERAL SURPLUS			
Current Year Contribution TO / FROM Reserves (estimated)	20,000	30,000	-33%
BIA General Reserves / General Surplus (estimated)	-266,543	-236,458	13%
Net Accumulated BIA General Reserves / General Surplus (estimated)	-246,543	-206,458	19%

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 12

INDEPENDENT AUDITOR'S REPORT

To the Board of Management, Members of Council, Inhabitants and Ratepayers of: The Corporation of the Town of Orangeville Business Improvement Area

Qualified Opinion

We have audited the accompanying financial statements of The Corporation of the Town of Orangeville Business Improvement Area, which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, changes 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Orangeville Business Improvement Area as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many municipal board operations, the organization derives revenue from donations and other cash sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues other than taxation and annual (deficit) surplus for the years ended December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31, for both the 2023 and 2022 years.

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 Corporation of the Town of Orangeville Business Improvement Area 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 qualified audit 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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



Guelph, Ontario
May 16, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Accounts receivable	\$ 0	\$ 50,000
Due from Town of Orangeville (note 4)	<u>278,064</u>	<u>190,061</u>
	<u>278,064</u>	<u>240,061</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>6,231</u>	<u>3,650</u>
NET FINANCIAL ASSETS	271,833	236,411
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	<u>148</u>	<u>1,129</u>
ACCUMULATED SURPLUS (note 5)	<u>\$ 271,981</u>	<u>\$ 237,540</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
 BUSINESS IMPROVEMENT AREA
 STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget	2023 Actual	2022 Actual
REVENUES			
Taxation (note 4)	\$ 474,700	\$ 473,525	\$ 459,332
Grants	0	50,000	50,000
Sundry	30,000	35,577	28,463
Farmer's market	<u>23,350</u>	<u>23,685</u>	<u>21,872</u>
	<u>528,050</u>	<u>582,787</u>	<u>559,667</u>
EXPENDITURES			
Promotion projects	163,000	175,584	243,615
Administrative	277,927	193,080	199,734
Contributions to Town (note 6)	23,000	89,205	85,015
Downtown improvements	81,473	81,473	79,839
Farmer's market	8,950	8,023	21,267
Amortization	<u>0</u>	<u>981</u>	<u>981</u>
	<u>554,350</u>	<u>548,346</u>	<u>630,451</u>
ANNUAL (DEFICIT) SURPLUS	(26,300)	34,441	(70,784)
ACCUMULATED SURPLUS, beginning of year	<u>237,540</u>	<u>237,540</u>	<u>308,324</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 211,240</u>	<u>\$ 271,981</u>	<u>\$ 237,540</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget	2023 Actual	2022 Actual
ANNUAL (DEFICIT) SURPLUS	\$ (26,300)	\$ 34,441	\$ (70,784)
Amortization of tangible capital assets	<u>0</u>	<u>981</u>	<u>981</u>
(DECREASE) INCREASE in net financial assets	(26,300)	35,422	(69,803)
NET FINANCIAL ASSETS, beginning of year	<u>236,411</u>	<u>236,411</u>	<u>306,214</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 210,111</u>	<u>\$ 271,833</u>	<u>\$ 236,411</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus	\$ 34,441	\$ (70,784)
Amortization	<u>981</u>	<u>981</u>
	35,422	(69,803)
Changes in non-cash working capital		
Due from Town of Orangeville	(88,003)	119,753
Accounts payable and accrued liabilities	2,581	50
Accounts receivable	<u>50,000</u>	<u>(50,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	0	0
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>0</u>	<u>0</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. NATURE OF ORGANIZATION

The Board is engaged to improve and beautify the business area in the Corporation of the Town of Orangeville. These financial statements reflect the assets, liabilities, revenues, and expenses relating to the business improvement area and not the Corporation of the Town of Orangeville as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The financial statements of the Corporation of the Town of Orangeville Business Improvement Area are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) **BASIS OF ACCOUNTING**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

(c) **BASIS OF CONSOLIDATION**

The Business Improvement Area has been consolidated within the financial statements of the Corporation of the Town of Orangeville.

(d) **FINANCIAL INSTRUMENTS**

The organization classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include amounts due from the Town of Orangeville. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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. Amortization is provided over the estimated useful life of the assets. The useful life of the assets is based on estimates made by Council. The following rates and methods are used:

Furniture and equipment	20	years straight line basis
Computer hardware	5	years straight line basis
Security equipment	5	years straight line basis

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

(f) GOVERNMENT TRANSFERS

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, in which case, it is initially recognized as deferred revenue. This revenue is recognized in the consolidated statement of operations as the transfer stipulations are settled.

(g) REVENUE RECOGNITION

Taxation revenues are recorded at the time tax billings are issued. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Other revenue is recognized on a cash basis.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Furniture and equipment	\$ 19,621	\$ 19,473	\$ 148	\$ 1,129
Computer hardware	3,023	3,023	0	0
Security equipment	<u>26,988</u>	<u>26,988</u>	<u>0</u>	<u>0</u>
	<u>\$ 49,632</u>	<u>\$ 49,484</u>	<u>\$ 148</u>	<u>\$ 1,129</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. RELATED PARTY TRANSACTIONS

The following table summarizes the organization's related party transactions for the year:

	2023	2022
Revenue		
BIA Levy from Town of Orangeville	\$ 474,700	\$ 460,000
BIA Tax Writeoffs from Town of Orangeville	<u>(1,175)</u>	<u>(668)</u>
	<u>\$ 473,525</u>	<u>\$ 459,332</u>

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, amounts due from the related party are as follows:

	2023	2022
Town of Orangeville	<u>\$ 278,064</u>	<u>\$ 190,061</u>

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the operating fund surplus and reserves as follows:

	2023	2022
Investment in tangible capital assets	\$ 148	\$ 1,129
General surplus (deficit)	35,375	(47)
Reserves (parking)	<u>236,458</u>	<u>236,458</u>
	<u>\$ 271,981</u>	<u>\$ 237,540</u>

6. COMMITMENT

The Town of Orangeville Business Improvement Area Board has agreed to finance principal and interest on the Town of Orangeville's debt related to parking in the business improvement area of the Town. The balance outstanding on the loans are as follows:

	2023	2022
Loan payable, BIA, 82 Broadway, 4.810% (2022 - 2.681%), payable in monthly payments of \$4,013 (2022 - \$3,547) principal and interest, due December 2024	\$ 469,042	\$ 493,978
Loan payable, BIA parking lot, 2.920%, payable in monthly payments of \$4,424 principal and interest due April 2029	<u>261,993</u>	<u>306,722</u>
	731,035	800,700
Less: portion of 82 Broadway loan to be repaid by Town	<u>(117,261)</u>	<u>(123,495)</u>
	<u>\$ 613,774</u>	<u>\$ 677,205</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. COMMITMENT (continued)

Principal payments for the next five fiscal year and thereafter are as follows:

2024	\$ 397,867
2025	47,713
2026	49,277
2027	50,888
2028	52,562
Thereafter	<u>15,467</u>
	\$ <u>613,774</u>

Contribution to the Town consists of:

	2023	2022
Principal	\$ 63,431	\$ 65,119
Interest	<u>25,774</u>	<u>19,896</u>
	<u>\$ 89,205</u>	<u>\$ 85,015</u>

7. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its accounts receivable and amount due from the Town of Orangeville.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

8. BUDGETS

The budget adopted by Council 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 now require a full accrual basis. The following is a reconciliation of the budget approved by Council.

	2023 Budget	2023 Actual	2022 Actual
Annual (deficit) surplus (page 6)	\$ (26,300)	\$ 34,441	\$ (70,784)
Amortization of tangible capital assets	0	981	981
Transfer to reserve	<u>0</u>	<u>0</u>	<u>(41,686)</u>
	(26,300)	35,422	(111,489)
Prior year general surplus	<u>(47)</u>	<u>(47)</u>	<u>111,442</u>
General surplus (deficit) (note 5)	<u>\$ (26,347)</u>	<u>\$ 35,375</u>	<u>\$ (47)</u>