

**EXETER BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Directors of the Exeter Business Improvement Area

We have audited the accompanying financial statements of the Exeter Business Improvement Area, which comprise the statement of financial position as at December 31, 2017, and the statements of revenue and expenditure and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Exeter Business Improvement Area as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vodden, Bender & Seebach LLP

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
March 21, 2018

EXETER BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION

See accompanying notes to the financial statements

As at December 31	2017	2016
ASSETS		
Cash	8,062	10,373
Accounts receivable	17,801	10,394
HST recoverable	4,355	15,233
	<u>\$ 30,218</u>	<u>\$ 36,000</u>
LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)		
Accounts payable and accrued liabilities	14,622	15,347
Accumulated surplus (deficit)	15,596	20,653
	<u>\$ 30,218</u>	<u>\$ 36,000</u>

EXETER BUSINESS IMPROVEMENT AREA**STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS**

See accompanying notes to the financial statements

For the Year Ended December 31	2017	2016
Revenue		
Municipality of South Huron - levy	67,783	66,584
Digital sign rental revenue	-	8,915
Coupon Book	11,660	10,790
Grant- Welcome Centre	6,000	6,000
Awards gala	7,034	7,926
Other revenue	3,538	2,145
	96,015	102,360
Expenditure		
Advertising and promotional activities	23,657	19,449
Bank charges	257	217
Downtown improvement and beautification	11,718	12,971
General and administration	65,440	65,802
	101,072	98,439
Net surplus (deficit) for the year	(5,057)	3,921
Accumulated surplus (deficit) beginning of year	20,653	16,732
Accumulated surplus (deficit) end of year	\$ 15,596	\$ 20,653

EXETER BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

For the Year Ended December 31	2017	2016
Operating activities		
Surplus (deficit) for the year	(5,057)	3,921
Net change in working capital balances		
Accounts receivable	(7,407)	(6,042)
HST recoverable	10,878	(6,653)
Accounts payable and accrued liabilities	(725)	10,261
Change in cash and cash equivalents during year	(2,311)	1,487
Cash and cash equivalents, beginning of year	10,373	8,886
Cash and cash equivalents, end of year	\$ 8,062	\$ 10,373

EXETER BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

1. Nature of operations

The Exeter Business Improvement Area is a municipal sub-committee of the Municipality of South Huron consisting of local merchants, business and property owners. Its mandate is to beautify, improve, and promote the Exeter shopping district.

2. Significant accounting policies

The financial statements of the Exeter Business Improvement Area are the representation of management. Significant accounting policies include the following:

a) **Accrual basis of accounting**

Expenditures and related sources of funding are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) **Revenue recognition**

Revenues are recognized in the period in which the activities occur.

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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives.

d) **Investments**

Investments are recorded at the lower of cost or fair value.

e) **Contributed services**

Volunteer contributions are substantial but the value can not be estimated and therefore are not recognized in the financial statements.

f) **Financial instruments**

Unless otherwise stated in these financial statements, the fair value of the corporation's financial assets and liabilities approximate their carrying amount. It is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

g) **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.