

**EXETER BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of the Exeter Business Improvement Area

Opinion

We have audited the accompanying financial statements of Exeter Business Improvement Area, which are comprised of the statement of financial position as at December 31, 2018 and the statements of revenue and expenditure and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Exeter Business Improvement Area as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 report. We are independent of Exeter 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 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 PSAB, 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 Exeter Business Improvement Area'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Exeter Business Improvement Area'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Exeter Business Improvement Area'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 Exeter Business Improvement Area'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 Company 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
March 18, 2019

EXETER BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION

See accompanying notes to the financial statements

As at December 31	2018	2017
ASSETS		
Cash	3,751	8,062
Accounts receivable	12,946	17,801
HST recoverable	4,246	4,355
	<u>\$ 20,943</u>	<u>\$ 30,218</u>
LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)		
Accounts payable and accrued liabilities	3,718	14,622
Accumulated surplus (deficit)	17,225	15,596
	<u>\$ 20,943</u>	<u>\$ 30,218</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	2018	2017
Revenue		
Municipality of South Huron - levy	68,685	67,783
Coupon Book	10,280	11,660
Grant- Welcome Centre	6,000	6,000
Awards gala	7,482	7,034
Beautification	11,031	-
Other revenue	3,326	3,538
	<u>106,804</u>	<u>96,015</u>
Expenditure		
Advertising and promotional activities	14,515	23,657
Bank charges	210	257
Downtown improvement and beautification	22,037	11,718
General and administration	68,413	65,440
	<u>105,175</u>	<u>101,072</u>
Net surplus (deficit) for the year	1,629	(5,057)
Accumulated surplus (deficit) beginning of year	15,596	20,653
Accumulated surplus (deficit) end of year	<u>\$ 17,225</u>	<u>\$ 15,596</u>

EXETER BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

For the Year Ended December 31	2018	2017
Operating activities		
Surplus (deficit) for the year	1,629	(5,057)
Net change in working capital balances		
Accounts receivable	4,855	(7,407)
HST recoverable	109	10,878
Accounts payable and accrued liabilities	(10,904)	(725)
Change in cash and cash equivalents during year	(4,311)	(2,311)
Cash and cash equivalents, beginning of year	8,062	10,373
Cash and cash equivalents, end of year	\$ 3,751	\$ 8,062

EXETER BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

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.