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Financial statements of  
Town of Newmarket  
Main Street District BIA

December 31, 2019

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## Independent Auditor's Report

To the Members of Council of  
The Corporation of the Town of Newmarket

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Town of Newmarket Main Street District BIA (the "BIA"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2019, and the results of its operations 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 ("Canadian GAAS"). 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 BIA 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 BIA'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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA'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 GAAS 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 GAAS, 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 BIA'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 BIA'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 BIA 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
July 27, 2020

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Main Street District BIA**  
**Statement of Operations**  
Year ended December 31, 2019

	2019		2018
	Budget	Actual	(Restated- Note 4)
<b>REVENUES</b>			
Taxation	\$ 30,000	\$ 30,000	\$ 30,000
Events	-	8,178	6,208
<b>Total revenues</b>	<b>30,000</b>	<b>38,178</b>	<b>36,208</b>
<b>EXPENSES</b>			
Promotion and events	9,000	19,568	34,908
Advertising	21,000	1,119	4,866
<b>Total expenses</b>	<b>30,000</b>	<b>20,687</b>	<b>39,774</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>-</b>	<b>17,491</b>	<b>(3,566)</b>
<b>FUND BALANCE, BEGINNING OF YEAR,</b>	<b>20,914</b>	<b>20,914</b>	<b>24,480</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 20,914</b>	<b>\$ 38,405</b>	<b>\$ 20,914</b>

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

**THE CORPORATION OF THE TOWN OF NEWMARKET**  
**Main Street District BIA**  
**Statement of Financial Position**  
Year ended December 31, 2019

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	<u>2019</u>	<u>2018</u>
		(Restated- Note 4)
<b>ASSET</b>		
Due from the Town of Newmarket	\$ 38,405	\$ 20,914
<b>FUND BALANCE AND NET FINANCIAL ASSETS</b>	<b>\$ 38,405</b>	<b>\$ 20,914</b>

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

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Main Street District BIA

### Statement of Cash Flows

Year ended December 31, 2019

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	<u>2019</u>	<u>2018</u>
		(Restated- Note 4)
<b>Cash received from</b>		
Taxation	\$ 30,000	\$ 30,000
Events	8,178	6,208
Transfers (to) from the Town of Newmarket	(17,491)	3,566
	<u>20,687</u>	<u>39,774</u>
<b>Cash paid for</b>		
Promotion and events	19,568	34,908
Advertising	1,119	4,866
	<u>20,687</u>	<u>39,774</u>
<b>Net Change in Cash</b>	-	-
<b>Cash, Beginning of Year</b>	-	-
<b>Cash, End of Year</b>	\$ -	\$ -

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

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Main Street District BIA

### Notes to the Financial Statements

December 31, 2019

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#### 1. NATURE OF OPERATIONS

On January 22, 2007 Council, under the authority of section 204 of the Municipal Act, enacted a bylaw to designate the Main Street Business Improvement Area ("BIA"). The primary objective of the BIA is to promote the area as a business, shopping and entertainment area.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Newmarket Main Street District BIA are the representation of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada") and reflect the following policies:

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 the receipt of goods or services and the creation of a legal obligation to pay.

Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Town.

#### 3. USE OF ESTIMATES

The preparation of financial statements in conforming with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

#### 4. PRIOR PERIOD ADJUSTMENT

Management has restated the December 31, 2018 corresponding figures to reflect the identification of expenses related to fiscal year ended December 31, 2018 that were not previously recognized. The 2018 corresponding figures have been restated and the impact is an increase in promotion and events expenses on the statement of operations, and a decrease in Due from the Town of Newmarket on the statement of financial position. This resulted in a cumulative decrease in fund balances of \$1,256 on the statement of financial position and statement of operations. This also resulted in a decrease in cash received from, and cash paid to on the statement of cash flows of \$1,614, respectively. The adjustments for the restatement are summarized below:

##### Statement of Financial Position

Decrease in Due from the Town of Newmarket, December 31, 2018	(1,256)
Decrease in Fund Balance and Net Financial Assets, December 31, 2018	<u>(1,256)</u>

##### Statement of Operations

Increase in Events revenue	358
Increase in Promotion and events expense	1,614
Decrease in Annual deficit	(1,256)
Decrease in Fund balance	<u>(1,256)</u>

# THE CORPORATION OF THE TOWN OF NEWMARKET

## Main Street District BIA

### Notes to the Financial Statements

December 31, 2019

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#### 5. SUBSEQUENT EVENT

Subsequent to the year-end, on March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the BIA in future periods.