

DRAFT #3
June 12, 2023

Financial Statements of

**THE CORPORATION OF
THE TOWN OF NEWMARKET
MAIN STREET DISTRICT
BUSINESS IMPROVEMENT AREA**

And Independent Auditor's Report thereon

Year ended December 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Newmarket Main Street District Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of change 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 Entity as at December 31, 2022, 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 Entity 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.

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 27, 2022.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

THE CORPORATION OF THE TOWN OF NEWMARKET MAIN STREET DISTRICT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Due from the Town of Newmarket	\$ 80,610	\$ 59,283
Net financial assets	80,610	59,283
Non-Financial Assets		
Prepaid expenses	3,566	1,526
Accumulated surplus	\$ 84,176	\$ 60,809

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET MAIN STREET DISTRICT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenue:			
Taxation	\$ 30,000	\$ 30,000	\$ 30,000
Events	—	1,456	10,000
Other	—	11,015	—
	30,000	42,471	40,000
Expenses:			
Promotion and events	9000	16,075	13,340
Advertising	21,000	3,029	22,369
	30,000	19,104	35,709
Annual surplus		23,367	4,291
Accumulated surplus, beginning of year		60,809	56,518
Accumulated surplus, end of year		\$ 84,176	\$ 60,809

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET MAIN STREET DISTRICT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	2021
Annual surplus	\$ —	\$ 23,367	\$ 4,291
Change in prepaid expenses	—	(2,040)	(1,526)
Change in net financial assets	—	21,327	2,665
Net financial assets, beginning of year	—	59,283	56,618
Net financial assets, end of year	\$ —	\$ 80,610	\$ 59,283

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET MAIN STREET DISTRICT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Cash received from:		
Taxation	\$ 30,000	\$ 30,000
Events	1,456	10,000
Other revenues	11,015	10,000
Transfer to the Town of Newmarket	(23,367)	(4,291)
	19,104	35,709
Cash paid for:		
Promotion and events	16,075	13,340
Advertising	3,029	22,369
	19,104	35,709
Increase in cash, being cash, end of year	\$ —	\$ —

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF NEWMARKET MAIN STREET DISTRICT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2022

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

1. Significant accounting policies:

The financial statements of the BIA are the representation of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and reflect the following policies:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue 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 of Newmarket.

2. 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 year. Actual results could differ from those estimates.

3. Due from the Corporation of the Town of Newmarket:

The amount due from the Town of Newmarket includes the cumulative overlevy as at December 31, 2022. The amount is non-interest bearing and receivable in conjunction with the 2023 levy.