

DRAFT

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, 2024

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2024
- 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, 2024, 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.

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.

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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, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Due from Town of Newmarket	\$ 119,616	\$ 86,036
Net financial assets	119,616	86,036
Non-Financial Assets		
Prepaid expenses	3,023	297
Accumulated surplus	\$ 122,639	\$ 86,333

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, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 30,000	\$ 30,378	\$ 30,000
Events	-	4,383	2,000
Other	-	20,000	-
	30,000	54,761	32,000
Expenses:			
Promotion and events	9,000	14,230	18,503
Advertising	21,000	4,225	11,340
	30,000	18,455	29,843
Annual surplus	-	36,306	2,157
Accumulated surplus, beginning of year	-	86,333	84,176
Accumulated surplus, end of year	\$ -	\$ 122,639	\$ 86,333

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, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Annual surplus	\$ –	\$ 36,306	\$ 2,157
Change in prepaid expenses	–	(2,726)	3,269
Change in net financial assets	–	33,580	5,426
Net financial assets, beginning of year	–	86,036	80,610
Net financial assets, end of year	\$ –	\$ 119,616	\$ 86,036

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, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 36,306	\$ 2,157
Change in non-cash operating item:		
Prepaid expenses	(2,726)	3,269
	33,580	5,426
Financing activity:		
Due from Town of Newmarket	(33,580)	(5,426)
Net change in cash	\$ —	\$ —

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, 2024

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 reported on the accrual basis of accounting, and is raised from ratepayers of the Town of Newmarket.

2. Use of estimates:

The preparation of financial statements in conforming with the 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.

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

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Change in accounting policies:

(a) PS 3160, Public Private Partnerships:

On January 1, 2024, the BIA adopted Public Accounting Standards PS 3160, Public Private Partnerships "PS 3160" on a prospective basis. The new standard establishes specific recognition, measurement, and disclosure requirements for public-private partnership arrangements "P3". This policy addresses how public sector entities should account for infrastructure assets and liabilities arising from P3 arrangements.

As a result of this adoption, the entity has revised its accounting policy for P3. Under the new policy:

- Infrastructure assets acquired through P3 arrangements are recognized when the entity controls the infrastructure and derives substantial benefits from its service capacity.
- Liabilities related to the payment obligations to private sector partners are recognized as the infrastructure is constructed or becomes available for use.

As at December 31, 2024 the BIA determined that the implementation of this new standard did not result in the identification of transactions that would meet the definition of P3. The adoption of PS 3160 aligns with public sector accounting standards, although there is no impact on the amounts presented in the financial statements.

(b) PS 3400, Revenue:

On January 1, 2024, the BIA adopted Public Accounting Standard PS 3400, Revenue "PS 3400" on a prospective basis. The new standard establishes specific recognition, measurement, and disclosure requirements for revenue transactions, including those with and without performance obligations. The BIA has adopted PS 3400 to ensure consistent recognition and presentation of revenue transactions in its financial statements. Revenue is recognized based on the presence or absence of performance obligations, following the guidance provided in the standard. This change was made to comply with PS 3400 and to enhance the relevance and reliability of financial information related to revenue transactions.

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

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Change in accounting policies (continued):

Under the new policy:

- Revenue from exchange transactions is recognized as performance obligations are fulfilled.
- Revenue from non-exchange transactions is recognized when conditions are satisfied.

As at December 31, 2024, the BIA determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

(c) PSG 8, Purchased Intangibles:

On January 1, 2024, the BIA adopted Public Accounting Standards PSG 8, Purchased Intangibles "PSG 8" on a prospective basis. The BIA has assessed the applicability of PSG 8, which requires the recognition of purchased intangible assets meeting specific criteria. Purchased intangibles are identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Under this standard, purchased intangible assets are recognized as assets when acquired. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure requirements for purchased intangible assets.

As at December 31, 2024, the BIA determined that the implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles. The adoption of PSG 8 aligns with public sector accounting standards, although there is no impact on the amounts presented in the financial statements.