

DOWNTOWN STRATFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

For the year ended December 31, 2023

DOWNTOWN STRATFORD BUSINESS IMPROVEMENT AREA

For the year ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Stratford

Opinion

We have audited the financial statements of Downtown Stratford Business Improvement Area (the 'Board'), which comprise the statement of financial position as at December 31, 2023, and the statements of operations 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 the Board as at December 31, 2023, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Board 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 these 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditors' 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 auditors' 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. 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Board 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.



February 4, 2026
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Downtown Stratford Business Improvement Area
Statement of Financial Position

December 31	2023	2022
Financial Assets		
Cash	\$ 177,498	\$ 197,541
Accounts receivable	44,086	69,229
	221,584	266,770
 Liabilities		
Accounts payable and accrued liabilities	8,872	16,414
Other accrued liability (Note 3)	158,089	154,738
	166,961	171,152
 Net Financial Assets	 54,623	95,618
 Accumulated Surplus (Note 4)	 \$ 54,623	\$ 95,618

See accompanying notes and schedules to financial statements.

Downtown Stratford Business Improvement Area
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget		
	2023	2023	2022
Revenue:			
Tax levy	\$ 299,473	\$ 299,473	\$ 299,473
Grant revenue	-	1,000	82,389
Community collaboration	10,000	7,027	8,033
Expenses:			
Administration	174,524	224,585	167,355
Promotions	102,777	110,707	110,453
Beautification	33,972	25,391	57,640
	<u>311,273</u>	<u>360,683</u>	<u>335,448</u>
Annual (deficit) surplus	-	(40,995)	60,172
Accumulated Surplus, beginning of year	<u>95,618</u>	<u>95,618</u>	35,446
Accumulated Surplus, end of year	<u>\$ 95,618</u>	<u>\$ 54,623</u>	\$ 95,618

See accompanying notes and schedules to financial statements.

Downtown Stratford Business Improvement Area
Statement of Cash Flows

For the year ended December 31	2023	2022
Operating activities		
Annual (deficit) surplus	\$ (40,995)	\$ 60,172
Change in non-cash operation accounts		
Accounts receivable	25,143	(58,102)
Accounts payable and accrued liabilities	(7,542)	(45,785)
Other accrued liability	3,351	12,694
	(20,043)	(31,021)
Net decrease in cash	(20,043)	(31,021)
Cash, beginning of year	197,541	228,562
Cash, end of year	\$ 177,498	\$ 197,541

See accompanying notes and schedules to financial statements.

For the year ended December 31, 2023

1. Significant accounting policies:

The financial statements of the Downtown Stratford Business Improvement Area (the "Board") are prepared in accordance with Canadian public sector accounting standards as defined in the Chartered Professional Accountants Public Sector Accounting Handbook.

(a) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures 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.

(b) Use of estimates:

The preparation of the Board's financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates.

(c) Financial Instruments:

Financial instruments are recorded at the fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and other accrued liability. The amortized cost of these financial instruments approximate their carrying values, unless otherwise noted.

Downtown Stratford Business Improvement Area
Notes to Financial Statements

For the year ended December 31, 2023

2. Related party transactions

2023 2022

During the year, Downtown Stratford Business Improvement Area recorded the following transactions with the Corporation of the City of Stratford:

Tax levies collected on behalf of Downtown Stratford Business Improvement Area	<u>\$ 299,473</u>	<u>\$ 299,473</u>
Current year tax adjustments	<u>\$ (16,808)</u>	<u>\$ (7,168)</u>

3. Other Accrued Liability

2023 2022

Gift certificates payable	<u>\$ 158,089</u>	<u>\$ 154,738</u>
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The Board facilitates the sale of gift cards to downtown Stratford retailers. Revenues are not recognized until the gift certificates are redeemed. Gift Certificates that have been sold but unredeemed have been recorded as an accrued liability at December 31, 2023.

4. Accumulated Surplus

At the year-end the accumulated surplus is comprised of the following:

2023 2022

General Operating Surplus	<u>\$ 54,623</u>	<u>\$ 95,618</u>
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For the year ended December 31, 2023

5. Financial Instruments

The Board has identified the following financial risks:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally paid within 30 days. Gift certificates payable are paid when redeemed. This risk is reduced because of the sum in bank.

6. Budget Figures

The Board reviews its operating and capital budgets each year. The approved operating budget for 2023 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus.