

**The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area**

Financial Statements

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of The Corporation of Norfolk County Downtown Simcoe Business Improvement Area

Qualified Opinion

We have audited the financial statements of The Corporation of Norfolk County Downtown Simcoe Business Improvement Area (the Organization), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net financial assets, operations and cash flow 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets, and net assets. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 the Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

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

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

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

January 27, 2026
Simcoe, Ontario

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 181,413	\$ 260,113
Accounts receivable	90,000	1,131
HST recoverable	23,762	14,808
Prepaid expenses	312	785
	\$ 295,487	\$ 276,837
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 8,017	\$ 2,751
Employee deductions payable	3,757	719
	11,774	3,470
Accumulated surplus and net financial assets	283,713	273,367
	\$ 295,487	\$ 276,837

See accompanying notes to financial statements

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Statement of Changes in Net Financial Assets
Year ended December 31, 2024

	Budget	2024	2023
Accumulated surplus and net financial assets - beginning of year	\$ 273,367	\$ 273,367	\$ 260,287
Annual surplus	-	10,346	13,080
ACCUMULATED SURPLUS AND NET FINANCIAL ASSETS - END OF YEAR	\$ 273,367	\$ 283,713	\$ 273,367

See accompanying notes to financial statements

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Statement of Operations
Year ended December 31, 2024

	Budget 2024	2024	2023
REVENUE			
Tax levy and garbage collection - Norfolk County	\$ 194,000	\$ 186,670	\$ 194,276
Donations and sundry	-	400	1,187
Use of accumulated surplus from prior years	20,000	-	-
Canada Summer Jobs Grant	4,500	-	-
	218,500	187,070	195,463
Expenses			
BIA bucks redeemed	1,200	660	330
Beautification	82,500	75,103	73,229
Canada Summer Jobs Grant wages	4,500	-	-
Communications and events (Note 3)	59,400	50,929	57,161
Donations	3,000	2,060	600
Operations	37,200	23,027	23,848
Salaries and wages	30,700	24,945	27,215
	218,500	176,724	182,383
ANNUAL SURPLUS	\$ -	\$ 10,346	\$ 13,080

See accompanying notes to financial statements

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Statement of Cash Flow
Year ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 10,346	\$ 13,080
Changes in non-cash working capital:		
Accounts receivable	(88,869)	49,220
HST recoverable	(8,954)	9,968
Prepaid expenses	473	(735)
Accounts payable	5,266	(62,290)
Employee deductions payable	3,038	(428)
	(89,046)	(4,265)
INCREASE (DECREASE) IN CASH	(78,700)	8,815
Cash - beginning of year	260,113	251,298
CASH - END OF YEAR	\$ 181,413	\$ 260,113

See accompanying notes to financial statements

The Corporation of Norfolk County Downtown Simcoe Business Improvement Area

Notes to Financial Statements Year ended December 31, 2024

1. NATURE OF OPERATIONS

The Downtown Simcoe Business Improvement Area (the Organization) is a local board of the Corporation of Norfolk County, created under terms of the Municipal Act to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the designated area beyond that provided at the expense of the municipality generally and to promote the area as a business and shopping area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Standards Board of the Canadian Professional Accountants of Canada which are Canadian generally accepted accounting principles.

Basis of presentation

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are not significant and consist of office and computer equipment. The historical cost and accumulated amortization for tangible capital assets are not recorded as of December 31, 2024 and is not significant. Tangible capital assets are reported as expenses on the Statement of Operations in the year of acquisition. Due to their nature, maintenance, beautification, and promotion expenses are not considered to be tangible capital assets of the Organization.

Deferred revenue

The Organization receives funds for specific purposes, which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

Revenue recognition

The Organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- Tax levy is recognized as earned when it is determined and approved to be paid by the council of Norfolk County;
- Unrestricted donation and sundry income is earned when it is received;
- Grants are recognized as revenue in the year in which the related expenses are incurred.

(continues)

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Notes to Financial Statements
Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Key components of the financial statements requiring management to make estimates include accrued expenses.

3. RELATED PARTY TRANSACTIONS

Related parties include individuals and entities that have the ability to exercise control, joint control, or significant influence over the Organization. This includes directors and officers of the Organization and entities controlled by such individuals. During the year, the Organization entered into transactions with a company for expenses of \$12,822 (2023 - \$17,462) for digital marketing services, classified as communication and events expense on the statement of operations. This company was controlled by an individual who has significant influence over the Organization. This individual was a director and an officer of the Organization. The individual followed the Organization's operating by-law by declaring a conflict of interest and did not take part in the discussion or voting on the contract.

These transactions were measured at the exchange amount, the amount of consideration established and agreed to by the related parties.

The Corporation of Norfolk County
Downtown Simcoe Business Improvement Area
Notes to Financial Statements
Year ended December 31, 2024

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and the following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from its accounts receivable balance relating to funders and donors. The Organization has a significant number of funders and donors which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities on a timely basis or at a reasonable cost. The Organization is exposed to this risk mainly in respect of its collection of accounts receivable, HST recoverable and the generation of cash through revenue activities to meet its obligations such as accounts payable and employee deductions payable.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments. These risks have not changed from the prior year.

5. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.