

Financial Report

**The Grimsby Downtown Improvement Area**

2022

Draft - April 25, 2023

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Draft - April 25, 2023

# THE GRIMSBY DOWNTOWN IMPROVEMENT AREA MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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The accompanying financial statements of The Grimsby Downtown Improvement Area (the "DIA") are the responsibility of the DIA's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting accounting period cannot be finalized with certainty until future periods.

The DIA's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The DIA board meets with management and external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, licensed public accountants appointed by the Town of Grimsby. The accompanying Independent Auditors Report outlines their responsibilities and their opinion on the DIA's financial statements.

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Mark Wood  
Chair  
The Grimsby Downtown Improvement Area

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Beth Brens, CPA, CA  
Director of Finance/Treasurer  
The Corporation of the Town of Grimsby

May 3, 2023

# Independent Auditor's Report

Draft - April 25, 2023

Draft - April 25, 2023

# THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

|                                     | 2022              | 2021              |
|-------------------------------------|-------------------|-------------------|
| <b>Financial assets</b>             |                   |                   |
| Due from Town of Grimsby            | \$ 153,958        | \$ 137,565        |
| <b>Net financial assets</b>         | <b>153,958</b>    | <b>137,565</b>    |
| <b>Non-financial assets</b>         |                   |                   |
| Prepaid expenses                    | 857               | -                 |
| Tangible capital assets (Note 4)    | 6,259             | 8,965             |
|                                     | <b>7,116</b>      | <b>8,965</b>      |
| <b>Accumulated surplus (Note 5)</b> | <b>\$ 161,074</b> | <b>\$ 146,530</b> |

On behalf of the Board

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See accompanying notes to the financial statements

## THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

### STATEMENT OF OPERATIONS

For the Year Ended December 31, 2022

|                                       | 2022 Budget<br>(Note 3) | 2022 Actual | 2021 Actual |
|---------------------------------------|-------------------------|-------------|-------------|
| <b>Revenue</b>                        |                         |             |             |
| Taxation                              | \$ 87,350               | \$ 87,350   | \$ 87,451   |
| Tax (write-offs) supplementaries, net | (3,800)                 | (566)       | (1,557)     |
|                                       | 83,550                  | 86,784      | 85,894      |
| <b>Expenses</b>                       |                         |             |             |
| Advertising and promotion             | 30,400                  | 19,222      | 16,478      |
| Amortization                          | 2,706                   | 2,706       | 2,635       |
| Downtown beautification               | 29,900                  | 14,554      | 13,327      |
| Office                                | 1,200                   | 238         | 383         |
| Professional fees                     | 1,900                   | 1,168       | 6,561       |
| Special events                        | 6,000                   | 34,352      | 6,348       |
|                                       | 72,106                  | 72,240      | 45,732      |
| Annual surplus                        | 11,444                  | 14,544      | 40,162      |
| <b>Accumulated surplus (Note 5)</b>   |                         |             |             |
| Beginning of year                     | 146,530                 | 146,530     | 106,368     |
| End of year                           | \$ 157,974              | \$ 161,074  | \$ 146,530  |

See accompanying notes to the financial statements

**THE GRIMSBY DOWNTOWN IMPROVEMENT AREA**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

For the Year Ended December 31, 2022

|                                               | 2022 Budget<br>(Note 3) | 2022 Actual | 2021 Actual |
|-----------------------------------------------|-------------------------|-------------|-------------|
| Annual surplus                                | \$ 11,444               | \$ 14,544   | \$ 40,162   |
| Amortization of tangible capital assets       | 2,706                   | 2,706       | 2,635       |
| Acquisition of tangible capital assets        | -                       | -           | (2,027)     |
| (Acquisition) utilization of prepaid expenses | -                       | (857)       | 144         |
| Increase in net financial assets              | 14,150                  | 16,393      | 40,914      |
| <b>Net financial assets</b>                   |                         |             |             |
| Beginning of year                             | 137,565                 | 137,565     | 96,651      |
| End of year                                   | \$ 151,715              | \$ 153,958  | \$ 137,565  |

See accompanying notes to the financial statements



## THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

### STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

|                                                         | 2022      | 2021      |
|---------------------------------------------------------|-----------|-----------|
| <b>Increase (decrease) in cash and cash equivalents</b> |           |           |
| Operating activities                                    |           |           |
| Annual surplus                                          | \$ 14,544 | \$ 40,162 |
| Non-cash items:                                         |           |           |
| Amortization of tangible capital assets                 | 2,706     | 2,635     |
| (Acquisition) usage of prepaid expenses                 | (857)     | 144       |
| Increase in due from Town of Grimsby                    | (16,393)  | (40,914)  |
|                                                         | -         | 2,027     |
| Capital activities                                      |           |           |
| Acquisition of tangible capital assets                  | -         | (2,027)   |
| Increase in cash and cash equivalents                   | -         | -         |
| <b>Cash and cash equivalents</b>                        |           |           |
| Beginning of year                                       | -         | -         |
| End of year                                             | \$ -      | \$ -      |

See accompanying notes to the financial statements

# THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 1. Purpose of The Grimsby Downtown Improvement Area

The Grimsby Downtown Improvement Area (DIA) was established by the Council of the Town of Grimsby and has been entrusted with the improvement, beautification and maintenance of the Municipality owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The DIA is also responsible for the promotion of this improvement for business and shopping,

The Board is financed by a special levy charged upon businesses in the improvement area.

### 2. Summary of significant accounting policies

The financial statements are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

#### Basis of accounting

Sources of revenue and expenses are reporting on the accrual basis of accounting. The accrual basis of accounting records revenues in the period in they are earned and measureable and expenses in the period the goods and services are acquired and a liability is incurred.

#### Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus in the DIA.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

#### Tangible capital assets

##### (a) Determination of costs

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the assets required to install the asset at the location and in the condition necessary for its intended use. Contributed or donated tangible capital assets are recorded at fair value at the date of receipt.

# THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 2. Summary of significant accounting policies (continued)

#### Tangible capital assets (continued)

##### (b) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of asset in providing government services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives.

Equipment

3-15 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets is available for use and put in service.

#### Revenue recognition

Government transfers, which include municipal contributions and provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be made. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Investment income is reported as revenue in the period earned. Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

#### Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 3. Budget

The budget was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Changes in Net Financial Assets represent the budget adopted with the following adjustments:

|                                               |    |                  |
|-----------------------------------------------|----|------------------|
| Approved budgeted annual surplus              | \$ | -                |
| Add: transfer to reserve                      |    | 14,150           |
| Less: amortization of tangible capital assets |    | <u>(2,706)</u>   |
| Budgeted surplus per Statement of Operations  |    | <u>\$ 11,444</u> |

#### 4. Tangible capital assets

|                                             | <u>2022</u> | <u>2021</u> |
|---------------------------------------------|-------------|-------------|
| Cost, beginning of year                     | \$ 20,900   | \$ 18,873   |
| Add additions during the year               | -           | 2,027       |
| Less disposals during the year              | -           | -           |
| Cost, end of year                           | \$ 20,900   | \$ 20,900   |
| Accumulated amortization, beginning of year | \$ 11,935   | \$ 9,300    |
| Less disposals during the year              | -           | -           |
| Add amortization during the year            | 2,706       | 2,365       |
| Accumulated amortization, end of year       | 14,641      | 11,935      |
| Net book value                              | \$ 6,259    | \$ 8,965    |

## THE GRIMSBY DOWNTOWN IMPROVEMENT AREA

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

| <b>5. Accumulated surplus</b>                | <b><u>2022</u></b> | <b><u>2021</u></b> |
|----------------------------------------------|--------------------|--------------------|
| Operating surplus (Note 6)                   | \$ 13,648          | \$ 13,473          |
| DIA capital projects reserve                 | 141,167            | 124,092            |
| Investment in tangible capital assets        | 6,259              | 8,965              |
|                                              | <b>\$ 161,074</b>  | <b>\$ 146,530</b>  |
|                                              |                    |                    |
| <b>6. Operating surplus</b>                  | <b><u>2022</u></b> | <b><u>2021</u></b> |
| Annual surplus for the year                  | \$ 14,544          | \$ 40,162          |
| Add: amortization for the year               | 2,706              | 2,635              |
| Less: acquisition of tangible capital assets | -                  | (2,027)            |
| Less: transfer to reserve                    | (17,075)           | (40,770)           |
|                                              | <b>175</b>         | <b>-</b>           |
| Operating surplus                            |                    |                    |
| Beginning of year                            | <b>13,473</b>      | 13,473             |
| End of year                                  | <b>\$ 13,648</b>   | <b>\$ 13,473</b>   |

#### **7. Workplace Safety and Insurance Board future benefits**

The DIA, as a part of the Town, is a Schedule II employer under the Workplace Safety & Insurance Act and follow a policy of self-insurance for all its employees.

An actuarial estimate of the future liabilities has been completed and forms the basis of the estimated liability reported in these financial statements. The DIA remits payments to the Workplace Safety and Insurance Board (WSIB) as required to fund disability payments. The estimated future liability relating to WSIB amounted to \$Nil (2021 - \$Nil)

A Workplace Safety and Insurance Reserve, funded by annual contributions from the Town, has also been established to protect against any unknown future liability. The Town also maintains an insurance policy, which protects the Corporation against single claims in excess of \$ 500,000.

#### **8. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.