

Financial Statements of

**OAKVILLE MUNICIPAL
DEVELOPMENT
CORPORATION**

Year ended December 31, 2023

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Oakville Municipal Development Corporation

Opinion

We have audited the accompanying financial statements of Oakville Municipal Development Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of comprehensive loss for the year then ended
- the statement of changes in shareholder's deficiency 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 material accounting policy information.

(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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting standards, as issued by the International Accounting Standards Board.

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 IFRS 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 conclusion is 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.



Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

April 29, 2024

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 40,011	\$ 395,879
Accounts receivable (note 6)	40,616	25,262
	<u>\$ 80,627</u>	<u>\$ 421,141</u>

Liabilities and Shareholder's Deficiency

Current liabilities:		
Accounts payable	\$ 72,830	\$ 19,489
Due to shareholder (note 3)	12,087	41,737
Shareholder loan (note 3)	2,187,951	1,951,609
	<u>2,272,868</u>	<u>2,012,835</u>
Shareholder's deficiency:		
Share capital (note 4)	1	1
Deficit	(2,192,242)	(1,591,695)
	<u>(2,192,241)</u>	<u>(1,591,694)</u>
	<u>\$ 80,627</u>	<u>\$ 421,141</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

_____ Director

_____ Director

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Statement of Comprehensive Loss

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue	\$ —	\$ —
Expenses:		
Salaries and wages	265,661	257,891
Consulting fees	251,552	171,003
Office expenses	46,992	39,553
Interest expense on shareholder loan	36,342	34,509
	600,547	502,956
Net loss and comprehensive loss for the year	\$ (600,547)	\$ (502,956)

The accompanying notes are an integral part of these financial statements.

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Statement of Changes in Shareholder's Deficiency

Year ended December 31, 2023, with comparative information for 2022

	Share capital	Deficit	Total
	(note 4)		
Balance at January 1, 2022	\$ 1	\$ (1,088,739)	\$ (1,088,738)
Net loss for the year	—	(502,956)	(502,956)
Balance at December 31, 2022	1	(1,591,695)	(1,591,694)
Net loss for the year	—	(600,547)	(600,547)
Balance at December 31, 2023	\$ 1	\$ (2,192,242)	\$ (2,192,241)

The accompanying notes are an integral part of these financial statements.

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating activities:		
Net loss for the year	\$ (600,547)	\$ (502,956)
Changes in operating assets and liabilities:		
Accounts receivable	(15,354)	(25,263)
Due from shareholder	-	441,638
Accounts payable	53,341	(39,097)
Due to shareholder	(29,650)	41,737
Interest on shareholder loan	236,342	34,509
Net change in cash from operating activities	(355,868)	(49,432)
Decrease in cash	(355,868)	(49,432)
Cash, beginning of year	395,879	445,311
Cash, end of year	\$ 40,011	\$ 395,879

The accompanying notes are an integral part of these financial statements.

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

1. Purpose of the organization:

The Oakville Municipal Development Corporation ("OMDC") is owned and controlled by The Corporation of the Town of Oakville ("Town of Oakville") and operates from Oakville, Ontario. OMDC serves to acquire, develop and sell properties within the boundaries of the Town of Oakville. The OMDC was incorporated on January 1, 2018.

2. Material accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with IFRS accounting standards. OMDC remains in the development stage and is dependent on the Town of Oakville for continued financial support as further described in notes 3, 5, and 6(b).

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is OMDC's functional currency.

(c) Equity:

Share capital represents the nominal value of shares that have been issued. Retained earnings (deficiency) include all current and prior period retained profits and losses.

(d) Expenses:

Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

(e) Financial instruments:

All financial instruments are recognized on the balance sheet when OMDC becomes a party to the contractual provision of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of all financial assets and liabilities, except those held-for-trading and available for sale, are measured at amortized cost determined using the effective interest rate method.

All financial assets and financial liabilities are classified as amortized cost. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets. OMDC does not enter into derivative instruments.

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(f) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(g) Amendments to accounting standards effective in 2023

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. These amendments require the disclosure of material rather than significant accounting policies. The amendments provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The adoption of this policy has had no material impact.

3. Related party transactions:

Throughout the normal course of operations, certain related party transactions occur between the OMDC and the Town of Oakville (Shareholder). Related party transactions are accounted for at the exchange amount agreed upon between the two parties. The following transactions occurred between the Town of Oakville (Shareholder) and OMDC:

	2023	2022
Expenses paid to Town of Oakville:		
Office expenses	\$ 12,044	\$ 11,963
Due to shareholder:		
Expenses not reimbursed	12,087	41,737

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Related party transactions (continued):

The amount due to shareholder is non-interest bearing and carries no fixed terms of repayment.

Loan from shareholder:

	2023	2022
Opening balance	\$ 1,951,609	\$ 1,917,100
Amounts advanced during the year	200,000	—
Interest expense	36,342	34,509
Closing balance	\$ 2,187,951	\$ 1,951,609

The shareholder loan bears interest at a rate of 1.8% of the outstanding principal amount per year, compounded monthly beginning July 1, 2021. The maximum principal amount available is \$3,300,000, which can be drawn down by the OMDC as required to fund operations. There are no fixed terms of repayment and the amount is due upon demand.

4. Share capital:

OMDC is authorized to issue an unlimited number of common shares. The common shareholder is entitled to one vote per common share.

	2023	2022
Issued:		
1 common share	\$ 1	\$ 1

The common share is held by the Town of Oakville.

5. Economic dependence:

OMDC is dependent on financial support from its Shareholder, the Town of Oakville, to fund operating expenses until such a point in time when operating activities begin, including acquisition, development and subsequent sales of assets.

OAKVILLE MUNICIPAL DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Financial instruments:

Fair value

The carrying value of OMDC's financial instruments as at December 31, 2023, including shareholder loans approximate fair value due to the short term nature of the repayment terms.

Financial risk management

The types of financial risk exposure and the way in which such exposure is managed by OMDC are as follows:

(a) Credit risk:

OMDC's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the current fiscal year, 100% of OMDC's receivables related to government remittances receivable, as such there is limited collection risk at this time. OMDC's exposure to credit risk and management of this risk has not changed from the previous year. Management believes that the exposure is minimal as all amount's receivable are from government sources.

(b) Liquidity risk:

Liquidity risk is the risk that the OMDC will be unable to meet its financial obligations as they become due. OMDC manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. OMDC forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through cash flows from operations. Management believes that OMDC's exposure to liquidity risk and management of this risk has not changed from the previous year.

At December 31, 2023, OMDC's current liabilities to third parties consisted of accounts payable and accrued liabilities and HST payable. OMDC's cash and cash equivalents together with projected cash flows over the next 12 months and continued financial support from the Town of Oakville is sufficient to pay these current liabilities.