

**Board of Management for the
Downtown Improvement Area
Financial Statements
For the year ended December 31, 2016**

Board of Management for the Downtown Improvement Area
Financial Statements
For the year ended December 31, 2016

	Contents
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11



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Independent Auditor's Report

To the Members of the Board of Management for the Downtown Improvement Area

We have audited the accompanying financial statements of the Board of Management for the Downtown Improvement Area, which comprise the statement of financial position as at December 31, 2016, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management for the Downtown Improvement Area as at December 31, 2016 and the results of its operations and accumulated surplus, changes in net financial assets and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

Other Matters

The financial statements of the Board of Management for the Downtown Improvement Area for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on June 1, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
June 7, 2017

**Board of Management for the Downtown Improvement Area
Statement of Financial Position**

December 31	2016	2015
Financial assets		
Cash and cash equivalents (Note 2)	\$ 90,610	\$ 70,090
Accounts receivable (Note 3)	883	1,432
	91,493	71,522
Liabilities		
Accounts payable and accrued liabilities	13,797	7,070
Net financial assets	77,696	64,452
Non-financial assets		
Prepaid expenses	777	1,064
Tangible capital assets (Note 6)	11,683	14,234
	12,460	15,298
Accumulated surplus (Note 5)	\$ 90,156	\$ 79,750

Commitments (Note 7)

_____ Director

_____ Director

**Board of Management for the Downtown Improvement Area
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Revenues			
Corporation of the City of North Bay			
Tax levy	\$ 125,095	\$ 125,083	\$ 122,903
Tax write-offs	(1,000)	(1,245)	(2,838)
	<u>124,095</u>	<u>123,838</u>	<u>120,065</u>
Government grants	9,450	10,476	10,904
Marketing, fundraising and other	11,700	17,134	11,912
	<u>145,245</u>	<u>151,448</u>	<u>142,881</u>
Expenses (Note 8)			
Administration	89,835	91,540	90,346
Marketing	30,910	39,728	33,464
Beautification	14,000	6,003	5,288
Economic development	10,500	3,771	-
	<u>145,245</u>	<u>141,042</u>	<u>129,098</u>
Annual surplus	-	10,406	13,783
Accumulated surplus, beginning of year	<u>79,750</u>	<u>79,750</u>	<u>65,967</u>
Accumulated surplus, end of year	<u>\$ 79,750</u>	<u>\$ 90,156</u>	<u>\$ 79,750</u>

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

**Board of Management for the Downtown Improvement Area
Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
Annual surplus	\$ 10,406	\$ 13,783
Acquisition of tangible capital assets	(4,111)	(1,265)
Amortization of tangible capital assets	6,662	5,982
	<u>12,957</u>	<u>18,500</u>
Acquisition of prepaid expenses	(324)	(611)
Use of prepaid expenses	611	790
	<u>287</u>	<u>179</u>
Net change in net financial assets	13,244	18,679
Net financial assets, beginning of year	<u>64,452</u>	<u>45,773</u>
Net financial assets, end of year	\$ 77,696	\$ 64,452

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

**Board of Management for the Downtown Improvement Area
Statement of Cash Flows**

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating transactions		
Annual surplus for the year	\$ 10,406	\$ 13,783
Items not involving cash		
Amortization of tangible capital assets	<u>6,662</u>	<u>5,982</u>
	17,068	19,765
Changes in non-cash working capital balances		
Accounts receivable	549	25,345
Prepaid expenses	287	179
Accounts payable and accrued liabilities	<u>6,727</u>	<u>(5,293)</u>
	24,631	39,996
Capital transactions		
Purchase of tangible capital assets	<u>(4,111)</u>	<u>(1,265)</u>
Increase in cash and cash equivalents during the year	20,520	38,731
Cash and cash equivalents, beginning of year	<u>70,090</u>	<u>31,359</u>
Cash and cash equivalents, end of year	<u>\$ 90,610</u>	<u>\$ 70,090</u>

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

Board of Management for the Downtown Improvement Area

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

Nature of Business The Board was created under the Municipal Act pursuant to the Corporation of the City of North Bay's By-Law #144-77. It was created to improve or beautify public properties within the designated business improvement area and to generally promote the area as a place of business, shopping and entertainment.

Basis of Accounting The financial statements of the Board are prepared in accordance with Canadian public sector accounting standards.

Sources of financing and expenses are reported on an accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become 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.

Non-Financial Assets Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Equipment	- 3 to 5 years
Signs	- 5 years
Computer equipment	- 3 to 4 years
Leasehold improvements	- 3 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

Board of Management for the Downtown Improvement Area Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

Reserves and Reserve Fund Certain amounts, as approved by the Board, are set aside in reserves and reserve fund for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Revenue Recognition The tax levy is recognized in the tax year that it relates to.

Marketing, fundraising and other revenues are recorded in the period earned, provided collection of the relevant receivable is probable and reasonable estimates of the amounts can be made.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Use of Estimates The preparation of the 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 and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates in these financial statements include the useful life of tangible capital assets. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Included in cash and cash equivalents is \$44,871 (2015 - \$26,253) with respect to the Reserve Fund.

**Board of Management for the Downtown Improvement Area
Notes to Financial Statements**

December 31, 2016

3. Accounts Receivable

	2016	2015
Government of Canada	\$ 811	\$ 1,375
City of North Bay	72	-
Other	-	57
	\$ 883	\$ 1,432

4. Related Party Transactions

During the year the Board entered into transactions with the Board's directors in the amount of \$4,659 (2015 - \$10,355). These transactions were measured at exchange amounts being the amounts agreed upon by the two parties.

In the normal course of business, the Board may also purchase services from many of its members.

5. Accumulated Surplus

	2016	2015
Invested in tangible capital assets	\$ 11,683	\$ 14,234
Reserve fund (i)	44,871	26,253
Cash surplus from operations	33,602	39,263
	\$ 90,156	\$ 79,750

(i) Reserve fund

	2016	2015
Revenues		
Investment income	\$ 382	\$ 263
Expenses	-	-
Excess of revenues over expenses	382	263
Balance, beginning of year	26,253	13,407
Transfer from surplus	18,236	12,583
Balance, end of year	\$ 44,871	\$ 26,253

Board of Management for the Downtown Improvement Area Notes to Financial Statements

December 31, 2016

6. Tangible Capital Assets

	2016				
	Equipment	Signs	Computer Equipment	Leasehold Improvements	Total
Cost, beginning of year	\$ 38,657	\$ 38,973	\$ 4,883	\$ 1,406	\$ 83,919
Additions	4,111	-	-	-	4,111
Write-offs	(7,124)	-	(2,125)	-	(9,249)
Cost, end of year	<u>35,644</u>	<u>38,973</u>	<u>2,758</u>	<u>1,406</u>	<u>78,781</u>
Accumulated amortization, beginning of year	24,423	38,973	4,883	1,406	69,685
Amortization	6,662	-	-	-	6,662
Write-downs	(7,124)	-	(2,125)	-	(9,249)
Accumulated amortization, end of year	<u>23,961</u>	<u>38,973</u>	<u>2,758</u>	<u>1,406</u>	<u>67,098</u>
Net carrying amount, end of year	<u>\$ 11,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,683</u>

	2015				
	Equipment	Signs	Computer Equipment	Leasehold Improvements	Total
Cost, beginning of year	\$ 37,392	\$ 38,973	\$ 4,883	\$ 1,406	\$ 82,654
Additions	1,265	-	-	-	1,265
Cost, end of year	<u>38,657</u>	<u>38,973</u>	<u>4,883</u>	<u>1,406</u>	<u>83,919</u>
Accumulated amortization, beginning of year	18,611	38,973	4,713	1,406	63,703
Amortization	5,812	-	170	-	5,982
Accumulated amortization, end of year	<u>24,423</u>	<u>38,973</u>	<u>4,883</u>	<u>1,406</u>	<u>69,685</u>
Net carrying amount, end of year	<u>\$ 14,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,234</u>

7. Commitments

- a. The Board has entered into a three year contract to rent office space at 133 Main Street West at a cost of \$533 monthly, beginning April 1, 2015 expiring on March 31, 2018.
- b. The Board rents a photocopier under a long-term operating lease at a cost of \$135, plus applicable taxes, monthly, beginning August 13, 2013 expiring February 13, 2019.

**Board of Management for the Downtown Improvement Area
Notes to Financial Statements**

December 31, 2016

8. Expenses by Object

	2016 Budget	2016 Actual	2015 Actual
Administration			
Wages and statutory benefits (management and summer students)	\$ 58,993	\$ 60,523	\$ 62,990
Office rent (Note 7a)	6,306	6,310	6,232
Telephone and internet	4,090	3,738	2,545
Audit and accounting	4,256	2,602	4,205
Executive director and board members' development	4,722	2,924	1,249
Office supplies, postage, photocopying and other	2,800	1,701	1,225
Equipment lease	1,650	1,649	1,649
Committee meetings	4,500	4,344	2,421
Memberships, fees and scholarships	318	624	686
Amortization of tangible capital assets	-	6,662	5,982
Computer system upgrade	1,000	463	-
General contingency	1,200	-	1,162
	<u>89,835</u>	<u>91,540</u>	<u>90,346</u>
Marketing			
Advertising and promotion	30,910	39,728	33,464
Beautification			
Maintenance/refurbishment	14,000	6,003	5,288
Economic Development			
Recruitment, seminars and forums	10,500	3,771	-
	<u>\$ 145,245</u>	<u>\$ 141,042</u>	<u>\$ 129,098</u>