

**Board of Management for the  
Downtown Improvement Area  
Financial Statements  
For the year ended December 31, 2017**

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**Financial Statements**  
For the year ended December 31, 2017

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



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## Independent Auditor's Report

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### 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, 2017, 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, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario  
May 2, 2018

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

December 31	2017	2016
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 104,253	\$ 90,610
Accounts receivable (Note 3)	1,975	883
	106,228	91,493
<b>Liabilities</b>		
Accounts payable and accrued liabilities	7,452	13,797
<b>Net financial assets</b>	<b>98,776</b>	<b>77,696</b>
<b>Non-financial assets</b>		
Prepaid expenses	651	777
Tangible capital assets (Note 6)	4,757	11,683
	5,408	12,460
<b>Accumulated surplus (Note 5)</b>	<b>\$ 104,184</b>	<b>\$ 90,156</b>

Commitments (Note 7)

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>			
Corporation of the City of North Bay			
Tax levy	\$ 128,325	\$ 128,844	\$ 125,083
Tax supplementary (write-offs)	(1,000)	2,296	(1,245)
	127,325	131,140	123,838
Government grants	18,797	18,512	10,476
Marketing, fundraising and other	21,700	20,463	17,134
	167,822	170,115	151,448
<b>Expenses (Note 8)</b>			
Administration	102,512	103,885	91,540
Marketing	36,910	42,251	39,728
Beautification	12,900	6,994	6,003
Economic development	15,500	2,957	3,771
	167,822	156,087	141,042
<b>Annual surplus</b>	-	14,028	10,406
<b>Accumulated surplus, beginning of year</b>	90,156	90,156	79,750
<b>Accumulated surplus, end of year</b>	\$ 90,156	\$ 104,184	\$ 90,156

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

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
Annual surplus	\$ 14,028	\$ 10,406
Acquisition of tangible capital assets	(1,017)	(4,111)
Amortization of tangible capital assets	7,943	6,662
	<u>20,954</u>	<u>12,957</u>
Acquisition of prepaid expenses	(198)	(324)
Use of prepaid expenses	324	611
	<u>126</u>	<u>287</u>
<b>Net change in net financial assets</b>	<b>21,080</b>	<b>13,244</b>
<b>Net financial assets, beginning of year</b>	<u><b>77,696</b></u>	<u><b>64,452</b></u>
<b>Net financial assets, end of year</b>	<u><b>\$ 98,776</b></u>	<u><b>\$ 77,696</b></u>

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	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual surplus for the year	\$ 14,028	\$ 10,406
Items not involving cash		
Amortization of tangible capital assets	7,943	6,662
	21,971	17,068
Changes in non-cash working capital balances		
Accounts receivable	(1,092)	549
Prepaid expenses	126	287
Accounts payable and accrued liabilities	(6,345)	6,727
	14,660	24,631
<b>Capital transactions</b>		
Purchase of tangible capital assets	(1,017)	(4,111)
<b>Increase in cash and cash equivalents during the year</b>	<b>13,643</b>	<b>20,520</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>90,610</b>	<b>70,090</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 104,253</b>	<b>\$ 90,610</b>

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

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

**December 31, 2017**

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## 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.



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# Board of Management for the Downtown Improvement Area

## Notes to Financial Statements

December 31, 2017

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### 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.

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### 2. Cash and Cash Equivalents

Included in cash and cash equivalents is \$40,259 (2016 - \$44,871) with respect to the Reserve Fund.

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

**December 31, 2017**

### 3. Accounts Receivable

	2017	2016
Government of Canada	\$ 826	\$ 811
City of North Bay	1,149	72
	\$ 1,975	\$ 883

### 4. Related Party Transactions

During the year the Board entered into transactions with the Board's directors in the amount of \$14,608 (2016 - \$4,659). 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

	2017	2016
Invested in tangible capital assets	\$ 4,757	\$ 11,683
Reserve fund (i)	40,259	44,871
Cash surplus from operations	59,168	33,602
Accumulated surplus, end of year	\$ 104,184	\$ 90,156

#### (i) Reserve fund

	2017	2016
<b>Revenues</b>		
Investment income	\$ 388	\$ 382
<b>Expenses</b>	-	-
<b>Excess of revenues over expenses</b>	388	382
<b>Balance, beginning of year</b>	44,871	26,253
<b>Add: Transfer from surplus</b>	-	18,236
<b>Less: Transfer to operating</b>	(5,000)	-
<b>Balance, end of year</b>	\$ 40,259	\$ 44,871

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

**December 31, 2017**

### 6. Tangible Capital Assets

	2017				
	Equipment	Signs	Computer Equipment	Leasehold Improvements	Total
Cost, beginning of year	\$ 35,644	\$ 38,973	\$ 2,758	\$ 1,406	\$ 78,781
Additions	-	-	1,017	-	1,017
Cost, end of year	35,644	38,973	3,775	1,406	79,798
Accumulated amortization, beginning of year	23,961	38,973	2,758	1,406	67,098
Amortization	7,816	-	127	-	7,943
Accumulated amortization, end of year	31,777	38,973	2,885	1,406	75,041
Net carrying amount, end of year	\$ 3,867	\$ -	\$ 890	\$ -	\$ 4,757
	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
Disposals	(7,124)	-	(2,125)	-	(9,249)
Cost, end of year	35,644	38,973	2,758	1,406	78,781
Accumulated amortization, beginning of year	24,423	38,973	4,883	1,406	69,685
Amortization	6,662	-	-	-	6,662
Disposals	(7,124)	-	(2,125)	-	(9,249)
Accumulated amortization, end of year	23,961	38,973	2,758	1,406	67,098
Net carrying amount, end of year	\$ 11,683	\$ -	\$ -	\$ -	\$ 11,683

### 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, 2017

### 8. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
<b>Administration</b>			
Wages and statutory benefits (management and summer students)	\$ 72,744	\$ 71,361	\$ 60,523
Office rent (Note 7a)	6,307	6,321	6,310
Telephone and internet	3,800	3,772	3,738
Audit and accounting	2,526	2,526	2,602
Executive director and board members' development	6,242	1,361	2,924
Office supplies, postage, photocopying and other	2,350	1,105	1,701
Equipment lease	1,650	1,649	1,649
Committee meetings	4,000	6,960	4,344
Memberships, fees and scholarships	567	796	624
Amortization of tangible capital assets	-	7,943	6,662
Computer system upgrade	1,326	91	463
General contingency	1,000	-	-
	<u>102,512</u>	<u>103,885</u>	<u>91,540</u>
<b>Marketing</b>			
Advertising and promotion	36,910	42,251	39,728
<b>Beautification</b>			
Maintenance/refurbishment	12,900	6,994	6,003
<b>Economic Development</b>			
Development partnerships	15,500	2,957	3,771
	<u>\$ 167,822</u>	<u>\$ 156,087</u>	<u>\$ 141,042</u>