

**Invest North Bay
Development Corporation
Financial Statements
For the year ended December 31, 2017**

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For the year ended December 31, 2017

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Independent Auditor's Report

To the Members of Invest North Bay Development Corporation

We have audited the accompanying financial statements of Invest North Bay Development Corporation, which comprise the statement of financial position as at December 31, 2017, and the statement of operations, statement of changes in net 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 and fair presentation 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 overall 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 Invest North Bay Development Corporation as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 24, 2018

Invest North Bay Development Corporation
Statement of Financial Position

December 31 2017 2016

Assets

Current

Accounts receivable (Note 2)	\$	32,222	\$	2,630
Due from the City of North Bay		279,246		232,175
		\$		311,468
			\$	234,805

Liabilities and Net Assets

Current


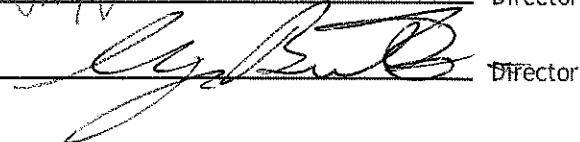
Accounts payable and accrued liabilities	\$	2,887	\$	2,500
Deferred revenue		-		12,044
		2,887		14,544

Net Assets

Internally restricted (Note 3)	116,613		155,044
Unrestricted	191,968		65,217
	308,581		220,261
	\$	311,468	\$ 234,805

Commitments (Note 4)

On behalf of the Board:


 _____ Director

 _____ Director

Invest North Bay Development Corporation Statement of Changes in Net Assets

For the year ended December 31			2017	2016
	Unrestricted	Internally Restricted	Total	Total
Net assets, beginning of year	\$ 65,217	\$ 155,044	\$ 220,261	\$ -
Excess of revenues over expenses	88,320	-	88,320	220,261
Internally imposed restrictions - future projects (Note 3)	38,431	(38,431)	-	-
Net assets, end of year	\$ 191,968	\$ 116,613	\$ 308,581	\$ 220,261

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

Invest North Bay Development Corporation Statement of Operations

For the year ended December 31	2017	2016
Revenues		
Municipal contributions - operating (Note 5)	\$ 140,000	\$ 239,982
Municipal contributions - special projects	12,044	12,956
Reimbursements	3,500	-
Federal grants	24,875	-
	180,419	252,938
Expenses		
Consulting fees	77,597	27,296
Meetings	6,653	629
Promotion	5,000	-
Professional fees	2,599	2,500
Office expenses	195	-
Travel and other	55	2,252
	92,099	32,677
Excess of revenues over expenses for the year	\$ 88,320	\$ 220,261

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

Invest North Bay Development Corporation Statement of Cash Flows

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	<u>\$ 88,320</u>	<u>\$ 220,261</u>
Changes in non-cash working capital balances		
Accounts receivable	(29,592)	(2,630)
Due from City of North Bay	(47,071)	(232,175)
Accounts payable and accrued liabilities	387	2,500
Deferred revenue	<u>(12,044)</u>	<u>12,044</u>
	<u>(88,320)</u>	<u>(220,261)</u>
Change in cash and cash equivalents during the year	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

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

Invest North Bay Development Corporation

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies

Nature of Organization Invest North Bay Development Corporation (the "organization") is incorporated without share capital under the laws of Ontario on October 19, 2015. The purpose of the organization is to maximize the value of current and future City owned assets with the focus of growing and developing the City. The corporation is exempt from income tax under the Income Tax Act.

Basis of Presentation The financial statements of the organization have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

Revenue Recognition The corporation accounts for contributions under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period which they relate. Grants approved but not received at the end of the period are accrued. Grants relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Use of Estimates The preparation of the financial instruments in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

Invest North Bay Development Corporation Notes to Financial Statements

December 31, 2017

2. Accounts Receivable

	2017	2016
HST receivable	\$ 7,347	\$ 2,630
Federal grants receivable	24,875	-
	\$ 32,222	\$ 2,630

3. Internally Restricted Net Assets

Internally restricted net assets consists of the following initiatives:

	2017	2016
Industrial Technology Benefits (i)	\$ -	\$ 90,000
Hydrogen Demonstration Facility (i)	90,000	-
Marketing Initiative	26,613	50,000
Unmanned Aerial Vehicles (UAV)	-	12,044
Hydrogen Business Forum	-	3,000
	\$ 116,613	\$ 155,044

(i) During the year the corporation reallocated \$90,000 of internally restricted funds originally restricted for the Industrial Technology Benefits project to the Hydrogen Demonstration Facility.

4. Commitments

The organization committed \$3,000 to leverage provincial funding through the Rural Economic Development Program, towards the development of a North Bay Farmers' Market feasibility study.

Invest North Bay Development Corporation Notes to Financial Statements

December 31, 2017

5. Municipal Operating Agreement

On July 29, 2016 the organization entered into an operating agreement with the Corporation of the City of North Bay for five years, ending July 29, 2021. This agreement may be terminated by either party without cause, upon one hundred and twenty days notice. On May 30, 2017 the Corporation of the City of North Bay passed a resolution to allocate up to \$1,000,000 upon notification to the CAO and CFO of the City of North Bay by Invest North Bay Development Corporation Board resolution of a successful investment pursuant to the terms of the operating agreement.