

Financial Statements of:

**BOARD OF MANAGEMENT FOR THE
DOWNTOWN IMPROVEMENT AREA**

Year ended December 31, 2015

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

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Year ended December 31, 2015

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INDEPENDENT AUDITORS' 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, 2015, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 an 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 our 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, we consider 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 Board of Management for the Downtown Improvement Area as at December 31, 2015, and its results of operations and accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 1, 2016
North Bay, Canada

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

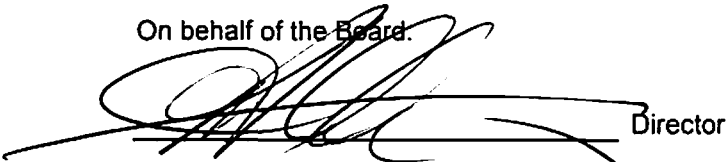
Statement of Financial Position

December 31, 2015, with comparative information for 2014

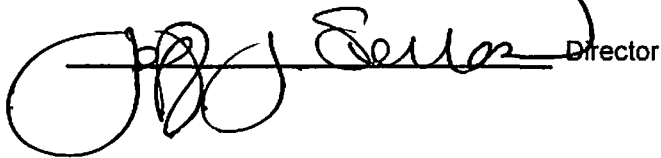
	2015	2014
Financial assets		
Cash (note 2)	\$ 70,090	\$ 31,359
Accounts receivable (note 3)	1,432	26,777
	71,522	58,136
Financial liabilities		
Accounts payable and accrued liabilities	7,070	12,363
Net financial assets	64,452	45,773
Non-financial assets		
Prepaid expenses	1,064	1,243
Tangible capital assets (note 4)	14,234	18,951
	15,298	20,194
Commitments (note 7)		
Accumulated surplus (note 5)	\$ 79,750	\$ 65,967

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

On behalf of the Board.



Director



Director

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (Note 8)	2015 Actual	2014 Actual
Revenues:			
Corporation of the City of North Bay:			
Tax levy	\$ 122,903	\$ 122,903	\$ 117,342
Tax adjustments	(1,000)	(2,838)	1,278
	121,903	120,065	118,620
Government grants	15,528	10,904	33,564
Marketing, fundraising and forums	9,800	11,912	10,856
	147,231	142,881	163,040
Expenses: (note 9)			
Management	95,221	90,346	113,084
Marketing	28,010	33,464	27,872
Beautification	14,000	5,288	3,643
Economic development	10,000	-	5,095
	147,231	129,098	149,694
Annual surplus	-	13,783	13,346
Accumulated surplus, beginning of year	65,967	65,967	52,621
Accumulated surplus, end of year	\$ 65,967	\$ 79,750	\$ 65,967

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

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 13,783	\$ 13,346
Acquisition of tangible capital assets	(1,265)	(8,202)
Amortization of tangible capital assets	5,982	7,579
	18,500	12,723
Acquisition of prepaid expenses	(611)	(1,243)
Use of prepaid expenses	790	1,040
	179	(203)
Net change in net financial assets	18,679	12,520
Net financial assets, beginning of year	45,773	33,253
Net financial assets, end of year	\$ 64,452	\$ 45,773

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

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 13,783	\$ 13,346
Item not involving cash:		
Amortization of tangible capital assets	5,982	7,579
	19,765	20,925
Changes in non-cash working capital balances:		
Accounts receivable	25,345	(23,861)
Prepaid expenses	179	(203)
Accounts payable and accrued liabilities	(5,293)	(4,077)
	39,996	(7,216)
Capital:		
Purchase of tangible capital assets	(1,265)	(8,202)
Increase (decrease) in cash during the year	38,731	(15,418)
Cash, beginning of year	31,359	46,777
Cash, end of year	\$ 70,090	\$ 31,359

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

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

The Board of Management for the Downtown Improvement Area (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.

1. Significant accounting policies:

The financial statements of the Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of accounting:

Accrual 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.

(b) 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.

(c) Tangible capital assets:

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

Assets	Useful Life - Years
Equipment	3 - 5
Signs	5
Computer equipment	3 - 4
Leasehold improvements	3

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

Year ended December 31, 2015

1. Significant accounting policies (continued):

(d) 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.

(e) Revenue recognition:

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

Marketing, fundraising and forums revenue 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 period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonably estimated.

(f) Financial instruments:

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at amortized cost include cash, and account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include estimated useful lives of tangible capital assets. 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.

2. Cash:

Included in cash is \$26,253 (2014 - \$13,407) with respect to the Reserve Fund.

3. Accounts receivable:

	2015	2014
Government of Canada	\$ 1,375	\$ 1,148
Other	57	4,687
Northern Ontario Heritage Fund	—	20,942
	\$ 1,432	\$ 26,777

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

4. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Write-offs	Balance at December 31, 2015
Equipment	\$ 37,392	1,265	-	38,657
Signs	38,973	-	-	38,973
Computer equipment	4,883	-	-	4,883
Leasehold improvements	1,406	-	-	1,406
Total	\$ 82,654	1,265	-	83,919

Accumulated amortization	Balance at December 31, 2014	Additions	Write-offs	Balance at December 31, 2015
Equipment	\$ 18,611	5,812	-	24,423
Signs	38,973	-	-	38,973
Computer equipment	4,713	170	-	4,883
Leasehold improvements	1,406	-	-	1,406
Total	\$ 63,703	5,982	-	69,685

	Net book value December 31, 2014	Net book value December 31, 2015
Equipment	\$ 18,781	\$ 14,234
Signs	-	-
Computer equipment	170	-
Leasehold improvements	-	-
Total	\$ 18,951	\$ 14,234

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

4. Tangible capital assets:

Cost	Balance at December 31, 2013	Additions	Write-offs	Balance at December 31, 2014
Equipment	\$ 29,190	8,202	-	37,392
Signs	38,973	-	-	38,973
Computer equipment	4,883	-	-	4,883
Leasehold improvements	1,406	-	-	1,406
Total	\$ 74,452	8,202	-	82,654

Accumulated amortization	Balance at December 31, 2013	Additions	Write-offs	Balance at December 31, 2014
Equipment	\$ 12,896	5,715	-	18,611
Signs	37,714	1,259	-	38,973
Computer equipment	4,108	605	-	4,713
Leasehold improvements	1,406	-	-	1,406
Total	\$ 56,124	7,579	-	63,703

	Net book value December 31, 2013	Net book value December 31, 2014
Equipment	\$ 16,294	\$ 18,781
Signs	1,259	-
Computer equipment	775	170
Leasehold improvements	-	-
Total	\$ 18,328	\$ 18,951

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

5. Accumulated surplus:

	2015	2014
Equity in tangible capital assets	\$ 14,234	\$ 18,951
Reserve fund (i)	26,253	13,407
Cash surplus from operations	39,263	33,609
	<u>\$ 79,750</u>	<u>\$ 65,967</u>

(i) Reserve fund:

	2015	2014
Balance, beginning of year	\$ 13,407	\$ 7,632
Transfer from general surplus	12,846	5,775
Balance, end of year	<u>\$ 26,253</u>	<u>\$ 13,407</u>

6. Related party transactions:

During the year, the Board entered into transactions with the Board's directors in the amount of \$10,355 (2014 - \$5,984). These expenses were incurred in the normal course of operations and are measured at the exchange amount being the amounts agreed upon by the two parties.

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 and expiring March 31, 2018.
- b) The Board rents a photocopier under a term-operating lease at a cost of \$135, plus applicable taxes, monthly, beginning August 13, 2013 expiring February 13, 2019.

8. Budget data:

The budget data presented in these financial statements is based upon the operating and capital budgets approved by the Board. Amortization was not a consideration in the development of the budget and, as such, has not been included.

BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

9. Expenses by object:

	2015 Budget	2015 Actual	2014 Actual
Management:			
Wages and statutory benefits	\$ 66,392	\$ 62,990	\$ 82,133
Office rent and parking (note 7(a))	6,232	6,232	6,147
Executive director and board members' development	3,496	2,421	3,575
Office supplies, postage, photocopying and other	2,400	1,225	2,365
Audit and accounting	4,256	4,205	4,256
Telephone and internet	4,478	2,545	3,351
Committee meetings	3,500	1,249	1,115
Equipment lease	1,650	1,649	1,601
Memberships, fees and scholarships	540	686	962
Computer system upgrade	1,000	-	-
General contingency	1,277	1,162	-
Amortization of tangible capital assets	-	5,982	7,579
	95,221	90,346	113,084
Marketing:			
Advertising and promotion	28,010	33,464	27,872
Beautification:			
Maintenance/refurbishment	14,000	5,288	3,643
Economic development:			
Recruitment, seminars and forums	10,000	-	5,095
	\$ 147,231	\$ 129,098	\$ 149,694