Financial Statements of

INVEST NORTH BAY DEVELOPMENT CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Invest North Bay Development Corporation

Opinion

We have audited the financial statements of Invest North Bay Development Corporation (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(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 results of operations, it's changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 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.

Responsibility 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 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.

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 risk 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, internal 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 purposes 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 the 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Sudbury, Canada

February 28, 2025

INVEST NORTH BAY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Current assets:				
HST receivable	$	13,814	$	13,625
Due from the Corporation of the City of North Bay (note 3)		592,984		607,324
	$	606,798	$	620,949
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	177,501	$	176,726
Net Assets				
Unrestricted		429,297		444,223
Contingent liabilities (note 5)				
	$	606,798	$	620,949

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

INVEST NORTH BAY DEVELOPMENT CORPORATION

Statement of Operations

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

		2023		2022
Revenue:				
Municipal contributions - operating	$	10,000	$	25,000
		10,000		25,000
Expenses:				
Professional fees		24,474		3,663
Office and general		452		-
Project costs		-		407
		24,926		4,070
Excess (deficiency) of revenue over expenses	$	(14,926)	$	20,930

See accompanying notes to financial statements.

INVEST NORTH BAY DEVELOPMENT CORPORATION

Statement of Changes in Net Assets

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

	2023	2022
Balance, beginning of year	$ 444,223	$ 423,293
Excess (deficiency) of revenue over expenses	(14,926)	20,930
Balance, end of year	$ 429,297	$ 444,223

See accompanying notes to financial statements.

INVEST NORTH BAY DEVELOPMENT CORPORATION

Statement of Cash Flows

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

	2023	2022
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ (14,926)	$ 20,930
Changes in non-cash working capital:		
Accounts receivable	(189)	98
Due from the Corporation of the City of North Bay	14,340	(9,691)
Accounts payable and accrued liabilities	775	(11,337)
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

See accompanying notes to financial statements.

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

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The Corporation's significant accounting policies are as follows:

(a) Revenue recognition:

The Corporation accounts for contributions under the deferral method of accounting.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

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.

(b) Use of estimates:

The preparation of the financial statements 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include provisions for impairment of accounts receivable and accounts payable and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(c) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

2. Change in accounting policies:

The Corporation adopted the following standards concurrently beginning January 1, 2022 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

2. Change in accounting policies (continued):

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. There was no impact from the adoption of this standard.

On January 1, 2022, the Corporation adopted Public Accounting Standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. An asset retirement obligation has not been recorded by the Corporation, as it does not possess tangible capital assets that meet the recognition criteria.

3. Municipal operating agreement:

(a) On July 29, 2016, the Corporation entered into an operating agreement with the City for five years which ended on July 29, 2021. The Board of Directors voted to not seek a renewal to the operating agreement with the City.

(b) On May 30, 2017, the City passed a resolution to allocate up to $1,000,000 in municipal contributions to the Corporation for investment expenditures. The amount recognized as municipal contributions - special projects in the current fiscal year was $ Nil (2022 - $Nil) relating to an ongoing marketing and promotion plan.

In March 2020, the Corporation exercised its rights under the terms of a 24 month fee for service contract with a vendor to terminate the contract. Included in the Due from City of North Bay at year end is $155,910 with regards to municipal contributions relating to this contract and included in accounts payable is $155,910 with regards to consulting expenses relating to this contract. These amounts are subject to measurement uncertainty since the terms of the contract and deliverables expected are in dispute dating back to fiscal 2019. The settlement of the dispute is undetermined as at December 31, 2023, and as result there has been no remeasurement of municipal contribution revenues and project costs in these financial statements. This remeasurement, if any, will be reflected in the fiscal year when dollar amounts are known with more certainty.

4. Due from the Corporation of the City of North Bay:

The balance due from the City is non-interest bearing and has no specified terms of repayment. Cash receipts and payments of the Corporation flow through the bank account of the City. These transactions are in the normal course of operations or business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Contingent liabilities:

The Corporation is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

6. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to accounts receivable.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

There have been no significant changes to the credit risk exposure from 2022.

6. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2022.