

Financial Statements

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

Year ended December 31, 2025

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# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Financial Statements Index

Year ended December 31, 2025

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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

We have audited the financial statements of the Board of Management for the Downtown Improvement Area (the Board), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and 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 Board as at December 31, 2025, and its results of operations, its changes in net financial 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 responsibilities 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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical 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.



### ***Responsibilities 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 risks 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, intentional 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 purpose of expressing an opinion on the effectiveness of the Board's internal control.



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- 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 events or conditions that may cast significant doubt on the Board'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 Board 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Canada

June 12, 2026

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# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Financial Position

December 31, 2025, with comparative information for 2024

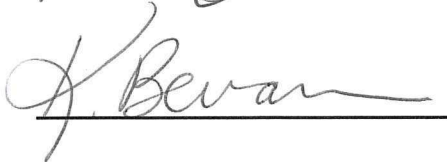
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	2025	2024
<b>Financial assets</b>		
Cash (Note 2)	\$ 248,036	\$ 206,119
Accounts receivable (Note 3)	12,967	18,555
	<u>261,003</u>	<u>224,674</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	62,301	34,985
<b>Net financial assets</b>	<u>198,702</u>	<u>189,689</u>
<b>Non-financial assets</b>		
Prepaid expenses	1,491	3,130
Tangible capital assets (Note 4)	53,952	66,665
	<u>55,443</u>	<u>69,795</u>
Subsequent events (Note 9)		
<b>Accumulated surplus (Note 5)</b>	<u>\$ 254,145</u>	<u>\$ 259,484</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (Unaudited) (Note 7)	2025 Actual	2024 Actual
<b>Revenues:</b>			
Corporation of the City of North Bay:			
Tax levy	\$ 143,412	\$ 143,197	\$ 141,728
Tax adjustments	(1,000)	(1,589)	(522)
	142,412	141,608	141,206
Beautification Grant	-	-	760
Government grants	-	-	71,516
Marketing, fundraising and other	26,500	23,125	24,444
	168,912	164,733	237,926
<b>Expenses (Note 8):</b>			
Management	86,912	100,508	95,966
Marketing	41,000	33,595	27,296
Beautification	41,000	35,969	38,601
	168,912	170,072	161,863
<b>Annual surplus (deficit)</b>	-	(5,339)	76,063
Accumulated surplus, beginning of year		259,484	183,421
<b>Accumulated surplus, end of year</b>	\$ -	\$ 254,145	\$ 259,484

See accompanying notes to financial statements.

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
<b>Annual surplus (deficit)</b>	\$ (5,339)	\$ 76,063
Acquisition of tangible capital assets	(1,570)	(44,189)
Amortization of tangible capital assets	14,283	14,719
	7,374	46,593
Acquisition of prepaid expenses	(1,491)	(3,130)
Use of prepaid expenses	3,130	1,736
	1,639	(1,394)
<b>Net change in net financial assets</b>	9,013	45,199
Net financial assets, beginning of year	189,689	144,490
<b>Net financial assets, end of year</b>	\$ 198,702	\$ 189,689

See accompanying notes to financial statements.

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
<b>Cash provided by (used in):</b>		
<b>Operating transactions:</b>		
Annual surplus (deficit) for the year	\$ (5,339)	\$ 76,063
Item not involving cash:		
Amortization of tangible capital assets	14,283	14,719
	8,944	90,782
Changes in non-cash working capital balances:		
Accounts receivable	5,588	(3,450)
Prepaid expenses	1,639	(1,394)
Accounts payable and accrued liabilities	27,316	(16,373)
	43,487	69,565
<b>Capital transactions:</b>		
Purchase of tangible capital assets	(1,570)	(44,189)
<b>Increase in cash during the year</b>	41,917	25,376
Cash, beginning of year	206,119	180,743
<b>Cash, end of year</b>	\$ 248,036	\$ 206,119

See accompanying notes to financial statements.

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# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

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## 1. Significant Accounting Policies:

**Nature of Operations** 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.

**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:

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Equipment	- 2 to 8 years
Signs	- 5 years
Computer equipment	- 3 to 4 years
Leasehold improvements	- 3 years

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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

Year ended December 31, 2025

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## 1. Significant Accounting Policies (continued):

<b>Reserves and Reserve Fund</b>	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.
<b>Revenue Recognition</b>	<p>The tax levy is recognized in the tax year that it relates to.</p> <p>Marketing, fundraising and forums revenues are recorded in the period earned, provided collection of the relevant receivable is probable and reasonable estimates of the amounts can be made.</p> <p>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.</p>
<b>Use of Estimates</b>	The preparation of the financial statements 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. Significant estimates include assumptions used in estimating the useful life of tangible capital assets. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year they become known. Actual results could differ from those estimates.
<b>Financial Instruments</b>	<p>All financial instruments are initially recorded on the statement of financial position at fair value.</p> <p>All investments, if any, 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.</p> <p>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.</p>

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# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

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## 1. Significant Accounting Policies (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 at 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. Cash:

Included in cash is \$143,819 (2024 - \$93,385) with respect to the Reserve Fund.

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

### 3. Accounts Receivable:

	2025	2024
Government of Canada	\$ 2,722	\$ 3,875
City of North Bay	10,245	14,680
	\$ 12,967	\$ 18,555

### 4. Tangible Capital Assets:

	2025			
	Equipment	Signs	Computer Equipment	
Cost, beginning of year	\$ 124,746	\$ 75,323	\$ 7,213	\$ 207,282
Additions	1,570	-	-	1,570
Cost, end of year	126,316	75,323	7,213	208,852
Accumulated amortization, beginning of year	68,122	65,282	7,213	140,617
Amortization	7,673	6,610	-	14,283
Accumulated amortization, end of year	75,795	71,892	7,213	154,900
Net book value, end of year	\$ 50,521	\$ 3,431	\$ -	\$ 53,952
	2024			
	Equipment	Signs	Computer Equipment	Total
Cost, beginning of year	\$ 84,114	\$ 71,766	\$ 7,213	\$ 163,093
Additions	40,632	3,557	-	44,189
Cost, end of year	124,746	75,323	7,213	207,282
Accumulated amortization, beginning of year	60,378	58,672	6,848	125,898
Amortization	7,744	6,610	365	14,719
Accumulated amortization, end of year	68,122	65,282	7,213	140,617
Net book value, end of year	\$ 56,624	\$ 10,041	\$ -	\$ 66,665

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

## 5. Accumulated Surplus:

	2025	2024
Invested in tangible capital assets	\$ 53,952	\$ 67,031
Reserve fund (i)	143,819	93,385
Cash surplus from operations	56,374	99,068
	\$ 254,145	\$ 259,484

### (i) Reserve fund:

	2025	2024
<b>Revenues</b>		
Investment Income	\$ 4,598	\$ 4,804
<b>Expenses</b>		
	-	-
<b>Excess of Revenues over expenses</b>	4,598	4,804
Balance, beginning of year	93,385	88,581
Transfer from general surplus	45,836	-
Balance, end of year	\$ 143,819	\$ 93,385

## 6. Related Party Transactions:

During the year, the Board entered into transactions with the Board's directors in the amount of \$1,560 (2024 - \$817). These expenses were incurred in the normal course of operations and are measured at exchange amounts being the amounts agreed upon by the two parties.

During the year, the Board rented parking from the City of North Bay in the amount of \$598 (2024 - \$551) and purchased permits from the City of North Bay in the amount of \$2,573 (2024 - \$1,582).

Included in accounts receivable is \$10,245 (2024 - \$14,679) owed from the City of North Bay.

Included in accounts payable and accrued liabilities is \$34,501 (2024 - \$4,977) owed to the City of North Bay.

These expenses were incurred in the normal course of operations and are measured at exchange amounts being the amounts agreed upon by the two parties.

# BOARD OF MANAGEMENT FOR THE DOWNTOWN IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

## 7. Budget Data:

The unaudited 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.

## 8. Expenses by Object:

	2025 Budget (Note 7)	2025 Actual	2024 Actual
<b>Management:</b>			
Wages and statutory benefits	\$ 57,288	\$ 57,440	\$ 57,723
Office rent and parking	10,338	10,820	8,590
Executive director and board members' development	500	2,467	122
Office supplies, postage, photocopying and other	955	761	607
Insurance	4,654	4,393	4,105
Audit and accounting	7,495	7,495	7,393
Telephone and internet	879	545	799
Committee meetings	1,800	1,298	646
Memberships, fees and scholarships	1,003	1,006	1,001
Computer system upgrade	2,000	-	261
Amortization of tangible capital assets	-	14,283	14,719
	86,912	100,508	95,966
<b>Marketing:</b>			
Advertising and promotion	41,000	33,595	27,296
<b>Beautification:</b>			
Maintenance/refurbishment	41,000	35,969	38,601
	\$ 168,912	\$ 170,072	\$ 161,863

## 9. Subsequent Events:

Subsequent to year end, the Board entered into a commitment for \$31,476 for the purchase of assets and related services.