

Financial Statements of

**INVEST NORTH BAY  
DEVELOPMENT CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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## INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, and its results of operations, its 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

### *Other Matter - Comparative Information*

The financial statements of Invest North Bay Development Corporation for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 25, 2021.



### ***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.

### ***Auditors' 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 auditors' 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.



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- 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 auditors' 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 auditors' 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*

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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 19, 2022

# INVEST NORTH BAY DEVELOPMENT CORPORATION

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

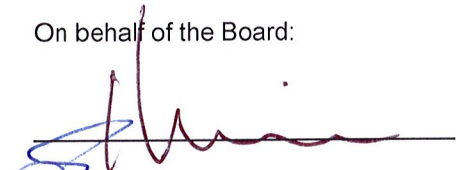
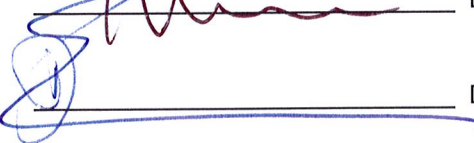
	2021	2020
<b>Assets</b>		
Current assets:		
HST receivable	13,723	13,553
Due from the Corporation of the City of North Bay (note 3)	597,633	535,567
	\$ 611,356	\$ 549,120

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	188,063	239,304
Net Assets		
Unrestricted	423,293	309,816
	423,293	309,816
	\$ 611,356	\$ 549,120

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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Municipal contributions - operating	\$ 140,000	\$ 140,000
Municipal contributions - special projects	28	46
	<u>140,028</u>	<u>140,046</u>
Expenses:		
Professional fees	24,282	54,111
Project costs	2,219	16,398
Office and general	50	648
Promotion	-	6,088
Meetings	-	439
	<u>26,551</u>	<u>77,684</u>
Excess of revenue over expenses	<u>\$ 113,477</u>	<u>\$ 62,362</u>

See accompanying notes to financial statements.

# INVEST NORTH BAY DEVELOPMENT CORPORATION

## Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Unrestricted	Internally restricted	2021 Total	2020 Total
Balance, beginning of year	\$ 309,816	-	309,816	247,454
Excess of revenue over expenses	113,477	-	113,477	62,362
Balance, end of year	423,293	-	423,293	309,816

See accompanying notes to financial statements.

# INVEST NORTH BAY DEVELOPMENT CORPORATION

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 113,477	\$ 62,362
Changes in non-cash working capital:		
Accounts receivable	(170)	4,511
Due from the Corporation of the City of North Bay	(62,066)	(133,628)
Accounts payable and accrued liabilities	(51,241)	66,755
Net increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying notes to financial statements.



# INVEST NORTH BAY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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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:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

# INVEST NORTH BAY DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. 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 (2020 - \$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, 2021, 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 2022 fiscal year when dollar amounts are known with more certainty.

## 3. 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.

# INVEST NORTH BAY DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 4. 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 2020.

### (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 2020.