

**Invest North Bay
Development Corporation
Financial Statements
For the year ended December 31, 2019**

Draft

Invest North Bay Development Corporation
Financial Statements
For the year ended December 31, 2019

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Independent Auditor's Report

To the members of Invest North Bay Development Corporation

Opinion

We have audited the financial statements of Invest North Bay Development Corporation (the organization), which comprise the statement of financial position as at December 31, 2019, the statements of change in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations 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 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 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 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 these 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 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 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 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.

We 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
June 30, 2020

**Invest North Bay Development Corporation
Statement of Financial Position**

December 31 **2019** **2018**

Assets

Current

Accounts receivable (Note 2)	\$	18,064	\$	21,386
Due from the City of North Bay		401,939		222,005
Prepaid expenses		-		48,410
		420,003		291,801

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	172,549	\$	2,500
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Net Assets

Internally restricted (Note 3)		-		127,500
Unrestricted		247,454		161,801
		247,454		289,301
		420,003		291,801

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Subsequent Events (Note 5)

On behalf of the Board:

_____ Director

_____ Director

**Invest North Bay Development Corporation
Statement of Changes in Net Assets**

For the year ended December 31			2019	2018
	Unrestricted	Internally Restricted	Total	Total
Net assets, beginning of year	\$ 161,801	\$ 127,500	\$ 289,301	\$ 308,581
Excess of expenses over revenues	(41,847)	-	(41,847)	(19,280)
Internally imposed restrictions (Note 3) - Jack Garland Airport	127,500	(127,500)	-	-
Net assets, end of year	\$ 247,454	\$ -	\$ 247,454	\$ 289,301

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Invest North Bay Development Corporation Statement of Operations

For the year ended December 31	2019	2018
Revenues		
Municipal contributions - operating (Note 4a)	\$ 140,000	\$ 140,000
Municipal contributions - special projects (Note 4b)	493,715	155,910
Federal contributions and other	23,891	-
	<hr/>	
	657,606	295,910
Expenses		
Consulting fees	540,028	143,100
Projects	127,500	167,500
Promotion	26,019	683
Professional fees	3,736	3,898
Meetings	1,990	-
Office and general	180	9
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	699,453	315,190
	<hr/>	
Excess of expenses over revenues for the year	\$ (41,847)	\$ (19,280)

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Invest North Bay Development Corporation
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenues for the year	\$ (41,847)	\$ (19,280)
Changes in non-cash working capital balances		
Accounts receivable	3,322	10,836
Due from City of North Bay	(179,934)	57,241
Prepaid expenses	48,410	(48,410)
Accounts payable and accrued liabilities	170,049	(387)
	<hr/>	<hr/>
Change in cash and cash equivalents during the year	-	-
Cash and cash equivalents, beginning of year	<hr/>	<hr/>
	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

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Invest North Bay Development Corporation

Notes to Financial Statements

December 31, 2019

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 corporation 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, 2019

2. Accounts Receivable

	<u>2019</u>	<u>2018</u>
HST receivable	\$ 18,064	\$ 21,386

3. Internally Restricted Net Assets

Internally restricted net assets consists of the following initiatives:

	<u>2019</u>	<u>2018</u>
Jack Garland Airport (i)	\$ -	\$ 127,500

(i) The internally restricted funds referenced above related to Jack Garland Airport were advanced during the year ended December 31, 2019.

4. Municipal Operating Agreement

- a) On July 29, 2016 the corporation entered into an operating agreement with 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.
- b) On May 30, 2017 the Corporation of the City of North Bay 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 current fiscal year was \$493,625 (2018 - \$155,910) relating to an ongoing marketing and promotion plan.

Invest North Bay Development Corporation Notes to Financial Statements

December 31, 2019

5. Subsequent Events

a. COVID -19

On March 11, 2020 the World Health Organization announced that COVID-19 was a pandemic. The impact of this pandemic has been seen throughout the world including Canada. As of the date of approving these financial statements the impact on the corporation in fiscal 2020 and beyond will not be known with certainty for months to come. This pandemic had no impact on the amounts reported on the fiscal 2019 statement of financial position, statement of changes in net assets and statements of operations and cash flows. Although the corporation currently derives its revenue from municipal sources which does mitigate some financial risk moving forward, the impact subsequent to year end on the corporation's assets, liabilities, revenues and expenses remains to be determined.

b. Contracts/Commitments

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 in 2020 may result in a remeasurement of municipal contribution revenues and consulting expenses recognized in these financial statements. This remeasurement, if any, will be reflected in the 2020 fiscal year when dollar amounts are known with more certainty.