

**Board of Management for the
Waterfront District
Business Improvement Area
Financial Statements
For the year ended December 31, 2020**

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Independent Auditor's Report

To The Corporation of the City of Thunder Bay

Opinion

We have audited the accompanying financial statements of the Board of Management for the Waterfront District Business Improvement Area, (Business Improvement Area), which comprise the statement of financial position as at December 31, 2020 and the statements of operations and accumulated surplus, changes in net financial assets 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 Business Improvement Area as at December 31, 2020 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 Business Improvement Area 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 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.

In preparing the financial statements, management is responsible for assessing the Business Improvement Area'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 Business Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Business Improvement Area'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.

Independent Auditor's Report (cont'd)

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 Business Improvement Area'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 Business Improvement Area'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 Business Improvement Area 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
October 5, 2021

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA**
STATEMENT OF FINANCIAL POSITION
as at December 31, 2020
with comparative figures at December 31, 2019

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	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Financial assets</u>		
Cash	43,879	29,758
Accounts receivable	31,475	8,981
HST receivable	2,683	1,445
Due from City of Thunder Bay	4	1,000
	<u>78,041</u>	<u>41,184</u>
<u>Liabilities</u>		
Accounts payable	19,510	11,223
Gift certificates payable	33,155	19,490
Deferred revenue	-	300
	<u>52,665</u>	<u>31,013</u>
Net financial assets	<u>25,376</u>	<u>10,171</u>
<u>Non-financial assets</u>		
Prepaid expenses	1,912	1,021
Tangible capital assets (Note 2)	9,777	11,765
	<u>11,689</u>	<u>12,786</u>
Accumulated surplus (Schedule)	<u>37,065</u>	<u>22,957</u>

On behalf of the Board:

President

Treasurer

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND
ACCUMULATED SURPLUS**

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Year ended December 31, 2020

with comparative figures at December 31, 2019

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
<u>Revenues</u>			
Taxes levied	81,500	81,504	81,500
Contribution from City of Thunder Bay	81,500	81,500	81,500
Employment and Social Development Canada - wage subsidy	-	13,174	19,706
Digital Main Street - Community Economic Development Corporation			
- Operating	-	20,499	8,892
- Administration	-	2,246	2,754
StrEATery - Community Economic Development Corporation	-	30,123	-
Contribution from other sources	-	11,073	12,030
	163,000	240,119	206,382
<u>Expenses</u>			
Advertising and promotion	29,300	29,466	48,349
Amortization of tangible capital assets	-	3,753	4,897
Co-ordinator	-	31,513	47,077
Bookkeeping	-	5,015	8,001
Digital Main Street expenses	-	20,498	8,892
Falconry	25,000	3,908	19,587
Health and safety	-	889	-
Meetings	6,000	562	4,186
Other	10,000	5,879	6,481
Office	3,800	692	2,538
Professional fees	8,500	3,053	3,053
Rent	7,200	3,562	6,106
Repairs and maintenance	27,250	4,675	16,819
Ribfest expenses	-	-	307
Salaries and benefits - maintenance and other	36,950	19,771	30,410
Sponsorships	8,000	1,330	6,700
StrEATery and Marketplace expenses (Note 6)	-	90,278	-
Telephone and utilities	1,000	1,167	1,724
	163,000	226,011	215,127
Annual surplus (deficit)	-	14,108	(8,745)
Accumulated surplus, beginning of year	22,957	22,957	31,702
Accumulated surplus, end of year	22,957	37,065	22,957

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

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

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Year ended December 31, 2020

with comparative figures at December 31, 2019

	Budget 2020	Actual 2020	Actual 2019
	\$	\$	\$
Annual surplus (deficit)	-	14,108	(8,745)
Acquisition of tangible capital assets	-	(1,765)	(4,011)
Amortization of tangible capital assets	-	3,753	4,897
(Increase) decrease in prepaid expenses	-	(891)	705
Change in net financial assets	-	15,205	(7,154)
Net financial assets, beginning of year	10,171	10,171	17,325
Net financial assets, end of year	10,171	25,376	10,171

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

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS**
Year ended December 31, 2020
with comparative figures at December 31, 2019

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	Actual 2020 \$	Actual 2019 \$
<u>Cash flows from operating activities</u>		
Annual surplus (deficit)	14,108	(8,745)
Non-cash charge to operations		
Amortization of tangible capital assets	3,753	4,897
	17,861	(3,848)
Change in non-cash working capital balances		
Accounts receivable	(22,494)	(5,012)
HST receivable	(1,238)	761
Due from City of Thunder Bay	996	(1,000)
Prepaid expenses	(891)	705
Accounts payable	8,287	(3,255)
Gift certificates payable	13,665	7,020
Deferred revenue	(300)	(300)
Due to City of Thunder Bay	-	(13)
	15,886	(4,942)
<u>Cash flows from investing activities</u>		
Purchase of tangible capital assets	(1,765)	(4,011)
Increase (decrease) in cash for the year	14,121	(8,953)
Cash, beginning of year	29,758	38,711
Cash, end of year	43,879	29,758

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

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2020**

The Board of Management for the Waterfront District Business Improvement Area ("Waterfront District BIA") is responsible for the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the improvement area which is located in the north core of the City of Thunder Bay. As well, the Waterfront District BIA is responsible for the promotion of the improvement area as a business or shopping area.

1. Significant accounting policies

(a) Basis of accounting:

The financial statements for the Waterfront District BIA 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 Chartered Professional Accountants of Canada.

(b) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. Financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(c) Cash and cash equivalents:

Cash is comprised of cash on hand and cash held in banks.

(d) Revenue recognition:

Revenues consist of taxes levied on businesses within the business improvement area as well as contributions from the City of Thunder Bay and other sources. Revenues are recorded on the accrual basis of accounting which recognizes revenues as they become available and measurable.

(e) Expenses:

Expenses are recorded on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Machinery & equipment	3 to 10 years
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(g) Government transfers:

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2020**

1. Significant accounting policies (cont'd)

(h) 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates for amortization and the valuation of the accounts receivable.

(i) Contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

2. Tangible capital assets

	Machinery & Equipment		
	2020	2019	
Cost, beginning of year	\$ 54,250	\$ 54,250	\$ 50,239
Add: Additions during the year	1,765	1,765	4,011
Cost, end of year	\$ 56,015	\$ 56,015	\$ 54,250
Accumulated amortization, beginning of year	\$ 42,485	\$ 42,485	\$ 37,588
Amortization	3,753	3,753	4,897
Accumulated amortization, end of year	\$ 46,238	\$ 46,238	\$ 42,485
Net book value of tangible capital assets	\$ 9,777	\$ 9,777	\$ 11,765

3. Financial instruments

Management estimates that the fair value of all financial assets and liabilities are not materially different from their carrying values.

Financial instruments include cash, accounts receivable, due to/from City of Thunder Bay and accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the Business Improvement Area is not exposed to significant currency, liquidity, or market risks arising from its financial instruments.

Credit risk is the risk of financial loss to the Business Improvement Area if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Board's accounts receivable. Allowances are provided for potential losses that have been incurred at the statement of financial position date, and the amounts disclosed in the statement of financial position are net of any allowances for bad debts.

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2020**

4. Commitments

The BIA has leased facilities for a three year period expiring October 31, 2021. The annual lease payments are \$5,000 plus HST.

5. StrEATery and marketplace expenses

During the year, the BIA opened an outdoor food and public market place to facilitate a socially distanced and safe shopping environment for businesses in the area. A portion of normal operating costs were allocated to this venture. The Community Economic Development Corporation contributed to fund a portion of the costs.

Costs incurred and attributed to the StrEATery and Marketplace are as follows:

Advertising and promotion	\$	11,857
Co-ordinator		20,910
Bookkeeping		2,489
Falconry		11,723
Health and safety		3,876
Other		853
Office		707
Rent		2,544
Repairs and maintenance		28,524
Salaries and benefits - maintenance and other		6,228
Telephone and utilities		567
	\$	<u>90,278</u>

6. Comparative information

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation in the 2020 financial statements.

7. COVID-19

The ongoing global pandemic continues to disrupt economic activities. The Business Improvement Area did not close as a result of the pandemic. The Business Improvement Area has not had a significant decrease in any revenues as a result of the pandemic and the City of Thunder Bay contribution remains unchanged. Although the disruption from the pandemic is expected to be temporary, it is anticipated that revenues will remain unaffected for the 2021 fiscal year.

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA**
SCHEDULE - ACCUMULATED SURPLUS
Year ended December 31, 2020
with comparative figures at December 31, 2019

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	<u>Actual</u> <u>2020</u>	<u>Actual</u> <u>2019</u>
Investment in tangible capital assets	\$ 9,777	\$ 11,765
General fund surplus	<u>27,288</u>	<u>11,192</u>
Accumulated surplus	<u>\$ 37,065</u>	<u>\$ 22,957</u>