

**Board of Management for the
Waterfront District
Business Improvement Area
Financial Statements
For the year ended December 31, 2023**

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Statement of Administrative Responsibility

The management of the Board of Management for the Waterfront District Business Improvement Area have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board (PSAB) of CPA Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Board assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The 2023 financial statements have been reported on by the Board of Management for the Waterfront District Business Improvement Area's external auditors, MNP LLP, the auditors appointed by the Board of Directors. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Philippe Walkden

Phil Walkden, Treasurer

To the Board of Directors of the Board of Management for the Waterfront District Business Improvement Area:

Opinion

We have audited the financial statements of the Board of Management for the Waterfront District Business Improvement Area (the "Business Improvement Area"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, and the results of its operations, changes in its 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 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.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 8, 2023.

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 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. 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.

Thunder Bay, Ontario

May 16, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION**
as at December 31, 2023
with comparative figures at December 31, 2022

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	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Financial assets</u>		
Cash	72,259	68,038
Accounts receivable	12,104	24,484
HST receivable	4,203	1,357
Due from City of Thunder Bay	150	-
	<u>88,716</u>	<u>93,879</u>
<u>Liabilities</u>		
Accounts payable and accrued liabilities	24,789	23,002
Gift certificates payable	56,185	49,520
Due to City of Thunder Bay	-	248
	<u>80,974</u>	<u>72,770</u>
Net financial assets	<u>7,742</u>	<u>21,109</u>
<u>Non-financial assets</u>		
Prepaid expenses	1,554	2,605
Tangible capital assets (Note 2)	4,151	6,476
	<u>5,705</u>	<u>9,081</u>
Accumulated surplus (Schedule)	<u>13,447</u>	<u>30,190</u>

On behalf of the Board:

John Murray
John Murray (May 16, 2025 16:33 EDT)

President

Philippe Walkden

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, 2023

with comparative figures at December 31, 2022

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
<u>Revenues</u>			
Taxes levied	106,500	106,501	101,506
Less: Taxes written off	-	-	(2,106)
	106,500	106,501	99,400
Contribution from City of Thunder Bay	91,500	91,500	91,500
Employment and Social Development Canada - wage subsidy	-	23,495	15,909
StrEATery - Community Economic Development Corporation	-	-	23,013
Clean, Green & Beautiful	-	-	20,000
Contribution from other sources	-	12,173	5,869
	198,000	233,669	255,691
<u>Expenses</u>			
Advertising and promotion	37,000	40,765	42,001
Amortization of tangible capital assets	-	2,325	2,332
Bookkeeping	7,200	9,652	7,804
Falconry	14,000	18,430	17,857
Meetings	2,000	4,100	2,313
Other	10,500	14,096	9,586
Office	3,200	1,081	843
Professional fees	8,500	3,892	4,219
Rent	7,200	6,106	6,106
Repairs and maintenance	29,450	20,040	4,718
Salaries and benefits - maintenance and other	76,450	127,971	101,102
Sponsorships	-	-	5,235
StrEATery - Community Economic Development Corporation	-	-	23,013
Clean, Green & Beautiful	-	-	22,913
Telephone and utilities	2,500	1,954	1,937
	198,000	250,412	251,979
Annual surplus (deficit)	-	(16,743)	3,712
Accumulated surplus, beginning of year	30,190	30,190	26,478
Accumulated surplus, end of year	30,190	13,447	30,190

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**
Year ended December 31, 2023
with comparative figures at December 31, 2022

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	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
Annual surplus (deficit)	-	(16,743)	3,712
Acquisition of tangible capital assets	-	-	(1,239)
Amortization of tangible capital assets	-	2,325	2,332
(Increase) decrease in prepaid expenses	-	1,051	(551)
Change in net financial assets	-	(13,367)	4,254
Net financial assets, beginning of year	21,109	21,109	16,855
Net financial assets, end of year	21,109	7,742	21,109

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, 2023
with comparative figures at December 31, 2022

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	Actual 2023 \$	Actual 2022 \$
<u>Cash flows from operating activities</u>		
Annual surplus (deficit)	(16,743)	3,712
Non-cash charge to operations		
Amortization of tangible capital assets	2,325	2,332
	(14,418)	6,044
Change in non-cash working capital balances		
Accounts receivable	12,380	(10,377)
HST receivable	(2,846)	1,133
Due to/from City of Thunder Bay	(398)	(12,573)
Prepaid expenses	1,051	(551)
Accounts payable	1,787	8,490
Gift certificates payable	6,665	11,455
	4,221	3,621
<u>Cash flows from investing activities</u>		
Purchase of tangible capital assets	-	(1,239)
Increase in cash for the year	4,221	2,382
Cash, beginning of year	68,038	65,656
Cash, end of year	72,259	68,038

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, 2023**

The Board of Management for the Waterfront District Business Improvement Area ("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 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 recognized in the year the events giving rise to the revenue occur and the revenues are earned.

(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.

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.

2. Tangible capital assets

	Machinery & Equipment	2023	2022
Cost , beginning of year	\$ 57,254	\$ 57,254	\$ 56,015
Add: Additions during the year	-	-	1,239
Cost , end of year	\$ 57,254	\$ 57,254	\$ 57,254
Accumulated amortization , beginning of year	\$ 50,778	\$ 50,778	\$ 48,446
Amortization	2,325	2,325	2,332
Accumulated amortization , end of year	\$ 53,103	\$ 53,103	\$ 50,778
Net book value of tangible capital assets	\$ 4,151	\$ 4,151	\$ 6,476

3. Financial instruments

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

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

Liquidity Risk

Liquidity risk is the risk that the BIA will not be able to meet its financial obligations as they become due. The BIA is exposed to liquidity risk through its accounts payable and accrued liabilities and due to/from City of Thunder Bay. The BIA's budgeting process helps determine the funds required for normal operating requirements on an on-going basis. The BIA ensures there are sufficient funds to meet its short term requirements by taking into account its anticipated cash flows from levies, contributions and the holding of cash. Accounts payable are primarily due and settled within 90 days of receipt of an invoice.

There have not been any changes from the prior year in the BIA's exposure to liquidity risk or the policies, procedures or methods it uses to manage and measure risk.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2023

3. Financial instruments (cont'd)

Credit Risk

Credit risk is the risk of financial loss to the BIA if a third party fails to meet its contractual obligations, and is primarily attributable to the BIA's accounts receivable and HST receivable. The BIA's exposure to credit risk at the financial statement date is the carrying value of its receivables as presented on the statement of financial position.

The BIA's accounts receivable are as follows: current \$11,304 (2022 - \$24,234), over 60 days \$800 (2022 - \$250).

The BIA's HST receivable is as follows: current \$4,203 (2022 - \$1,357).

There have not been any changes from the prior year in the BIA's exposure to credit risk or the policies, and procedures or methods it uses to manage and measure risk.

4. Commitments

Subsequent to the year end, the BIA leased office space for a three year period ending in April 2027.

Annual lease payments amount to \$7,920 plus HST.

5. Comparative Figures

Certain comparative figures presented in the financial statements have been reclassified to conform with the current year's presentation.

**BOARD OF MANAGEMENT FOR THE
WATERFRONT DISTRICT BUSINESS IMPROVEMENT AREA
SCHEDULE - ACCUMULATED SURPLUS
Year ended December 31, 2023
with comparative figures at December 31, 2022**

	<u>Actual</u> 2023	<u>Actual</u> 2022
Investment in tangible capital assets	\$ 4,151	\$ 6,476
General fund surplus	<u>9,296</u>	<u>23,714</u>
Accumulated surplus	<u>\$ 13,447</u>	<u>\$ 30,190</u>