

Financial statements of

**Oshawa Central Business District
Improvement Area**

December 31, 2012

Oshawa Central Business District Improvement Area

December 31, 2012

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Independent Auditor's Report

To the Board of Management, Members of Council,
Inhabitants and Ratepayers of
the Corporation of the City of Oshawa

We have audited the accompanying financial statements of the Oshawa Central Business District Improvement Area, which comprise the statement of financial position as at December 31, 2012, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Oshawa Central Business District Improvement Area as at December 31, 2012, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
July 8, 2013

Oshawa Central Business District Improvement Area

Statement of financial position
as at December 31, 2012

	2012	2011
	\$	\$
Financial assets		
Cash	88,241	69,679
Accounts receivable	9,829	6,396
	<u>98,070</u>	<u>76,075</u>
Liabilities		
Accounts payable and accrued liabilities	8,933	6,077
Net financial assets	<u>89,137</u>	<u>69,998</u>
Non-financial assets		
Tangible capital assets (Note 2)	795	1,589
Prepaid expenses	392	679
	<u>1,187</u>	<u>2,268</u>
Accumulated surplus (Note 3)	<u>90,324</u>	<u>72,266</u>

Approved by the Board

_____ Director

_____ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Oshawa Central Business District Improvement Area

Statement of operations
year ended December 31, 2012

	Budget	2012 Actual	2011 Actual
	\$	\$	\$
Revenue			
Taxation	143,100	143,100	143,100
Expenses			
Administration (Schedule)	54,850	43,054	49,514
Beautification (Schedule)	33,500	27,370	14,641
Promotion (Schedule)	77,200	53,035	36,836
Membership liaison (Schedule)	6,800	1,583	741
	172,350	125,042	101,732
Annual surplus (deficit)	(29,250)	18,058	41,368
Accumulated surplus, beginning of year	-	72,266	30,898
Accumulated surplus, end of year	(29,250)	90,324	72,266

The accompanying notes to the financial statements are an integral part of this financial statement.

Oshawa Central Business District Improvement Area

Statement of change in net financial assets
year ended December 31, 2012

	Budget	2012 Actual	2011 Actual
	\$	\$	\$
Annual (deficit) surplus	(29,250)	18,058	41,368
Acquisition of tangible capital assets	-	-	(2,733)
Disposal of tangible capital assets	-	-	727
Amortization	-	794	794
Change in prepaid expenses	-	287	472
Change in financial assets	(29,250)	19,139	40,628
Net financial assets, beginning of year	-	69,998	29,370
Net financial assets, end of year	(29,250)	89,137	69,998

The accompanying notes to the financial statements are an integral part of this financial statement.

Oshawa Central Business District Improvement Area

Statement of cash flows
year ended December 31, 2012

	2012	2011
	\$	\$
Operating activities		
Annual surplus	18,058	41,368
Item not involving cash		
Amortization	794	794
Loss on disposal of tangible capital assets	-	376
Changes in non-cash operating items		
(Increase) decrease in accounts receivable	(3,433)	4,439
Increase (decrease) in accounts payable and accrued liabilities	2,856	(7,090)
Decrease in prepaid expenses	287	472
	18,562	40,359
Capital activities		
Acquisition of tangible capital assets	-	(2,733)
Proceeds from disposal of tangible capital assets	-	351
	-	(2,382)
Increase in cash	18,562	37,977
Cash, beginning of year	69,679	31,702
Cash, end of year	88,241	69,679

The accompanying notes to the financial statements are an integral part of this financial statement.

Oshawa Central Business District Improvement Area

Notes to the financial statements
December 31, 2012

The Board of Management for the Oshawa Central Business District Improvement Area (the "Board") was created by a City Council by-law. It is responsible for the promotion of the area as a business and shopping area, including the improvement, beautification and maintenance of the City properties over and above that provided by the municipality at large.

1. Summary of significant accounting policies

The financial statements of the Board are representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

a) Tangible capital assets

Tangible capital assets are recorded at cost. The cost, less residual value of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	3 - 5 years
Furniture and fixtures	3 years

b) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Businesses in the Business District Improvement Area Summer Student Subsidy is recorded when the subsidy is authorized and all required conditions are met.

c) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Oshawa Central Business District Improvement Area

Notes to the financial statements
December 31, 2012

2. Tangible capital assets

			2012	2011
	Computer hardware and software	Furniture and fixtures	Total	Total
	\$	\$	\$	\$
Cost				
Balance, beginning of year	1,649	734	2,383	1,129
Additions	-	-	-	2,733
Disposals	-	-	-	(1,479)
Balance, end of year	1,649	734	2,383	2,383
Accumulated amortization				
Balance, beginning of year	549	245	794	752
Disposals	-	-	-	(752)
Amortization expense	549	245	794	794
Balance, end of year	1,098	490	1,588	794
Net book value, end of year	551	244	795	1,589

3. Accumulated surplus

Accumulated surplus consists of the following:

	2012	2011
	\$	\$
Current fund	89,529	70,677
Invested in capital assets	795	1,589
	90,324	72,266

Oshawa Central Business District Improvement Area

Schedule of expenses
year ended December 31, 2012

	Budget	2012 Actual	2011 Actual
	\$	\$	\$
Administration			
Salaries and benefits	40,000	31,705	30,007
Rent and occupancy cost	3,000	102	7,505
Miscellaneous	250	63	99
Photocopying, stationery and supplies	2,000	1,206	1,838
Insurance	1,800	1,566	1,566
Professional fees	4,000	4,477	4,358
Telephone and facsimile	1,500	1,422	1,680
Training and travel	500	592	19
Postage	500	246	426
Board meeting expenses	500	574	356
Chairman's expenses	-	-	61
Professional memberships	300	287	287
Loss on disposal of tangible capital asset	-	-	376
Computer equipment	500	20	142
Computer equipment amortization	-	794	794
	54,850	43,054	49,514
Beautification			
Christmas lights and promotion	17,000	-	7,129
Graffiti removal	5,000	-	100
Banners installation/removal	8,000	1,238	4,756
New banners	2,000	12,843	-
Beautification	1,500	13,289	2,656
	33,500	27,370	14,641
Promotion			
Ambassador Team	500	489	283
UOIT	2,000	1,000	-
Shop & Win (Holiday Promotion)	-	-	3,336
Sidewalk Sale	7,000	-	12,996
Advertising	-	9	4,066
Website	2,500	3,596	1,696
Auto Festival	15,000	13,446	14,301
Highway of Heroes	-	-	158
Festival	10,000	6,854	-
Communities with Brooms	200	50	-
Media Campaign	40,000	27,591	-
	77,200	53,035	36,836
Membership liaison			
Newsletters	800	952	175
Members' meetings and seminars	5,500	-	272
Annual general meeting	500	631	294
	6,800	1,583	741

The accompanying notes to the financial statements are an integral part of this financial statement.