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Financial statements of  
Oshawa Central Business District  
Improvement Area

December 31, 2018

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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

### Opinion

We have audited the financial statements of the Oshawa Central Business District Improvement Area (the "OCBIA"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OCBIA as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 OCBIA 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 audit 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 accounting standards for not-for-profit organizations, 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 OCBIA'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 OCBIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the OCBIA'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 GAAS 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 GAAS, 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 OCBIA'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 OCBIA'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 OCBIA 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
August 1, 2019

**Oshawa Central Business District Improvement Area**  
**Statement of financial position**

As at December 31, 2018

	Notes	<b>2018</b> \$	2017 \$
<b>Financial assets</b>			
Cash		<b>129,560</b>	99,494
Accounts receivable		<b>22,553</b>	17,290
		<b>152,113</b>	116,784
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>21,582</b>	13,058
Net financial assets		<b>130,531</b>	103,726
<b>Non-financial assets</b>			
Tangible capital assets	2	<b>2,807</b>	596
Deferred revenue		<b>(24,372)</b>	—
Prepaid expenses		<b>786</b>	2,422
		<b>(20,779)</b>	3,018
<b>Accumulated surplus</b>	3	<b>109,752</b>	106,744

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

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

## Oshawa Central Business District Improvement Area

### Statement of operations

Year ended December 31, 2018

	<b>Budget</b>	<b>2018</b>	2017
	<b>\$</b>	<b>Actual</b>	Actual
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Taxation	<b>248,600</b>	<b>247,529</b>	246,100
Miscellaneous	<b>40,000</b>	<b>40,000</b>	7,101
	<b>288,600</b>	<b>287,529</b>	253,201
<b>Expenses</b>			
Administration (Schedule)	<b>124,500</b>	<b>128,771</b>	101,015
Beautification (Schedule)	<b>69,500</b>	<b>52,967</b>	45,701
Promotion (Schedule)	<b>81,600</b>	<b>95,732</b>	72,854
Membership liaison (Schedule)	<b>13,000</b>	<b>7,051</b>	578
	<b>288,600</b>	<b>284,521</b>	220,148
Annual surplus	—	<b>3,008</b>	33,053
Accumulated surplus, beginning of year	<b>106,744</b>	<b>106,744</b>	73,691
<b>Accumulated surplus, end of year</b>	<b>106,744</b>	<b>109,752</b>	106,744

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

**Oshawa Central Business District Improvement Area****Statement of change in net financial assets**Year ended December 31, 2018

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	<b>Budget</b>	<b>2018</b>	2017
	<b>\$</b>	<b>Actual</b>	Actual
		<b>\$</b>	<b>\$</b>
<b>Annual surplus</b>	—	<b>3,008</b>	33,053
Amortization	—	<b>596</b>	723
Acquisition of capital assets	—	<b>(2,807)</b>	(895)
Change in prepaid expenses	—	<b>1,636</b>	(1,168)
Change in deferred revenue	—	<b>24,372</b>	(20,508)
Change in financial assets	—	<b>26,805</b>	11,205
Net financial assets, beginning of year	<b>103,726</b>	<b>103,726</b>	92,521
<b>Net financial assets, end of year</b>	<b>103,726</b>	<b>130,531</b>	103,726

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

**Oshawa Central Business District Improvement Area****Statement of cash flows**Year ended December 31, 2018

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	<b>2018</b>	2017
	<b>\$</b>	\$
<b>Operating activities</b>		
Annual surplus (deficit)	<b>3,008</b>	33,053
Item not involving cash		
Amortization	<b>596</b>	723
Changes in non-cash operating items		
Accounts receivable	<b>(5,263)</b>	(7,220)
Accounts payable and accrued liabilities	<b>8,524</b>	4,735
Deferred revenue	<b>24,372</b>	(20,508)
Prepaid expenses	<b>1,636</b>	(1,168)
	<b>32,873</b>	9,615
<b>Capital activity</b>		
Acquisition of capital assets	<b>(2,807)</b>	(895)
Increase in cash	<b>30,066</b>	8,720
Cash, beginning of year	<b>99,494</b>	90,774
<b>Cash, end of year</b>	<b>129,560</b>	99,494

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



# Oshawa Central Business District Improvement Area

## Notes to the financial statements

December 31, 2018

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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 Chartered Professional Accountants of Canada.

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 the 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, 2018

**2. Tangible capital assets**

	<b>2018</b>			2017
	<b>Computer hardware and software</b>	<b>Furniture and fixtures</b>	<b>Total</b>	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, beginning of year	<b>3,816</b>	<b>734</b>	<b>4,550</b>	3,655
Additions	<b>2,807</b>	—	<b>2,807</b>	895
Balance, end of year	<b>6,623</b>	<b>734</b>	<b>7,357</b>	4,550
<b>Accumulated amortization</b>				
Balance, beginning of year	<b>3,220</b>	<b>734</b>	<b>3,954</b>	3,231
Amortization expenses	<b>596</b>	—	<b>596</b>	723
Balance, end of year	<b>3,816</b>	<b>734</b>	<b>4,550</b>	3,954
Net book value, end of year	<b>2,807</b>	—	<b>2,807</b>	596

**3. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2018</b>	2017
	\$	\$
Current fund	<b>106,945</b>	106,148
Invested in capital assets	<b>2,807</b>	596
	<b>109,752</b>	106,744

**Oshawa Central Business District Improvement Area****Schedule of expenses**

Year ended December 31, 2018

	<b>Budget</b>	<b>2018</b>	2017
	<b>\$</b>	<b>Actual</b>	Actual
		<b>\$</b>	<b>\$</b>
<b>Administration</b>			
Salaries and benefits	<b>87,000</b>	<b>96,978</b>	76,409
Rent and occupancy cost	<b>9,000</b>	<b>9,000</b>	8,043
Miscellaneous	<b>500</b>	<b>269</b>	267
Photocopying, stationery and supplies	<b>7,000</b>	<b>3,696</b>	3,939
Insurance	<b>2,000</b>	<b>2,944</b>	1,751
Network	<b>1,000</b>	<b>148</b>	—
Professional fees	<b>5,000</b>	<b>6,983</b>	6,651
Telephone and facsimile	<b>3,000</b>	<b>681</b>	1,086
Training and travel	<b>2,000</b>	<b>1,571</b>	302
Postage	<b>3,000</b>	<b>557</b>	723
Board meeting expenses	<b>2,000</b>	<b>524</b>	573
Professional memberships	<b>1,000</b>	<b>1,951</b>	548
Computer equipment	<b>2,000</b>	<b>—</b>	723
Tax expense	<b>—</b>	<b>3,469</b>	—
	<b>124,500</b>	<b>128,771</b>	101,015
<b>Beautification</b>			
Christmas lights and promotion	<b>11,000</b>	<b>438</b>	1,373
Graffiti removal	<b>2,500</b>	<b>3,705</b>	848
Banners installation/removal	<b>3,000</b>	<b>2,987</b>	4,175
New banners	<b>8,000</b>	<b>13,944</b>	15,620
Beautification	<b>45,000</b>	<b>31,893</b>	23,685
	<b>69,500</b>	<b>52,967</b>	45,701
<b>Promotion</b>			
Ambassador Team	<b>1,500</b>	<b>1,222</b>	1,666
UOIT	<b>—</b>	<b>—</b>	—
Bikes on Bond	<b>7,900</b>	<b>12,364</b>	6,392
Advertising	<b>4,000</b>	<b>7,919</b>	625
Website	<b>1,500</b>	<b>1,366</b>	2,625
Kars on King	<b>13,000</b>	<b>15,569</b>	9,284
New Events	<b>10,000</b>	<b>9,568</b>	7,274
Show and Shine	<b>2,000</b>	<b>2,004</b>	823
Communities with Brooms	<b>200</b>	<b>185</b>	100
Wine Festival	<b>6,000</b>	<b>8,637</b>	—
Summer Sidewalk Sale	<b>500</b>	<b>622</b>	—
Media Campaign	<b>35,000</b>	<b>36,276</b>	44,065
	<b>81,600</b>	<b>95,732</b>	72,854
<b>Membership liaison</b>			
Newsletters	<b>1,000</b>	<b>105</b>	—
Economic Development	<b>10,000</b>	<b>6,052</b>	—
Members' meetings and seminars	<b>1,500</b>	<b>624</b>	578
Annual general meeting	<b>500</b>	<b>270</b>	—
	<b>13,000</b>	<b>7,051</b>	578

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