
**Financial statements of
Oshawa Central Business District
Improvement Area**

December 31, 2019

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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, 2019, 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, 2019, 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
November 16, 2020

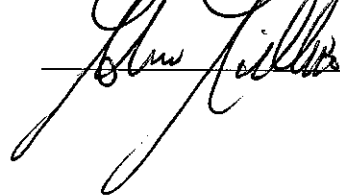
Oshawa Central Business District Improvement Area
Statement of financial position
As at December 31, 2019

| | 2019 | 2018 |
|--|---------------|----------------------|
| | \$ | \$ |
| Notes | | Restated (Note 2) |
| Financial assets | | |
| Cash | 14,972 | 129,560 |
| Accounts receivable | 33,023 | 22,553 |
| | 47,995 | 152,113 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 40,442 | 21,582 |
| Due to the City of Oshawa | — | 40,000 |
| Deferred revenue | — | 24,372 |
| | 40,442 | 85,954 |
| Net financial assets | 7,553 | 66,159 |
| Non-financial assets | | |
| Tangible capital assets | 29,647 | 2,807 |
| Prepaid expenses | 786 | 786 |
| | 30,433 | 3,593 |
| Accumulated surplus | 37,986 | 69,752 |

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, 2019

| | Budget | 2019 | 2018 |
|---|-----------------|-----------------|----------------------|
| | \$ | Actual | Actual |
| | | \$ | \$ |
| | | | Restated (Note 2) |
| Revenue | | | |
| Taxation | 251,000 | 251,000 | 247,529 |
| Event fees | — | 74,912 | 52,932 |
| Grants | — | 17,106 | 9,240 |
| | 251,000 | 343,018 | 309,701 |
| Expenses | | | |
| Administration (Schedule) | 124,000 | 154,618 | 138,011 |
| Promotion (Schedule) | 70,700 | 117,503 | 63,359 |
| Beautification (Schedule) | 90,300 | 96,933 | 142,958 |
| Membership liaison (Schedule) | 11,000 | 5,730 | 2,365 |
| | 296,000 | 374,784 | 346,693 |
| Annual deficit | (45,000) | (31,766) | (36,992) |
| Accumulated surplus, beginning of year | 69,752 | 69,752 | 106,744 |
| Accumulated surplus, end of year | 24,752 | 37,986 | 69,752 |

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, 2019

| | Budget | 2019 Actual | 2018 Actual |
|--|-----------------|------------------------|----------------------|
| | \$ | \$ | \$ |
| | | | Restated (Note 2) |
| Annual deficit | (45,000) | (31,766) | (36,992) |
| Amortization | — | 6,854 | 596 |
| Acquisition of capital assets | — | (33,694) | (2,807) |
| Change in prepaid expenses | — | — | 1,636 |
| Change in financial assets | (45,000) | (58,606) | (37,567) |
| Net financial assets, beginning of year | 66,159 | 66,159 | 103,726 |
| Net financial assets, end of year | 21,159 | 7,553 | 66,159 |

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, 2019

| | 2019 | 2018 |
|--|-----------------|----------------------|
| | \$ | \$ |
| | | Restated (Note 2) |
| Operating activities | | |
| Annual deficit | (31,766) | (36,992) |
| Item not involving cash | | |
| Amortization | 6,854 | 596 |
| Changes in non-cash operating items | | |
| Accounts receivable | (10,470) | (5,263) |
| Accounts payable and accrued liabilities | 18,860 | 8,524 |
| Deferred revenue | (24,372) | 24,372 |
| Prepaid expenses | — | 1,636 |
| | (40,894) | (7,127) |
| Capital activity | | |
| Acquisition of capital assets | (33,694) | (2,807) |
| Increase in cash | (74,588) | (9,934) |
| Cash, beginning of year | 89,560 | 99,494 |
| Cash, end of year | 14,972 | 89,560 |

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

Oshawa Central Business District Improvement Area

Notes to the financial statements

December 31, 2019

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) *Accrual basis of accounting*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred.

(b) *Tangible capital assets*

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to: transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the tangible capital asset is available for productive use as follows:

| | | |
|------------------------|----------------|-----------|
| Computer equipment | Straight -line | 3-5 years |
| Furniture and fixtures | Straight -line | 3 years |

(c) *Revenue recognition*

Revenue are recognized as follows:

- The business improvement area levy is based on a special downtown business levy that is recognized in the calendar year to which the tax assessment applies and at the time the assessment is known.
- Event fees and other revenues are recognized when the funds are collected.

Oshawa Central Business District Improvement Area

Notes to the financial statements

December 31, 2019

1. Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

- Grants are recognized in the period in which the transfer is authorized and any eligibility criteria are met unless restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

(d) 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.

2. Correction of prior period error

During the year management identified that revenue reported in the prior had been overstated. The impact of this correction on the 2018 comparative figures presented is as follows:

Statement of operations

| | For the year ended December 31, 2018, as previously reported \$ | Change in balances \$ | For the year ended December 31, 2018, as restated \$ |
|---------------------------------|--|-----------------------------|--|
| Revenue | | | |
| Miscellaneous Revenue | 40,000 | (40,000) | — |
| Annual Surplus | 3,008 | (40,000) | (36,992) |
| Accumulated surplus end of year | 109,752 | (40,000) | 69,752 |

Statement of Financial Position

| | | | |
|-----------------------|---|--------|--------|
| Due to City of Oshawa | — | 40,000 | 40,000 |
|-----------------------|---|--------|--------|

Oshawa Central Business District Improvement Area

Notes to the financial statements

December 31, 2019

2. Correction of prior period error (continued)

In addition, certain of prior years figures have been reclassified to conform with current years presentation as follows:

| | December 31, 2018 as previously reported | | December 31, 2018 as restated |
|-------------------|---|------------------|----------------------------------|
| | Total | Reclassification | Total |
| | \$ | \$ | \$ |
| Revenue | | | |
| Event fees | — | 52,932 | 52,932 |
| Grants | — | 9,240 | 9,240 |
| Expenses | | | |
| Administration | 128,771 | 9,240 | 138,011 |
| Promotion | 52,967 | 10,392 | 63,359 |
| Beautification | 95,732 | 47,226 | 142,958 |
| Membership Liason | 7,051 | (4,686) | 201,370 |

3. Tangible capital assets

| | Computer equipment | Furniture Fixtures | 2019 | 2018 |
|-----------------------------|-----------------------|-----------------------|--------|-------|
| | Total | Total | Total | Total |
| | \$ | \$ | \$ | \$ |
| Cost | | | | |
| Balance, beginning of year | 6,623 | 734 | 7,357 | 4,550 |
| Additions | 1,439 | 32,255 | 33,694 | 2,807 |
| Balance, end of year | 8,062 | 32,989 | 41,051 | 7,357 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 3,816 | 734 | 4,550 | 3,954 |
| Amortization expenses | 744 | 6,110 | 6,854 | 596 |
| Balance, end of year | 4,560 | 6,844 | 11,404 | 4,550 |
| Net book value, end of year | 3,502 | 26,145 | 29,647 | 2,807 |

4. Accumulated surplus

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|----------------------------|--------|--------|
| | \$ | \$ |
| Current fund | 8,339 | 66,945 |
| Invested in capital assets | 29,647 | 2,807 |
| | 37,986 | 69,752 |

Oshawa Central Business District Improvement Area**Notes to the financial statements**December 31, 2019

5. Subsequent event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results of the Board.

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

Year ended December 31, 2019

| | Budget | 2019 | 2018 |
|---------------------------------------|----------------|----------------|----------------|
| | \$ | Actual | Actual |
| | | \$ | \$ |
| | | | (Note 2) |
| Administration | | | |
| Salaries and benefits | 92,000 | 120,203 | 106,218 |
| Rent and occupancy cost | 9,500 | 9,890 | 9,000 |
| Miscellaneous | 500 | 781 | 269 |
| Photocopying, stationery and supplies | 4,000 | 5,409 | 3,696 |
| Insurance | 2,000 | 1,907 | 2,944 |
| Network | 1,000 | 520 | 148 |
| Professional fees | 5,000 | 7,712 | 6,983 |
| Telephone and facsimile | 2,500 | 945 | 681 |
| Training and travel | 2,000 | 7,343 | 1,571 |
| Postage | 1,000 | 959 | 557 |
| Board meeting expenses | 1,000 | 1,296 | 524 |
| Professional memberships | 2,000 | 2,273 | 1,951 |
| Computer equipment | 1,500 | 744 | — |
| Tax expense | — | (5,364) | 3,469 |
| | 124,000 | 154,618 | 138,011 |
| Beautification | | | |
| Christmas lights and promotion | 10,000 | — | 438 |
| Graffiti removal | 5,000 | 5,793 | 3,705 |
| Banners installation/removal | 8,300 | 8,889 | 12,679 |
| New banners | — | 5,609 | 14,644 |
| Beautification and Streetscape | 65,000 | 76,642 | 31,893 |
| | 88,300 | 96,933 | 63,359 |
| Promotion | | | |
| Ambassador Team | 1,000 | 2,205 | 1,222 |
| UOIT | 2,000 | 2,226 | — |
| Bikes on Bond | 7,000 | 4,607 | 18,264 |
| Advertising | — | — | 8,159 |
| Kars on King | 10,000 | 13,478 | 19,960 |
| New Events | 5,000 | 39,696 | 12,986 |
| Show and Shine | 2,000 | 2,052 | 2,694 |
| Communities with Brooms | 200 | 125 | 185 |
| Wine Festival | 6,000 | 12,769 | 15,390 |
| Christmas promotion | 1,000 | — | 5,685 |
| Economic Development | 10,000 | 14,270 | 21,515 |
| Summer Sidewalk Sale | — | — | 622 |
| Media Campaign | 35,500 | 26,075 | 36,276 |
| | 79,700 | 117,503 | 142,958 |
| Membership liaison | | | |
| Newsletters | — | 18 | 105 |
| Website | 2,000 | 4,940 | 1,366 |
| Members' meetings and seminars | 1,500 | 508 | 624 |
| Annual general meeting | 500 | 264 | 270 |
| | 4,000 | 5,730 | 2,365 |

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