

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

December 31, 2017

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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, 2017, 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, 2017 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.

Chartered Professional Accountants
Licensed Public Accountants
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Oshawa Central Business District Improvement Area

Statement of financial position

As at December 31, 2017

	Notes	2017	2016
		\$	\$
Financial assets			
Cash		99,494	90,774
Accounts receivable		17,290	10,070
		116,784	100,844
Liabilities			
Accounts payable and accrued liabilities		13,058	8,323
Net financial assets		103,726	92,521
Non-financial assets			
Tangible capital assets	2	596	424
Deferred revenue		—	(20,508)
Prepaid expenses		2,422	1,254
		3,018	(18,830)
Accumulated surplus	3	106,744	73,691

Approved by the Board

_____, Director

_____, Director

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

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Oshawa Central Business District Improvement Area

Statement of operations

Year ended December 31, 2017

	2017		2016
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Taxation	246,100	246,100	143,100
Summer Student Subsidy	—	—	2,700
Miscellaneous	—	7,101	1
	246,100	253,201	145,801
Expenses			
Administration (Schedule)	79,150	101,015	57,224
Beautification (Schedule)	63,000	45,701	43,288
Promotion (Schedule)	102,200	72,854	46,587
Membership liaison (Schedule)	1,750	578	451
	246,100	220,148	147,550
Annual surplus (deficit)	—	33,053	(1,749)
Accumulated surplus, beginning of year	73,691	73,691	75,440
Accumulated surplus, end of year	73,691	106,744	73,691

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

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Oshawa Central Business District Improvement Area

Statement of change in net financial assets

Year ended December 31, 2017

	2017	2016
Budget	Actual	Actual
\$	\$	\$
Annual surplus (deficit)	33,053	(1,749)
Amortization	723	424
Acquisition of capital assets	(895)	—
Change in prepaid expenses	(1,168)	124
Change in deferred revenue	(20,508)	20,508
Change in financial assets	11,205	19,307
Net financial assets, beginning of year	92,521	73,214
Net financial assets, end of year	103,726	92,521

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

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Oshawa Central Business District Improvement Area

Statement of cash flows

Year ended December 31, 2017

	2017	2016
	\$	\$
Operating activities		
Annual surplus (deficit)	33,053	(1,749)
Item not involving cash		
Amortization	723	424
Changes in non-cash operating items		
Accounts receivable	(7,220)	10,684
Accounts payable and accrued liabilities	4,735	(7,606)
Deferred revenue	(20,508)	20,508
Prepaid expenses	(1,168)	124
	9,615	22,385
Capital activity		
Acquisition of capital assets	(895)	—
Increase in cash	8,720	22,385
Cash, beginning of year	90,774	68,389
Cash, end of year	99,494	90,774

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

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Oshawa Central Business District Improvement Area

Notes to the financial statements

December 31, 2017

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, 2017

2. Tangible capital assets

	2017		2016	
	Computer hardware and software	Furniture and fixtures	Total	Total
	\$	\$	\$	\$
Cost				
Balance, beginning of year	2,921	734	3,655	3,655
Additions	895	—	895	—
Balance, end of year	3,816	734	4,550	3,655
Accumulated amortization				
Balance, beginning of year	2,497	734	3,231	2,807
Amortization expense	723	—	723	424
Balance, end of year	3,220	734	3,954	3,231
Net book value, end of year	596	—	596	424

3. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Current fund	106,148	73,267
Invested in capital assets	596	424
	106,744	73,691

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Oshawa Central Business District Improvement Area

Schedule of expenses

Year ended December 31, 2017

	2017		2016
	Budget	Actual	Actual
	\$	\$	\$
Administration			
Salaries and benefits	60,000	76,409	40,162
Rent and occupancy cost	3,600	8,043	3,383
Miscellaneous	300	267	24
Photocopying, stationery and supplies	1,500	3,939	2,750
Insurance	1,900	1,751	1,706
Network	1,000	—	—
Professional fees	5,000	6,651	5,388
Telephone and facsimile	1,500	1,086	1,331
Training and travel	500	302	300
Postage	2,000	723	775
Board meeting expenses	600	573	359
Professional memberships	500	548	387
Computer equipment	750	723	235
Computer equipment amortization	—	—	424
	79,150	101,015	57,224
Beautification			
Christmas lights and promotion	25,000	1,373	—
Graffiti removal	5,000	848	—
Banners installation/removal	3,000	4,175	10,756
New banners	5,000	15,620	11,366
Beautification	25,000	23,685	21,166
	63,000	45,701	43,288
Promotion			
Ambassador Team	1,000	1,666	1,806
UOIT	2,000	—	—
Bikes on Bond	8,000	6,392	7,849
Advertising	11,000	625	1,276
Website	1,000	2,625	6,450
Kars on King	13,000	9,284	4,220
New Events	16,500	7,274	2,705
Show and Shine	2,000	823	(99)
Communities with Brooms	200	100	100
Media Campaign	47,500	44,065	22,280
	102,200	72,854	46,587
Membership liaison			
Newsletters	500	—	—
Members' meetings and seminars	750	578	288
Annual general meeting	500	—	163
	1,750	578	451

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