

**BOARD OF MANAGEMENT
OF THE DOWNTOWN TIMMINS
BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 & 2015**

Draft

INDEPENDENT AUDITOR'S REPORT

To the Members of Council and the Board of Management of the Downtown Timmins Business Improvement Area

We have audited the accompanying financial statements of the Board of Management of the Downtown Timmins Business Improvement Area, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, 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 such internal control as management determines 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 judgement, including the assessment for 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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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 is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the organization derives revenue from ticket sales, donations and activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to the above revenue, excess of revenue over expenses, assets and surplus.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Board of Management of Downtown Timmins Business Improvement Area as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Board of Management of Downtown Timmins Business Improvement Area for the year ended December 31, 2015 were audited by Ross Pope LLP of Timmins, Ontario, Canada, prior to its merger with MNP LLP. Ross Pope LLP expressed a qualified opinion on those statements on April 26, 2016.

Timmins, Ontario
March 14, 2017

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

**BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31**

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 56,509	\$ 65,964
Accounts receivable	13,573	27,642
TOTAL FINANCIAL ASSETS	70,082	93,606
LIABILITIES		
Accounts payable and accrued liabilities	12,109	12,069
Downtown dollars	248	248
TOTAL LIABILITIES	12,357	12,317
NET FINANCIAL ASSETS	57,725	81,289
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 3)</i>	30,828	28,966
Prepaid expenses	6,684	6,269
	37,512	35,235
ACCUMULATED SURPLUS <i>(Note 5)</i>	\$ 95,237	\$ 116,524

Approved by:

Director

Director

See accompanying notes.

**BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS
BUSINESS IMPROVEMENT AREA**

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	2016 Budget (Unaudited)	2016 Actual (Audited)	2015 Actual (Audited)
REVENUES			
Tax levy (Note 2)	\$ 189,000	\$ 189,007	\$ 188,021
Fundraising	34,700	34,526	37,081
Grants and subsidies	-	29,862	27,834
Membership dues	750	2,164	1,117
Other	800	1,351	864
Voucher administrative fees	500	58	531
TOTAL REVENUES	225,750	256,968	255,448
EXPENSES			
Administration	43,900	49,239	42,069
Advertising and promotion	70,050	69,220	56,550
Amortization	-	12,385	12,852
Beautification	-	340	2,938
Loss on disposal of tangible capital assets	-	2,225	-
Strategic plan	-	4,512	2,196
Tax levy written off (Note 2)	5,000	2,439	5,888
Wages and benefits	106,800	137,895	115,570
TOTAL EXPENSES	225,750	278,255	238,063
ANNUAL (DEFICIT) SURPLUS	-	(21,287)	17,385
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	116,524	99,139
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 95,237	\$ 116,524

**BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS
BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEARS ENDED DECEMBER 31**

	2016	2015
ANNUAL (DEFICIT) SURPLUS	\$ (21,287)	\$ 17,385
Acquisition of tangible capital assets	(16,472)	(15,571)
Amortization of tangible capital assets	12,385	12,852
Loss on disposal of tangible capital assets	2,225	-
Increase in prepaid expenses	(415)	(5,669)
	(2,277)	(8,388)
CHANGE IN NET FINANCIAL ASSETS	(23,564)	8,997
NET FINANCIAL ASSETS, BEGINNING OF YEAR	81,289	72,292
NET FINANCIAL ASSETS, END OF YEAR	\$ 57,725	\$ 81,289

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BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS

BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31

	2016	2015
OPERATIONS		
ANNUAL (DEFICIT) SURPLUS	\$ (21,287)	\$ 17,385
NON CASH CHARGES TO OPERATIONS		
Amortization	12,385	12,852
Loss on disposal of tangible capital assets	2,225	
USES:		
Decrease in accounts payable	-	(2,366)
Increase in prepaid expenses	(415)	(5,669)
SOURCES:		
Decrease in accounts receivable	14,069	601
Increase in accounts payable	40	-
NET INCREASE IN CASH FROM OPERATIONS	7,017	22,803
INVESTING		
Purchase of tangible capital assets	(16,472)	(15,571)
NET DECREASE IN CASH FROM INVESTING	(16,472)	(15,571)
CHANGE IN CASH	(9,455)	7,232
CASH, beginning of year	65,964	58,732
CASH, end of year	\$ 56,509	\$ 65,964

BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS

BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 & 2015

NATURE OF OPERATIONS

The Board of Management of the Downtown Timmins Business Improvement Area (Downtown Timmins) was established by the City of Timmins By-Law No. 1978-1145. The organization, incorporated without share capital, operates as a non-profit organization and is dedicated to promoting an economically strong, safe, attractive and exciting downtown area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Downtown Timmins are the representation of management and are prepared in accordance with the Public Sector Accounting Board (PSAB) accounting recommendations.

(a) REVENUE RECOGNITION

The Board follows the deferral method of accounting for tax levy, memberships and grant revenue which are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fundraising and other revenues are recorded as earned.

(b) ACCRUAL ACCOUNTING

The financial statements of Downtown Timmins have been prepared using the accrual basis of accounting.

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost less accumulated amortization. They are amortized over their estimated useful lives at the following rates and methods:

Computer	5 years	Straight line method
Leasehold improvements	5 years	Straight line method
Office equipment	5 years	Straight line method
Signs and wreaths	5 years	Straight line method
Urban Park equipment	5 years	Straight line method

(d) CONTRIBUTED SERVICES

Volunteers contribute to assist the Downtown Timmins in carrying out its service delivery activities. Contributed services are not recognized in the financial statements because of the difficulty of determining their fair value.

(e) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates include the useful life of the tangible capital assets. Actual results could differ from these estimates.

(f) FUND ACCOUNTING

Revenues and expenses relating to Board administrative activities are reported in the general operating fund. The capital fund has been set up to recognize the cost and amortization of fixed assets purchased. Reserves for working capital, as approved by the Board, are amounts set aside for future operating purposes.

(g) NON-FINANCIAL ASSETS

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS

BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2016 & 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) RESERVES AND RESERVE FUND

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are recorded as an adjustment to the respective fund when approved.

2. TAX LEVY AND TAX LEVY WRITTEN OFF

The Board requisitions the City of Timmins annually for the amount of the levy. The City calculates the percentage required to raise the levy using the assessed value of property in the Improvement Area. The levy appears on the members' or members' landlords' property tax bills.

Tax levy written off results from reductions in assessments as a result of appeals by property owners. The difference between the original levy and the revised levy as a result of a successful appeal causes a write off. In years with excessive write offs, the Board has negotiated its share with the City of Timmins.

3. TANGIBLE CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	
			2016	2015
Computer	\$ 14,004	\$ 11,794	\$ 2,210	\$ 3,152
Leasehold improvements	3,199	640	2,559	2,225
Office equipment	25,448	12,365	13,083	4,684
Signs and wreaths	38,610	32,921	5,689	6,799
Urban Park equipment	32,665	25,378	7,287	12,106
	\$ 113,926	\$ 83,098	\$ 30,828	\$ 28,966

4. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and monitors, evaluates and manages these risks. The following analysis provides information about the Board's risk exposure and concentration as of December 31, 2016:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk from customers. In order to reduce its credit risk, the Board reviews a new customer's credit before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Board has a significant number of customers which minimizes concentration of credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

BOARD OF MANAGEMENT OF THE DOWNTOWN TIMMINS

BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2016 & 2015

5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2016	2015
SURPLUS		
Invested in tangible capital assets	\$ 30,828	\$ 28,966
General	52,147	75,296
Total surplus	82,975	104,262
RESERVES		
Working capital	10,000	10,000
Purchase of tangible capital assets	2,262	2,262
Total reserves	12,262	12,262
ACCUMULATED SURPLUS	\$ 95,237	\$ 116,524

6. BUDGET FIGURES

Budget figures for the operating fund have been provided for comparison purposes and have been derived from the budget approved by the Board. The budget figures are unaudited.

7. RELATED PARTIES

The organization and the Corporation of the City of Timmins are related parties due to the fact that the majority of revenue is derived from the Corporation of the City of Timmins. During the year, the organization received levies in the amount of \$189,007 from the Corporation of the City of Timmins.

8. CONSOLIDATION

The figures contained in these financial statements are consolidated into the operations and statements of the Corporation of the City of Timmins.