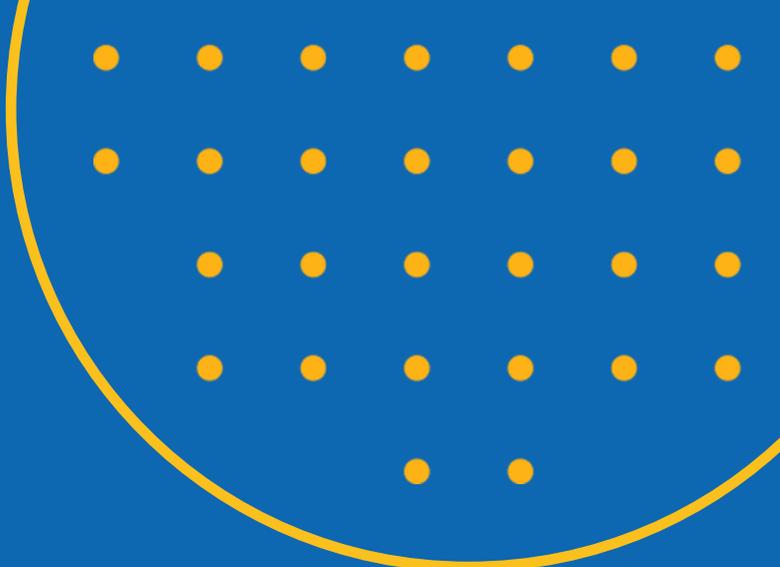


2020 Annual Report



CDE
Timmins
EDC





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Objectives

Mission

We advance community economic development in Timmins and the region by attracting and supporting businesses and organizations.

Vision

Timmins is a thriving Northern city with an enviable quality of life and diversified economy.

Values

Accountability

We conduct business in a cost-efficient, transparent and sustainable manner.

Communication

We engage meaningfully and regularly with both external and internal stakeholders.

Empowerment

We build capacity within our clients, team members and Board by providing them with the skills and knowledge to accomplish goals within the framework of our mission.

Inclusivity

We respect diversity and work with a variety of stakeholders to build meaningful partnerships.

Innovation

We encourage creative thinking, and embrace change that supports our vision and the goals of clients and our stakeholders.

Board

Executive

Dr. Fred Gibbons, Chair
Mayor George Pirie, Vice Chair
Joel Bergeron, Treasurer
Terry DiTullio, Member at Large
Georges Quirion, Member at Large

Directors

Councillor Joe Campbell
Pat Chilton
Kraymr Grenke
Dave Landers
Jennifer Landers
Tom Laughren
Ian Martin
Councillor Kristin Murray
Val Venneri
Melanie Verreault

Staff



Christy Marinig
Chief Executive Officer



Brenda Camirand
Director of Business Development & Retention



Noella Rinaldo
Director of Community Economic Development



Antoine Vezina
Director of Community Economic Development



Ross MacDonald
Business Development Specialist



Sylvie McPhail
PIC Programs Manager



Jeremy Elomaa
Business Development Specialist



Mike Scott
Business Development Consultant



Madison Mizzau
Community Development Consultant



Chantal Ouellette
Business Development Consultant



James Parisi
Research Coordinator



Kelsey Luxton
Marketing and Communications Specialist



Sylvie Lamothe
Programs Manager



Gulab Singh
Immigration Support Officer

Letter from the Chair and CEO

On behalf of the Timmins Economic Development Corporation Board and staff, we are pleased to present our 2020 Annual Report. This document summarizes selected accomplishments and activities we worked on during the year.

2020 was an unprecedented year with the onset of the COVID-19 pandemic that forced businesses to close to prevent the spread of the virus. Beginning in March, efforts were immediately focused on supporting local businesses that were affected by lockdown measures. Together with community partners we worked to bring information to these firms about government assistance programs that helped them survive several lockdowns throughout the year.

In 2020 we also launched the Rural and Northern Immigration Pilot Project whereby newcomers to Canada or participants living abroad were able to apply for Canadian citizenship once they secured a full-time job in targeted professions. This pilot project is a way for local businesses to find skilled talent from anywhere in the world to fill their labour shortages; and, also increase the number of people living in the community.

During the year the Business Development and Retention team continued to offer the Starter Company Plus and Summer Company Programs. These have succeeded in providing entrepreneurs with the knowledge they need to start and operate their businesses.

We are grateful for the support of dozens of local and regional partners who have helped us advance projects that diversify our economy and improve quality of life in Timmins. We recognize the tremendous value in the productive working relationships we have established.

We would like to thank the City of Timmins Council, and federal and provincial funding partners; as well as The Chamber, the Downtown BIA and the Venture Centre for their continued support. Without them we would not be able to provide services that help our economy and community flourish.



A handwritten signature in black ink, appearing to read 'Fred Gibbons'.

Dr. Fred Gibbons
Chair



A handwritten signature in black ink, appearing to read 'Christy Marinig'.

Christy Marinig
CEO

Metrics

In 2020, the community gained **\$8.96** for every dollar the city invested in the TEDC.

Dollars Leveraged

Community Economic Development Projects	\$3,825,889
Business Development and Retention Projects	\$3,231,369
Business Enterprise Centre Clients	\$1,239,154
COVID-19 Recovery Funding	\$2,883,851
Total	\$11,180,263

Client Consultations

707

Total Client Consultations

483

Total Inquiries Addressed

Note: As the COVID-19 pandemic took hold and the first lockdown implemented, business consultations and inquiries initially declined as it seemed most businesses anticipated the lockdown to be short lived and there would be a quick return to normal business activity. Coming to the realization that COVID-19 was not going away and the impacts it would have on their business, we then began to see an influx of inquiries and request for information and assistance from the BDRD team. Business start-ups and jobs created in the second half of the fiscal year also reduced significantly as new entrepreneurs waited to see some recovery from COVID-19 before moving forward with their businesses.

Jobs

62

New Jobs Supported

Media

48

Earned Media

Business Enterprise Centre Highlights

Starter Company Plus

Entrepreneurs 18+ receive training to start, expand or buy a business. Successful applicants are eligible to receive up to \$5000 to support their venture.

7

Businesses **Started**

3

Businesses **Expanded**

2

Businesses **Purchased**

19

New Jobs Supported

2

Grants **Issued**

over
\$499k

Dollars Leveraged by Participants

Summer Company

Students aged 15-29 receive training, mentorship and up to \$3,000 to start and run a summer business. Students gain first-hand experience and are encouraged to consider entrepreneurship as a viable career option.

2

Number of **Students**

\$6k

Total **Funding**

Note: Due to the COVID-19 pandemic there was a reduction in start-ups through Starter Company and a lower number of students able to operate summer businesses due to restrictions. Grants not used during this fiscal period have been approved to carry forward to next year in hopes that the economic climate will improve and we will see more of the participants move forward with the opening of their businesses.

Business Development and Retention Projects

COVID-19 Business Support

The Timmins Economic Development Corporation provided support to our small business community as they worked to sustain and pivot their businesses through the COVID-19 pandemic. The team worked to provide updated information on COVID-19 related subsidies to clients and provided assistance as requested with accessing the programs. Direct outreach to affected businesses; as well as, one on one virtual consultations with businesses took place in order to ensure the best outcome for businesses post pandemic. As a result:

- 162 businesses were consulted, including not-for-profits
- 74 businesses applied for COVID-19 government subsidies
- \$2,883,851 worth of government subsidies were secured

Business Recovery and Continuity Workshop Series

The Business Enterprise Centre, on behalf of the TEDC, and in partnership with the City of Timmins, The Chamber, the Downtown BIA, and the Venture Centre hosted a workshop series for Timmins and area businesses that were impacted by COVID-19. The purpose of this workshop series was to provide businesses with the resources needed to recover from the impacts of COVID-19 and how to plan and position themselves for future continuity.

Northern Ontario Exports

The Northern Ontario Exports program is a project of Ontario's North Economic Development Corporation (ONEDC) and works to assist northern Ontario-based mining supply and service companies (and other exporters) expand their marketing reach and grow their customer base outside of Ontario. In 2020, ONEDC was successful in securing an additional \$3.2M dollars to move forward with Phase 4 of the program. This will provide an additional three years of programming that can be accessed by businesses in the Timmins region and throughout Northern Ontario. Programs include the Export Marketing Assistance Program, Customized Export Development training, MinExpo and the Nevada Storefront.

Link North-Nord

Link North-Nord

Link North secured FedNor funding for a 3-year project to develop and deliver new programming to assist businesses with commercialization, scaling and growing operations. In October 2020 we launched our new brand Link North (formerly Productivity & Innovation Centre) and began delivering new programming and services. Over the project our BOOST program will provide \$500,000 funding to 50+ entrepreneurs and businesses toward new market and product development, information technologies, equipment upgrading and other initiatives. We will also develop and deliver workshops to help entrepreneurs better understand their business model, create effective marketing strategies, and manage their business finances.

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Businesses **Modernized**

3

Products and Processes
Commercialized

Funding

\$168,360

Secured for Clients

\$438,360

Client Investment

Community Economic Development Highlights

Agriculture

The agriculture industry is critically important to municipalities of Northern Ontario. Through the TEDC'S involvement with the Northeast Community Network (NeCN) we work with municipal partners and economic development organizations across the northeast to build, promote and sustain local agri-food and beverage development.

The TEDC continued the following agriculture development projects in 2020.

Ontario Great Claybelt Agriculture Strategy and Implementation Plan

Consultants from Campbell Strategies completed their contract with the NeCN and submitted two applications for financing for the next phase of The Great Claybelt Business Plan, including:

- The Canadian Agricultural Partnership – Strategic Solutions Stream (submitted on January 27, 2020)
- NOHFC's Northern Community Capacity Building Program (submitted on March 17, 2020)

This is a \$752,000 project which will see agriculture grow throughout the region.

Land Assembly Project

The Land Assembly project surveyed land owners and encouraged their participation in building a database of available land for agricultural purposes. Consulting firm Harry Cummings and Associates reported 116 completed surveys in the first round, which was completed in 2020. This land throughout the region identifies potential farm land that is for sale for new farm startups.

Tile Drainage Project #7

One of the NeCN's yearly applications for funding is for the Tile Drainage Project. Tile drainage benefits crop productivity, farm efficiency and helps reduce environmental impacts. The program allows farmers in the region to extend their growing season. Productivity enhancements such as these allow for higher yields and enhanced market competitiveness.

The program covers 50% of eligible expenses up to a maximum of \$500/acre for work completed by a licensed tile drainage contractor. Once the tile drainage work is completed, the project location and land is inspected for conformity to the program and a claim is submitted to reimburse the farmer or producer.

The project will cover 1,824 acres with a total of \$1,912,000 secured for the project.

Rural and Northern Immigration Pilot

In 2020, the TEDC completed a successful first year of the Rural and Northern Immigration Pilot (RNIP) program. Designed to spread the benefits of economic immigration to smaller communities, the pilot is helping local employers to address their labour force shortages and skills gaps by creating a path to permanent residency for skilled foreign workers who want to work and live in Timmins.

Receiving over 60 applications, the TEDC issued 41 community recommendations to candidates in a variety of industries and sectors including health care, community and education services, information technology, and food services. The TEDC leads the project with support from over a dozen partners.

TIMMINSEDC.COM



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TIMMINS ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

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December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Directors of Timmins Economic Development Corporation

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

Timmins Economic Development Corporation

Christy Marinig, CEO

INDEPENDENT AUDITOR'S REPORT

To the Directors of Timmins Economic Development Corporation

Opinion

We have audited the financial statements of Timmins Economic Development Corporation, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Timmins Economic Development Corporation as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Timmins Economic Development Corporation 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Timmins Economic Development Corporation'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 Timmins Economic Development Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Timmins Economic Development Corporation'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Timmins Economic Development Corporation'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 Timmins Economic Development Corporation'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 Timmins Economic Development Corporation 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.

Timmins, Ontario
June 29, 2021

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2020	2019
FINANCIAL ASSETS		
Due from the City of Timmins	\$ 765,921	\$ 590,564
Accounts receivable	71,950	48,930
TOTAL FINANCIAL ASSETS	837,871	639,494
LIABILITIES		
Accounts payable and accrued liabilities	73,092	68,284
Deferred revenue	305,594	202,550
TOTAL LIABILITIES	378,686	270,834
NET FINANCIAL ASSETS	459,185	368,660
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule A)	258,053	265,303
Prepaid expenses	3,418	-
	261,471	265,303
ACCUMULATED SURPLUS (Note 7)	\$ 720,656	\$ 633,963

Approved by:



Director

Director

See accompanying notes.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEARS ENDED DECEMBER 31

	BUDGET	2020	2019
REVENUES			
GRANTS			
City of Timmins	\$ 1,247,840	\$ 1,247,840	\$ 1,258,018
Province of Ontario	174,600	190,578	203,838
Government of Canada	52,000	222,611	197,473
	1,474,440	1,661,029	1,659,329
OTHER			
Management services and workshops	11,300	6,000	10,043
Miscellaneous	34,500	31,851	30,921
	45,800	37,851	40,964
TOTAL REVENUES	1,520,240	1,698,880	1,700,293
EXPENDITURES			
Administration	353,940	372,552	383,741
Amortization	11,926	11,926	10,991
Promotion and advertising	91,100	85,988	92,725
Receptions	9,100	2,997	6,206
Salaries and employee benefits	1,066,100	1,138,724	1,111,461
TOTAL EXPENDITURES	1,532,166	1,612,187	1,605,124
ANNUAL SURPLUS (DEFICIT)	(11,926)	86,693	95,169
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	633,963	538,794
ACCUMULATED SURPLUS, END OF YEAR	\$ (11,926)	\$ 720,656	\$ 633,963

See accompanying notes.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEARS ENDED DECEMBER 31

		2020		2019
ANNUAL SURPLUS (DEFICIT)	\$	(11,926)	\$	86,693
			\$	95,169
Acquisition of tangible capital assets		(4,675)	(4,675)	-
Amortization of tangible capital assets		11,926	11,926	10,991
Increase in prepaid expenses			(3,419)	-
		7,251	3,832	10,991
CHANGE IN NET FINANCIAL ASSETS		(4,675)	90,525	106,160
NET FINANCIAL ASSETS, BEGINNING OF YEAR		368,660	368,660	262,500
NET FINANCIAL ASSETS, END OF YEAR	\$	363,985	\$	459,185
			\$	368,660

See accompanying notes.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 86,693	\$ 95,169
Items not affecting cash:		
Amortization of tangible capital assets	11,926	10,991
	98,619	106,160
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(23,020)	36,821
Increase in prepaid expenses	(3,422)	-
Increase in due from City of Timmins	(175,357)	(241,715)
Increase in accounts payable	4,811	58,037
Increase in deferred revenue	103,044	40,697
	(93,944)	(106,160)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4,675	-
CASH USED IN CAPITAL TRANSACTIONS	(4,675)	-
CHANGE IN CASH	-	-
CASH, beginning of year	-	-
CASH, end of year	\$ -	\$ -

See accompanying notes.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. NATURE OF OPERATIONS

Timmins Economic Development Corporation (TEDC) was established by letters patent dated June 17, 1983. TEDC is a division of the Corporation of the City of Timmins. TEDC promotes economic development initiatives for the municipality and acts as an agent in the attraction, development and sustenance of businesses, which contribute to the economic, social and general well being of the community.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to a reduction in program activities and additional costs to purchase personal protective equipment.

The organization was not eligible for Government programs as the organization is part of Municipal Government.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause [reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Organization's business and financial condition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the TEDC are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the corporation are as follows:

(a) BASIS OF ACCOUNTING

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) 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.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2020

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

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer systems	5 - 10 years
Furniture, fixtures and appliances	5 - 10 years
Leasehold improvements	34 years
Machinery and equipment	10 - 20 years

(i) CONTRIBUTIONS OF TANGIBLE CAPITAL ASSETS

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue.

(ii) LEASES

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(d) REVENUE RECOGNITION

Funding revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the balance sheet in the year of receipt.

Government transfers are transfers from governments that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers are recognized as revenue in the financial statements in the period in which the events giving rise to the transfer occur providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amount can be made.

Other revenues are recognized in the year that the events giving rise to the expenses occur and there is a legal or contractual obligation to pay.

(e) MEASUREMENT UNCERTAINTY (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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accounts payable are based on historical accruals.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2020

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

(f) DEFERRED REVENUE

Revenue received for which the related services have yet to be performed or expenses incurred are deferred and recorded as revenue in the year the related expenses are incurred or services performed, as this is the time the eligibility criteria have been met and the revenue is earned.

(g) FINANCIAL INSTRUMENTS

TEDC recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions.

At initial recognition, the TEDC may irrevocably elect to subsequently measure any financial instrument at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(i) LONG-LIVED ASSETS AND DISCONTINUED OPERATIONS

Long-lived assets consist of leasehold improvements and office equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the TEDC determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

3. CONSOLIDATION

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

4. ECONOMIC DEPENDENCE

The continued operations of TEDC are dependent upon its ability to secure financing from the Federal, Provincial and Municipal governments.

5. PENSION AGREEMENTS

TEDC makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan on behalf of all permanent, full-time and qualifying part-time members. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2020 was \$96,913 for current service (2019 - \$90,651) and is included as an expenditure on the Statement of Operations and Accumulated Surplus.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED DECEMBER 31, 2020

6. BUDGET FIGURES

The Organization completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2020 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for the Capital Fund is based on a project-oriented basis, the costs of which may be carried out over one or more years. The budget adopted by the Board for 2020 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues is nil in the current year. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget adopted by the Board for 2020 with adjustments as follows:

	2020
Financial plan (budget) surplus for the year	\$ -
Less:	
Amortization	(11,926)
Budget deficit per statement of operations	\$ (11,926)

7. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted amounts and equity in tangible capital assets as follows:

	2020	2019
Unrestricted surplus	\$ 462,603	\$ 368,660
Equity in tangible capital assets (Schedule A)	258,053	265,303
	\$ 720,656	\$ 633,963

8. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of accounts receivable, due from the City of Timmins and accounts payable. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency, liquidity, market, other price or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

TIMMINS ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEARS ENDED DECEMBER 31

	Leasehold improvements	Furniture, fixtures and appliances	Computer systems	Machinery and equipment	<u>Totals</u>	
					2020	2019
COST:						
BALANCE, BEGINNING OF YEAR	\$ 286,416	\$ 9,744	\$ 9,754	\$ 7,956	\$ 313,870	\$ 313,870
Acquisition of tangible capital assets	-	-	4,675	-	4,675	-
BALANCE, END OF YEAR	286,416	9,744	14,429	7,956	318,545	313,870
ACCUMULATED AMORTIZATION:						
BALANCE, BEGINNING OF YEAR	25,272	9,744	8,778	4,773	48,567	37,576
Amortization	8,424	-	1,910	1,591	11,926	10,991
BALANCE, END OF YEAR	33,696	9,744	10,688	6,364	60,492	48,567
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 252,720	\$ -	\$ 3,741	\$ 1,592	\$ 258,053	\$ 265,303
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 261,144	\$ -	\$ 976	\$ 3,183	\$ -	\$ 265,303