

 <b>COBOURG</b>	<b>THE CORPORATION OF THE TOWN OF COBOURG</b>
	<b>STAFF REPORT</b>
TO:	Mayor and Council Members
FROM: TITLE:	Ian D. Davey, BBA CPA CA Treasurer / Director of Corporate Services
DATE OF MEETING:	October 5, 2020
TITLE / SUBJECT:	Northam Industrial Park – Financial Report – June 30/20
REPORT DATE:	September 23, 2020

1.0 STRATEGIC PLAN

Not applicable.

2.0 PUBLIC ENGAGEMENT

Not Applicable

3.0 RECOMMENDATION

That Council receive the Second Quarter 2020 Northam Industrial Park Financial Report for information purposes.

4.0 ORIGIN

This financial report covers the period from January 1, 2020 through June 30, 2020 and is intended for information purposes.

5.0 BACKGROUND

The Town of Cobourg purchased the Northam Industrial Park from the Ontario Realty Corporation on March 4, 2003. The original purchase was 100% financed by way of a loan from the Royal Bank of Canada. This loan was paid in full as of March 4, 2018.

6.0 ANALYSIS

The attached report is unaudited and has been prepared internally and consists of 3 pages as follows:

## **Balance Sheet**

The assets section is split between current assets of \$5,328,445 and fixed assets of \$16,937,757. The bank balance includes an operating balance of \$3,260,121 and a capital reserve of \$1,500,000 which was established shortly after the purchase of the park at \$1,000,000 and has been increased by \$500,000 to its current level.

The liabilities as of June 30, 2020 were \$339,447 compared to \$431,869 as at December 31, 2019.

The book value of the equity in the park is \$21,926,755 as of June 30, 2020.

## **Income Statement**

The income statement is presented in 4 columns including the 2018 and 2019 actual results for the full year and the 2020 actual results to June 30, 2020 along with the budget for 2020 for the full year.

Operating revenues for the first 6 months are very close to expected at just over 49% of the total annual budget amount. Vacancies within the park are currently at a low level and should remain close to current levels for the remainder of 2020.

Operating and administrative expenses are tracking well within budget for the first 6 months of the year.

## **Cash Flow Report**

The cash flow report is intended to provide a summary of the changes in the cash balance from the start of the fiscal year to the end of June 2020. The cash balance has increased by \$123,344 during the first half of 2020 and is expected to continue to remain steady or increase over the remainder of 2020 as we build reserves in anticipation of the capital work required.

### **7.0 FINANCIAL IMPLICATIONS/BUDGET IMPACT**

The 2020 Town of Cobourg Operating and Capital budgets included the amounts of \$428,200 and \$232,455 respectively to be funded from Northam Industrial Park operations. This financial report indicates that this remains a realistic commitment.

8.0 CONCLUSION

This report has been provided to Council and Members of the Public for information purposes.

If there are specific questions on any of this information, I would be pleased to provide an answer to them.

9.0 POLICIES AFFECTING THE PROPOSAL

Not applicable.

10.0 COMMUNICATION RESULTS

This report is a public document prepared internally and intended as a high level overview of the results of operations of Northam Industrial Park for the first half of 2020 and is available to anyone wishing to review it.

11.0 ATTACHMENTS

Northam Industrial Park Financial Report – June 30, 2020 (3 pages)

12.0 AUTHORIZATION ACKNOWLEDGMENT

Respectfully submitted,



Ian D. Davey, BBA CPA CA  
Treasurer / Director of Corporate Services

# NORTHAM INDUSTRIAL PARK

## BALANCE SHEET - AS AT JUNE 30, 2020

(UNAUDITED)

	June 30 2020	Dec 31 2019	Dec 31 2018
<b>ASSETS</b>			
<b>Current</b>			
Bank	4,760,121	4,636,777	2,299,707
Accounts receivable	516,649	190,460	251,081
Prepaid Expenses	51,675	13,773	11,896
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	5,328,445	4,841,010	2,562,684
<b>Fixed</b>			
Land	3,683,512	3,683,512	3,683,512
Buildings	10,205,027	10,205,027	10,205,027
Building improvements	14,196,765	14,173,972	13,511,382
Roadways, rail and parking lots	366,752	366,752	366,752
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	28,452,056	28,429,263	27,766,673
Accumulated amortization	-11,514,299	-11,144,299	-10,418,961
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	16,937,757	17,284,964	17,347,712
<b>TOTAL ASSETS</b>	-----	-----	-----
	22,266,202	22,125,974	19,910,396
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	158,629	240,565	302,317
Tenant deposits and prepaid rent	180,818	191,304	134,734
Due to Town of Cobourg	0	0	0
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<b>TOTAL LIABILITIES</b>	339,447	431,869	437,051
<b>EQUITY</b>			
Capital reserve	1,500,000	1,000,000	1,000,000
Retained earnings	19,307,005	18,473,345	16,850,413
Current year earnings	1,119,750	2,220,760	2,110,032
Transfer to Town of Cobourg	0	0	-487,100
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<b>Total Equity</b>	21,926,755	21,694,105	19,473,345
<b>TOTAL LIABILITIES AND EQUITY</b>	-----	-----	-----
	22,266,202	22,125,974	19,910,396

# NORTHAM INDUSTRIAL PARK

## INCOME STATEMENT

For the SIX months ended June 30, 2020

(UNAUDITED)

	2018 ACTUAL (12 MONTHS)	2019 ACTUAL (12 MONTHS)	2020 ACTUAL (6 MONTHS)	2020 BUDGET (12 MONTHS)
<b>REVENUE</b>				
Base Rent	3,603,506	3,609,309	1,804,088	3,657,524
Realty Tax Recoveries	1,090,567	1,069,568	540,313	1,087,901
Vacancies	-145,409	-89,686	-70,614	-106,901
Interest and other income	5,173	8,409	2,513	5,000
	<u>4,553,837</u>	<u>4,597,600</u>	<u>2,276,300</u>	<u>4,643,524</u>
<b>OPERATING EXPENSES</b>				
Insurance	42,575	47,042	28,971	60,461
Realty Taxes	1,092,927	1,046,597	538,373	1,076,745
Repairs & Maintenance	246,719	291,770	101,089	313,000
Utilities	111,687	62,034	30,789	64,500
Mortgage interest	694	0	0	0
	<u>1,494,602</u>	<u>1,447,443</u>	<u>699,222</u>	<u>1,514,706</u>
<b>ADMINISTRATIVE EXPENSES</b>				
Bad Debts	0	25	0	5,000
Leasing Commissions	5,315	6,548	931	115,908
Management Fees	158,022	167,356	67,846	157,246
Office & General Admin	17,760	17,310	16,516	23,000
Consulting & Prof fees	29,260	12,820	2,035	40,000
	<u>210,357</u>	<u>204,059</u>	<u>87,328</u>	<u>341,154</u>
<b>NET OPERATING INCOME</b>	<u>2,848,878</u>	<u>2,946,098</u>	<u>1,489,750</u>	<u>2,787,664</u>
<b>AMORTIZATION</b>	<u>738,846</u>	<u>725,338</u>	<u>370,000</u>	<u>740,000</u>
<b>NET INCOME</b>	<u>2,110,032</u>	<u>2,220,760</u>	<u>1,119,750</u>	<u>2,047,664</u>

# NORTHAM INDUSTRIAL PARK

## CASHFLOW REPORT - AS AT June 30, 2020

(UNAUDITED)

	Jun 30 2020 ACTUAL	Dec 31 2019 ACTUAL
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### Sources of cashflow:

Net income per budget report	1,119,750	2,220,760
Add non-cash item - amortization	370,000	725,338
<b>Cash from operations</b>	<b>1,489,750</b>	<b>2,946,098</b>
Reduction in accounts receivable	0	60,621
Reduction in prepaid expenses	0	0
Increase in accounts payable	0	0
Increase in tenant deposits and prepaid rent	0	56,570
<b>Cash available</b>	<b>1,489,750</b>	<b>3,063,289</b>

### Uses of cash

Increase in accounts receivable	-326,189	0
Increase in prepaid expenses	-37,902	-1,877
Invested in fixed assets	-22,793	-662,590
Decrease in accounts payable	-81,936	-61,752
Decrease in tenant deposits	-10,486	0
Transfer to Town of Cobourg	-887,100	0
<b>Cash used during period</b>	<b>-1,366,406</b>	<b>-726,219</b>

<b>Net change in cash balance during period</b>	<b>123,344</b>	<b>2,337,070</b>
Cash balance at start of year	4,636,777	2,299,707
<b>Cash balance at end of period</b>	<b>4,760,121</b>	<b>4,636,777</b>