 COBOURG	THE CORPORATION OF THE TOWN OF COBOURG
	STAFF REPORT
TO:	Mayor and Council Members
FROM: TITLE:	Ian D. Davey, BBA CPA CA Treasurer / Director of Corporate Services
DATE OF MEETING:	December 14, 2020
TITLE / SUBJECT:	Northam Industrial Park – Financial Report – Sept. 30/20
REPORT DATE:	December 8, 2020

1.0 STRATEGIC PLAN

Not applicable.

2.0 PUBLIC ENGAGEMENT

Not Applicable

3.0 RECOMMENDATION

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

4.0 ORIGIN

This financial report covers the period from January 1, 2020 through September 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 \$14,000,000 loan from the Royal Bank of Canada. This loan was paid in full as of March 4, 2018 after fifteen years of ownership. The loan was repaid entirely from the revenue generated by the park without the use of tax dollars.

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 \$6,016,957 and fixed assets of \$16,752,757. The bank balance includes an operating balance of \$3,812,625 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 September 30, 2020 were \$247,252 compared to \$431,869 as at December 31, 2019.

The book value of the equity in the park is \$22,522,462 as of September 30, 2020. It is worth noting that this book value is based on historical results during the entire period of ownership by the municipality and is not a reflection of the current market value for the industrial park.

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 September 30, 2020 along with the budget for 2020 for the full year.

Operating revenues for the first 9 months are close to expected at 72.5% 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 and 2021.

Operating and administrative expenses are tracking well within budget for the first 9 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 September 2020. The cash balance has increased by \$675,848 during the first three-quarters of 2020 and is expected to continue to remain steady or increase over the remainder of 2020 as we build reserves in anticipation of future capital expenditures of the park.

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

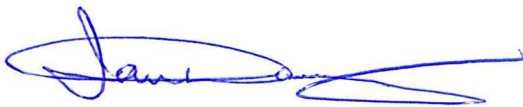
This report is a public document prepared internally and intended as a high level overview of the results of operations of Northam Industrial Park for the nine months of 2020 and is available to anyone wishing to review it.

11.0 ATTACHMENTS

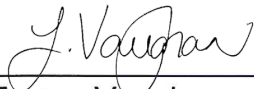
Northam Industrial Park Financial Report – September 30, 2020 (3 pages)

12.0 AUTHORIZATION ACKNOWLEDGMENT

Respectfully submitted,



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



Tracey Vaughan
Chief Administrative Officer

NORTHAM INDUSTRIAL PARK

BALANCE SHEET - AS AT SEPTEMBER 30, 2020

(UNAUDITED)

ASSETS	Sept 30 2020	Dec 31 2019	Dec 31 2018
Current			
Bank	5,312,625	4,636,777	2,299,707
Accounts receivable	665,890	190,460	251,081
Prepaid Expenses	38,442	13,773	11,896
	<u>6,016,957</u>	<u>4,841,010</u>	<u>2,562,684</u>
Fixed			
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
	<u>28,452,056</u>	<u>28,429,263</u>	<u>27,766,673</u>
Accumulated amortization	-11,699,299	-11,144,299	-10,418,961
	<u>16,752,757</u>	<u>17,284,964</u>	<u>17,347,712</u>
TOTAL ASSETS	<u><u>22,769,714</u></u>	<u><u>22,125,974</u></u>	<u><u>19,910,396</u></u>
LIABILITIES			
Current			
Accounts payable	98,092	240,565	302,317
Tenant deposits and prepaid rent	149,160	191,304	134,734
Due to Town of Cobourg	0	0	0
TOTAL LIABILITIES	<u>247,252</u>	<u>431,869</u>	<u>437,051</u>
EQUITY			
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	1,715,457	2,220,760	2,110,032
Transfer to Town of Cobourg	0	0	-487,100
Total Equity	<u>22,522,462</u>	<u>21,694,105</u>	<u>19,473,345</u>
TOTAL LIABILITIES AND EQUITY	<u><u>22,769,714</u></u>	<u><u>22,125,974</u></u>	<u><u>19,910,396</u></u>

NORTHAM INDUSTRIAL PARK

INCOME STATEMENT

For the NINE months ended September 30, 2020

(UNAUDITED)	2018	2019	2020	2020
	ACTUAL	ACTUAL	ACTUAL	BUDGET
	(12 MONTHS)	(12 MONTHS)	(9 MONTHS)	(12 MONTHS)
REVENUE				
Base Rent	3,603,506	3,609,309	2,665,842	3,657,524
Realty Tax Recoveries	1,090,567	1,069,568	807,992	1,087,901
Vacancies	-145,409	-89,686	-112,056	-106,901
Interest and other income	5,173	8,409	5,919	5,000
	<u>4,553,837</u>	<u>4,597,600</u>	<u>3,367,697</u>	<u>4,643,524</u>
OPERATING EXPENSES				
Insurance	42,575	47,042	45,192	60,461
Realty Taxes	1,092,927	1,046,597	701,324	1,076,745
Repairs & Maintenance	246,719	291,770	150,336	313,000
Utilities	111,687	62,034	41,548	64,500
Mortgage interest	694	0	0	0
	<u>1,494,602</u>	<u>1,447,443</u>	<u>938,400</u>	<u>1,514,706</u>
ADMINISTRATIVE EXPENSES				
Bad Debts	0	25	0	5,000
Leasing Commissions	5,315	6,548	33,200	115,908
Management Fees	158,022	167,356	101,216	157,246
Office & General Admin	17,760	17,310	22,389	23,000
Consulting & Prof fees	29,260	12,820	2,035	40,000
	<u>210,357</u>	<u>204,059</u>	<u>158,840</u>	<u>341,154</u>
NET OPERATING INCOME	<u>2,848,878</u>	<u>2,946,098</u>	<u>2,270,457</u>	<u>2,787,664</u>
AMORTIZATION	<u>738,846</u>	<u>725,338</u>	<u>555,000</u>	<u>740,000</u>
NET INCOME	<u>2,110,032</u>	<u>2,220,760</u>	<u>1,715,457</u>	<u>2,047,664</u>

NORTHAM INDUSTRIAL PARK

CASHFLOW REPORT - AS AT September 30, 2020

(UNAUDITED)	Sep 30 2020 ACTUAL	Dec 31 2019 ACTUAL
<u>Sources of cashflow:</u>		
Net income per budget report	1,715,457	2,220,760
Add non-cash item - amortization	555,000	725,338
Cash from operations	2,270,457	2,946,098
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
Cash available	2,270,457	3,063,289
<u>Uses of cash</u>		
Increase in accounts receivable	-475,430	0
Increase in prepaid expenses	-24,669	-1,877
Invested in fixed assets	-22,793	-662,590
Decrease in accounts payable	-142,473	-61,752
Decrease in tenant deposits	-42,144	0
Transfer to Town of Cobourg	-887,100	0
Cash used during period	-1,594,609	-726,219
Net change in cash balance during period	675,848	2,337,070
Cash balance at start of year	4,636,777	2,299,707
Cash balance at end of period	5,312,625	4,636,777