

Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

Year ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Windsor

We have audited the accompanying consolidated financial statements of Downtown Windsor Business Improvement Association, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Downtown Windsor Business Improvement Association as at December 31, 2015, and its consolidated results of operations and accumulated surplus and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Date of approval
Windsor, Canada

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DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015		2014
Financial assets:			
Cash and cash equivalents	\$ 241,407	\$	234,360
Accounts receivable	18,835		23,977
Due from City of Windsor	27,250		20,727
	<u>287,492</u>		<u>279,064</u>
Financial liabilities:			
Accounts payable and accrued liabilities	34,645		28,868
Long-term debt (note 3)	168,951		211,189
	<u>203,596</u>		<u>240,057</u>
Net financial assets	83,896		39,007
Non-financial assets:			
Tangible capital assets (note 2)	3,673		5,095
Prepaid expenses	10,283		9,260
	<u>13,956</u>		<u>14,355</u>
Commitments (note 5)			
Contingencies (note 6)			
Accumulated surplus (note 4)	\$ 97,852	\$	53,362

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenue:			
City of Windsor levy	\$ 550,250	\$ 524,986	\$ 531,665
Sponsorships	-	-	27,271
Interest	-	6,634	1,200
Miscellaneous	-	4,678	24,087
	<u>550,250</u>	<u>536,298</u>	<u>584,223</u>
Expenses:			
Administrative (schedule)	202,450	210,567	226,294
Communications	19,924	15,126	17,969
Marketing and Events	118,638	126,966	147,175
Infrastructure	11,500	3,410	28,888
Facade grant program	89,500	16,319	19,300
Development	39,000	86,959	48,824
Clean and safe	27,000	32,461	27,599
	<u>508,012</u>	<u>491,808</u>	<u>516,049</u>
Annual surplus	42,238	44,490	68,174
Accumulated surplus (deficit), beginning of year	53,362	53,362	(14,812)
Accumulated surplus, end of year	\$ 95,600	\$ 97,852	\$ 53,362

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 44,490	\$ 68,174
Acquisition of tangible capital assets	-	(458)
Amortization of tangible capital assets	1,422	2,072
Disposition of prepaid expenses	9,260	8,660
Acquisition of prepaid expenses	(10,283)	(9,260)
Change in net financial assets	44,889	69,188
Net financial assets (debt), beginning of year	39,007	(30,181)
Net financial assets, end of year	\$ 83,896	\$ 39,007

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 44,490	\$ 68,174
Amortization of tangible capital assets	1,422	2,072
Decrease in accounts receivable	5,142	30,490
Decrease in due from City of Windsor	(6,523)	9,665
Increase in prepaid expenses	(1,023)	(600)
Increase in accounts payable and accrued liabilities	5,777	284
	<u>49,285</u>	<u>110,085</u>
Financing:		
Repayment of long-term liability relating to property tax appeal	(16,892)	(16,891)
Repayment of long-term debt relating to street scaping	(25,346)	(25,346)
	<u>(42,238)</u>	<u>(42,237)</u>
Investing:		
Acquisition of tangible capital assets	-	(458)
	<u>-</u>	<u>(458)</u>
Increase in cash	7,047	67,390
Cash and cash equivalents, beginning of year	234,360	166,970
<u>Cash and cash equivalents, end of year</u>	<u>\$ 241,407</u>	<u>\$ 234,360</u>

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2015

The Board of Management of the Downtown Windsor Business improvement Association (the "Association") is entrusted with the improvement and beautification of municipally-owned lands, buildings and structures in the area as well as designated by the Council of the Corporation of the City of Windsor and the promotion of this area for business and shopping. The Association is exempt from paying income tax under Section 149 of the Income Tax Act.

1. Significant accounting policies:

The consolidated financial statements are the representations of management and are prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of presentation:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the revenue fund, the reserves. All interfund assets and liabilities and revenue and expenses have been eliminated.

(b) Basis of accounting:

The Association maintains its accounts on an accrual basis. Under this basis, revenue is accounted for in the period in which the transactions or events occur that give rise to the revenue. Expenses are accounted for in the period the goods and services are acquired.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(d) 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 business.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

Tangible capital assets:

Tangible capital assets are recorded at cost.

Amortization is calculated on a straight-line basis over an assets expected useful life. Residual values are assumed to be zero.

<u>Asset classification</u>	<u>Useful life (years)</u>
Computer hardware	3
Furniture and fixtures	5
Equipment	10
Leasehold improvements	term of lease

(e) Use of estimates:

The preparation of the 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 in contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the carrying value of tangible capital assets. Actual results could differ from those estimates.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

2. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Computer hardware	\$ 16,261	\$ -	\$ -	\$ 16,261
Furniture and fixtures	7,976	-	-	7,976
Equipment	5,999	-	-	5,999
Leasehold improvements	14,198	-	-	14,198
Total	\$ 44,434	\$ -	\$ -	\$ 44,434

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Computer hardware	\$ 14,738	\$ -	\$ 742	\$ 15,480
Furniture and fixtures	7,703	-	80	7,783
Equipment	2,700	-	600	3,300
Leasehold improvements	14,198	-	-	14,198
Total	\$ 39,339	\$ -	\$ 1,422	\$ 40,761

Net book value	December 31, 2014	December 31, 2015
Computer hardware	\$ 1,523	\$ 781
Furniture and fixtures	273	193
Equipment	3,299	2,699
Leasehold improvements	-	-
Total	\$ 5,095	\$ 3,673

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

3. Long-term debt:

In 2009, phases 4 and 5 of the City Centre Streetscape Project was approved by City Council. The Association's portion of capital costs expended amounted to \$456,221 and was paid by the City of Windsor. In 2011, \$152,074 was repaid to the City. In 2012, the repayment terms were renegotiated. The remaining outstanding capital costs of \$304,147 will be repaid at a rate of \$25,345 annually over the next five years. At December 31, 2015, \$101,382 remained outstanding to the City of Windsor.

In 2012, an assessment appeal associated with a property within the business improvement area was settled resulting in a clawback of levy from the City of Windsor in the amount of \$126,691. The levy will be repaid to the City over a five year period at a rate of \$16,892 per year. At December 31, 2015, \$67,569 remained outstanding to the Corporation of the City of Windsor.

4. Accumulated surplus (deficit):

Accumulated surplus (deficit) consists of individual funds' deficit as follows:

	2015	2014
Surplus (deficit):		
Invested in tangible capital assets	\$ 3,673	\$ 5,095
Accumulated net surplus from operations	263,131	259,456
Amounts to be recovered in future periods	(168,951)	(211,189)
Total surplus	\$ 97,853	\$ 53,362

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

5. Commitments:

- (i) On December 6, 2012, the Association entered into a lease agreement for premises located on 419 and 421 Pelissier Street for a one year period commencing December 22, 2012, which expired December 21, 2013, at a monthly rate of \$2,300. The lease provides the Association with the option to extend the lease for 10 additional one year terms at a rental rate to be negotiated by the Landlord and the Association. The Association has negotiated a lease extension and is renting from the Landlord on a monthly basis.
- (ii) On December 17, 2012, the Association entered into an operating lease commitment for certain equipment with quarterly lease payments of \$720 for a five year term ending January 31, 2017. Future minimum lease payments are as follows:

2016	\$	2,880
2017		2,880
	\$	5,760

- (iii) In May of 2012, the Association pledged \$50,000 to the St. Clair College MediaPlex Campus for façade improvements to be paid in annual contributions of \$10,000. At December 31, 2015, \$30,000 of the pledge remained unpaid.

6. Contingencies:

The Association is periodically subject to lawsuits in which it is the defendant. In the opinion of management, the ultimate resolution of any current lawsuits would not have a material impact on the financial position and operations of the Association.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Schedule of Administrative Expenses

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Salaries	\$ 138,500	\$ 151,523	\$ 160,034
Legal and audit	10,000	6,563	7,761
Rent	34,100	32,663	35,203
Bad debts (recovery)	-	25	1,000
Office equipment	5,000	4,506	3,482
Insurance	6,300	3,748	6,207
Office supplies	4,500	4,705	5,494
Telephone	3,200	3,505	3,155
Amortization	-	1,422	2,072
Bank charges	350	182	134
Postage	500	308	423
Member services/ Communications	-	1,417	-
Other	-	-	1,329
	\$ 202,450	\$ 210,567	\$ 226,294

