

Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

Year ended December 31, 2016



KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, ON N8W 5K8
Telephone (519) 251-3500
Fax (519) 251-3530
www.kpmg.ca

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, 2016, 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.

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, 2016, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 22, 2017
Windsor, Canada

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|----------------|----------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 210,859 | \$ 241,407 |
| Accounts receivable | 16,937 | 18,835 |
| Due from City of Windsor | 34,024 | 27,250 |
| | <u>261,820</u> | <u>287,492</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities | 14,438 | 34,645 |
| Long-term debt (note 3) | 126,713 | 168,951 |
| | <u>141,151</u> | <u>203,596</u> |
| Net financial assets | 120,669 | 83,896 |
| Non-financial assets: | | |
| Tangible capital assets (note 2) | 3,034 | 3,673 |
| Prepaid expenses | 10,567 | 10,283 |
| | <u>13,601</u> | <u>13,956</u> |
| Commitments (note 5) | | |
| Contingencies (note 6) | | |
| Accumulated surplus (note 4) | \$ 134,270 | \$ 97,852 |

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, 2016, with comparative information for 2015

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|------------------|-------------------|------------------|
| Revenue: | | | |
| City of Windsor levy | \$ 538,000 | \$ 518,886 | \$ 524,986 |
| Interest | - | 1,384 | 6,634 |
| Miscellaneous | - | 25,113 | 4,678 |
| | <u>538,000</u> | <u>545,383</u> | <u>536,298</u> |
| Expenses: | | | |
| Administrative (schedule) | 208,485 | 214,378 | 210,567 |
| Communications | 16,950 | 16,619 | 15,126 |
| Marketing and events | 162,738 | 155,295 | 126,966 |
| Infrastructure | 32,000 | 19,821 | 3,410 |
| Facade grant program | 35,000 | (4,807) | 16,319 |
| Development | 42,000 | 62,157 | 86,959 |
| Clean and safe | 40,827 | 45,502 | 32,461 |
| | <u>538,000</u> | <u>508,965</u> | <u>491,808</u> |
| Annual surplus | - | 36,418 | 44,490 |
| Accumulated surplus, beginning of year | 97,852 | 97,852 | 53,362 |
| Accumulated surplus, end of year | \$ 97,852 | \$ 134,270 | \$ 97,852 |

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|---|------------|-----------|
| Annual surplus | \$ 36,418 | \$ 44,490 |
| Acquisition of tangible capital assets | (77) | - |
| Amortization of tangible capital assets | 716 | 1,422 |
| Disposition of prepaid expenses | 10,283 | 9,260 |
| Acquisition of prepaid expenses | (10,567) | (10,283) |
| Change in net financial assets | 36,773 | 44,889 |
| Net financial assets, beginning of year | 83,896 | 39,007 |
| Net financial assets, end of year | \$ 120,669 | \$ 83,896 |

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Annual surplus | \$ 36,418 | \$ 44,490 |
| Amortization of tangible capital assets | 716 | 1,422 |
| Decrease in accounts receivable | 1,898 | 5,142 |
| Decrease in due from City of Windsor | (6,774) | (6,523) |
| Increase in prepaid expenses | (284) | (1,023) |
| Increase (decrease) in accounts payable and accrued liabilities | (20,207) | 5,777 |
| | <u>11,767</u> | <u>49,285</u> |
| Financing: | | |
| Repayment of long-term liability relating to property tax appeal | (16,892) | (16,892) |
| Repayment of long-term debt relating to street scaping | (25,346) | (25,346) |
| | <u>(42,238)</u> | <u>(42,238)</u> |
| Investing: | | |
| Acquisition of tangible capital assets | (77) | - |
| | <u>(77)</u> | <u>-</u> |
| Increase (decrease) in cash | (30,548) | 7,047 |
| Cash and cash equivalents, beginning of year | 241,407 | 234,360 |
| Cash and cash equivalents, end of year | <u>\$ 210,859</u> | <u>\$ 241,407</u> |

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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, 2016

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.

| Asset classification | Useful life (years) |
|------------------------|---------------------|
| 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, 2016

2. Tangible capital assets:

| Cost | Balance at December 31, 2015 | Additions | Disposals | Balance at December 31, 2016 |
|------------------------|------------------------------------|--------------|-------------|------------------------------------|
| Computer hardware | \$ 16,261 | \$ 77 | \$ - | \$ 16,339 |
| Furniture and fixtures | 7,976 | - | - | 7,976 |
| Equipment | 5,999 | - | - | 5,999 |
| Leasehold improvements | 14,198 | - | - | 14,198 |
| Total | \$ 44,434 | \$ 77 | \$ - | \$ 44,512 |

| Accumulated amortization | Balance at December 31, 2015 | Disposals | Amortization expense | Balance at December 31, 2016 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer hardware | \$ 15,480 | \$ - | \$ 62 | \$ 15,542 |
| Furniture and fixtures | 7,783 | - | 55 | 7,838 |
| Equipment | 3,300 | - | 600 | 3,900 |
| Leasehold improvements | 14,198 | - | - | 14,198 |
| Total | \$ 40,761 | \$ - | \$ 716 | \$ 41,478 |

| Net book value | December 31, 2015 | December 31, 2016 |
|------------------------|-------------------|-------------------|
| Computer hardware | \$ 781 | \$ 797 |
| Furniture and fixtures | 193 | 138 |
| Equipment | 2,699 | 2,099 |
| Leasehold improvements | - | - |
| Total | \$ 3,673 | \$ 3,034 |

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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, 2016, \$76,037 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, 2016, \$50,676 remained outstanding to the Corporation of the City of Windsor.

4. Accumulated surplus:

Accumulated surplus consists of individual funds' deficit as follows:

| | 2016 | 2015 |
|---|-------------------|------------------|
| Surplus (deficit): | | |
| Invested in tangible capital assets | \$ 3,034 | \$ 3,673 |
| Accumulated net surplus from operations | 257,949 | 236,130 |
| Amounts to be recovered in future periods | (126,713) | (168,951) |
| Total surplus | \$ 134,270 | \$ 97,852 |

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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 January 1, 2016, the Association entered into an operating lease commitment for certain equipment with monthly lease payments of \$251 for a five and a half year term ending July 31, 2021. Future minimum lease payments are as follows:

| | | |
|------|----|--------|
| 2017 | \$ | 3,012 |
| 2018 | | 3,012 |
| 2019 | | 3,012 |
| 2020 | | 3,012 |
| 2021 | | 1,506 |
| | \$ | 16,566 |

- (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 \$5,000. At December 31, 2016, \$40,000 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, 2016, with comparative information for 2015

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---------------------------------|-------------------|-------------------|-------------------|
| Salaries | \$ 146,235 | \$ 155,630 | \$ 151,523 |
| Legal and audit | 6,800 | 6,818 | 6,563 |
| Rent | 37,300 | 35,696 | 32,663 |
| Bad debts | - | - | 25 |
| Office equipment | 4,900 | 3,857 | 4,506 |
| Insurance | 4,500 | 3,960 | 3,748 |
| Office supplies | 4,700 | 3,527 | 4,705 |
| Telephone | 3,200 | 3,560 | 3,505 |
| Amortization | - | 716 | 1,422 |
| Bank charges | 350 | 234 | 182 |
| Postage | 500 | 380 | 308 |
| Member services/ Communications | - | - | 1,417 |
| | <u>\$ 208,485</u> | <u>\$ 214,378</u> | <u>\$ 210,567</u> |