

Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

Year ended December 31, 2017



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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, 2017, 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, 2017, 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

Windsor, Canada
June 27, 2018

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 235,141	\$ 210,859
Accounts receivable	49,625	16,937
Due from City of Windsor	26,900	34,024
	<u>311,666</u>	<u>261,820</u>
Financial liabilities:		
Accounts payable and accrued liabilities	56,851	14,438
Long-term debt (note 3)	84,475	126,713
	<u>141,326</u>	<u>141,151</u>
Net financial assets	170,340	120,669
Non-financial assets:		
Tangible capital assets (note 2)	27,819	3,034
Prepaid expenses	10,567	10,567
	<u>38,386</u>	<u>13,601</u>
Commitments (note 5)		
Contingencies (note 6)		
Accumulated surplus (note 4)	\$ 208,726	\$ 134,270

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, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
City of Windsor levy	\$ 538,000	\$ 521,086	\$ 518,886
Interest	-	2,174	1,384
Miscellaneous	20,923	57,837	25,113
	<u>558,923</u>	<u>581,097</u>	<u>545,383</u>
Expenses:			
Administrative (schedule)	208,885	235,698	214,378
Communications	27,650	19,626	16,619
Marketing and events	193,150	118,696	155,295
Infrastructure	40,000	39,953	19,821
Facade grant program	5,000	5,363	(4,807)
Development	42,000	39,413	62,157
Clean and safe	42,238	47,892	45,502
	<u>558,923</u>	<u>506,641</u>	<u>508,965</u>
Annual surplus	-	74,456	36,418
Accumulated surplus, beginning of year	134,270	134,270	97,852
Accumulated surplus, end of year	\$ 134,270	\$ 208,726	\$ 134,270

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 74,456	\$ 36,418
Acquisition of tangible capital assets	(28,028)	(77)
Loss on disposition of tangible capital assets	2,174	-
Amortization of tangible capital assets	1,069	716
Disposition of prepaid expenses	10,567	10,283
Acquisition of prepaid expenses	(10,567)	(10,567)
Change in net financial assets	49,671	36,773
Net financial assets, beginning of year	120,669	83,896
Net financial assets, end of year	\$ 170,340	\$ 120,669

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 74,456	\$ 36,418
Amortization of tangible capital assets	1,069	716
Decrease (increase) in accounts receivable	(32,688)	1,898
Decrease (increase) in due from City of Windsor	7,124	(6,774)
Increase in prepaid expenses	-	(284)
Increase (decrease) in accounts payable and accrued liabilities	42,413	(20,207)
	<u>92,374</u>	<u>11,767</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:		
Loss on disposal tangible capital assets	2,174	-
Acquisition of tangible capital assets	(28,028)	(77)
	<u>(25,854)</u>	<u>(77)</u>
Increase (decrease) in cash	24,282	(30,548)
Cash and cash equivalents, beginning of year	210,859	241,407
Cash and cash equivalents, end of year	\$ 235,141	\$ 210,859

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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, 2017

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, 2017

2. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Computer hardware	\$ 16,339	\$ 377	\$ (3,138)	\$ 13,578
Furniture and fixtures	7,976	25,792	(7,657)	26,111
Equipment	5,999	1,859	(5,999)	1,859
Leasehold improvements	14,198	-	-	14,198
Total	\$ 44,512	\$ 28,028	\$ (16,794)	\$ 55,746

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Computer hardware	\$ 15,542	\$ (3,138)	\$ 119	\$ 12,523
Furniture and fixtures	7,838	(6,982)	257	1,113
Equipment	3,900	(4,500)	693	93
Leasehold improvements	14,198	-	-	14,198
Total	\$ 41,478	\$ (14,620)	\$ 1,069	\$ 27,927

Net book value	December 31, 2016	December 31, 2017
Computer hardware	\$ 797	\$ 1,055
Furniture and fixtures	138	24,998
Equipment	2,099	1,766
Leasehold improvements	-	-
Total	\$ 3,034	\$ 27,819

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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, 2017, \$50,692 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, 2017, \$33,783 remained outstanding to the Corporation of the City of Windsor.

4. Accumulated surplus:

Accumulated surplus consists of individual funds' deficit as follows:

	2017	2016
Surplus (deficit):		
Invested in tangible capital assets	\$ 27,819	\$ 3,034
Accumulated net surplus from operations	252,778	257,949
Amounts to be recovered in future periods	(84,475)	(126,713)
Insurance gain	12,603	-
Total surplus	\$ 208,725	\$ 134,270

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

On June 29, 2017, the Association entered into a lease agreement with Wilsondale Assets Management Inc. for Suit 705 located at 500 Ouellette Ave. for the two month period commencing July 1, 2017, which expired August 31, 2017, at a monthly rate of \$2,466.67. The lease provides the Association the option to extend the lease on a month to month basis at the rental rate of \$2,466.67/month. The Association has extended the lease and was still renting the property from the landlord as of December 31, 2017.

- (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:

2018	3,012
2019	3,012
2020	3,012
2021	1,506
	<hr/>
	\$ 10,542

- (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, 2017, \$35,000 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, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Salaries	\$ 146,235	\$ 162,870	\$ 155,630
Legal and audit	6,300	10,377	6,818
Rent	37,500	38,654	35,696
Office equipment	5,300	4,410	3,857
Insurance	4,500	12,782	3,960
Office supplies	5,000	2,697	3,527
Telephone	3,200	2,492	3,560
Amortization	-	1,069	716
Bank charges	350	126	234
Postage	500	221	380
	<u>\$ 208,885</u>	<u>\$ 235,698</u>	<u>\$ 214,378</u>