

Consolidated Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

Year ended December 31, 2018



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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

Opinion

We have audited the accompanying consolidated financial statements of Downtown Windsor Business Improvement Association (the Entity) which comprise of:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its consolidated results of operations and accumulated surplus and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
May 29, 2019

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 134,765	\$ 235,141
Accounts receivable	26,185	49,625
Due from City of Windsor	13,601	26,900
	<u>174,551</u>	<u>311,666</u>
Financial liabilities:		
Accounts payable and accrued liabilities	33,583	56,851
Long-term debt (note 3)	42,238	84,475
	<u>75,821</u>	<u>141,326</u>
Net financial assets	98,730	170,340
Non-financial assets:		
Tangible capital assets (note 2)	29,853	27,819
Prepaid expenses	10,567	10,567
	<u>40,420</u>	<u>38,386</u>
Commitments (note 5)		
Accumulated surplus (note 4)	\$ 139,150	\$ 208,726

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, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Revenue:			
City of Windsor levy	\$ 564,900	\$ 548,066	\$ 521,086
Interest	1,000	1,040	2,174
Miscellaneous	15,000	41,941	57,837
	<u>580,900</u>	<u>591,047</u>	<u>581,097</u>
Expenses:			
Administrative (schedule)	218,585	260,724	235,698
Communications	39,250	18,391	19,626
Marketing and events	156,250	182,092	118,696
Infrastructure	45,500	69,360	39,953
Facade grant program	29,000	12,617	5,363
Development	50,000	58,564	39,413
Clean and safe	42,238	58,875	47,892
	<u>580,823</u>	<u>660,623</u>	<u>506,641</u>
Annual surplus (deficit)	77	(69,576)	74,456
Accumulated surplus, beginning of year	208,726	208,726	134,270
Accumulated surplus, end of year	\$ 208,803	\$ 139,150	\$ 208,726

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ (69,576)	\$ 74,456
Acquisition of tangible capital assets	(5,992)	(28,028)
Loss on disposition of tangible capital assets	-	2,174
Amortization of tangible capital assets	3,958	1,069
Disposition of prepaid expenses	-	10,567
Acquisition of prepaid expenses	-	(10,567)
Change in net financial assets	(71,610)	49,671
Net financial assets, beginning of year	170,340	120,669
Net financial assets, end of year	\$ 98,730	\$ 170,340

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (69,576)	\$ 74,456
Amortization of tangible capital assets	3,958	1,069
Decrease (increase) in accounts receivable	23,440	(32,688)
Decrease in due from City of Windsor	13,299	7,124
Increase (decrease) in accounts payable and accrued liabilities	(23,268)	42,413
	<u>(52,147)</u>	<u>92,374</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	(25,345)	(25,346)
	<u>(42,237)</u>	<u>(42,238)</u>
Investing:		
Loss on disposal tangible capital assets	-	2,174
Acquisition of tangible capital assets	(5,992)	(28,028)
	<u>(5,992)</u>	<u>(25,854)</u>
Increase (decrease) in cash	(100,376)	24,282
Cash and cash equivalents, beginning of year	235,141	210,859
Cash and cash equivalents, end of year	<u>\$ 134,765</u>	<u>\$ 235,141</u>

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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, 2018

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, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 13,578	\$ 5,020	\$ -	\$ 18,598
Furniture and fixtures	26,111	972	-	27,083
Equipment	1,859	-	-	1,859
Leasehold improvements	14,198	-	-	14,198
Total	\$ 55,746	\$ 5,992	\$ -	\$ 61,738

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 12,523	\$ -	\$ 988	\$ 13,511
Furniture and fixtures	1,113	-	2,784	3,897
Equipment	93	-	186	279
Leasehold improvements	14,198	-	-	14,198
Total	\$ 27,927	\$ -	\$ 3,958	\$ 31,885

Net book value	December 31, 2017	December 31, 2018
Computer hardware	\$ 1,055	\$ 5,087
Furniture and fixtures	24,998	23,186
Equipment	1,766	1,580
Leasehold improvements	-	-
Total	\$ 27,819	\$ 29,853

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

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, 2018, \$25,346 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, 2018, \$16,892 remained outstanding to the Corporation of the City of Windsor.

4. Accumulated surplus:

Accumulated surplus consists of individual funds' deficit as follows:

	2018	2017
Surplus (deficit):		
Invested in tangible capital assets	\$ 5,992	\$ 27,819
Accumulated net surplus from operations	175,396	252,778
Amounts to be recovered in future periods	(42,238)	(84,475)
Insurance gain	-	12,604
Total surplus	\$ 139,150	\$ 208,726

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

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:

2019	3,012
2020	3,012
2021	1,506
	<hr/>
	\$ 7,530

- (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, 2018, \$30,000 of the pledge remained unpaid.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Schedule of Administrative Expenses

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
Salaries	\$ 156,235	\$ 173,474	\$ 162,870
Legal and audit	6,300	8,823	10,377
Rent	33,000	34,837	38,654
Office equipment	9,800	10,598	4,410
Insurance	5,000	19,238	12,782
Office supplies	5,000	6,045	2,697
Telephone	2,500	2,474	2,492
Amortization	-	3,958	1,069
Bad debts	350	725	-
Bank charges	400	49	126
Postage	-	503	221
	<u>\$ 218,585</u>	<u>\$ 260,724</u>	<u>\$ 235,698</u>