

Consolidated Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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, 2019
- 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, 2019, 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 and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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

July 6, 2020

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019		2018
Financial assets:			
Cash and cash equivalents	\$ 157,082	\$	134,765
Accounts receivable	27,640		26,185
Due from City of Windsor	34,931		13,601
	<u>219,653</u>		<u>174,551</u>
Financial liabilities:			
Accounts payable and accrued liabilities	35,896		33,583
Long-term debt (note 3)	-		42,238
	<u>35,896</u>		<u>75,821</u>
Net financial assets	183,757		98,730
Non-financial assets:			
Tangible capital assets (note 2)	26,284		29,853
Prepaid expenses	13,567		10,567
	<u>39,851</u>		<u>40,420</u>
Commitments (note 5)			
Subsequent event (note 6)			
Accumulated surplus (note 4)	\$ 223,608	\$	139,150

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, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Revenue:			
City of Windsor levy	\$ 643,172	\$ 657,418	\$ 548,066
Interest	-	2,031	1,040
Miscellaneous	-	56,977	41,941
	<u>643,172</u>	<u>716,426</u>	<u>591,047</u>
Expenses:			
Administrative (schedule)	210,350	251,894	260,724
Communications	5,200	18,344	18,391
Marketing and events	228,750	218,286	182,092
Infrastructure	64,500	61,517	69,360
Facade grant program	5,000	-	12,617
Development	31,700	33,603	58,564
Donations to CAMPP	-	5,000	-
Clean and safe	97,672	43,324	58,875
	<u>643,172</u>	<u>631,968</u>	<u>660,623</u>
Annual surplus (deficit)	-	84,458	(69,576)
Accumulated surplus, beginning of year	139,150	139,150	208,726
Accumulated surplus, end of year	\$ 139,150	\$ 223,608	\$ 139,150

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus (deficit)	\$ 84,458	\$ (69,576)
Acquisition of tangible capital assets	(2,354)	(5,992)
Amortization of tangible capital assets	5,923	3,958
Disposition of prepaid expenses	10,567	-
Acquisition of prepaid expenses	(13,567)	-
Change in net financial assets	85,027	(71,610)
Net financial assets, beginning of year	98,730	170,340
Net financial assets, end of year	\$ 183,757	\$ 98,730

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 84,458	\$ (69,576)
Amortization of tangible capital assets	5,923	3,958
Decrease (increase) in accounts receivable	(1,455)	23,440
(Increase) decrease in due from City of Windsor	(21,330)	13,299
Increase in prepaid expenses	(3,000)	-
Increase (decrease) in accounts payable and accrued liabilities	2,313	(23,268)
	<u>66,909</u>	<u>(52,147)</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)	(25,345)
	<u>(42,238)</u>	<u>(42,237)</u>
Investing:		
Acquisition of tangible capital assets	(2,354)	(5,992)
	<u>(2,354)</u>	<u>(5,992)</u>
Increase (decrease) in cash	22,317	(100,376)
Cash and cash equivalents, beginning of year	134,765	235,141
Cash and cash equivalents, end of year	<u>\$ 157,082</u>	<u>\$ 134,765</u>

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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, 2019

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, 2019

2. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Computer hardware	\$ 18,598	\$ 1,570	\$ -	\$ 20,168
Furniture and fixtures	27,083	-	-	27,083
Equipment	1,859	784	-	2,643
Leasehold improvements	14,198	-	-	14,198
Total	\$ 61,738	\$ 2,354	\$ -	\$ 64,092

Accumulated amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Computer hardware	\$ 13,511	\$ -	\$ 662	\$ 14,173
Furniture and fixtures	3,897	-	5,036	8,933
Equipment	279	-	225	504
Leasehold improvements	14,198	-	-	14,198
Total	\$ 31,885	\$ -	\$ 5,923	\$ 37,808

Net book value	December 31, 2018	December 31, 2019
Computer hardware	\$ 5,087	\$ 5,995
Furniture and fixtures	23,186	18,150
Equipment	1,580	2,139
Leasehold improvements	-	-
Total	\$ 29,853	\$ 26,284

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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. During 2019 the remaining balance was fully paid 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. During 2019 the remaining balance was fully paid to the City of Windsor.

4. Accumulated surplus:

Accumulated surplus consists of individual funds' deficit as follows:

	2019	2018
Surplus (deficit):		
Invested in tangible capital assets	\$ 26,284	\$ 29,853
Reserve for future development	197,324	151,535
Amounts to be recovered in future periods	-	(42,238)
Total surplus	\$ 223,608	\$ 139,150

During the year \$5,000 was donated to CAMPP from the future development reserve.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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:

2020	3,012
2021	1,506
	<hr/>
	\$ 4,518

- (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, 2019, \$30,000 of the pledge remained unpaid.

6. Subsequent event:

Subsequent to December 31, 2019, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Entity's future financial results.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Schedule of Administrative Expenses

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget	2019 Actual	2018 Actual
Salaries	\$ 137,000	\$ 161,990	\$ 173,474
Legal and audit	25,200	28,722	8,823
Rent	32,500	30,192	34,837
Office equipment	9,850	9,417	10,598
Insurance	5,500	6,009	19,238
Office supplies	-	5,588	6,045
Telephone	-	3,163	2,474
Amortization	-	5,923	3,958
Bad debts	-	225	725
Bank charges	300	259	49
Postage	-	406	503
	<u>\$ 210,350</u>	<u>\$ 251,894</u>	<u>\$ 260,724</u>