

Consolidated Financial Statements of

**DOWNTOWN WINDSOR  
BUSINESS IMPROVEMENT  
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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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, 2020
- 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 and schedule 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, 2020, 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

May 26, 2021

# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020		2019
<b>Financial assets:</b>			
Cash and cash equivalents	\$ 235,280	\$	157,082
Accounts receivable	107,691		27,640
Due from City of Windsor	43,867		34,931
	<u>386,838</u>		<u>219,653</u>
<b>Financial liabilities:</b>			
Accounts payable and accrued liabilities	101,079		35,896
Net financial assets	285,759		183,757
<b>Non-financial assets:</b>			
Tangible capital assets (note 2)	50,698		26,284
Prepaid expenses	7,539		13,567
	<u>58,237</u>		<u>39,851</u>
Commitments (note 4)			
Accumulated surplus (note 3)	\$ 343,996	\$	223,608

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, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
<b>Revenue:</b>			
City of Windsor levy	\$ 667,550	\$ 659,027	\$ 657,418
Interest	-	1,964	2,031
Winter Fest	-	61,000	-
Farmer's Market	-	76,817	-
Miscellaneous	20,700	48,420	56,977
	<u>688,250</u>	<u>847,228</u>	<u>716,426</u>
<b>Expenses:</b>			
Administrative (schedule)	235,500	256,787	251,894
Communications	17,800	12,264	18,344
Marketing and events	196,950	283,503	218,286
Infrastructure	84,000	48,028	61,517
Development	34,000	15,121	33,603
Donations to CAMPP	-	-	5,000
Clean and safe	65,000	63,558	43,324
Support Downtown dollars	-	400	-
Business recruitment expenses	55,000	36,045	-
COVID-19 related expenditures	-	11,134	-
	<u>688,250</u>	<u>726,840</u>	<u>631,968</u>
Annual surplus	-	120,388	84,458
Accumulated surplus, beginning of year	223,608	223,608	139,150
Accumulated surplus, end of year	\$ 223,608	\$ 343,996	\$ 223,608

See accompanying notes to consolidated financial statements.

# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 120,388	\$ 84,458
Acquisition of tangible capital assets	(33,138)	(2,354)
Amortization of tangible capital assets	8,724	5,923
Disposition of prepaid expenses	13,567	10,567
Acquisition of prepaid expenses	(7,539)	(13,567)
Change in net financial assets	102,002	85,027
Net financial assets, beginning of year	183,757	98,730
<b>Net financial assets, end of year</b>	<b>\$ 285,759</b>	<b>\$ 183,757</b>

See accompanying notes to consolidated financial statements.

# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 120,388	\$ 84,458
Amortization of tangible capital assets	8,724	5,923
Increase in accounts receivable	(80,051)	(1,455)
Increase in due from City of Windsor	(8,936)	(21,330)
Decrease (increase) in prepaid expenses	6,028	(3,000)
Increase in accounts payable and accrued liabilities	65,183	2,313
	<u>111,336</u>	<u>66,909</u>
Financing:		
Repayment of long-term liability relating to property tax appeal	-	(16,892)
Repayment of long-term debt relating to street scaping	-	(25,346)
	-	<u>(42,238)</u>
Investing:		
Acquisition of tangible capital assets	(33,138)	(2,354)
	<u>(33,138)</u>	<u>(2,354)</u>
Increase in cash	78,198	22,317
Cash and cash equivalents, beginning of year	157,082	134,765
<u>Cash and cash equivalents, end of year</u>	<u>\$ 235,280</u>	<u>\$ 157,082</u>

See accompanying notes to consolidated financial statements.



# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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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 Professional 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, 2020

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## 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, 2020

## 2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 20,168	\$ 1,536	\$ —	\$ 21,704
Furniture and fixtures	27,083	—	—	27,083
Equipment	2,643	1,185	—	3,828
Leasehold improvements	14,198	30,417	14,198	30,417
<b>Total</b>	<b>\$ 64,092</b>	<b>\$ 33,138</b>	<b>\$ 14,198</b>	<b>\$ 83,032</b>

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 14,173	\$ —	\$ 2,518	\$ 16,691
Furniture and fixtures	8,933	—	5,158	14,091
Equipment	504	—	323	827
Leasehold improvements	14,198	14,198	725	725
<b>Total</b>	<b>\$ 37,808</b>	<b>\$ 14,198</b>	<b>\$ 8,724</b>	<b>\$ 32,334</b>

Net book value	December 31, 2019	December 31, 2020
Computer hardware	\$ 5,995	\$ 5,013
Furniture and fixtures	18,150	12,992
Equipment	2,139	3,001
Leasehold improvements	—	29,692
<b>Total</b>	<b>\$ 26,284</b>	<b>\$ 50,698</b>

# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

## 3. Accumulated surplus:

Accumulated surplus consists of individual funds' surplus as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 26,768	\$ 2,354
Reserve for future development	317,228	221,254
Total surplus	\$ 343,996	\$ 223,608

## 4. Commitments:

- (i) On November 1, 2020, the Association entered into a lease agreement for premises located on 484 Pelissier Street for a fifteen-month period commencing November 1, 2020, at a monthly rate of \$1,800. The lease provides the Association with the option to extend the lease for 5 additional twelve-month terms at a rental rate of \$2,000 per month for the period commencing February 1, 2022 through January 31, 2023, and \$2,200 per month for the periods following.
- (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:

2021	\$ 1,757
	\$ 1,757

- (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, 2020, \$30,000 of the pledge remained unpaid.

# **DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

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## **5. Impact of COVID-19 pandemic:**

The COVID-19 pandemic evolved rapidly over the course of the 2020 fiscal year. The outbreak of a new coronavirus in Wuhan, China was identified on January 7 and it was not until March 11 that COVID-19 was declared a pandemic by the WHO. As a result of the measures to contain the outbreak, uncertainty remains as to the full impacts of COVID-19 on the global economy and the Association's financial results. As a result, the Association cannot reasonably estimate the length or severity of the COVID-19 pandemic, or the extent to which the disruption caused by the pandemic may materially impact its operations and financial results in fiscal year 2021.

# DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

## Consolidated Schedule of Administrative Expenses

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
Salaries	\$ 170,000	\$ 179,220	\$ 161,990
Legal and audit	16,000	9,950	28,722
Rent	33,200	36,906	30,192
Office equipment	5,000	7,647	9,417
Insurance	5,500	1,636	6,009
Office supplies	3,000	6,725	5,588
Telephone	2,100	3,148	3,163
Amortization	-	8,724	5,923
Bad debts	-	315	225
Bank charges	300	1,746	259
Postage	400	770	406
	<u>\$ 235,500</u>	<u>\$ 256,787</u>	<u>\$ 251,894</u>