

Consolidated Financial Statements of

**DOWNTOWN WINDSOR
BUSINESS IMPROVEMENT
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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, 2021
- 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, 2021, 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.



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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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

May 31, 2022

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 204,434	\$ 235,280
Accounts receivable	228,745	107,691
Due from City of Windsor	33,366	43,867
	<u>466,545</u>	<u>386,838</u>
Financial liabilities:		
Accounts payable and accrued liabilities	53,544	101,079
Net financial assets	413,001	285,759
Non-financial assets:		
Tangible capital assets (note 2)	86,670	50,698
Prepaid expenses	5,673	7,539
	<u>92,343</u>	<u>58,237</u>
Commitments (note 4)		
Accumulated surplus (note 3)	\$ 505,344	\$ 343,996

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, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenue:			
City of Windsor levy	\$ 667,550	\$ 661,558	\$ 659,027
Grants	90,000	185,909	-
Miscellaneous	41,500	76,540	48,420
Winter Fest	-	67,200	61,000
Farmer's Market	30,000	57,706	76,817
Interest	-	1,320	1,964
	<u>829,050</u>	<u>1,050,233</u>	<u>847,228</u>
Expenses:			
Marketing and events	348,950	364,026	283,503
Salaries and wages	170,000	194,540	179,220
Clean and safe	57,500	107,104	63,558
Administrative (schedule)	84,800	100,500	77,567
Development	27,500	51,150	15,121
Infrastructure	74,000	49,426	48,028
Communications	11,300	18,853	12,264
Business recruitment expenses	55,000	1,595	36,045
Crowdfunding	-	803	-
Support Downtown dollars	-	500	400
COVID-19 related expenditures	-	388	11,134
	<u>829,050</u>	<u>888,885</u>	<u>726,840</u>
Annual surplus	-	161,348	120,388
Accumulated surplus, beginning of year	343,996	343,996	223,608
Accumulated surplus, end of year	\$ 343,996	\$ 505,344	\$ 343,996

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2021
Annual surplus	\$ 161,348	\$ 120,388
Acquisition of tangible capital assets	(53,273)	(33,138)
Amortization of tangible capital assets	17,301	8,724
Disposition of prepaid expenses	7,539	13,567
Acquisition of prepaid expenses	(5,673)	(7,539)
Change in net financial assets	127,242	102,002
Net financial assets, beginning of year	285,759	183,757
Net financial assets, end of year	\$ 413,001	\$ 285,759

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 161,348	\$ 120,388
Amortization of tangible capital assets	17,301	8,724
Increase in accounts receivable	(121,054)	(80,051)
Decrease (increase) in due from City of Windsor	10,501	(8,936)
Decrease in prepaid expenses	1,866	6,028
Increase (decrease) in accounts payable and accrued liabilities	(47,535)	65,183
	<u>22,427</u>	<u>111,336</u>
Investing:		
Acquisition of tangible capital assets	(53,273)	(33,138)
	<u>(53,273)</u>	<u>(33,138)</u>
Increase in cash	(30,846)	78,198
Cash and cash equivalents, beginning of year	235,280	157,082
Cash and cash equivalents, end of year	<u>\$ 204,434</u>	<u>\$ 235,280</u>

See accompanying notes to consolidated financial statements.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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, and 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.

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

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 21,704	\$ –	\$ –	\$ 21,704
Furniture and fixtures	27,083	37,628	–	64,711
Equipment	3,828	–	–	3,828
Leasehold improvements	30,417	15,645	–	46,062
Total	\$ 83,032	\$ 53,273	\$ –	\$ 136,305

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 16,691	\$ –	\$ 2,534	\$ 19,225
Furniture and fixtures	14,091	–	8,922	23,013
Equipment	827	–	383	1,210
Leasehold improvements	725	–	5,462	6,187
– Total	\$ 32,334	\$ –	\$ 17,301	\$ 49,635

Net book value	December 31, 2020	December 31, 2021
Computer hardware	\$ 5,013	\$ 2,479
Furniture and fixtures	12,992	41,698
Equipment	3,001	2,618
Leasehold improvements	29,692	39,875
Total	\$ 50,698	\$ 86,670

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

3. Accumulated surplus:

Accumulated surplus consists of individual funds' surplus as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 62,740	\$ 26,768
Reserve for future development	442,604	317,228
Total surplus	\$ 505,344	\$ 343,996

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) 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, 2021, \$30,000 of the pledge remained unpaid.

DOWNTOWN WINDSOR BUSINESS IMPROVEMENT ASSOCIATION

Consolidated Schedule of Administrative Expenses

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Rent	\$ 33,000	\$ 28,463	\$ 36,906
Legal and audit	22,000	25,145	9,950
Amortization	-	17,301	8,724
Insurance	6,000	9,727	1,636
Office equipment	12,000	7,477	7,647
Utilities	-	3,416	-
Telephone	3,600	3,045	3,148
Office supplies	6,000	2,528	6,725
Bank charges	1,500	2,410	1,746
Bad debts	-	780	315
Postage	700	208	770
	<u>\$ 84,800</u>	<u>\$ 100,500</u>	<u>\$ 77,567</u>