

Financial Statements of

**THE UPTOWN WATERLOO
BUSINESS IMPROVEMENT
AREA BOARD OF MANAGEMENT**

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of The UpTown Waterloo Business Improvement Area Board of Management

We have audited the accompanying financial statements of The UpTown Waterloo Business Improvement Area Board of Management, which comprise the statement of financial position as at December 31, 2016, the statements of revenue and expenditures 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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, plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of The UpTown Waterloo Business Improvement Area Board of Management as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

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

September 5, 2017
Waterloo, Canada

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash and term deposits	\$ 1,648,049	\$ 1,611,389
UpTown dollars	34,885	21,285
Accounts receivable	47,879	56,800
Interest receivable	13,891	13,098
	<u>1,744,704</u>	<u>1,702,572</u>
Financial Liabilities		
Accounts payable and accrued liabilities	27,719	12,696
UpTown dollars	35,965	24,335
	<u>63,684</u>	<u>37,031</u>
Net financial assets	1,681,020	1,665,541
Non-Financial Assets		
Prepaid expenses	2,496	2,427
Tangible capital assets (note 2)	51,504	67,930
Non-financial assets	<u>54,000</u>	<u>70,357</u>
Accumulated Surplus		
Total accumulated surplus	<u>\$ 1,735,020</u>	<u>\$ 1,735,898</u>

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Revenue and Expenditures and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016	Actual 2016	Actual 2015
Revenue:			
Membership levies	\$ 550,000	\$ 550,000	\$ 541,288
Investment	18,000	32,880	32,941
Other	6,000	61,411	14,293
	574,000	644,291	588,522
Expenditures:			
Administration	273,805	275,279	226,959
Marketing	148,990	100,310	142,493
Beautification	78,500	76,777	73,639
Amortization	18,000	16,426	18,826
LRT	117,435	164,874	37,820
Other	113,500	11,503	38,730
	750,230	645,169	538,467
Net revenue (expenditures)	(176,230)	(878)	50,055
Accumulated surplus, beginning of year	1,735,898	1,735,898	1,685,843
Accumulated surplus, end of year	\$ 1,559,668	\$ 1,735,020	\$ 1,735,898

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Net revenue (expenditures)	\$ (878)	\$ 50,055
Acquisition of tangible capital assets	-	(791)
Amortization of tangible capital assets	16,426	18,826
Net disposition (acquisition) of prepaid expenses	(69)	223
Change in net financial assets	15,479	68,313
Net financial assets, beginning of year	1,665,541	1,597,228
Net financial assets, end of year	\$ 1,681,020	\$ 1,665,541

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Net revenue (expenditures)	\$ (878)	\$ 50,055
Item not involving cash:		
Amortization of tangible capital assets	16,426	18,826
Change in non-cash assets and liabilities:		
Accounts receivable	8,921	(11,826)
Interest receivable	(793)	-
Prepaid expenses	(69)	223
Accounts payable and accrued liabilities	15,023	7,414
UpTown dollars payable	11,630	9,765
Net change in cash from operating activities	50,260	74,457
Capital activities:		
Cash used to acquire tangible capital assets	-	(791)
Net change in cash	50,260	73,666
Cash and cash equivalents, beginning of year	1,632,674	1,559,008
Cash and cash equivalents, end of year	\$ 1,682,934	\$ 1,632,674
Consists of:		
Cash and term deposits	\$ 1,648,049	\$ 1,611,389
UpTown dollars	34,885	21,285
	\$ 1,682,934	\$ 1,632,674

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2016

1. Summary of significant accounting policies:

The UpTown Waterloo Business Improvement Area Board of Management (the Board) was established in the City of Waterloo and approved by the City of Waterloo Council on February 7, 1972. The Board's mission is to promote and beautify uptown Waterloo.

These financial statements of the Board are the representation of management and have been prepared in accordance with Canadian generally accepted accounting policies for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

(a) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Leasehold improvements	10 years
Equipment	3 - 10 years
Computer hardware	4 years

Annual amortization is charged in the year of acquisition and in the year of disposal.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(b) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Tangible capital assets:

				2016	2015
	Leasehold Improvements	Equipment	Computer hardware	Total	Total
Cost:					
Balance, beginning of year	\$ 7,968	\$ 142,487	\$ 11,380	\$ 161,835	\$ 161,044
Additions	-	-	-	-	791
Balance, end of year	7,968	142,487	11,380	161,835	161,835
Accumulated amortization:					
Balance, beginning of year	4,909	78,209	10,787	93,905	75,079
Amortization expense	797	15,431	198	16,426	18,826
Balance, end of year	5,706	93,640	10,985	110,331	93,905
Net book value, end of year	\$ 2,262	\$ 48,847	\$ 395	\$ 51,504	\$ 67,930

3. Membership levies:

Membership levies are collected from businesses operating within designated areas of the City of Waterloo. Budgeted membership levies for 2016 of \$550,000 (2015 - \$538,000) reflect the total levies expected to be collected for the year. Levies paid by an individual member are capped at \$80,000 (2015 - \$100,000), resulting in a refund being issued to any members levied in excess of this amount. In 2016, total refunded amounts due to the levy cap were \$80,000 (2015 - \$54,934).

4. Commitments:

The Corporation is committed to lease payments of \$6,625 for the 2017 fiscal year (2016 - \$15,208) for its office space.

5. Due (from) to related party:

The Board was established as a board of management by the City of Waterloo. The City is considered to be a related party.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements, continued

Year ended December 31, 2016

6. Related party transaction:

During the year, the Board in its normal course of operations had the following transactions with the City of Waterloo.

	2016	2015
Rent expense	\$ 6,605	\$ 7,016
