

Financial Statements of

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

Year ended December 31, 2017



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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, 2017, 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

August 13, 2018

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
		(Restated See note 7)
Financial Assets		
Cash and term deposits	\$ 1,539,595	\$ 1,648,049
UpTown dollars	35,050	34,885
Accounts receivable	29,422	47,879
Interest receivable	12,158	13,891
Due from the City of Waterloo	-	71,366
	1,616,225	1,816,070
Financial Liabilities		
Accounts payable and accrued liabilities	42,205	27,719
Due to the City of Waterloo	31,441	-
UpTown dollars payable	36,575	35,965
	110,221	63,684
Net financial assets	1,506,004	1,752,386
Non-Financial Assets		
Prepaid expenses	1,250	2,496
Tangible capital assets (note 2)	35,078	51,504
Non-financial assets	36,328	54,000
Accumulated Surplus		
Total accumulated surplus	\$ 1,542,332	\$ 1,806,386

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, 2017, with comparative information for 2016

	Budget 2017	Actual 2017	Actual 2016
			(Restated See note 7)
Revenue:			
Membership levies	\$ 432,300	\$ 405,162	\$ 621,366
Investment	32,000	30,524	32,880
Other	6,000	48,404	61,411
	470,300	484,090	715,657
Expenditures:			
Administration	285,820	293,504	275,279
Streetscape	-	56,070	-
Marketing	300,000	285,228	265,184
Beautification	72,700	85,768	76,777
Amortization	18,000	16,426	16,426
Other	14,000	11,148	11,503
	690,520	748,144	645,169
Net revenue (expenditures)	(220,220)	(264,054)	70,488
Accumulated surplus, beginning of year	1,806,386	1,806,386	1,735,898
Accumulated surplus, end of year	\$ 1,586,166	\$ 1,542,332	\$ 1,806,386

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, 2017, with comparative information for 2016

	2017	2016
		(Restated See note 7)
Net revenue (expenditures)	\$ (264,054)	\$ 70,488
Amortization of tangible capital assets	16,426	16,426
Net disposition (acquisition) of prepaid expenses	1,246	(69)
Change in net financial assets	(246,382)	86,845
Net financial assets, beginning of year	1,752,386	1,665,541
Net financial assets, end of year	\$ 1,506,004	\$ 1,752,386

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
		(Restated See note 7)
Cash provided by (used in):		
Operating activities:		
Net revenue (expenditures)	\$ (264,054)	\$ 70,488
Item not involving cash:		
Amortization of tangible capital assets	16,426	16,426
Change in non-cash assets and liabilities:		
Accounts receivable	18,457	(62,445)
Interest receivable	1,733	(793)
Prepaid expenses	1,246	(69)
Accounts payable and accrued liabilities	14,486	15,023
Due from/to City of Waterloo	102,807	-
UpTown dollars payable	610	11,630
Net change in cash from operating activities	(108,289)	50,260
Net change in cash	(108,289)	50,260
Cash and cash equivalents, beginning of year	1,682,934	1,632,674
Cash and cash equivalents, end of year	\$ 1,574,645	\$ 1,682,934
Consists of:		
Cash and term deposits	\$ 1,539,595	\$ 1,648,049
UpTown dollars	35,050	34,885
	\$ 1,574,645	\$ 1,682,934

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2017

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 Chartered Professional Accountants of Canada. 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, 2017

2. Tangible capital assets:

				2017	2016
	Leasehold improvements	Equipment	Computer hardware	Total	Total
Cost:					
Balance, beginning of year	\$ 7,968	\$ 142,487	\$ 11,380	\$ 161,835	\$ 161,835
Additions	-	-	-	-	-
Balance, end of year	7,968	142,487	11,380	161,835	161,835
Accumulated amortization:					
Balance, beginning of year	5,706	93,640	10,985	110,331	93,905
Amortization expense	798	15,432	196	16,426	16,426
Balance, end of year	6,504	109,072	11,181	126,757	110,331
Net book value, end of year	\$ 1,464	\$ 33,415	\$ 199	\$ 35,078	\$ 51,504

3. Membership levies:

Membership levies are collected from businesses operating within designated areas of the City of Waterloo. Budgeted membership levies for 2017 of \$432,300 (2016 - \$550,000) reflect the total levies expected to be collected for the year. Prior to 2017 individual member levies were capped at \$80,000, resulting in a refund being issued to any members levied in excess of this amount. In 2016, total amounts refunded due to the levy cap were \$80,000. No levy cap refunds were issued in 2017.

4. Commitments:

The Corporation is committed to lease payments of \$6,625 for the 2018 fiscal year (2017 - \$6,625) for its office space.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements, continued

Year ended December 31, 2017

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.

6. Related party transaction:

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

	2017	2016
Rent expense	\$ 6,013	\$ 6,605
Street cleaning	21,000	22,290

7. Restating comparative information – accrued membership levies revenue

During the year ended December 31, 2017, the Board identified an immaterial prior period misstatement relating to the final membership levy adjustment for 2016 which was received in March, 2017. As a result, revenue for the year ended December 31, 2016, and accumulated surplus and Due from City of Waterloo as at December 31, 2016 were understated by \$71,366. The Board has reflected the membership levy adjustment pertaining to 2016 in the comparative financial statements.

8. Comparative figures

Certain comparative figures have been reclassified to conform to the current year classification.