

Financial Statements of

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

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The UpTown Waterloo Business Improvement Area Board of Management (the "Board"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of revenue and expenditures and accumulated surplus for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and its results of operations and its 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 responsibility 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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Board'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 Board or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Board's internal control.



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- 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 the events or conditions that may cast significant doubt on the Board'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 Board's 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.
- We 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'.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
April 18, 2019

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial Assets		
Cash and term deposits	\$ 1,167,761	\$ 1,539,595
UpTown dollars	33,930	35,050
Accounts receivable	41,476	29,422
Interest receivable	4,284	12,158
	1,247,451	1,616,225
Financial Liabilities		
Accounts payable and accrued liabilities	68,239	42,205
Due to the City of Waterloo	60,095	31,441
UpTown dollars payable	46,374	36,575
	174,708	110,221
Net financial assets	1,072,743	1,506,004
Non-Financial Assets		
Prepaid expenses	1,425	1,250
Tangible capital assets (note 2)	22,058	35,078
Non-financial assets	23,483	36,328
Accumulated Surplus		
Total accumulated surplus	\$ 1,096,226	\$ 1,542,332

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, 2018, with comparative information for 2017

	Budget 2018	Actual 2018	Actual 2017
Revenue:			
Membership levies	\$ 617,729	\$ 609,466	\$ 405,162
Investment	22,000	21,026	30,524
Other	6,000	10,816	48,404
	645,729	641,308	484,090
Expenditures:			
Administration	294,500	292,039	293,504
Streetscape and community improvement plan	625,500	443,930	56,070
Marketing	275,030	234,235	285,228
Beautification	93,800	92,541	85,768
Amortization	18,000	16,156	16,426
Other	16,000	8,513	11,148
	1,322,830	1,087,414	748,144
Net expenditures	(677,017)	(446,106)	(264,054)
Accumulated surplus, beginning of year	1,542,332	1,542,332	1,806,386
Accumulated surplus, end of year	\$ 865,231	\$ 1,096,226	\$ 1,542,332

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, 2018, with comparative information for 2017

	2018	2017
Net expenditures	\$ (446,106)	\$ (264,054)
Acquisition of tangible capital assets	(3,136)	-
Amortization of tangible capital assets	16,156	16,426
Net disposition (acquisition) of prepaid expenses	(175)	1,246
Change in net financial assets	(433,261)	(246,382)
Net financial assets, beginning of year	1,506,004	1,752,386
Net financial assets, end of year	\$ 1,072,743	\$ 1,506,004

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Net expenditures	\$ (446,106)	\$ (264,054)
Item not involving cash:		
Amortization of tangible capital assets	16,156	16,426
Change in non-cash assets and liabilities:		
Accounts receivable	(12,054)	18,457
Interest receivable	7,874	1,733
Prepaid expenses	(175)	1,246
Accounts payable and accrued liabilities	26,034	14,486
Due from/to City of Waterloo	28,654	102,807
UpTown dollars payable	9,799	610
Net change in cash from operating activities	(369,818)	(108,289)
Capital activities:		
Acquisition of tangible capital assets	(3,136)	-
Net change in cash	(372,954)	(108,289)
Cash and cash equivalents, beginning of year	1,574,645	1,682,934
Cash and cash equivalents, end of year	\$ 1,201,691	\$ 1,574,645
Consists of:		
Cash and term deposits	\$ 1,167,761	\$ 1,539,595
UpTown dollars	33,930	35,050
	\$ 1,201,691	\$ 1,574,645

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

2. Tangible capital assets:

				2018	2017
	Leasehold improvements	Equipment	Computer hardware	Total	Total
Cost:					
Balance, beginning of year	\$ 7,968	\$ 142,487	\$ 11,380	\$ 161,835	\$ 161,835
Additions	-	-	3,136	3,136	-
Balance, end of year	7,968	142,487	14,516	164,971	161,835
Accumulated amortization:					
Balance, beginning of year	6,504	109,072	11,181	126,757	110,331
Amortization expense	797	14,377	982	16,156	16,426
Balance, end of year	7,301	123,449	12,163	142,913	126,757
Net book value, end of year	\$ 667	\$ 19,038	\$ 2,353	\$ 22,058	\$ 35,078

3. Membership levies:

Membership levies are collected from businesses operating within designated areas of the City of Waterloo. Budgeted membership levies for 2018 of \$617,729 (2017 - \$432,300) reflect the total levies expected to be collected for the year.

4. Commitments:

The Corporation is committed to lease payments of \$7,005 for the 2018 fiscal year (2017 - \$6,625) 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 of Waterloo is considered to be a related party.

As at December 31, 2018, amounts due to the City of Waterloo represent levy credits in addition to advances made by the City with respect to the fiscal 2019 levy.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements, continued

Year ended December 31, 2018

6. Related party transactions:

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

	2018	2017
Rent expense	\$ 6,625	\$ 6,013
Street cleaning	22,019	21,000
Winterloo sponsorship	4,167	4,089
Lumen sponsorship	4,000	-
Floral	43,680	27,500
Streetscape	300,000	7,400
Community improvement plan grants	143,930	56,070

7. Comparative figures:

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