

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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, 2021
- the statement of revenue and expenditures and accumulated surplus for the year then ended
- the statement of changes in net financial 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, 2021, 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
May 30, 2022

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and term deposits	\$ 1,385,549	\$ 1,217,352
Cash - Uptown dollars	70,568	60,305
Accounts receivable	16,340	25,158
	<u>1,472,457</u>	<u>1,302,815</u>
Financial Liabilities		
Accounts payable and accrued liabilities	35,839	23,708
Deferred revenue (note 5)	56,881	56,881
Due to the City of Waterloo (note 5)	3,772	9,185
Uptown dollars payable	65,735	64,065
	<u>162,227</u>	<u>153,839</u>
Net financial assets	1,310,230	1,148,976
Non-Financial Assets		
Prepaid expenses	5,653	2,834
Inventory	804	4,082
Tangible capital assets (note 2)	36,665	27,191
Non-financial assets	<u>43,122</u>	<u>34,107</u>
Accumulated Surplus		
Total accumulated surplus	<u>\$ 1,353,352</u>	<u>\$ 1,183,083</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, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
Revenue:			
Membership levies	\$ 682,576	\$ 678,804	\$ 673,387
Grant	100,000	100,000	-
Investment income	13,000	6,798	14,639
Merchandise	-	210	6,019
Other	5,000	22,561	52,476
	800,576	808,373	746,521
Expenditures:			
Administration	328,313	310,260	306,607
Streetscape and community improvement plan	-	9,645	10,000
Marketing	324,664	227,492	264,575
Beautification	130,000	78,392	74,297
Amortization	16,500	12,315	11,248
	799,477	638,104	666,727
Net revenue	1,099	170,269	79,794
Accumulated surplus, beginning of year	1,183,083	1,183,083	1,103,289
Accumulated surplus, end of year	\$ 1,184,182	\$ 1,353,352	\$ 1,183,083

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, 2021, with comparative information for 2020

	2021	2020
Net revenue	\$ 170,269	\$ 79,794
Acquisition of tangible capital assets	(21,789)	–
Amortization of tangible capital assets	12,315	11,248
Change in prepaid expenses	(2,819)	2,094
Change in inventory	3,278	(4,082)
Change in net financial assets	161,254	89,054
Net financial assets, beginning of year	1,148,976	1,059,922
Net financial assets, end of year	\$ 1,310,230	\$ 1,148,976

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating activities:		
Net revenues	\$ 170,269	\$ 79,794
Item not involving cash:		
Amortization of tangible capital assets	12,315	11,248
Changes in non-cash assets and liabilities:		
Accounts receivable	8,818	(2,599)
Inventory	3,278	(4,082)
Prepaid expenses	(2,819)	2,094
Accounts payable and accrued liabilities	12,131	(8,103)
Due to the City of Waterloo	(5,413)	(21,058)
Uptown dollars payable	1,670	14,520
Net change in cash from operating activities	200,249	71,814
Capital activities:		
Acquisition of tangible capital assets	(21,789)	-
Net change in cash	178,460	71,814
Cash and cash equivalents, beginning of year	1,277,657	1,205,843
Cash and cash equivalents, end of year	\$ 1,456,117	\$ 1,277,657
Consists of:		
Cash and term deposits	\$ 1,385,549	\$ 1,217,352
Cash - Uptown dollars	70,568	60,305
	\$ 1,456,117	\$ 1,277,657

See accompanying notes to financial statements.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2021

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

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, 2021

2. Tangible capital assets:

			2021	2020
	Equipment	Computer hardware	Total	Total
Cost:				
Balance, beginning of year	\$ 164,248	\$ 17,940	\$ 182,188	\$ 190,156
Additions	18,592	3,197	21,789	–
Disposal	–	(8,367)	(8,367)	(7,968)
Balance, end of year	182,840	12,770	195,610	182,188
Accumulated amortization:				
Balance, beginning of year	140,533	14,464	154,997	151,717
Amortization expense	10,276	2,039	12,315	11,248
Disposal	–	(8,367)	(8,367)	(7,968)
Balance, end of year	150,809	8,136	158,945	154,997
Net book value, end of year	\$ 32,031	\$ 4,634	\$ 36,665	\$ 27,191

3. Membership levies:

Membership levies are collected from businesses operating within designated areas of the City of Waterloo. Budgeted membership levies for 2021 of \$682,576 (2020 - \$682,576) reflect the total levies expected to be collected for the year.

4. Commitments:

The Corporation is committed to lease payments of \$18,481 for the 2022 fiscal year 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, 2021, amounts due to the City of Waterloo represent levy credits. As at December 31, 2021 the Board has received an advance pertaining to the 2021 Levy, which has been recorded as deferred revenue.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Related party transactions:

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

	2021	2020
Rent expense	\$ 18,098	\$ 17,820
Sponsorship revenue	–	19,000
Floral expenses	43,971	49,358
Rent rebate other revenue	11,831	11,472
COVID-19 grant revenue	100,000	–

7. Inventory:

Inventory consists of branded merchandise. During the year the Board, provided by way of a marketing activity, \$3,288 of inventory to businesses for marketing purposes, recorded within marketing expenditures, in the statement of revenues and expenditures.

8. Comparative figures:

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