

Financial Statements of

**KITCHENER DOWNTOWN  
IMPROVEMENT AREA  
BOARD OF MANAGEMENT**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP  
120 Victoria Street South  
Suite 600  
Kitchener ON N2G 0E1  
Canada  
Tel 519-747-8800  
Fax 519-747-8811

## INDEPENDENT AUDITOR'S REPORT

### *Opinion*

We have audited the financial statements of Kitchener Downtown Improvement Area Board of Management (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of revenue and expenses 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 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 Entity as at December 31, 2022, and its results of operations, its changes in net financial assets 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 responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

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.

### ***Auditor's 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 auditor's 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.

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.



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- 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 auditor's 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 auditor's 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'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 24, 2023

# KITCHENER DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 642,649	\$ 346,072
Term deposits (note 2)	116,537	115,670
Accounts receivable	77,853	406,075
Prepaid expenses	17,249	8,120
	<u>854,288</u>	<u>875,937</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued charges	437,303	428,758
Due to the City of Kitchener (note 4)	21,606	29,972
	<u>458,909</u>	<u>458,730</u>
Net financial assets	395,379	417,207
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	724,560	610,999
Net assets	<u>\$ 1,119,939</u>	<u>\$ 1,028,206</u>
<b>Accumulated Surplus</b>		
Reserve for rate stabilization	\$ 50,000	\$ 50,000
Accumulated net revenue	345,379	367,207
Invested in tangible capital assets	724,560	610,999
Total accumulated surplus	<u>\$ 1,119,939</u>	<u>\$ 1,028,206</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# KITCHENER DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Revenue and Expenses and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 7)	Actual 2022	Actual 2021
Revenue:			
Assessments	\$ 1,379,000	\$ 1,379,000	\$ 1,379,000
Interest	–	867	749
Other income (note 6)	95,000	81,669	372,885
	1,474,000	1,461,536	1,752,634
Expenses:			
Promotions and advertising	759,000	639,669	380,610
Salaries, wages and benefits	417,500	428,782	398,447
Administration	106,500	111,435	90,670
Meetings and seminars	4,000	4,428	183
Safety and beautification	97,000	86,453	82,276
Member relations	10,000	8,339	7,388
Amortization	–	69,091	44,904
	1,394,000	1,348,197	1,004,478
Net revenue before other items	80,000	113,339	748,156
Net assessment write-offs (note 4)	45,000	21,606	29,972
Annual surplus	35,000	91,733	718,184
Accumulated surplus, beginning of year	1,028,206	1,028,206	310,022
Accumulated surplus, end of year	\$ 1,063,206	\$ 1,119,939	\$ 1,028,206

See accompanying notes to financial statements.

# KITCHENER DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ 91,733	\$ 718,184
Acquisition of tangible capital assets	(182,652)	(634,453)
Amortization of tangible capital assets	69,091	44,904
Change in net financial assets	(21,828)	128,635
Net financial assets, beginning of year	417,207	288,572
Net financial assets, end of year	\$ 395,379	\$ 417,207

See accompanying notes to financial statements.

# KITCHENER DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 91,733	\$ 718,184
Item not involving cash:		
Amortization	69,091	44,904
Changes in non-cash assets and liabilities:		
Accounts receivable	328,222	(373,684)
Prepaid expenses	(9,129)	1,701
Accounts payable and accrued liabilities	8,545	238,733
Due to the City of Kitchener	(8,366)	(78,025)
Cash from operating activities	480,096	551,813
Investing activities:		
Acquisition of tangible capital assets	(182,652)	(634,453)
Purchase of investments	(867)	(749)
Cash used in investing activities	(183,519)	(635,202)
Increase (decrease) in cash	296,577	(83,389)
Cash, beginning of year	346,072	429,461
Cash, end of year	\$ 642,649	\$ 346,072

See accompanying notes to financial statements.