

Financial statements of

**City of Welland  
North Welland Business  
Improvement Area**

December 31, 2014

**City of Welland**  
**North Welland Business Improvement Area**  
December 31, 2014

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## Independent Auditor's Report

To the Board Members, Members of Council, Inhabitants and Taxpayers of  
The Corporation of the City of Welland

We have audited the accompanying financial statements of the North Welland Business Improvement Area, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and 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.

### Auditor's 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 and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers 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 North Welland Business Improvement Area as at December 31, 2014, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
June 9, 2015

**City of Welland**  
**North Welland Business Improvement Area**  
Statement of operations  
year ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
	\$	\$	\$
<b>Revenue</b>			
Tax levy	33,000	33,000	33,000
Other contribution	1,500	1,500	1,700
	<b>34,500</b>	<b>34,500</b>	<b>34,700</b>
<b>Expenses</b>			
Promotional activities	50,700	34,562	27,091
Audit fees	-	2,373	2,360
Amortization	2,000	2,348	2,348
Professional fees	6,200	2,125	3,184
Insurance	1,000	893	893
Beautification	9,500	350	3,030
Interest	100	158	2
	<b>69,500</b>	<b>42,809</b>	<b>38,908</b>
Annual deficit	(35,000)	(8,309)	(4,208)
Accumulated surplus, beginning of year	81,683	81,683	85,891
Accumulated surplus, end of year	46,683	73,374	81,683

The accompanying notes to the financial statements are an integral part of this financial statement.

**City of Welland**  
**North Welland Business Improvement Area**  
Statement of change in net financial assets  
year ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
	\$	\$	\$
<b>Annual deficit</b>	<b>(35,000)</b>	<b>(8,309)</b>	<b>(4,208)</b>
<b>Amortization of tangible capital assets</b>	<b>2,000</b>	<b>2,348</b>	<b>2,348</b>
	<b>(33,000)</b>	<b>(5,961)</b>	<b>(1,860)</b>
<b>Use of prepaid expenses</b>	<b>-</b>	<b>226</b>	<b>893</b>
<b>Acquisition of prepaid expenses</b>	<b>-</b>	<b>-</b>	<b>(226)</b>
	<b>-</b>	<b>226</b>	<b>667</b>
<b>Decrease in net financial assets</b>	<b>(33,000)</b>	<b>(5,735)</b>	<b>(1,193)</b>
<b>Net financial assets, beginning of year</b>	<b>49,757</b>	<b>49,757</b>	<b>50,950</b>
<b>Net financial assets, end of year</b>	<b>16,757</b>	<b>44,022</b>	<b>49,757</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**City of Welland**  
**North Welland Business Improvement Area**  
Statement of financial position  
as at December 31, 2014

	2014	2013
	\$	\$
<b>Financial assets</b>		
Cash	46,035	17,357
Accounts receivable	1,500	34,500
	<b>47,535</b>	<b>51,857</b>
<b>Financial liability</b>		
Accounts payable and accrued liabilities	3,513	2,100
<b>Net financial assets</b>	<b>44,022</b>	<b>49,757</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	29,352	31,700
Prepaid expenses	-	226
	<b>29,352</b>	<b>31,926</b>
<b>Accumulated surplus (Note 4)</b>	<b>73,374</b>	<b>81,683</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

**City of Welland**  
**North Welland Business Improvement Area**  
Statement of cash flows  
year ended December 31, 2014

	2014	2013
	\$	\$
<b>Operating activities</b>		
Annual deficit	(8,309)	(4,208)
Non-cash items		
Amortization	2,348	2,348
Decrease (increase) in accounts receivable	33,000	(34,500)
Increase (decrease) in accounts payable and accrued liabilities	1,413	(1,313)
Decrease in prepaid expenses	226	667
Net increase (decrease) in cash	28,678	(37,006)
Cash, beginning of year	17,357	54,363
<b>Cash, end of year</b>	<b>46,035</b>	<b>17,357</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# City of Welland

## North Welland Business Improvement Area

Notes to the financial statements

December 31, 2014

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### 1. Nature of operations

The North Welland Business Improvement Area (the "BIA") was established by the Council of the City of Welland (the "City") and has been entrusted with the improvement, beautification and maintenance of City owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The BIA is also responsible for the promotion of this improvement area for business and shopping.

The BIA is financed by a special levy charged upon businesses in the improvement area.

### 2. Accounting policies

The financial statements of the BIA have been prepared by management in accordance with Canadian public sector accounting standards, and reflect the following policies:

#### *Reporting entity*

The financial statements reflect the financial assets, financial liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the BIA.

#### *Budgeted figures*

The budget approved by the BIA for 2014 is reflected in the statements of operations and change in net financial assets.

#### *Tangible capital assets*

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

Signs	20 years
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One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

#### *Revenue recognition*

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay. Contributed materials and services are recognized when they can be reasonably estimated and relate to the development of a tangible capital asset, which has future economic value.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include useful lives of tangible capital assets and accrued liabilities. Actual results could differ from these estimates.

# City of Welland

## North Welland Business Improvement Area

Notes to the financial statements

December 31, 2014

### 3. Tangible capital assets

	2014	2013
	\$	\$
Sign		
Cost, beginning of year	46,962	46,962
Cost, end of year	46,962	46,962
Accumulated amortization, beginning of year	15,262	12,914
Add amortization during the year	2,348	2,348
Accumulated amortization, end of year	17,610	15,262
Net book value	29,352	31,700

### 4. Accumulated surplus

	2014	2013
	\$	\$
Operating surplus	44,022	49,983
Investment in tangible capital assets	29,352	31,700
	73,374	81,683

### 5. Related party transactions

The BIA received \$33,000 in tax levies from the City of Welland in 2014 (2013 - \$33,000) during the year.