

St. Catharines Downtown Association

DOWNTOWN *St. Catharines*

2015 **ANNUAL REPORT** **&** **BUDGET**

Presented February 24, 2015

DOWNTOWN *St. Catharines*

AGENDA

42nd Annual General Meeting

Tuesday February 24, 2015

St. Catharines Club, 77 Ontario Street

Welcome

Introductions

Call to Order

Approval of Agenda

Message from City of St. Catharines Mayor Walter Sendzik

Message from Chairperson Jennifer Anderson

Presentation & Approval of the 2014

Audited Financial Statements

Matthew Swindley, CPA, CA, Crawford Smith & Swallow

*Presentation & Approval of the
2015 Downtown Association Budget*

*Rick Lane, City of St. Catharines
Director of Strategic Initiatives*

*Samir Husika, City of St. Catharines
Downtown Development Officer*

Closing remarks





JIM BRADLEY, MPP

St. Catharines

Message of Welcome

42nd Annual St. Catharines Downtown Association AGM

February 24, 2015

As the Member of the Legislative Assembly of Ontario for St. Catharines, I would like to take this opportunity to welcome everyone to the 42nd Annual General Meeting of the St. Catharines Downtown Association.

Downtown St. Catharines stands as a symbol of our City's rich heritage, history and economic success. From its humble beginnings over two hundred years ago, Downtown St. Catharines has grown to become the commercial and professional centre of our City.

Today, the Downtown core is home to a diverse variety of specialty shops, restaurants, professional services and one of the oldest Farmers' Markets in Ontario. With the Downtown Performing Arts Centre and the Marilyn Walker Fine and Performing Arts division of Brock University both at various stages of preparation or construction, much is happening in the heart of our City, which is bound to have a profound positive effect. These developments, in addition to the Meridian Centre, the new parking garage and the future replacement of the Burgoyne Bridge, all receiving funding from the Government of Ontario, bode well for the future of Downtown.

Residents of St. Catharines have been fortunate to rely on the passionate and vigorous efforts of the Executive and members of the St. Catharines Downtown Association, who work tirelessly to revitalize our Downtown, contribute to the economic development of our City and use creative and innovative methods to find solutions to members' concerns.

With very best wishes for continued success in 2015, I am

Yours sincerely,

Jim Bradley, MPP
St. Catharines





**The Corporation of the
City of St. Catharines**

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Walter Sendzik
Mayor

Welcome to the St. Catharines Downtown Association's AGM

On behalf of City Council, I would like to welcome members of the St. Catharines Downtown Association to their Annual General Meeting.

As a city, we value the partnership with Downtown Association. With the support of the association and its members, we have taken great strides towards revitalizing our downtown. Public investments into important civic projects like the new Meridian Centre and the soon to be opened Performing Arts Centre have created new opportunities for business growth and attraction. Combined with the re-location of the Brock University Marilyn I. Walker School of Fine and Performing Arts, the momentum for transformational urban renewal is well under way in St. Catharines.

Looking ahead, we are focused on working with the Downtown Association, its members and those looking to invest in our downtown to generate private sector growth and opportunity. We understand that the long term success of a revitalized downtown will be built on the foundation of a strong business sector and enhanced residential living spaces creating an environment in which people can live, work and enjoy a vibrant downtown community.

Again, congratulations on the success and achievements over the past year of the Downtown Association, and best wishes for the year ahead.

Sincerely,

Walter Sendzik
Mayor

DOWNTOWN *St. Catharines*

St. Catharines Downtown Association 2014 Audited Financial Statements

**Presented to the St. Catharines Downtown Association Membership
Annual General Meeting – Tuesday February 24, 2015
The St. Catharines Club, 77 Ontario Street**

ST. CATHARINES DOWNTOWN ASSOCIATION

Financial Statements

December 31, 2014

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ST. CATHARINES DOWNTOWN ASSOCIATION

MANAGEMENT REPORT

December 31, 2014

The accompanying financial statements of the St. Catharines Downtown Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Association management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Association meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Association. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

Board Chair
February 10, 2015

Board Member
February 10, 2015

Crawford, Smith and Swallow
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INDEPENDENT AUDITORS' REPORT

To the Board Members of the St. Catharines Downtown
Association, Members of Council, Inhabitants and
Ratepayers of The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Downtown Association, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and 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 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 auditors' 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 auditors 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 St. Catharines Downtown Association as at December 31, 2014, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.



St. Catharines, Ontario
February 10, 2015

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2014

	2014 \$	2013 \$
Financial Assets - note 6		
Cash	433	311
Accounts receivable - note 8	150,815	67,694
	151,248	68,005
Liabilities		
Bank indebtedness - note 6	41,809	973
Bank loan - note 6	3,000	3,000
Accounts payable and accrued liabilities - note 8	17,571	25,406
Provision for redemption of parking tokens - note 2	8,816	6,383
	71,196	35,762
Net Financial Assets	80,052	32,243
Non-Financial Assets		
Prepaid expenses	12,136	12,136
Tangible capital assets - notes 3 and 6	46,392	69,178
	58,528	81,314
Accumulated Surplus - note 5	138,580	113,557

Signed on behalf of the Board

Director

Director

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Revenues			
Requisition from the City of St. Catharines			
Member levies	384,431	384,431	384,431
Supplemental taxes		9,676	3,624
Taxes written-off	(8,090)	(14,822)	(15,503)
Net requisition	376,341	379,285	372,552
Other recoveries from the City of St. Catharines			
Recovery of Christmas expenses		10,000	10,000
Total revenues from the City of St. Catharines	376,341	389,285	382,552
Other revenues			
Events - schedule 1		3,974	10,874
	376,341	393,259	393,426
Expenses - schedule 2			
Administration	158,900	150,231	176,924
Amortization		29,400	29,305
Development	41,000	38,553	33,494
Events	48,500	58,037	62,719
Media and visual marketing	101,000	81,358	115,590
Tourism	10,000	10,657	6,767
	359,400	368,236	424,799
Annual Surplus (Deficit)	16,941	25,023	(31,373)
Accumulated Surplus, Beginning of Year	113,557	113,557	144,930
Accumulated Surplus, End of Year	130,498	138,580	113,557

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

	2014 \$	2013 \$
Operations		
Annual surplus (deficit)	25,023	(31,373)
Uses		
Increase in accounts receivable	(83,121)	
Increase in prepaid expenses		(582)
Decrease in accounts payable and accrued liabilities	(7,835)	(2,773)
	(90,956)	(3,355)
Sources		
Decrease in accounts receivable		1,951
Increase in bank indebtedness	37,836	973
Increase in provision for redemption of parking tokens	2,433	17
Increase in bank loan	3,000	3,000
	43,269	5,941
Non-cash charges to operations		
Amortization of tangible capital assets	29,400	29,305
Net change in cash from operations	6,736	518
Capital		
Acquisition of tangible capital assets	(6,614)	(38,416)
Decrease in Cash Position	122	(37,898)
Cash Position, Beginning of Year	311	38,209
Cash Position, End of Year	433	311

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2014

	2014	2013
	\$	\$
Annual Surplus (Deficit)	25,023	(31,373)
Acquisition of Tangible Capital Assets	(6,614)	(38,416)
Amortization of Tangible Capital Assets	29,400	29,305
Change in Prepaid Expenses		(582)
Increase (Decrease) in Net Financial Assets	47,809	(41,066)
Net Financial Assets, Beginning of Year	32,243	73,309
Net Financial Assets, End of Year	80,052	32,243

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

Organization

The St. Catharines Downtown Association (the "Association"), established in 1973 pursuant to the Ontario Municipal Act, operates to develop and revitalize the downtown core of St. Catharines. The Association participates in programs aimed at the physical improvement and beautification of the area, as well as the promotion of businesses located in the downtown core.

1. Significant Accounting Policies

The financial statements of the Association are the representations of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Association are as follows:

Accrual accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

Revenue recognition

Revenue from member levies is recognized as income when they become available and measurable.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

ST. CATHARINES DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. Significant Accounting Policies - continued

Tangible capital assets - continued

<u>Asset Class</u>	<u>Rate</u>
Banners	- 3 years
Computers	- 3 years
Garbage receptacles	- 10 years
Holiday decor	- 5 years
Kiosks	- 20 years
Planters	- 10 years

Use of estimates

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

2. Parking Tokens

The provision for redemption of parking tokens of \$ 8,816 (2013 - \$ 6,383) represents the estimated value of parking tokens in the hands of merchants and their customers.

3. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014</u>	<u>2013</u>
	\$	\$	\$	\$
Banners	35,363	17,682	17,681	29,469
Computers	1,961	1,824	137	601
Garbage receptacles	12,818	4,880	7,938	9,220
Holiday decor	92,136	75,462	16,674	23,032
Kiosks	44,594	40,632	3,962	6,192
Planters	13,252	13,252		664
	200,124	153,732	46,392	69,178

4. Reserve Fund

The reserve fund is used to fund expenses, normally of a capital nature, that are approved by the Association. It is the policy of the Association that the operating fund net revenue or deficit for the year be transferred to or from the reserve fund.

ST. CATHARINES DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2014

5. Accumulated Surplus

	2014	2013
	\$	\$
Invested in tangible capital assets	46,392	69,178
Operating fund		
Reserve fund	92,188	44,379
	138,580	113,557

6. Bank Indebtedness

Bank indebtedness, as it may occur, is secured by a registered general security agreement. The maximum line of credit available to the Association is \$ 20,000, which bears interest at prime plus 2.5%. As at December 31, 2014, the amount drawn from the line of credit was \$ 3,000 (2013 - \$ 3,000).

7. Lease Commitments

The Association is currently committed to minimum monthly lease payments in the amount of \$ 1,200 for a five-year period ending July 15, 2017.

The Association is also committed to the following annual minimum lease payments for the rental of equipment for the next four years:

	\$
2015	6,660
2016	6,660
2017	6,660
2018	3,330

8. Related Party Transactions

Accounts receivable includes \$ 123,257 (2013 - \$ 28,453) due from the City of St. Catharines. Accounts payable and accrued liabilities includes \$ nil (2013 - \$ 572) due to the City of St. Catharines.

Accounts payable and accrued liabilities includes \$ nil (2013 - \$ 500) due to the St. Catharines Transit Commission.

9. Comparative Figures

Certain prior year balances have been reclassified to conform with current year presentation.

ST. CATHARINES DOWNTOWN ASSOCIATION

SCHEDULE OF REVENUES

for the year ended December 31, 2014

Schedule 1

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Events			
Christmas			350
Classic Car Show		1,722	7,334
Full moon tours		2,127	1,152
Historical ghost walking tours		125	2,038
Winterfest			
		3,974	10,874

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION**SCHEDULE OF EXPENSES****Schedule 2**

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Administration			
Banking charges		1,520	1,380
Communications equipment	11,000	10,029	11,382
Insurance	800	1,124	753
Professional fees	7,000	4,706	4,859
Rent	14,700	14,653	14,276
Salaries and payroll taxes	120,900	115,231	140,269
Supplies	4,500	2,968	4,005
	158,900	150,231	176,924
Amortization			
Banners		11,788	5,894
Computers		464	653
Garbage receptacles		1,282	1,735
Holiday decor		12,972	16,799
Kiosks		2,230	2,230
Planters		664	1,994
		29,400	29,305
Development			
Annual general meeting	2,000	1,429	1,903
Business Development Program	1,500	1,527	1,117
Committee/board/staff development	3,000	3,997	4,409
Development/revitalization	2,000	1,925	427
Membership/resources	1,000	1,778	886
Newsletter/supplements	500	340	367
Safety	30,000	27,433	21,706
Website	1,000	124	2,679
	41,000	38,553	33,494

See accompanying notes

ST. CATHARINES DOWNTOWN ASSOCIATION**SCHEDULE OF EXPENSES**

Schedule 2 - continued

for the year ended December 31, 2014

	(Unaudited) Budget 2014 \$	Actual 2014 \$	Actual 2013 \$
Events			
Christmas	15,000	27,363	24,394
Classic Car Show	15,000	15,374	21,078
Downtown D'Lish	8,000	9,325	11,413
Full moon tours		543	1,068
Historical ghost walking tours	500	569	2,911
My Downtown			1,855
Winterfest	10,000	4,863	
	48,500	58,037	62,719
Media and Visual Marketing			
Beautification/maintenance/identification	18,000	17,521	16,173
General marketing	70,000	57,012	92,799
Kiosks	1,000	222	322
Mini-lights	7,000	1,348	1,348
Sponsorship	5,000	5,255	4,948
	101,000	81,358	115,590
Tourism			
Advertising	10,000	10,657	6,207
Membership directory			560
	10,000	10,657	6,767

See accompanying notes

**ST. CATHARINES DOWNTOWN ASSOCIATION
EVENT REVENUES & EXPENSES
DECEMBER 31, 2014**

Event	Revenue Actual 2014 \$	Expenses Actual 2014 \$	Net Surplus (Deficit) 2014 \$	(Unaudited) Budget 2014 \$	Net Surplus (Deficit) 2013 \$
Christmas	-	27,363.00	(27,363.00)	(15,000.00)	(24,044.00)
Classic Car Show	1,722.00	15,374.00	(13,652.00)	(15,000.00)	(13,744.00)
Full Moon Tours	2,127.00	543.00	1,584.00	-	84.00
Historical Ghost Walking Tours	125.00	569.00	(444.00)	(500.00)	(873.00)
Downtown D'Lish	-	9,325.00	(9,325.00)	(8,000.00)	(11,413.00)
My Downtown	-	-	-	-	(1,855.00)
Winterfest	-	4,863.00	(4,863.00)	(10,000.00)	-
	<u>3,974.00</u>	<u>58,037.00</u>	<u>(54,063.00)</u>	<u>(48,500.00)</u>	<u>(51,845.00)</u>

ST. CATHARINES DOWNTOWN ASSOCIATION 2015 BUDGET

	2014 budget	2015 budget
ADMINISTRATION		
Rent	14,700.00	14,700.00
Insurance - property	800.00	1,200.00
Communication Equipment (telephone/leases)	11,000.00	11,000.00
Financial charges (bank/bookkeeping/audit)	7,000.00	7,000.00
Salaries, deductions, WSIB, mileage, parking	120,900.00	127,500.00
General Office Supplies (paper/postage/copier)	4,500.00	3,600.00
	<hr/> 158,900.00	<hr/> 165,000.00
DEVELOPMENT		
Annual General Meeting	2,000.00	1,500.00
Board/Executive & Committee Meetings	1,500.00	1,500.00
Committee/Board/Staff Development	3,000.00	6,500.00
Safety/Policing	30,000.00	30,000.00
Streetscape improvements/Dev. & Revitalization	2,000.00	2,000.00
Membership and resources	1,000.00	1,000.00
Newsletter and membership networking	500.00	500.00
Website/computer upgrades	1,000.00	500.00
	<hr/> 41,000.00	<hr/> 43,500.00
EVENTS		
New Event(s)	10,000.00	-
Full Moon & Ghost Tours	500.00	500.00
Downtown D'Lish (2) & Restaurant Walking Tour	8,000.00	12,000.00
Classic Car Show	15,000.00	15,000.00
Christmas	15,000.00	15,000.00
	<hr/> 48,500.00	<hr/> 42,500.00
MEDIA & VISUAL MARKETING/TOURISM		
Tourism Marketing/City Membership Guide	10,000.00	10,500.00
Graffiti and Gum clean up	5,500.00	2,000.00
Holiday Décor maintenance	12,000.00	12,000.00
Kiosk maintenance	1,000.00	1,000.00
General Marketing	45,000.00	47,000.00
Sponsorships	5,000.00	8,000.00
Marketing Campaign - Downtown Development Officer	25,000.00	25,000.00
Tree Lights	7,000.00	7,000.00
Outdoor Banners	500.00	500.00
	<hr/> 111,000.00	<hr/> 113,000.00
TOTAL OPERATING EXPENSES	359,400.00	364,000.00

Current Levy \$ 384,431

No increase in levy requested