

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2018



### **Management's Responsibility for the consolidated financial statements**

The consolidated financial statements of the Belleville Downtown Improvement Area Board of Management are the responsibility of management and have been approved by the Board.

The consolidated financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated 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.

The Board's 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 consolidated financial statements. These systems are monitored and evaluated by management.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Board's consolidated financial statements and discusses any significant financial reporting or internal control matters prior to the Board approval of the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Corporation of the City of Belleville, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Chairperson

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Treasurer

**INDEPENDENT AUDITOR'S REPORT**

To the Chairperson and Members of:

**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**

***Opinion***

We have audited the accompanying consolidated financial statements of the Belleville Downtown Improvement Area Board of Management which comprise the consolidated statement of financial position at December 31, 2018 and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT** as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

***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 report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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.
- 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 Organization'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 Organization'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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

*Welch LLP*

Belleville, Ontario  
October 21, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**Welch LLP**

An Independent Member of BKR International

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

<b>ASSETS</b>		<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>			
Cash and short term investments - note 4	\$	146,711	\$ 202,074
Accounts receivable		<u>13,504</u>	<u>23,253</u>
	\$	<u>160,215</u>	\$ <u>225,327</u>
 <b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	<u>22,490</u>	\$ <u>29,773</u>
 <b>FUND BALANCE</b>			
<b>NET FINANCIAL ASSETS</b>		\$ <u>137,725</u>	\$ <u>195,554</u>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets - schedule 1		113,076	66,863
Prepaid expenses		<u>1,857</u>	<u>1,857</u>
		<u>114,933</u>	<u>68,720</u>
<b>ACCUMULATED SURPLUS - note 5</b>	\$	<u>252,658</u>	\$ <u>264,274</u>

*(See accompanying notes)*

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**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018 <u>Budget</u> (note 7)	2018 <u>Actual</u>	2017 <u>Actual</u>
<b>REVENUE</b>			
Taxation levy	\$ 230,000	\$ 230,154	\$ 230,000
Government transfers			
Municipal contributions			
- expense reimbursements	-	-	4,160
- graffiti	15,000	16,114	14,874
Miscellaneous and fundraising	<u>-</u>	<u>696</u>	<u>5,706</u>
	<u>245,000</u>	<u>246,964</u>	<u>254,740</u>
<b>EXPENSES</b>			
Advertising - media and promotion	60,000	37,880	61,925
Commitment to city projects	-	50,000	-
Planning and infrastructure	25,000	12,488	8,943
Salaries and administrative	124,000	103,353	111,943
Special projects - graffiti	30,000	24,557	29,022
Special projects - miscellaneous	-	6,088	2,249
Special projects - Build Belleville project	1,000	1,323	11,694
Special projects - merchant pop-up market	-	-	10,050
Taxes written off	5,000	2,761	2,878
Amortization	<u>20,130</u>	<u>20,130</u>	<u>13,419</u>
	<u>265,130</u>	<u>258,580</u>	<u>252,123</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(20,130)	(11,616)	2,617
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>264,274</u>	<u>264,274</u>	<u>261,657</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 244,144</u>	<u>\$ 252,658</u>	<u>\$ 264,274</u>

*(See accompanying notes)*

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**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018 <u>Budget</u> (note 7)	2018 <u>Actual</u>	2017 <u>Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (20,130)	\$ (11,616)	\$ 2,617
Amortization of tangible capital assets	20,130	20,130	13,419
Acquisition of tangible capital assets	<u>-</u>	<u>(66,343)</u>	<u>(40,887)</u>
	-	(57,829)	(24,851)
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>195,554</u>	<u>195,554</u>	<u>220,405</u>
<b>NET FINANCIAL ASSETS, end of year</b>	<u>\$ 195,554</u>	<u>\$ 137,725</u>	<u>\$ 195,554</u>

*(See accompanying notes)*

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**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (11,616)	\$ 2,617
Non-cash charges to operations:		
Amortization	<u>20,130</u>	<u>13,419</u>
	8,514	16,036
Changes in non-cash working capital balances:		
Accounts receivable	9,749	(10,745)
Accounts payable and accrued liabilities	<u>(7,283)</u>	<u>(178,162)</u>
	<u>10,980</u>	<u>(172,871)</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(66,343)</u>	<u>(40,887)</u>
<b>DECREASE IN CASH</b>	(55,363)	(213,758)
<b>CASH, beginning of year</b>	<u>202,074</u>	<u>415,832</u>
<b>CASH, end of year</b>	<u>\$ 146,711</u>	<u>\$ 202,074</u>

*(See accompanying notes)*

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**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Furniture and Fixtures</u>	<u>Computer Hardware and Software</u>	<u>Seasonal Decorations</u>	<u>Streetscape Improvements</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>COST</b>						
Balance, beginning of year	\$ 5,525	\$ 4,500	\$ 90,459	\$ 127,929	\$ 228,413	\$ 187,526
Additions	<u>-</u>	<u>-</u>	<u>66,343</u>	<u>-</u>	<u>66,343</u>	<u>40,887</u>
Balance, end of year	<u>5,525</u>	<u>4,500</u>	<u>156,802</u>	<u>127,929</u>	<u>294,756</u>	<u>228,413</u>
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	5,525	3,762	83,956	68,307	161,550	148,131
Amortization	<u>-</u>	<u>242</u>	<u>8,450</u>	<u>11,438</u>	<u>20,130</u>	<u>13,419</u>
Balance, end of year	<u>5,525</u>	<u>4,004</u>	<u>92,406</u>	<u>79,745</u>	<u>181,680</u>	<u>161,550</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>						
	\$ <u>-</u>	\$ <u>496</u>	\$ <u>64,396</u>	\$ <u>48,184</u>	\$ <u>113,076</u>	\$ <u>66,863</u>

*(See accompanying notes)*

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Belleville Downtown Improvement Area Board of Management are the representation of management prepared in accordance with accounting policies for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

**Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of the operating fund and includes the activities of all committees of the Board.

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**Financial Instruments**

PSAB allows the Board to classify its financial instruments as either fair value or amortized cost. Currently, the Board does not classify any financial instruments at fair value. The financial instruments carried at amortized cost include cash, investments, accounts receivable and accounts payable and accrued liabilities.

**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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

Furniture and fixtures	5 years
Computer hardware and software	5 years
Seasonal decorations	5 years
Streetscape improvements	10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

The Board has a capitalization threshold of \$500, so that individual tangible capital assets of lesser value are expensed for operational reasons.

**Revenue Recognition**

Property tax billings are prepared by the Corporation of the City of Belleville based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation levy is established annually by members of the Belleville Downtown Improvement Area Board of Management at their annual general meeting. Taxation revenues are recorded in the tax year that it relates to. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City of Belleville determines the taxes applicable and renders supplementary billing. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Board as appropriate.

Miscellaneous and fundraising revenues are recorded in the period earned, provided collection and relevant receivable is probable and reasonable estimates can be made. Interest income is recognized in the period in which it is earned.

Government transfers are recognized in the financial statements as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

**2. CHANGE IN ACCOUNTING STANDARDS**

The Board adopted the new Public Sector Accounting Standards (PSAS) PS 2200 for Related Party Disclosures and PS 3420 for Inter-entity Transactions effective January 1, 2018. The adoption of these standards did not result in changes to the financial statements other than additional disclosures.

**3. FINANCIAL INSTRUMENTS**

The Board's financial instruments consist of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

**4. CASH AND SHORT-TERM INVESTMENTS**

Cash and short-term Investments consist of the following:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ -	\$ 202
Chequing account	144,653	199,834
Cashable term deposit - maturing June 18, 2021, 0.65% to 0.75%	2,058	-
Cashable term deposit - maturing June 18, 2018, 0.95% to 1.00%	-	2,038
	<u>\$ 146,711</u>	<u>\$ 202,074</u>

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**5. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 86,573	\$ 88,326
Equity in tangible capital assets	113,076	66,863
Reserve - contingency	10,000	10,000
Reserve - security camera project	13,009	19,085
Reserve - street lighting	-	50,000
Reserve - build Belleville	<u>30,000</u>	<u>30,000</u>
	<u>\$ 252,658</u>	<u>\$ 264,274</u>

Reserves represent funds set aside by resolution of the Board for specific purposes.

Appropriations for reserves represent amounts that have been internally restricted for specific purposes by the Board. During 2018 the Board approved the transfer of \$50,000 from the street lighting reserve, \$6,076 from the security camera project reserve. During 2017 the Board approved the transfer of \$35,615 from the security camera project reserve.

**6. RELATED PARTY BALANCES AND TRANSACTIONS**

The Belleville Downtown Improvement Area Board of Management is a body established by a Corporation of the City of Belleville bylaw using the specific business improvement area provisions of the Municipal Act, 2001.

Amounts owing from the City of Belleville included in accounts receivable totalled \$1,239 (2017 - \$2,479).

Amounts owing to the City of Belleville included in accounts payable and accrued liabilities totalled \$460 (2017 - \$1,289).

During the year the City of Belleville reimbursed the Board \$16,114 (2017 - \$14,874) for Goodbye Graffiti expenses and \$Nil (2017 - \$4,160) towards My Downtown Belleville marketing expenses.

During the year the Board transferred \$50,000 to the City of Belleville towards the cost of new lighting standards in the BDIA boundary as part of the city centre revitalization project.

During the year the Board reimbursed the City of Belleville \$4,938 (2017 - \$4,435) toward cardboard collection.

All transactions with City of Belleville occur in the normal course of business and are recorded at their exchange amount which is the amount agreed upon by the related parties.

**CITY OF BELLEVILLE**  
**BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF MANAGEMENT**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**7. BUDGET FIGURES**

Budgets established by the Board are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations". Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements.

**8. EXPENSES BY OBJECT**

The statement of operations presents expenses by function; the following classifies those same expenses by object.

	<u>2018</u>	<u>2017</u>
	<u>Actual</u>	<u>Actual</u>
Advertising - media and promotion		
Events	\$ 28,372	\$ 36,236
Media - print, radio, web	9,508	25,190
Sponsorship	-	499
	<u>\$ 37,880</u>	<u>\$ 61,925</u>
Planning and infrastructure		
Seasonal decor	\$ 6,413	\$ 8,546
Security camera	<u>6,075</u>	<u>397</u>
	<u>\$ 12,488</u>	<u>\$ 8,943</u>
Salaries and administrative		
Audit and accounting	\$ 6,160	\$ 9,705
Bank charges	68	105
Cardboard collection	4,938	4,435
Equipment lease	2,853	2,319
Insurance	1,254	1,215
Meeting	302	1,467
Memberships	2,737	3,345
Office supplies, postage, photocopying and other	2,206	5,215
Rent	13,325	14,151
Repairs and maintenance	331	1,269
Telephone and internet	3,216	3,199
Utilities	867	1,095
Wages, contractors and statutory benefits	<u>65,096</u>	<u>64,423</u>
	<u>\$ 103,353</u>	<u>\$ 111,943</u>