

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

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Management's Responsibility for the consolidated financial statements

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

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB) 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.

Chairperson

Treasurer

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of:
BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS

Opinion

We have audited the accompanying consolidated financial statements of the Belleville Downtown Improvement Area Board of Directors which comprise the consolidated statement of financial position at December 31, 2020 and the consolidated statements of operations and accumulated surplus, 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 DIRECTORS** as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (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 as issued by the Public Sector Accounting Board (PSAB), 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.

Belleville, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and short term investments - note 3	\$ 90,797	\$ 141,174
Accounts receivable	<u>49,085</u>	<u>25,500</u>
	<u>\$ 139,882</u>	<u>\$ 166,674</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 33,122</u>	<u>\$ 37,835</u>
FUND BALANCE		
NET FINANCIAL ASSETS	<u>\$ 106,760</u>	<u>\$ 128,839</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 1</i>	83,845	103,516
Prepaid expenses	<u>1,351</u>	<u>1,351</u>
	<u>85,196</u>	<u>104,867</u>
ACCUMULATED SURPLUS - note 5	<u>\$ 191,956</u>	<u>\$ 233,706</u>

(See accompanying notes)

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	2020 <u>Budget</u> (note 7)	2020 <u>Actual</u>	2019 <u>Actual</u>
REVENUE			
Taxation levy	\$ 275,000	\$ 275,556	\$ 287,049
Government transfers			
Municipal contributions - note 6	15,000	60,955	25,928
Miscellaneous and fundraising	<u>4,800</u>	<u>35,452</u>	<u>20,282</u>
	<u>294,800</u>	<u>371,963</u>	<u>333,259</u>
EXPENSES			
Advertising - media and promotion	80,329	78,626	111,834
Planning and infrastructure	33,632	8,370	14,374
Salaries and administrative	186,667	189,787	170,125
Special projects - graffiti	-	24,557	26,789
Special projects - miscellaneous	-	1,054	-
Special projects - Wi-Fi & Data Analytics project	-	11,875	-
Special projects - Al Fresco	-	60,647	-
Taxes written off	-	7,419	413
Amortization	<u>31,378</u>	<u>31,378</u>	<u>28,676</u>
	<u>332,006</u>	<u>413,713</u>	<u>352,211</u>
ANNUAL DEFICIT	(37,206)	(41,750)	(18,952)
ACCUMULATED SURPLUS, beginning of year	<u>233,706</u>	<u>233,706</u>	<u>252,658</u>
ACCUMULATED SURPLUS, end of year	\$ <u>196,500</u>	\$ <u>191,956</u>	\$ <u>233,706</u>

(See accompanying notes)

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2020

	2020 <u>Budget</u> (note 7)	2020 <u>Actual</u>	2019 <u>Actual</u>
ANNUAL DEFICIT	\$ (37,206)	\$ (41,750)	\$ (18,952)
Amortization of tangible capital assets	31,378	31,378	28,676
Acquisition of tangible capital assets	-	(11,707)	(19,116)
Change in prepaid expense	<u>-</u>	<u>-</u>	<u>506</u>
	(5,828)	(22,079)	(8,886)
NET FINANCIAL ASSETS, beginning of year	<u>128,839</u>	<u>128,839</u>	<u>137,725</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 123,011</u>	<u>\$ 106,760</u>	<u>\$ 128,839</u>

(See accompanying notes)

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual deficit	\$ (41,750)	\$ (18,952)
Non-cash charges to operations:		
Amortization	<u>31,378</u>	<u>28,676</u>
	(10,372)	9,724
Changes in non-cash working capital balances:		
Accounts receivable	(23,585)	(11,996)
Prepaid expenses	-	506
Accounts payable and accrued liabilities	<u>(4,713)</u>	<u>15,345</u>
	<u>(38,670)</u>	<u>13,579</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(11,707)</u>	<u>(19,116)</u>
DECREASE IN CASH	(50,377)	(5,537)
CASH, beginning of year	<u>141,174</u>	<u>146,711</u>
CASH, end of year	\$ <u>90,797</u>	\$ <u>141,174</u>

(See accompanying notes)

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2020

	<u>Furniture and Fixtures</u>	<u>Computer Hardware and Software</u>	<u>Seasonal Decorations</u>	<u>Streetscape Improvements</u>	<u>Total 2020</u>	<u>Total 2019</u>
COST						
Balance, beginning of year	\$ 5,525	\$ 9,593	\$ 170,825	\$ 127,929	\$ 313,872	\$ 294,756
Additions	<u>-</u>	<u>2,359</u>	<u>-</u>	<u>9,348</u>	<u>11,707</u>	<u>19,116</u>
Balance, end of year	<u>5,525</u>	<u>11,952</u>	<u>170,825</u>	<u>137,277</u>	<u>325,579</u>	<u>313,872</u>
ACCUMULATED AMORTIZATION						
Balance, beginning of year	5,525	4,755	108,893	91,183	210,356	181,680
Amortization	<u>-</u>	<u>1,583</u>	<u>17,889</u>	<u>11,906</u>	<u>31,378</u>	<u>28,676</u>
Balance, end of year	<u>5,525</u>	<u>6,338</u>	<u>126,782</u>	<u>103,089</u>	<u>241,734</u>	<u>210,356</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS						
	\$ <u>-</u>	\$ <u>5,614</u>	\$ <u>44,043</u>	\$ <u>34,188</u>	\$ <u>83,845</u>	\$ <u>103,516</u>

(See accompanying notes)

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Belleville Downtown Improvement Area Board of Directors are the representation of management prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (PSAB) 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.

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 Directors 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.

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.

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. 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.

3. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Petty cash	\$ 380	\$ 380
Chequing account	70,692	138,722
Marketplace account	5,653	-
Cashable term deposit - maturing February 1, 2021, 0.50%	9,000	-
Cashable term deposit - maturing August 3, 2021, 2.00%	3,000	-
Cashable term deposit - maturing June 18, 2021, 0.65% to 0.75%	<u>2,072</u>	<u>2,072</u>
	<u>\$ 90,797</u>	<u>\$ 141,174</u>

4. COMMITMENTS

The Board has commitment to rent office space. The minimum payments under the lease are as follows:

2021	\$ 12,420
2022	12,720
2023	12,930
2024	5,450

The Board in partnership with The City of Belleville would like to invest in an outdoor public Wi-Fi system along Front Street. During the prior year, the Board approved the allocation of the build Belleville reserve fund of \$30,000 to the Downtown Public Wi-Fi & Location Analytics Project. During the year, the Board approved the payment to the City of Belleville for \$11,875 for the Downtown Public Wi-Fi & Location Analytics Project. A reserve of \$18,125 is remaining to provide for this commitment.

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 66,977	\$ 77,181
Equity in tangible capital assets	83,845	103,516
Reserve - contingency	10,000	10,000
Reserve - security camera project	13,009	13,009
Reserve - Downtown public Wi-Fi & location analytics project	<u>18,125</u>	<u>30,000</u>
	<u>\$ 191,956</u>	<u>\$ 233,706</u>

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

During 2020 the Board approved the transfer of \$11,875 from the Downtown public Wi-Fi & location analytics project.

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

6. RELATED PARTY BALANCES AND TRANSACTIONS

Due from related parties consists of the following:

	<u>2020</u>	<u>2019</u>
Accounts receivable City of Belleville	\$ <u>3,719</u>	\$ <u>1,239</u>

Due to related parties consists of the following:

	<u>2020</u>	<u>2019</u>
Accounts payable City of Belleville	\$ <u>-</u>	\$ <u>354</u>

During the year, the Corporation entered into the following transactions with related parties:

	<u>2020</u> <u>Budget</u> <small>(note 7)</small>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Municipal contributions consist of the following:			
Graffiti	15,000	\$ 11,156	\$ 13,635
Rural Economic Development Program funding	-	2,210	-
Downtown Al Fresco	-	45,019	-
Expense reimbursements	-	2,570	12,293
	<u>\$ 15,000</u>	<u>\$ 60,955</u>	<u>\$ 25,928</u>

During the year the Board reimbursed the City of Belleville \$410 (2019 - \$3,803) toward cardboard collection.

The Belleville Downtown Improvement Area Board of Directors 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.

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.

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. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE CORONAVIRUS DISEASE (COVID-19) OUTBREAK

In mid-March of 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Board's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Board's operations, assets, liabilities, revenues and expenses are not yet known.

BELLEVILLE DOWNTOWN IMPROVEMENT AREA BOARD OF DIRECTORS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

9. COMPARATIVE FIGURES

Certain figures for 2019 have been reclassified to reflect the financial statement presentation adopted for 2020.

10. EXPENSES BY OBJECT

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

	2020 <u>Actual</u>	2019 <u>Actual</u>
Advertising - media and promotion		
Events	\$ 44,185	\$ 43,485
Media - print, radio, web	34,441	66,849
Sponsorship	-	1,500
	<u>\$ 78,626</u>	<u>\$ 111,834</u>
Planning and infrastructure		
Seasonal decor	<u>\$ 8,370</u>	<u>\$ 14,374</u>
Salaries and administrative		
Audit and accounting	\$ 4,147	\$ 7,120
Bad debt	1,769	-
Bank charges	1,054	631
Cardboard collection	410	3,803
Consulting fees	-	5,723
Equipment lease	42	1,719
Insurance	756	1,089
Meeting	292	1,981
Memberships	1,365	1,326
Office supplies, postage, photocopying and other	3,666	2,640
Rent	11,957	12,145
Repairs and maintenance	614	25
Telephone and internet	1,393	1,662
Utilities	-	213
Wages, contractors and statutory benefits	<u>162,322</u>	<u>130,048</u>
	<u>\$ 189,787</u>	<u>\$ 170,125</u>