

Financial Statements of

**DOWNTOWN BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2002



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## **AUDITORS' REPORT TO THE BOARD OF MANAGEMENT**

We have audited the balance sheet of Downtown Business Improvement Area as at December 31, 2002 and the statements of revenue and expenditure and deficit for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada

March 11, 2003

# **DOWNTOWN BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2002

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# DOWNTOWN BUSINESS IMPROVEMENT AREA

## Balance Sheet

December 31, 2002, with comparative figures for 2001

|  | 2002              | 2001              |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| Current assets:                          |                   |                   |
| Cash                                     | \$ 175,888        | \$ 125,580        |
| Accounts receivable                      | 68,990            | 64,908            |
| Inventories                              | 5,950             | 5,950             |
|  | <u>250,828</u>    | <u>196,438</u>    |
| Street decorations                       | 29,467            | 29,467            |
| Less accumulated depreciation            | 29,246            | 19,424            |
|  | <u>221</u>        | <u>10,043</u>     |
|  | <u>\$ 251,049</u> | <u>\$ 206,481</u> |
| <b>Liabilities and Deficit</b>           |                   |                   |
| Current liabilities:                     |                   |                   |
| Accounts payable and accrued liabilities | \$ 87,054         | \$ 53,166         |
| Deferred revenue                         | 162,737           | 147,450           |
| Due to City of Kingston                  | 24,399            | 21,234            |
|  | <u>274,190</u>    | <u>221,850</u>    |
| Deficit                                  | (23,141)          | (15,369)          |
| Commitments (note 2)                     |                   |                   |
|  | <u>\$ 251,049</u> | <u>\$ 206,481</u> |

See accompanying notes to financial statements.

# DOWNTOWN BUSINESS IMPROVEMENT AREA

## Statement of Revenue and Expenditure

Year ended December 31, 2002, with comparative figures for 2001

|  | 2002 Budget<br>Unaudited (note 4) | 2002           | 2001           |
|--|-----------------------------------|----------------|----------------|
| <b>Revenue:</b>  |                                   |                |                |
| Downtown area taxes levied                                       | \$ 683,900                        | \$ 652,950     | \$ 591,800     |
| Less uncollectible taxes levied                                  | (32,950)                          | -              | -              |
| Sundry   | -                                 | 95             | 3,295          |
|  | <u>650,950</u>                    | <u>653,045</u> | <u>595,095</u> |
| <b>Expenditures:</b>   |                                   |                |                |
| Downtown beautification and improvements:                        |                                   |                |                |
| Flowers  | 30,250                            | 29,297         | 26,794         |
| Street decorations   | 35,100                            | 38,611         | 18,674         |
| Downtown maintenance   | 46,000                            | 56,884         | 64,044         |
| Depreciation   | -                                 | 9,822          | 9,822          |
| Less expenses recovered (note 3)                                 | -                                 | (29,137)       | (23,405)       |
|  | <u>111,350</u>                    | <u>105,477</u> | <u>95,929</u>  |
| Office operation:  |                                   |                |                |
| Salaries and benefits  | 125,500                           | 125,704        | 124,676        |
| Office supplies  | 8,900                             | 10,175         | 7,016          |
| Meetings and other supplies                                      | 4,500                             | 5,270          | 5,415          |
| Telephone  | 3,600                             | 3,737          | 2,960          |
| Occupancy costs  | 35,500                            | 38,669         | 28,254         |
| Insurance  | 1,600                             | 2,270          | 1,746          |
| Professional fees  | 5,500                             | 5,593          | 2,884          |
| Memberships  | 2,400                             | 2,026          | 2,270          |
| Planning and staff training                                      | 3,500                             | 2,835          | 3,436          |
| Office equipment   | 10,500                            | 9,725          | 2,012          |
| Miscellaneous  | 6,100                             | 6,095          | 213            |
| Less expenses recovered  | -                                 | (557)          | (697)          |
|  | <u>207,600</u>                    | <u>211,542</u> | <u>180,185</u> |
| Economic development:  |                                   |                |                |
| Business recruitment, retention and economic development - other | 67,500                            | 62,252         | 48,253         |
| Contribution to other agencies                                   | 10,000                            | 10,178         | 12,002         |
| Less expenses recovered  | -                                 | (5,723)        | (4,765)        |
|  | <u>77,500</u>                     | <u>66,707</u>  | <u>55,490</u>  |
| Public relations and advertising:                                |                                   |                |                |
| Downtown newsletter  | 7,500                             | 9,230          | 10,398         |
| Advertising  | 87,000                            | 75,788         | 69,842         |
| Community events programs  | 160,000                           | 336,326        | 320,355        |
| Less expenses recovered (note 3)                                 | -                                 | (144,253)      | (163,229)      |
|  | <u>254,500</u>                    | <u>277,091</u> | <u>237,366</u> |
|  | <u>650,950</u>                    | <u>660,817</u> | <u>568,970</u> |
| <b>Excess of revenue over expenditures</b>                       |                                   |                |                |
| (expenditures over revenue)                                      | \$ -                              | \$ (7,772)     | \$ 26,125      |

See accompanying notes to financial statements.

# DOWNTOWN BUSINESS IMPROVEMENT AREA

## Statement of Deficit

Year ended December 31, 2002, with comparative figures for 2001

|   | 2002        | 2001        |
|---|-------------|-------------|
| Deficit, beginning of year                                      | \$ (15,369) | \$ (41,494) |
| Excess of revenue over expenditures (expenditures over revenue) | (7,772)     | 26,125      |
| Deficit, end of year  | \$ (23,141) | \$ (15,369) |

See accompanying notes to financial statements.

# DOWNTOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2002

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The Downtown Business Improvement Area operates as a local board of the City of Kingston to coordinate improvements in the downtown area.

## 1. Significant accounting policies:

(a) Basis of presentation:

These statements have been prepared using the accrual basis of accounting.

(b) Street decorations:

The street decorations are stated at cost with depreciation provided on a straight-line basis over three years.

(c) Inventory:

Inventory is stated at the lower of cost or net realizable value.

(d) 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 period. Actual results could differ from those estimates.

## 2. Commitments:

The Board occupies its premises under a five-year lease expiring January 31, 2007. The annual rental is \$22,394 plus a share of municipal taxes and operating costs.

# **DOWNTOWN BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements (continued)

Year ended December 31, 2002

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### **3. Expenses recovered:**

Expenses recovered under downtown beautification and improvements include wage subsidies and grants. Public relations and advertising expenses recovered include revenues from community and merchandising events held during the year.

### **4. Budget figures:**

The budget figures are presented for comparison purposes only and are unaudited.

### **5. Statement of cash flows:**

The changes in cash flows are readily apparent from the financial statements and as such a statement of cash flows would not provide additional useful information.