

Minutes of the 2019 Annual General Meeting
Of the Downtown Chilliwack Business Improvement Association
Held at the Coast Chilliwack Hotel
Wednesday, May 29, 2019

Call to Order / Opening Remarks - 6:09pm

- Chairperson's Comments - Alvin Bartel, President
- Quorum confirmed by BIA office staff

Adoption of minutes AGM, June 12, 2018

Motioned by: Kevin Gemmell, seconded by: Tracey Ganert. Motion carried.

Treasurer's Report - Ruth Maccan, Treasurer

- 2018 Audited Financial Statements - presented by Sean Reid of KPMG (*Appendix A*)
 - o Approval of Financial Statements as presented Motioned by: Sameer Mathew seconded by: Jason Suttie
- 2020 BIA Operating Budget presented by Ruth Maccan (*Appendix B*)
 - o Motioned by: Jason Suttie, seconded by: Brian Goldstone. Motion carried.
- Appointment of KPMG as the Auditor for the BIA until the 2020 AGM
 - o Motioned by: Jason Suttie, seconded by: Tracey Ganert. Motion carried.

Election of Directors - Jordan Forsyth, Secretary (*Appendix C*)

- Presentation of Nominating Committee's list of Board candidates
- Acceptance of the Nominating Committee's Report
 - Motioned by: Salina Derish, seconded by: Brian Goldstone. Motion carried.
- Presentation of the 2019-2020 BIA Board of Directors

Adjournment - 6:25pm

- Motioned by Jason Suttie, seconded by: Frank Holzapfel. Motion carried.

DOWNTOWN CHILLIWACK BIA – AGM 2019

APPENDIX A

Financial Statements of

**DOWNTOWN CHILLIWACK
BUSINESS IMPROVEMENT
ASSOCIATION**

Year ended December 31, 2018



KPMG LLP
200-9123 Mary Street
Chilliwack BC V2P 4H7
Canada
Tel (604) 793-4700
Fax (604) 793-4747

INDEPENDENT AUDITORS' REPORT

To the Members of Downtown Chilliwack Business Improvement Association

Opinion

We have audited the financial statements of Downtown Chilliwack Business Improvement Association (the "Association"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018 and its results of operations and its cash flows then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles applied by the Association in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Chilliwack, Canada

May 14, 2019

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 33,749	\$ 44,450
Accounts receivable (note 2)	10,692	8,354
Prepaid expenses	1,262	626
	<u>45,703</u>	<u>53,430</u>
Capital assets (note 3)	3,584	1,852
	<u>\$ 49,287</u>	<u>\$ 55,282</u>

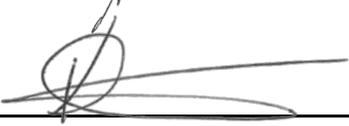
Liabilities

Current liability:		
Accounts payable and accrued liabilities	\$ 8,982	\$ 8,162
Fund balances:		
City of Chilliwack Bylaw	80,778	65,537
Operating	(44,057)	(20,269)
Capital	3,584	1,852
	<u>40,305</u>	<u>47,120</u>
	<u>\$ 49,287</u>	<u>\$ 55,282</u>

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2018 with comparative information for 2017

	City of Chilliwack Bylaw Fund	Operating Fund	Capital Fund	2018 Total	2017 Total
Revenue:					
Property assessments	\$ 313,951	\$ -	\$ -	\$ 313,951	\$ 309,312
Sponsorships	-	58,071	-	58,071	65,221
Interest Income	-	93	-	93	66
Other	-	2,000	-	2,000	415
	313,951	60,164	-	374,115	375,014
Expenses:					
Security, maintenance and parking	143,751	-	-	143,751	143,404
Operations and administration	85,685	-	779	86,464	85,359
Special events	-	80,640	-	80,640	86,340
Marketing	42,483	-	-	42,483	40,486
Redevelopment and physical enhancement	26,791	-	-	26,791	22,212
	298,710	80,640	779	380,129	377,801
Loss on disposal of capital assets	-	-	(801)	(801)	-
Excess (deficiency) of revenue over expenses	15,241	(20,476)	(1,580)	(6,815)	(2,787)
Transfer of funds - capital acquisition	-	(3,312)	3,312	-	-
Fund balance, beginning of year	65,537	(20,269)	1,852	47,120	49,907
Fund balance, end of year	\$ 80,778	\$ (44,057)	\$ 3,584	\$ 40,305	\$ 47,120

See accompanying notes to financial statements.

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (6,816)	\$ (2,787)
Items not involving cash:		
Loss on disposal of capital assets	801	-
Amortization of capital assets	779	684
	<u>(5,236)</u>	<u>(2,103)</u>
Changes in non-cash operating working capital:		
Accounts receivable	(2,338)	5,595
Prepaid expenses	(636)	619
Accounts payable and accrued liabilities	821	(10,616)
	<u>(7,389)</u>	<u>(6,505)</u>
Investing:		
Purchase of capital assets	(3,312)	(986)
Decrease in cash	(10,701)	(7,491)
Cash, beginning of year	44,450	51,941
Cash, end of year	<u>\$ 33,749</u>	<u>\$ 44,450</u>

See accompanying notes to financial statements.

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2018

Nature of operations:

Downtown Chilliwack Business Improvement Association (the "Association") was formed to develop, encourage and promote business in the Downtown Chilliwack Business Improvement Area and commenced operations in April 1995. The Association is incorporated under the Societies Act (British Columbia) as a not-for-profit organization and is not taxable under the Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue recognition:

The Association follows the restricted fund method of accounting for contributions which include funding from municipal government property tax assessments and event sponsorships.

Contributions that are unrestricted are recorded as revenue in the operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants approved but not received at the end of an accounting period are accrued.

Restricted contributions for which there are appropriate restricted funds are recorded as revenues of the respective restricted funds. The fund classifications are as follows:

(i) City of Chilliwack Bylaw Fund:

The City of Chilliwack Bylaw fund accounts for the property assessment revenue received from the City along with the expenses incurred for programs in the Business Improvement Area including: security and maintenance, revitalization and physical enhancement, commercial and business development, marketing and promotions, and special projects and events.

(ii) Operating Fund:

Operating fund accounts for the administration of general programs and the overall administration of the Association.

(iii) Capital Fund:

The Capital fund accounts for equipment purchased by and contributed to the Association.

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Office equipment and furnishings	Declining balance	20%
Computer equipment	Declining balance	55%

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Allocation of expenses:

The Association allocates certain of its salary expenses by identifying the direct time spent by the designated employees for certain activities as captured in the financial statements. The basis for allocating expenses is applied consistently throughout the year.

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets. Actual results could differ from those estimates.

2. Accounts receivable:

Included in accounts receivable are government receivables related to GST refunds totaling \$3,192 (2017 - \$4,354).

3. Capital assets:

			2018		2017	
	Cost	Accumulated amortization	Net book value		Net book value	
Office equipment and furnishings	\$ 3,819	\$ 539	\$ 3,280	\$	1,174	
Computer equipment	13,452	13,148	304		678	
	\$ 17,271	\$ 13,687	\$ 3,584	\$	1,852	

DOWNTOWN CHILLIWACK BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Allocation of expenses:

As noted in significant accounting policies related to the allocation of expenses, the figures below represent the direct time spent by designated employees for the following activities:

	2018	2017
Operations and administration	\$ 53,433	\$ 49,673
Special events	27,177	26,960
Marketing	22,116	16,960
Security, maintenance and parking	18,189	16,960
	<u>\$ 120,915</u>	<u>\$ 110,553</u>

For the fiscal year ending December 31, 2018, the Association paid total remuneration of \$142,919 to 4 employees and contractors for services, none of whom received total annual remuneration of \$75,000 or greater.

5. Economic dependence:

The Association receives the majority of its revenue through a special property tax assessment levied on certain property owners and tenants within a defined area in the City of Chilliwack. This annual levy has a term of five years after which an application must be made to renew. The current term expires at the end of the 2019 fiscal year and calls for a sliding payment schedule over this term.

6. Credit facility:

The Association has a \$25,000 line of credit, which bears interest at 3.95%. As at December 31, 2018 this credit facility was not in use.

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APPENDIX B

Downtown Chilliwack Business Improvement Association

Financial Budget for the Year December 31, 2020

REVENUES

Property Assessments	\$330,000
Sponsorships/Grants	uncertain
Interest Income	uncertain

TOTAL	\$330,000
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EXPENDITURES

Operations	\$90,000
Security and Maintenance	\$135,000
Marketing	\$60,000
Redevelopment and Physical Enhancement	\$35,000
Special Events	\$10,000

TOTAL	\$330,000
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Revenue from sponsorships, grants and contributions is uncertain. Therefore no amounts have been budgeted. Any amounts received during the year will be applied to the related expenditure category, allowing higher expenditures than presented above.

Operations expenditures have been set at a maximum 30% of property assessments to cover day to day operations.

Security and Maintenance totals are estimated at levels that provide for continued security services in partnership with the City of Chilliwack, as well as street cleaning services.

Marketing, Redevelopment/Physical Enhancement and Special Events are budgeted at modest base amounts. If grants, contributions and previous year's surplus are available, these expenditures may be expanded appropriately.

**DOWNTOWN
CHILLIWACK**

DOWNTOWN CHILLIWACK BIA – AGM 2019

APPENDIX C

BIA AGM 2019

Election of Directors

As prescribed in the BC Societies By-Laws, two notices 56 days in advance of the BIA AGM were advertised in the Chilliwack Progress. Notices were sent out prior to the AGM to all members, both via mail to registered addresses and hand delivered notices to downtown businesses.

There were no nominations submitted to the office during the open nomination period.

The Nominating Committee has nominated sufficient candidates from the group of property owners and tenants who are members of the Society to fill the vacancies on the Board of Directors.

Pursuant to Article 27 paragraphs (1) & (2) of the By-Laws of the BIA, the following are the candidates nominated for election to the Board of Directors of the BIA, in accordance with the By-Laws.

The Nomination Committee had 10 vacancies to fill:

- 4 Commercial Tenants for two-year term, 1 Commercial Tenant for a one-year term
- 4 Property Owners for two-year terms, 1 Property Owner for a one-year term

4 Commercial Tenants: TWO-YEAR TERM

Tracey Ganert – *Incumbent*

Lynne Goodwin – *Nominated Candidate*

Ruth Maccan - *Incumbent*

John Schulstad - *Nominating Committee Endorsed Candidate*

1 Commercial Tenant: ONE-YEAR TERM

Chris Franklin - *Nominating Committee Endorsed Candidate*

4 Property Owners: TWO-YEAR TERM

Dave Algra - *Nominating Committee Endorsed Candidate*

Marcel Beausoleil – *Incumbent*

Frank Holzapfel - *Nominating Committee Endorsed Candidate*

Sameer Mathew – *Incumbent*

1 Property Owner: ONE-YEAR TERM

Alvin Bartel - *Incumbent*

Downtown BIA Board of Directors for 2019 – 2020

Dave Algra	Property Owner
Alvin Bartel	Property Owner
Marcel Beausoleil	Property Owner
BJ Clark	Property Owner
Vanni De Bartolo	Commercial Tenant
Jordan Forsyth	Property Owner
Chris Franklin	Commercial Tenant
Tracey Ganert	Commercial Tenant
Lynne Goodwin	Commercial Tenant
Frank Holzapfel	Property Owner
Jonathan Klop	Commercial Tenant
Ruth Maccan	Commercial Tenant
Sameer Mathew	Property Owner
Lee Phillipson	Property Owner
John Schulstad	Commercial Tenant
Jason Suttie	Commercial Tenant