

WEST END BUSINESS IMPROVEMENT ASSOCIATION
FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

**To The Members of
 West End Business Improvement Association**

Opinion

We have audited the financial statements of West End Business Improvement Association, which comprise the balance sheet as at March 31, 2020 and the statements of income and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West End Business Improvement Association as at March 31, 2020 and the results of its operations and cash flows for the year 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of West End Business Improvement 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibility 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 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 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 Society'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 Society'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 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 Society 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.

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.

May 15, 2020
104 - 3989 Henning Drive, Burnaby, BC



CHARTERED PROFESSIONAL ACCOUNTANTS

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**BALANCE SHEET
MARCH 31, 2020**

	2020	2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	209,558	638,743
GST receivable	3,100	2,831
Prepaid expenses	4,457	4,247
	217,115	645,821
ART ASSET & EQUIPMENT (Note 4)	14,544	24,831
	231,659	670,652
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	13,272	20,262
Payroll liability payable	5,485	11,106
Deferred revenue	-	441,278
	18,757	472,646
NET ASSETS		
CONTINGENCY FUND (Note 5)	100,000	100,000
GENERAL FUND	112,902	98,006
	212,902	198,006
	231,659	670,652

APPROVED BY THE DIRECTORS:

DIRECTOR: _____

DIRECTOR: _____

(The accompanying notes form an integral part of these financial statements)

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
	\$	\$
GENERAL FUND		
BALANCE , beginning of year	98,006	107,020
Excess (deficiency) of revenue over expenditures	14,896	(9,014)
<hr/>		
BALANCE , end of year	112,902	98,006
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CONTINGENCY FUND		
BALANCE , beginning of year	100,000	100,000
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BALANCE , end of year	100,000	100,000
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(The accompanying notes form an integral part of these financial statements)

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
	\$	\$
REVENUE		
Operating grants	882,556	869,514
Event sponsorship	19,716	6,500
Jim Deva Plaza sponsorship	35,990	25,000
	<hr/> 938,262	<hr/> 901,014
EXPENDITURES		
Advertising and promotion	47,116	81,005
Amortization	11,699	10,656
Contractors (Note 7)	118,031	132,257
Event sponsorship	169,375	49,290
Hanging flower baskets	16,167	15,786
Insurance	6,185	6,673
Jim Deva Plaza expense	30,882	31,586
Meetings, memberships, and professional development	19,609	24,037
Leveraged services	103,309	101,829
Office, telephone and bank charges	10,813	9,848
Office equipment repairs and maintenance	6,232	3,190
Printing	1,217	2,813
Professional fees	12,080	11,947
Rent and storage	44,621	44,921
Street lighting & City revitalization	17,316	77,512
Wages and employee benefits	312,518	310,377
	<hr/> 927,170	<hr/> 913,727
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	11,092	(12,713)
OTHER INCOME		
Interest income	3,804	3,699
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<hr/> 14,896	<hr/> (9,014)

(The accompanying notes form an integral part of these financial statements)

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	14,896	(9,014)
NON CASH ITEM		
Amortization	11,699	10,656
	26,595	1,642
CHANGES IN NON-CASH WORKING CAPITAL		
Prepaid expenses	(210)	-
Accounts payable and accrued liabilities	(6,990)	12,023
Payroll liability payable	(5,621)	(524)
GST receivable	(269)	917
Deferred revenue	(441,278)	421,278
	(427,773)	435,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(1,412)	(9,717)
INCREASE (DECREASE) IN CASH	(429,185)	425,619
CASH, beginning of year	638,743	213,124
CASH, end of year	209,558	638,743

(The accompanying notes form an integral part of these financial statements)

WEST END BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. PURPOSE OF THE ORGANIZATION

The West End Business Improvement Association ("West End BIA") was incorporated pursuant to the Society Act of British Columbia.

The purpose of the Association is:

- a.) to develop, encourage and promote business in the West End Business Improvement Area;
- b.) to make studies of, and advance any project, plan, or improvement designed to benefit the West End BIA;
- c.) to cooperate with and aid any person, body, group or association in projects designed to benefit the West End BIA;
- d.) to encourage, support, and facilitate entertainment, sports and cultural activities within the West End BIA
- e.) in affiliation with other business improvement area associations, to promote and carry out the purposes of the Association in matters of common concern and interest;
- f.) to promote matters of common concern and interest to business and property owners in the West End BIA and to bring together businesses and property owners in the improvement area for fulfilling the purposes of the Association;
- g.) to raise revenue to carry out the purposes of the Association.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

The Association follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

FINANCIAL INSTRUMENTS

The financial instruments of the Association consist mainly of cash, taxes recoverable, accounts payable and accrued liabilities, and payroll liability payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

WEST END BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ART ASSET & EQUIPMENT

Art asset & equipment is recorded at cost with depreciation and amortization provided as follows:

	<u>Rate</u>	<u>Method</u>
Art asset	4 years	Straight-line
Computer equipment	30 %	Diminishing balance
Computer software	100 %	Diminishing balance
Office furniture and equipment	20 %	Diminishing balance

In the year of acquisition only one-half the normal rate is applied.

REVENUE RECOGNITION

The Association follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred.

CONTRIBUTED SERVICES

Significant hours are contributed by volunteers to assist the Association in carrying out its activities. These contributed services are not recognized in the financial statements due to the difficulty of determining their fair value. Services contributed by commercial service providers, whose fair value can be reliably determined are recognized as donated services in the financial statements.

MEASUREMENT UNCERTAINTY

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they became known.

4. ART ASSET & EQUIPMENT

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE</u>	
			<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Art asset	40,500	31,188	9,312	19,437
Computer equipment	26,096	22,912	3,184	2,834
Computer software	1,464	1,464	-	-
Office furniture and equipment	15,663	13,615	2,048	2,560
	<u>83,723</u>	<u>69,179</u>	<u>14,544</u>	<u>24,831</u>

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

5. CONTINGENCY FUND

The Association has established a contingency reserve fund to be used in the case of emergency events that significantly impact the cash flow of the Association and put the organization at financial risk. The reserve fund has been authorized to a maximum amount of \$100,000 that was funded through annual allocations of the Association's GST rebates, plus 2% of the annual budget to an annual maximum of \$12,500. The funds are to be invested with an investment risk tolerance of zero. In 2017, the contingency reserve fund reached its authorized limit of \$100,000. Therefore, no additional funds were allocated for the current period.

6. COMMITMENTS

The Association leases its premises under an agreement expiring March 31, 2021. The future minimum lease payments under this lease are as follows:

Year	\$
2021	22,946

The future minimum lease payments do not include operating costs recoverable by the landlord, such as property taxes, insurance, and common area maintenance. The total payments under the lease agreement in 2020 were \$42,018 (2019 - \$41,081). Management does not expect a significant difference in the total lease amounts payable in 2021.

7. CONTRACTORS

Contractors expense consists of expenditures on the following programs:

	2020	2019
	\$	\$
Administration	2,782	2,913
Events	3,704	11,053
Promotion	50,236	63,302
Revitalization	61,309	54,989
	<u>118,031</u>	<u>132,257</u>

8. ECONOMIC DEPENDENCE

The Association depends upon the City of Vancouver for substantially all of its revenues. The grants are recovered by the city from land owners and improvements within the West End Business Improvement Area via a tax levy.

The Association has a five year funding agreement from the City of Vancouver to provide a fund ceiling of \$4,551,115 between 2017 and 2021, with \$902,556 (2019 - \$889,514) being provided in the 2020 fiscal year.

9. OTHER REPORTING REQUIREMENTS

As required by the Society Act (British Columbia) effective November 28, 2016, we report on remuneration of employees and contractors whose annual remuneration was at least \$75,000 as follows:

- The Executive Director was paid \$135,120 during the fiscal year.

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

10. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The operations of the Association have not yet been significantly affected by the COVID-19 response or current government regulations. The impact on the Association in the future is uncertain at this time. The Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020, have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.