

WEST END BUSINESS IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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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 statement of financial position as at March 31, 2022 and the statements of operations and changes in net assets 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, 2022 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.

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 31, 2022
104 - 3989 Henning Drive, Burnaby, BC



CHARTERED PROFESSIONAL ACCOUNTANTS

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

	2022	2021
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	62,848	113,150
Restricted cash (Notes 5,6 & 7)	121,123	102,690
GST receivable	4,835	3,087
Prepaid expenses	5,707	4,457
	194,513	223,384
ART ASSET & EQUIPMENT (Note 4)	87,822	61,046
	282,335	284,430
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	19,515	36,052
Payroll liability payable	11,307	19,272
	30,822	55,324
NET ASSETS		
GENERAL FUND	130,390	126,416
JIM DEVA PLAZA FUND (Note 7)	3,277	2,690
GRAFFITI FUND (Note 6)	17,846	-
CONTINGENCY FUND (Note 5)	100,000	100,000
	251,513	229,106
	282,335	284,430

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, 2022**

	2022	2021
	\$	\$
GENERAL FUND		
BALANCE , beginning of year	126,416	105,135
Excess of revenue over expenditures	3,974	21,281
BALANCE , end of year	130,390	126,416
JIM DEVA PLAZA FUND		
BALANCE , beginning of year	2,690	7,767
Excess (deficiency) of revenue over expenditures	587	(5,077)
BALANCE , end of year	3,277	2,690
GRAFFITI FUND		
BALANCE , beginning of year	-	-
Excess of revenue over expenditures	17,846	-
BALANCE , end of year	17,846	-
CONTINGENCY FUND		
BALANCE , beginning of year	100,000	100,000
BALANCE , end of year	100,000	100,000

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

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
	\$	\$
REVENUE		
Operating grants	926,684	926,684
Jim Deva Plaza sponsorship	50,000	25,847
Graffiti grant sponsorship (Note 6)	25,000	-
Event Sponsorship	21,500	-
Other revenue	1,620	-
	<hr/> 1,024,804	<hr/> 952,531
EXPENDITURES		
Advertising and promotion	18,653	40,745
Amortization	29,905	15,253
Contractors (Note 9)	188,311	155,529
Contractors - Graffiti (Note 6)	7,154	-
Event sponsorship	229,071	137,273
Hanging flower baskets	-	16,189
Insurance	5,361	4,613
Jim Deva Plaza expenses	49,413	30,924
Meetings, memberships, and professional development	6,899	6,289
Leveraged services	61,349	74,294
Office, telephone and bank charges	8,426	9,850
Office equipment repairs and maintenance	3,842	2,003
Printing	3,276	6,243
Professional fees	21,630	16,121
Rent and storage	23,760	45,166
Street lighting & city revitalization	1,870	21,397
Wages and employee benefits	345,296	357,330
	<hr/> 1,004,216	<hr/> 939,219
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	20,588	13,312
OTHER INCOME		
Interest income	1,819	2,892
EXCESS OF REVENUE OVER EXPENDITURES	<hr/> 22,407	<hr/> 16,204

(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, 2022**

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	22,407	16,204
NON CASH ITEM		
Amortization	29,905	15,253
	52,312	31,457
CHANGES IN NON-CASH WORKING CAPITAL		
Prepaid expenses	(1,250)	-
Accounts payable and accrued liabilities	(16,538)	22,781
Payroll liability payable	(7,965)	13,787
GST receivable	(1,748)	12
	24,811	68,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of art assets & equipment	(56,680)	(61,755)
INCREASE (DECREASE) IN CASH	(31,869)	6,282
CASH, beginning of year	215,840	209,558
CASH, end of year	183,971	215,840
CASH, CONSISTS OF:		
Cash	62,848	113,150
Restricted cash	121,123	102,690
	183,971	215,840

(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, 2022

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 West End BIA 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 for the purposes of furthering the economic and commercial vitality of the area;
- 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:

WEST END BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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.

ART ASSETS & EQUIPMENT

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

	<u>Rate</u>	<u>Method</u>
Art assets	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.

FUND ACCOUNTING

The General Fund is used for general revenues and expenses for the Association's general operating activities, as described in Note 1.

The Jim Deva Plaza fund consists of externally restricted funds to be used for the maintenance and enhancement of the Jim Deva Plaza.

The Graffiti Fund is granted by the City of Vancouver to be used for the area's graffiti abatement. This grant is externally restricted to pay costs directly associated with the graffiti abatement mapped out in the grant letter agreement.

The Contingency Fund consists of internally restricted funds, originally from the BIA levy, 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.

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.

WEST END BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

4. ART ASSETS & EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2022	2021
	\$	\$	\$	\$
Art assets	157,180	73,273	83,907	55,687
Computer equipment	27,851	25,247	2,604	3,720
Computer software	1,464	1,464	-	-
Office furniture and equipment	15,663	14,352	1,311	1,639
	202,158	114,336	87,822	61,046

5. CONTINGENCY FUND

The Association has internally 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. GRAFFITI FUND

The Association has received a \$25,000 grant from the City of Vancouver for Graffiti abatement. The funds for this purpose have been externally restricted by the city.

7. JIM DEVA PLAZA FUND

The Association has established the Jim Deva Plaza Fund for the maintenance and enhancement of the Jim Deva Plaza. The funds for this purpose have been externally restricted by the city.

8. COMMITMENTS

The Association leases its premises under an agreement expiring March 31, 2026. The future minimum annual lease payments under this lease are as follows:

Year	\$
2023	13,777
2024	14,376
2025	14,376
2026	14,975

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 2022 were \$20,080 (2021 - \$42,712). Management did expect a significant decrease in the total lease amounts payable in 2022, as the amount of space leased has decreased.

WEST END BUSINESS IMPROVEMENT ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

9. CONTRACTORS

Contractors expense consists of expenditures on the following programs:

	2022	2021
	\$	\$
Administration	6,233	5,151
Promotion	25,499	40,782
Revitalization	156,579	109,596
	<hr/> <hr/>	<hr/> <hr/>
	188,311	155,529

10. 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 \$926,684 (2021 - \$926,684) being provided in the 2022 fiscal year.

The Association has entered into a new five year funding agreement with the City of Vancouver to provide a fund ceiling of \$5,120,520 between 2022 and 2026.