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**FINANCIAL STATEMENTS**

**STRATHCONA BUSINESS  
IMPROVEMENT ASSOCIATION**

March 31, 2019

Limited Liability Partnership



**Tompkins Wozny**  
Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
Strathcona Business Improvement Association

### *Opinion*

We have audited the financial statements of Strathcona Business Improvement Association (the Association), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, 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 the Association as at March 31, 2019 and the results of its operations and its 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 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 audit opinion.

### *Responsibilities of Management and Those Charged with Governance 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.

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

### *Auditor's 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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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## INDEPENDENT AUDITOR'S REPORT

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- 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 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 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.

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.

### **Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

*Tompkins Wozny LLP*

Vancouver, Canada  
July 25, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

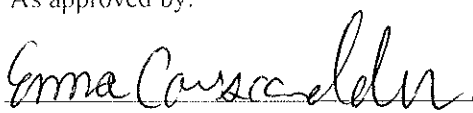
	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	961,629	282,887
Accounts receivable [note 3]	50,836	44,609
Prepaid expenses	2,945	36,562
	<b>1,015,410</b>	<b>364,058</b>
Capital assets [note 4]	18,913	30,779
	<b>1,034,323</b>	<b>394,837</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals [note 5]	55,989	55,240
Deferred revenue - business improvement levy	531,625	---
- grant contributions	16,756	---
Deferred contributions for capital assets [note 6]	17,057	25,586
	<b>621,427</b>	<b>80,826</b>
<b>NET ASSETS</b>		
BIA fund	374,160	275,494
General fund	38,736	38,517
	<b>412,896</b>	<b>314,011</b>
	<b>1,034,323</b>	<b>394,837</b>

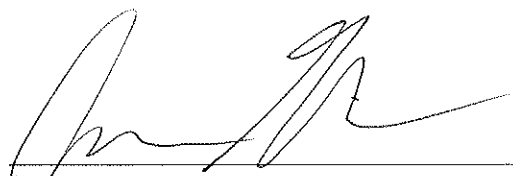
*Economic dependence [note 9]*

*Commitments [note 10]*

*See accompanying notes to the financial statements*

As approved by:

  
 Director

  
 Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	BIA Fund \$	General Fund \$	Total \$
<b>2019</b>			
Balance, beginning of year	275,494	38,517	314,011
Excess of revenue for the year	98,666	219	98,885
<b>Balance, end of year</b>	<b>374,160</b>	<b>38,736</b>	<b>412,896</b>
<b>2018</b>			
Balance, beginning of year	182,122	38,487	220,609
Excess of revenue for the year	93,372	30	93,402
<b>Balance, end of year</b>	<b>275,494</b>	<b>38,517</b>	<b>314,011</b>

*See accompanying notes to the financial statements*



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**Strathcona Business Improvement Association****STATEMENT OF OPERATIONS  
- BIA FUND**

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Year ended March 31

	2019	2018
	\$	\$
<b>REVENUE</b>		
Business improvement levy	900,200	841,500
Interest and other income	3,820	2,225
	<b>904,020</b>	<b>843,725</b>
<b>EXPENSES</b>		
<b>Salaries and benefits</b>	<b>200,127</b>	<b>181,378</b>
<b>Operating costs</b>		
Accounting and legal	10,466	10,654
Amortization	3,337	3,337
Annual General Meeting	5,073	6,134
Association memberships	2,568	2,156
Board and membership meetings	3,599	3,403
Board member development	905	750
Conferences and professional development	11,571	9,651
Insurance	3,862	3,763
Office equipment	1,857	1,906
Office expense	16,904	19,766
Rent and utilities	17,663	16,621
Security and alarms	439	443
Strategic planning	8,212	4,966
Telephone	5,674	5,083
Travel and car allowance	1,909	1,599
	<b>94,039</b>	<b>90,232</b>
<b>Communications, brand and marketing</b>		
Made in Strathcona	86,314	106,914
Member communications	14,419	7,576
	<b>100,733</b>	<b>114,490</b>
<b>Community Relations</b>		
Advocacy	41,051	2,954
Partnerships and programs	400	4,841
	<b>41,451</b>	<b>7,795</b>



**STATEMENT OF OPERATIONS  
- BIA FUND**

	2019	2018
	\$	\$
<b>EXPENSES (Continued)</b>		
<b>Sustainability</b>		
Members' education and outreach	—	2,367
Sustainable business strategies	8,964	4,628
	<b>8,964</b>	<b>6,995</b>
<b>Core Programs and Services</b>		
Arts and culture	3,600	—
Beautification	34,219	53,393
Community Safety	207,259	184,280
Events - membership	26,304	11,729
Events - sponsorship and donations	7,550	5,691
Graffiti removal	36,396	35,417
Metrics and indicators	6,697	29,725
Street and lane clean-up	38,015	29,228
	<b>360,040</b>	<b>349,463</b>
<b>Total expenses</b>	<b>805,354</b>	<b>750,353</b>
<b>Excess of revenue for the year</b>	<b>98,666</b>	<b>93,372</b>

*See accompanying notes to the financial statements*

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Strathcona Business Improvement Association

**STATEMENT OF OPERATIONS  
- GENERAL FUND**

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Year ended March 31

	2019	2018
	\$	\$
<b>REVENUE</b>		
Grants and donations	29,044	62,930
Interest and other income	219	19
Amortization of deferred contributions for capital assets	8,529	8,529
	<u>37,792</u>	<u>71,478</u>
<b>EXPENSES</b>		
Amortization	8,529	8,529
Partnerships and programs	29,044	42,047
Research and consulting	—	20,872
	<u>37,573</u>	<u>71,448</u>
<b>Excess of revenue for the year</b>	<u>219</u>	<u>30</u>

*See accompanying notes to the financial statements*





STATEMENT OF CASH FLOWS

Year ended March 31

	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue for the year	98,885	93,402
Items not affecting cash		
Amortization of deferred contributions for capital assets	(8,529)	(8,529)
Amortization of capital assets	11,866	11,866
Changes in non-cash working capital items		
Accounts receivable	(6,227)	(9,259)
Prepaid expenses	33,617	(21,081)
Accounts payable and accruals	749	5,526
Deferred grants	548,381	—
<b>Cash provided by operating activities</b>	<b>678,742</b>	<b>71,925</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	—	(1,558)
<b>Cash used in investing activities</b>	<b>—</b>	<b>(1,558)</b>
<b>Increase in cash for the year</b>	<b>678,742</b>	<b>70,367</b>
Cash, beginning of year	282,887	212,520
<b>Cash, end of year</b>	<b>961,629</b>	<b>282,887</b>

*See accompanying notes to the financial statements*



## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 1. PURPOSE OF THE ASSOCIATION

The Strathcona Business Improvement Association (the "Association") was incorporated on February 1, 1999 under the British Columbia Societies Act as a not-for-profit organization and therefore is exempt from income taxes. The objectives of the Association are to:

- (a) to develop, encourage and promote business in the Strathcona Area Business Improvement Area of Vancouver, British Columbia;
- (b) to make studies of, and advance any project, plan, or improvement designed to benefit the Strathcona Area Business Improvement Area;
- (c) to cooperate with and aid any person, body, group or association in projects designed to benefit the Strathcona Area Business Improvement Area;
- (d) to liaise with other interest groups in the area and to work together on projects and promotions to accomplish the purpose of the Association;
- (e) to encourage, support and facilitate entertainment, sports and cultural activities with the Strathcona Area Business Improvement Area for the purpose of furthering the economic and commercial welfare of the Area;
- (f) in affiliation with other Business Improvement Area associations, to promote and carry out the purpose of the Association in matters of common concern and interest;
- (g) to promote matters of common concern and interest to business and property owners in the Strathcona Area Business Improvement Area and to bring together business and property owners in the improvement area for fulfilling the purpose of the Association; and
- (h) to raise revenue to carry out the purposes of the Association.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Funding Accounting**

The Association follows fund accounting using the deferral method of accounting for contributions. The major funds are described below:

#### *BIA Fund*

The BIA fund is funded by Levy contributions from the City of Vancouver to carry out the member purposes of the organization.



## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### *General Fund*

For receipt of special grants and activities outside of the regular budgeted programming of the Association.

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reported period. Significant areas requiring the use of management estimates relate to the determination of the net recoverable value of assets, in particular as it relates to the useful lives of capital assets, accrued liabilities, grant receivables and deferred grants. Actual results could differ from the estimates.

#### **Measurement of Financial Instruments**

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

#### **Cash**

Cash is defined as cash on deposit, net of cheques issued and outstanding at the year-end.

The statement of cash flows is prepared on a net basis and cash flows for operating activities are reported using the indirect method.

#### **Revenue Recognition**

The Association follows the deferral method of accounting for contributions.

The Business Improvement Association Levy, which is externally restricted, is revenue derived from a special levy imposed on businesses within the defined borders of the Strathcona BIA and administered and collected through the property tax office of the City of Vancouver. This revenue is recognized when received or receivable. Funding received in advanced is deferred to the appropriate year.

Restricted grants are recognized as revenue in the year the related expenditures are incurred.

Donations are recorded on a cash basis and reported as revenue when received.

Unrestricted revenue is recorded when funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

Volunteers contribute their time to assist the Association in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution, if a value can be reasonably estimated. Amortization is provided using the straight line basis at the following annual rates:

- Workshop equipment 5 years
- Furniture and equipment 5 years
- Computer equipment 3 years
- Website 3 years

A full year's amortization is recorded on capital assets in the year of acquisition and no amortization is recorded in the year of disposition.

Capital assets are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount of an asset may not be recoverable. Any non-recoverable amount will be recorded as an impairment charge in the year it is recognized.

3. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Operations	525	-----
Grants receivable	24,341	30,341
Government - GST	25,970	14,268
	50,836	44,609
Allowance for doubtful accounts	-----	-----
	50,836	44,609

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

4. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2019</b>			
Workshop equipment	42,644	25,587	17,057
Furniture and equipment	3,341	2,004	1,337
Computer equipment	2,206	1,687	519
Website	5,800	5,800	---
	<u>53,991</u>	<u>35,078</u>	<u>18,913</u>
<b>2018</b>			
Workshop equipment	42,644	17,058	25,586
Furniture and equipment	3,341	1,336	2,005
Computer equipment	2,206	951	1,255
Website	5,800	3,867	1,933
	<u>53,991</u>	<u>23,212</u>	<u>30,779</u>

The workshop equipment was purchased with a grant from the City of Vancouver to purchase metal workshop equipment to be leased to MakerLabs ("ML"). The lease with ML is for a nominal annual payment of \$1 per year for a five year term ending July 31, 2020, renewable annually thereafter under the same terms and conditions. ML has the sole right and use of, and responsibility for the equipment during the lease; however, title and ownership of the equipment remains with the Association.

5. ACCOUNTS PAYABLE AND ACCRUALS

	2019 \$	2018 \$
Operations	35,613	40,574
Wages payable	20,193	14,547
Government remittance - WorkSafeBC	183	119
	<u>55,989</u>	<u>55,240</u>

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	2019 \$	2018 \$
Balance, beginning of year	25,586	34,115
Contributions used to purchase capital assets	—	—
Amortization	(8,529)	(8,529)
<b>Balance, end of year</b>	<u>17,057</u>	<u>25,586</u>

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 7. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risks as at March 31, 2019.

#### Credit Risk

The Association is exposed to credit risk with respect to its bank deposits. The Association reduces its credit risk by placing its bank deposits with a chartered Canadian bank.

#### Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

### 8. CITY OF VANCOUVER

In the fiscal year ending March 31, 2019, the City of Vancouver paid the Association \$900,200.

The monies;

(a) are to be spent in accordance with the Business Promotion Scheme as defined by the Vancouver Charter and in accordance with the purpose of the association as determined from time to time by the members, the Association and the City of Vancouver, and

(b) if not required for immediate use may be reinvested only in such securities in which trustees are authorized by law to invest.

### 9. ECONOMIC DEPENDENCE

The primary source of the Association's revenue is from the City of Vancouver's business improvement levy. The Association's ability to continue viable operations is dependent upon maintaining this source of revenue. These financial statements have been prepared on a going concern basis on the assumption this source of revenue will continue to finance the Association's operations.

The Association currently has a seven year operating agreement with the City of Vancouver expiring March 31, 2024.

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 10. COMMITMENTS

The Association entered into a lease for its premises for a two year term commencing September 1, 2018 at a monthly cost of \$1,100 plus taxes.

The Association entered into a community patrol contract with Paladin Security Group Ltd. effective September 1, 2017 to March 31, 2021 at an estimated minimum annual cost of \$196,084 plus taxes and increases in minimum wage rates (based on two officers working 8 hours per day).

The Association entered into a graffiti removal services contract with Goodbye Graffiti Inc. effective August , 2017 to July 31, 2020. The estimated minimum annual cost for the 2020 fiscal year is \$36,069 plus taxes and for 2021 is \$12,141 plus taxes.

The Association entered into the following contracts for street cleaning effective April 1, 2019 to March 31, 2020:

- Coast Mental Health for an annual cost of \$19,917;
- United We Can for an estimated annual cost of \$10,000; and
- MPM Maintenance for an estimated annual cost of \$16,000.

### 11. RELATED PARTY TRANSACTIONS

During the 2019 fiscal year, the Association entered into following transactions with companies that are associated with members of the board of directors:

- MP Enterprises to provide landscaping and debris removal services at a cost of \$10,269 including GST and accounts payable at year-end of \$467;
- My Loud Speaker to provide marketing services at a cost of \$34,276, including GST;
- Patricia Hotel to provide catering services at a cost of \$747, including GST;
- Savoury Chef Foods Ltd to provide catering services at a cost of \$612, including GST;
- The Butler Did It Catering Co to provide catering services at a cost of \$1029, including GST.

These transactions were carried out in the normal course of operations and are recorded at the exchange amount which is the value agreed to upon the parties.

NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

**12. DISCLOSURE OF REMUNERATION**

Pursuant to the British Columbia Societies Act, the Association is required to disclose contractor fees, wages and benefits paid to employees in the amount of \$75,000 or more during the fiscal year. Community safety includes contractor fees paid to one contract service company in the amount of \$207,255 net of GST rebate [2018 - \$Nil]. Salaries and benefits expense includes remuneration paid to one employee for a total amount of \$Nil [2018 - \$75,341] for the fiscal year ending March 31, 2019. No remuneration was paid to any members of the Board *[note 11]*.

