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**FINANCIAL STATEMENTS**

**STRATHCONA BUSINESS  
IMPROVEMENT ASSOCIATION**

**March 31, 2021**

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, 2021 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, 2021 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 28, 2021

Chartered Professional Accountants



## Strathcona Business Improvement Association

## STATEMENT OF FINANCIAL POSITION

As at March 31

	2021			2020
	BIA Fund \$	General Fund \$	Total \$	Total \$
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents [note 3]	724,217	131,519	855,736	602,236
Accounts receivable [note 4]	32,767	26,004	58,771	67,389
Prepaid expenses	9,394	—	9,394	7,475
Inter-fund receivable (payable)	23,492	(23,492)	—	—
	<b>789,870</b>	<b>134,031</b>	<b>923,901</b>	<b>677,100</b>
Capital assets [note 5]	10,761	—	10,761	9,197
	<b>800,631</b>	<b>134,031</b>	<b>934,662</b>	<b>686,297</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Accounts payable and accruals [note 6]	88,446	90,000	178,446	24,131
Deferred contributions for capital assets [note 7]	—	—	—	8,528
	<b>88,446</b>	<b>90,000</b>	<b>178,446</b>	<b>32,659</b>
<b>NET ASSETS</b>	<b>712,185</b>	<b>44,031</b>	<b>756,216</b>	<b>653,638</b>
	<b>800,631</b>	<b>134,031</b>	<b>934,662</b>	<b>686,297</b>

*Economic dependence [note 10]**Commitments [note 11]**See accompanying notes to the financial statements*

As approved by:

Emma Carscadden

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*Emma Carscadden*

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Director

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*Anu Kainth*

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Director



## Strathcona Business Improvement Association

### STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	BIA Fund \$	General Fund \$	Total \$
<b>2021</b>			
<b>Balance, beginning of year</b>	637,582	16,056	653,638
Excess of revenue for the year	74,603	27,975	102,578
<b>Balance, end of year</b>	<b>712,185</b>	<b>44,031</b>	<b>756,216</b>
<b>2020</b>			
<b>Balance, beginning of year</b>	374,160	38,736	412,896
Excess of revenue for the year	263,422	(22,680)	240,742
<b>Balance, end of year</b>	<b>637,582</b>	<b>16,056</b>	<b>653,638</b>

*See accompanying notes to the financial statements*

## Strathcona Business Improvement Association

### STATEMENT OF OPERATIONS - BIA FUND

Year ended March 31

	2021	2020
	\$	\$
<b>REVENUE</b>		
Business improvement levy	1,051,764	1,063,250
Interest and other income	14,403	6,808
	<b>1,066,167</b>	<b>1,070,058</b>
<b>EXPENSES</b>		
<b>Salaries and benefits</b>	<b>218,312</b>	204,033
<b>Operating costs</b>		
Accounting and other professional fees	16,961	10,447
Amortization	6,047	1,187
Annual General Meeting	9,353	8,966
Association memberships	2,683	3,635
Board and membership meetings	4,382	7,476
Board member development	—	1,074
Conferences and professional development	5,415	9,894
Insurance	4,076	3,976
Legal	22,050	8,463
Office equipment	1,063	1,063
Office expense	16,068	19,516
Rent and utilities	14,551	19,039
Strategic planning	6,343	13,190
Telephone	2,874	5,331
Travel	—	2,711
	<b>111,866</b>	<b>115,968</b>
<b>Communications, brand and marketing</b>		
Brand, marketing and communications	101,032	85,070
	<b>101,032</b>	<b>85,070</b>
<b>Community Relations</b>		
Partnerships and programs	5,000	3,051
	<b>5,000</b>	<b>3,051</b>

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


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	<b>2021</b>	<b>2020</b>
	\$	\$
<b>EXPENSES (Continued)</b>		
<b>Core Programs and Services</b>		
Arts and culture	7,500	—
Beautification	86,340	43,985
Community Safety	269,826	224,059
Events - membership	11,130	18,125
Events - sponsorship and donations	18,325	21,525
Graffiti removal	85,573	37,259
Strategic Initiatives	25,163	—
Street and lane clean-up	51,497	53,561
	<b>555,354</b>	<b>398,514</b>
<b>Total expenses</b>	<b>991,564</b>	<b>806,636</b>
<b>Excess of revenue for the year</b>	<b>74,603</b>	<b>263,422</b>

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*See accompanying notes to the financial statements*

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

Year ended March 31

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Grants and donations	<b>148,225</b>	20,956
Interest and other income	<b>4</b>	—
Amortization of deferred contributions for capital assets	<b>8,528</b>	8,529
	<b>156,757</b>	29,485
<b>EXPENSES</b>		
Amortization	<b>8,528</b>	8,529
Bank charges	<b>12</b>	—
Partnerships and programs	<b>120,242</b>	43,636
	<b>128,782</b>	52,165
<b>Excess of revenue (expenses) for the year</b>	<b>27,975</b>	<b>(22,680)</b>

*See accompanying notes to the financial statements*




## Strathcona Business Improvement Association

## STATEMENT OF CASH FLOWS

Year ended March 31

	2021		2020	
	BIA Fund \$	General Fund \$	Total \$	Total \$
<b>OPERATING ACTIVITIES</b>				
Excess of revenue for the year	74,603	27,975	102,578	240,742
Items not affecting cash				
Amortization of deferred contributions for capital assets	—	(8,528)	(8,528)	(8,529)
Amortization of capital assets	6,047	8,528	14,575	9,716
Changes in non-cash working capital items				
Accounts receivable	(513)	9,131	8,618	(16,553)
Prepaid expenses	(1,919)	—	(1,919)	(4,530)
Accounts payable and accruals	64,315	90,000	154,315	(31,858)
Deferred grants	—	—	—	(548,381)
<b>Cash provided by (used in) operating activities</b>	<b>142,533</b>	<b>127,106</b>	<b>269,639</b>	<b>(359,393)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of capital assets	(16,139)	—	(16,139)	—
<b>Cash used in investing activities</b>	<b>(16,139)</b>	<b>—</b>	<b>(16,139)</b>	<b>—</b>
<b>INTERFUND ADJUSTMENTS</b>				
	10,285	(10,285)	—	—
<b>Increase (decrease) in cash for the year</b>	<b>136,679</b>	<b>116,821</b>	<b>253,500</b>	<b>(359,393)</b>
Cash and cash equivalents, beginning of year	587,538	14,698	602,236	961,629
<b>Cash and cash equivalents, end of year</b>	<b>724,217</b>	<b>131,519</b>	<b>855,736</b>	<b>602,236</b>

See accompanying notes to the financial statements

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**Strathcona Business Improvement Association****NOTES TO FINANCIAL STATEMENTS**

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March 31, 2021

**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 a recoverable grant authorized under a City of Vancouver Strathcona BIA Grant Allocation By-law to grant money for a business promotion scheme in the Strathcona Business Improvement Area (BIA). The funds are recovered by the City of Vancouver by a property tax levy on BC Assessment Class 5 and 6 properties authorized under the Strathcona BIA Designation By-law.

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**Strathcona Business Improvement Association****NOTES TO FINANCIAL STATEMENTS**

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March 31, 2021

**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.

**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.

**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.



## Strathcona Business Improvement Association

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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

##### 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

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. CASH EQUIVALENTS

Cash and cash equivalents includes a term deposit of \$152,557 [2020 - \$150,000] which accrues interest at rate of 0.75% [2020 - 1.70%] and matures on June 7, 2021.

#### 4. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Operations	5,886	31
Interest receivable	2,110	2,082
Grants receivable	24,341	28,541
Government - GST	26,434	36,735
	58,771	67,389
Allowance for doubtful accounts	—	—
	58,771	67,389

## Strathcona Business Improvement Association

### NOTES TO FINANCIAL STATEMENTS

March 31, 2021

#### 5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2021</b>			
Workshop equipment	42,644	42,644	—
Furniture and equipment	3,341	3,341	—
Computer equipment	18,347	7,586	10,761
	<b>64,332</b>	<b>53,571</b>	<b>10,761</b>
<b>2020</b>			
Workshop equipment	42,644	34,115	8,529
Furniture and equipment	3,341	2,673	668
Computer equipment	2,206	2,206	—
	<b>48,191</b>	<b>38,994</b>	<b>9,197</b>

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, 2021, 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.

#### 6. ACCOUNTS PAYABLE AND ACCRUALS

	2021 \$	2020 \$
Operations	162,017	15,111
Wages payable	16,429	9,020
	<b>178,446</b>	<b>24,131</b>

#### 7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	2021 \$	2020 \$
Balance, beginning of year	8,528	17,057
Amortization	(8,528)	(8,529)
<b>Balance, end of year</b>	<b>—</b>	<b>8,528</b>

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**Strathcona Business Improvement Association**

**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2021

**8. 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, 2021.

**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.

**9. CITY OF VANCOUVER**

In the fiscal year ending March 31, 2021, the City of Vancouver paid the Association \$1,051,764 [2020 - \$1,063,250].

The monies are to be used:

- (a) in accordance with City of Vancouver requirements as set out in the Strathcona BIA Grant Allocation by-law, and
- (b) in accordance with the Purposes of the Association as set out in the Association's Constitution.

**10. 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.

**Strathcona Business Improvement Association****NOTES TO FINANCIAL STATEMENTS**

March 31, 2021

**11. COMMITMENTS**

The Association entered into a lease for its premises for a two year term commencing September 1, 2020 at a monthly cost of \$1,200 plus taxes for the first year and a monthly cost of \$1,300 plus taxes for the second year.

The Association entered into a community patrol contract with Paladin Security Group Ltd. effective April 1, 2021 to December 31, 2021 at an estimated minimum cost of \$170,000 plus taxes.

The Association entered into a graffiti removal services contract with Goodbye Graffiti Inc. effective August 1, 2020 to July 31, 2023. The estimated minimum annual cost for 2022 is \$110,000 plus taxes.

**12. RELATED PARTY TRANSACTIONS**

During the 2021 fiscal year, the Association entered into following transactions with companies that are associated with members of the board of directors:

(a) MP Enterprises to provide landscaping, micro-cleaning services, office lot cleaning and debris removal services at a cost of \$33,455 [2020 - \$27,908] including GST;

(b) Sunrise Soya Foods to provide supplies at a cost of \$40 and were awarded an Illuminate Strathcona grant for \$1,500. For a total cost of \$1,540 [2020 - \$Nil] including GST; and

(c) Monica Reyes Gallery was awarded a COVID-19 grant at a cost of \$652 [2020 - \$Nil] 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.

**13. 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 \$259,378 net of GST rebate [2020 - \$213,005]. Graffiti removal includes contractor fees paid to one contract service company in the amount of \$85,573 net of GST rebate [2020 - \$37,259]. Salaries and benefits expense includes remuneration paid to one employee for a total amount of \$90,770 [2020 - \$94,368] for the fiscal year ending March 31, 2021. No remuneration was paid to any members of the Board [note 12].



**Strathcona Business Improvement Association**

**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2021

**14. COMPARATIVE FIGURES**

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's financial statement presentation.