

FINANCIAL STATEMENTS

**STRATHCONA BUSINESS
IMPROVEMENT ASSOCIATION**

March 31, 2022



INDEPENDENT AUDITOR'S REPORT

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, 2022 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, 2022 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.

INDEPENDENT AUDITOR'S REPORT

- 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
June 16, 2022

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2022			2021
	BIA Fund \$	General Fund \$	Total \$	Total \$
ASSETS				
Current				
Cash and cash equivalents [note 3]	442,019	76,157	518,176	855,736
Accounts receivable [note 4]	15,829	164	15,993	58,771
Prepaid expenses	9,182	—	9,182	9,394
	467,030	76,321	543,351	923,901
Capital assets [note 5]	5,380	—	5,380	10,761
	472,410	76,321	548,731	934,662
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accruals [note 6]	51,900	—	51,900	178,446
Deferred revenue [note 7]	—	33,290	33,290	—
	51,900	33,290	85,190	178,446
NET ASSETS	420,510	43,031	463,541	756,216
	472,410	76,321	548,731	934,662

Economic dependence [note 10]

Commitments [note 11]

See accompanying notes to the financial statements

As approved by:

Emma Caspadden.

Director

Heinrich

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	BIA Fund \$	General Fund \$	Total \$
2022			
Balance, beginning of year	712,185	44,031	756,216
Excess of expenses for the year	(291,675)	(1,000)	(292,675)
Balance, end of year	420,510	43,031	463,541
2021			
Balance, beginning of year	637,582	16,056	653,638
Excess of revenue for the year	74,603	27,975	102,578
Balance, end of year	712,185	44,031	756,216

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS
- BIA FUND**

Year ended March 31

	2022	2021
	\$	\$
REVENUE		
Business improvement levy	691,240	1,051,764
Interest and other income	5,182	14,403
	696,422	1,066,167
EXPENSES		
Salaries and benefits	248,145	218,312
Operating costs		
Accounting and other professional fees	41,246	16,961
Amortization	5,379	6,047
Annual General Meeting	14,610	9,353
Association memberships	2,426	2,683
Board and membership meetings	2,252	4,382
Conferences and professional development	1,683	5,415
Insurance	4,944	4,076
Legal	22,779	22,050
Office equipment	1,064	1,063
Office expense	25,480	16,068
Rent and utilities	15,478	14,551
Strategic planning	—	6,343
Telephone	2,785	2,874
	140,126	111,866
Communications, brand and marketing		
Brand, marketing and communications	92,122	101,032
	92,122	101,032
Community Relations		
Partnerships and programs	—	5,000
	—	5,000

**STATEMENT OF OPERATIONS
- BIA FUND**

	2022	2021
	\$	\$
EXPENSES (Continued)		
Core Programs and Services		
Arts and culture	10,538	7,500
Beautification	64,367	86,340
Community Safety	247,117	269,826
Events - membership	5,724	11,130
Events - sponsorship and donations	24,825	18,325
Graffiti abatement	94,970	85,573
Strategic Initiatives	566	25,163
Street and lane clean-up	59,597	51,497
	507,704	555,354
Total expenses	988,097	991,564
Excess of revenue (expenses) for the year	(291,675)	74,603

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS
- GENERAL FUND**

Year ended March 31

	2022	2021
	\$	\$
REVENUE		
Grants and donations	86,210	148,225
Interest and other income	—	4
Amortization of deferred contributions for capital assets	—	8,528
	86,210	156,757
EXPENSES		
Amortization	—	8,528
Bad debts	1,000	—
Bank charges	—	12
Graffiti abatement	6,710	—
Partnerships and programs	79,500	120,242
	87,210	128,782
Excess of revenue (expenses) for the year	(1,000)	27,975

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2022		2021	
	BIA Fund \$	General Fund \$	Total \$	Total \$
OPERATING ACTIVITIES				
Excess of revenue (expenses) for the year	(291,675)	(1,000)	(292,675)	102,578
Items not affecting cash				
Amortization of deferred contributions for capital	—	—	—	(8,528)
Amortization of capital assets	5,379	—	5,379	14,575
Changes in non-cash working capital items				
Accounts receivable	16,938	25,840	42,778	8,618
Prepaid expenses	212	—	212	(1,919)
Accounts payable and accruals	(36,544)	(90,000)	(126,544)	154,315
Deferred grants	—	33,290	33,290	—
Cash provided by (used in) operating activities	(305,690)	(31,870)	(337,560)	269,639
INVESTING ACTIVITIES				
Purchase of capital assets	—	—	—	(16,139)
Cash used in investing activities	—	—	—	(16,139)
INTERFUND TRANSFERS				
	23,492	(23,492)	—	—
Increase (decrease) in cash for the year	(282,198)	(55,362)	(337,560)	253,500
Cash and cash equivalents, beginning of year	724,217	131,519	855,736	602,236
Cash and cash equivalents, end of year	442,019	76,157	518,176	855,736

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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 \$153,701 [2021 - \$152,557] which accrues interest at rate of 0.25% [2021 - 0.75%] and matures on June 7, 2022.

4. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Operations	25	5,886
Interest receivable	313	2,110
Grants receivable	—	24,341
Government - GST	15,655	26,434
	15,993	58,771
Allowance for doubtful accounts	—	—
	15,993	58,771

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2022			
Furniture and equipment	3,341	3,341	—
Computer equipment	18,347	12,967	5,380
	21,688	16,308	5,380
2021			
Workshop equipment	42,644	42,644	—
Furniture and equipment	3,341	3,341	—
Computer equipment	18,347	7,586	10,761
	64,332	53,571	10,761

6. ACCOUNTS PAYABLE AND ACCRUALS

	2022 \$	2021 \$
Operations	41,911	162,017
Wages payable	9,989	16,429
	51,900	178,446

7. DEFERRED REVENUE

	Beginning of Year \$	Additions \$	Utilizations \$	End of Year \$
City of Vancouver - graffiti abatement	—	35,000	6,710	28,290
Vancouver Fraser Port Authority - urban tree nursery	—	5,000	—	5,000
	—	40,000	6,710	33,290

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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, 2022.

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, 2022, the City of Vancouver paid the Association \$691,240 [2021 - \$1,051,764].

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

11. COMMITMENTS

The Association's lease for its premises ends on August 31, 2022 it has a monthly cost of \$1,300 plus taxes until the end of its term. A renewal of this lease is currently being negotiated.

The Association entered into a community patrol contract with Paladin Security Group Ltd. effective January 1, 2022 to December 31, 2022 at an estimated minimum cost of \$230,000 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 2022 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 \$38,643 [2021 - \$33,455] including GST;
- (b) Onni Group to provide a lease and utilities for the premises. For a total cost of \$17,633 including GST;
- (c) Sunrise Soya Foods was awarded a COVID-19 grant and provided promotional campaign services. For a total cost of \$616 [2021 - \$1,540] including GST; and
- (d) Monica Reyes Gallery was awarded \$300 for the Art Walk Strathcona project [2021 - \$652] 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 \$225,493 including GST [2021 - \$259,378]. Graffiti removal includes contractor fees paid to one contract service company in the amount of \$101,680 including GST [2021 - \$85,573]. Salaries and benefits expense includes remuneration paid to two employees for a total amount of \$164,244 [2021 - \$90,770] for the fiscal year ending March 31, 2022. No remuneration was paid to any members of the Board [note 12].