

FINANCIAL STATEMENTS

**STRATHCONA BUSINESS
IMPROVEMENT ASSOCIATION**

March 31, 2023



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, 2023 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, 2023 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 15, 2023

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2023			2022
	BIA Fund \$	General Fund \$	Total \$	Total \$
ASSETS				
Current				
Cash and cash equivalents [note 3]	457,006	82,159	539,165	518,176
Accounts receivable [note 4]	17,013	718	17,731	15,993
Prepaid expenses	18,106	—	18,106	9,182
	492,125	82,877	575,002	543,351
Capital assets [note 5]	—	—	—	5,380
	492,125	82,877	575,002	548,731
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accruals [note 6]	56,616	—	56,616	51,900
Deferred revenue [note 7]	—	40,606	40,606	33,290
	56,616	40,606	97,222	85,190
NET ASSETS	435,509	42,271	477,780	463,541
	492,125	82,877	575,002	548,731

Economic dependence [note 10]
 Commitments [note 11]

See accompanying notes to the financial statements

As approved by:

Emma Cascarden.

 Director

Heinrich

 Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	BIA Fund \$	General Fund \$	Total \$
2023			
Balance, beginning of year	420,510	43,031	463,541
Excess of revenue (expenses) for the year	14,999	(760)	14,239
Balance, end of year	435,509	42,271	477,780
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

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS
- BIA FUND**

Year ended March 31

	2023	2022
	\$	\$
REVENUE		
Business improvement levy	927,500	691,240
Interest and other income	2,944	5,182
	930,444	696,422
EXPENSES		
Salaries and benefits	245,159	248,145
Operating costs		
Accounting and other professional fees	15,554	41,246
Amortization	5,379	5,379
Annual General Meeting	6,038	14,610
Association memberships	2,665	2,426
Board and membership meetings	4,336	2,252
Conferences and professional development	2,460	1,683
Insurance	5,317	4,944
Legal	3,837	22,779
Office equipment	1,123	1,064
Office expense	20,550	25,480
Rent and utilities	16,708	15,478
Telephone	2,861	2,785
	86,828	140,126
Communications, brand and marketing		
Brand, marketing and communications	38,295	92,122
	38,295	92,122
Core Programs and Services		
Arts and culture	—	10,538
Beautification	72,767	64,367
Community Safety	252,021	247,117
Events - membership	9,809	5,724
Events - sponsorship and donations	16,170	24,825
Graffiti abatement	120,949	94,970
Strategic Initiatives	19,939	566
Street and lane clean-up	53,508	59,597
	545,163	507,704
Total expenses	915,445	988,097
Excess of revenue (expenses) for the year	14,999	(291,675)

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS
- GENERAL FUND**

Year ended March 31

	2023	2022
	\$	\$
REVENUE		
Grants and donations	116,234	86,210
	116,234	86,210
EXPENSES		
Bad debts	—	1,000
Beautification	5,785	—
Graffiti abatement	22,684	6,710
Partnerships and programs	88,525	79,500
	116,994	87,210
Excess of expenses for the year	(760)	(1,000)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2023		2022	
	BIA Fund \$	General Fund \$	Total \$	Total \$
OPERATING ACTIVITIES				
Excess of revenue (expenses) for the year	14,999	(760)	14,239	(292,675)
Items not affecting cash				
Amortization of capital assets	5,380	—	5,380	5,379
Changes in non-cash working capital items				
Accounts receivable	(1,184)	(554)	(1,738)	42,778
Prepaid expenses	(8,924)	—	(8,924)	212
Accounts payable and accruals	4,716	—	4,716	(126,544)
Deferred grants	—	7,316	7,316	33,290
Increase (decrease) in cash for the year	14,987	6,002	20,989	(337,560)
Cash and cash equivalents, beginning of year	442,019	76,157	518,176	855,736
Cash and cash equivalents, end of year	457,006	82,159	539,165	518,176

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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, 2023

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, 2023

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:

- 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 \$154,085 [2022 - \$153,701] which accrues interest at rate of 1.80% [2022 - 0.25%] and matures on June 7, 2023.

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Government - GST	15,475	15,655
Interest receivable	2,256	313
Operations	—	25
	17,731	15,993
Allowance for doubtful accounts	—	—
	17,731	15,993

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2023			
Furniture and equipment	3,341	3,341	—
Computer equipment	18,347	18,347	—
	21,688	21,688	—
2022			
Furniture and equipment	3,341	3,341	—
Computer equipment	18,347	12,967	5,380
	21,688	16,308	5,380

6. ACCOUNTS PAYABLE AND ACCRUALS

	2023 \$	2022 \$
Operations	50,670	41,911
Vacation payable	5,946	9,989
	56,616	51,900

7. DEFERRED REVENUE

	Beginning of Year \$	Additions \$	Utilizations \$	End of Year \$
City of Vancouver - graffiti abatement	28,290	35,000	22,684	40,606
Vancouver Fraser Port Authority - urban tree nursery	5,000	—	5,000	—
	33,290	35,000	27,684	40,606

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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, 2023.

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, 2023, the City of Vancouver paid the Association \$927,500 [2022 - \$691,240].

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, 2023

11. COMMITMENTS

The Association's has entered into a lease for its premises ending August 31, 2024 with an option for subsequent term. The committed future payments under this lease are as follows:

- April 1, 2023 to August 31, 2023: \$7,000 (\$1,400/month, one month prepaid)
- September 1, 2023 to August 31, 2024: \$18,000 (\$1,500/month, one month prepaid)

The Association entered into a community patrol contract with Paladin Security Group Ltd. effective January 1, 2023 to December 31, 2023 at an estimated minimum cost of \$270,000 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 cost from April to July 2023 is \$39,000 plus taxes.

12. RELATED PARTY TRANSACTIONS

During the 2023 fiscal year, the Association entered into following transactions with companies that are associated with members of the board of directors:

- (a) Onni Group to provide a lease and utilities for the premises. For a total cost of \$17,115 [2022 - \$17,633] including GST;
- (b) Sunrise Soya Foods was awarded a COVID-19 grant and provided promotional campaign services. For a total cost of \$Nil [2022 - \$616] including GST; and
- (c) Monica Reyes Gallery was awarded \$Nil for the Art Walk Strathcona project [2022 - \$300] 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 \$236,493 including GST [2022 - \$225,493]. Graffiti removal includes contractor fees paid to one contract service company in the amount of \$154,814 including GST [2022 - \$101,680]. Salaries and benefits expense includes remuneration paid to one [2022 - two] employee for a total amount of \$119,109 [2022 - \$164,244] for the fiscal year ending March 31, 2023. No remuneration was paid to any members of the Board [note 12].