

**WEST END BUSINESS IMPROVEMENT ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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# **HEDDEN CHONG LLP**

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
(A PARTNERSHIP OF INCORPORATED PROFESSIONALS)  
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## **INDEPENDENT AUDITORS' REPORT**

**To      The Members of  
         West End Business Improvement Association**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of West End Business Improvement Association, which comprise the balance sheet as at March 31, 2018 and the statements of income, changes in net assets and cash flows for the year ended March 31, 2018, and a summary significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of West End Business Improvement Association as at March 31, 2018 and March 31, 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with Canadian Accounting Standards for not-for-profit organizations.



**June 21, 2018  
Burnaby, BC**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

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

**WEST END BUSINESS IMPROVEMENT ASSOCIATION**

**BALANCE SHEET  
MARCH 31, 2018**

	2018 \$	2017 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	213,124	230,715
GST receivable	3,748	10,067
Prepaid expenses	4,247	4,217
	221,119	244,999
<b>ART ASSET &amp; EQUIPMENT (Note 4)</b>	25,771	34,750
	246,890	279,749
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	8,241	19,332
Payroll liability payable	11,629	8,904
Deferred revenue	20,000	-
	39,870	28,236
<b>NET ASSETS</b>		
<b>CONTINGENCY FUND (Note 5)</b>	100,000	100,000
<b>GENERAL FUND</b>	107,020	151,513
	207,020	251,513
	246,890	279,749

**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, 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>GENERAL FUND</b>		
<b>BALANCE</b> , beginning of year	151,513	196,264
Transfer to Contingency Fund	-	(28,514)
Deficiency of revenue over expenditures	(44,493)	(16,237)
<b>BALANCE</b> , end of year	107,020	151,513
<b>CONTINGENCY FUND</b>		
<b>BALANCE</b> , beginning of year	100,000	71,486
Transfer from General Fund	-	28,514
<b>BALANCE</b> , 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 INCOME FOR THE YEAR ENDED MARCH 31, 2018

	2018 \$	2017 \$
<b>REVENUE</b>		
Operating grants	840,110	823,637
Event Sponsorship	27,229	54,294
Donated services	3,292	10,078
	870,631	888,009
<b>EXPENDITURES</b>		
Advertising and promotion	139,864	141,435
Amortization	9,739	6,105
Contractors (Note 7)	126,264	140,261
Event sponsorship	65,711	72,252
Hanging flower baskets	16,017	30,484
Insurance	6,449	4,669
Meetings, memberships, and professional development	16,323	18,599
Leveraged services	98,394	92,518
Office, telephone and bank charges	14,192	11,288
Office equipment repairs and maintenance	5,839	5,603
Printing	1,848	4,752
Professional fees	9,875	12,333
Rent and storage	42,713	40,074
Street lighting & City revitalization	64,596	69,934
Wages and employee benefits	300,808	258,444
	918,632	908,751
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS</b>	(48,001)	(20,742)
<b>OTHER INCOME</b>		
Interest income	3,508	4,505
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	(44,493)	(16,237)

(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, 2018

	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenditures for the year	(44,493)	(16,237)
<b>NON CASH ITEM</b>		
Amortization	9,739	6,105
	(34,754)	(10,132)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	-	411
Prepaid expenses	(30)	9,980
Accounts payable and accrued liabilities	(11,091)	(9,397)
Payroll liability payable	2,725	4,788
GST receivable	6,319	(992)
Deferred revenue	20,000	-
	(16,831)	(5,342)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(760)	(32,588)
<b>DECREASE IN CASH</b>	(17,591)	(37,930)
<b>CASH beginning of year</b>	230,715	268,645
<b>CASH end of year</b>	213,124	230,715

(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, 2018**

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### **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 Association 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:

#### **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.

## WEST END BUSINESS IMPROVEMENT ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

#### ART ASSET & EQUIPMENT

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

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

#### REVENUE RECOGNITION

The Association follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred.

#### 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.

#### 4. ART ASSET & EQUIPMENT

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE</u>	
			<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Art asset	32,000	12,000	20,000	28,000
Computer equipment	23,467	20,896	2,571	2,750
Computer software	1,464	1,464	-	-
Office furniture and equipment	16,303	13,103	3,200	4,000
	73,234	47,463	25,771	34,750

# WEST END BUSINESS IMPROVEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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### 5. CONTINGENCY FUND

The Association has 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. COMMITMENTS

The Association leases its premises under an agreement expiring March 31, 2021. The future minimum lease payments under this lease are as follows:

Year	\$
2019	22,425
2020	22,425
2021	22,946

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 2018 were \$39,082 (2017 - \$38,579). Management does not expect a significant difference in the total lease amounts payable in 2019.

### 7. CONTRACTORS

Contractors expense consists of expenditures on the following programs:

	2018	2017
	\$	\$
Administration	2,321	2,790
Events	13,679	7,009
Jim Deva Plaza	16,371	23,623
Promotion	34,439	64,284
Revitalization	59,454	42,555
	126,264	140,261

## **WEST END BUSINESS IMPROVEMENT ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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#### **8. 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 \$860,110 (2017 - \$843,637) being provided in the 2018 fiscal year.

#### **9. OTHER REPORTING REQUIREMENTS**

As required by the Society Act (British Columbia) effective November 28, 2016, we report on remuneration of employees and contractors whose annual remuneration was at least \$75,000 as follows:

- The Executive Director was paid \$122,788 during the fiscal year.