

**HASTINGS NORTH BUSINESS IMPROVEMENT
ASSOCIATION**

Financial Statements

Year Ended March 31, 2019

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Index to Financial Statements

Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Expenses (<i>Schedule 1</i>)	7
Notes to Financial Statements	8 - 11



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INDEPENDENT AUDITOR'S REPORT

To the Members of Hastings North Business Improvement Association

Report on the Financial Statements

Opinion

We have audited the financial statements of Hastings North 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations.

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 relating 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.

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Independent Auditor's Report to the Members of Hastings North Business Improvement Association
(continued)

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.
- 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 Society Act of British Columbia, we report that in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

DMCL

Port Coquitlam, BC
July 19, 2019

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Statement of Financial Position

For the Year Ended March 31, 2019

	General Fund	BIA Fund	2019	2018
ASSETS				
CURRENT				
Cash and cash equivalents	\$ -	\$ 490,820	\$ 490,820	\$ 183,788
Accounts receivable	-	6,470	6,470	18,655
Prepaid expenses and deposits	-	3,706	3,706	3,706
Due from BIA Fund (Note 3)	92,314	-	92,314	84,414
	92,314	500,996	593,310	290,563
CAPITAL ASSETS (Note 4)	-	79,518	79,518	63,237
	\$ 92,314	\$ 580,514	\$ 672,828	\$ 353,800
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ -	\$ 4,800	\$ 4,800	\$ 4,800
Deferred income (Note 5)	-	265,646	265,646	-
Due to General Fund (Note 3)	-	92,314	92,314	84,414
	-	362,760	362,760	89,214
NET ASSETS				
Unrestricted funds	92,314	-	92,314	84,414
Invested in capital assets	-	79,518	79,518	63,237
Externally restricted funds (Note 6)	-	138,236	138,236	116,935
	92,314	217,754	310,068	264,586
	\$ 92,314	\$ 580,514	\$ 672,828	\$ 353,800

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Statement of Operations

For the Year Ended March 31, 2019

	General Fund	BIA Fund	2019	2018
REVENUES				
Grants - BIA Levy	\$ -	\$ 515,820	\$ 515,820	\$ 500,790
- Sunrise patrol team	-	20,000	20,000	10,000
Associate member dues	6,100	-	6,100	9,200
Filming	1,800	-	1,800	2,000
Interest	-	3,581	3,581	2,066
	7,900	539,401	547,301	524,056
EXPENSES (Schedule 1)				
Administration	\$ -	\$ 111,587	\$ 111,587	\$ 122,278
Safety and security program	-	121,943	121,943	108,324
Clean-up program	-	104,602	104,602	107,448
Marketing and communications program	-	130,928	130,928	139,799
Revitalization and community development program	-	32,759	32,759	20,589
	-	501,819	501,819	498,438
EXCESS OF REVENUES OVER EXPENSES	\$ 7,900	\$ 37,582	\$ 45,482	\$ 25,618

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Statement of Changes in Net Assets

For the Year Ended March 31, 2019

	General Fund	Invested in Capital Assets	BIA Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 84,414	\$ 63,237	\$ 116,935	\$ 264,586	\$ 238,968
Excess of revenues over expenses	7,900	-	37,582	45,482	25,618
New banner costs	-	39,269	(39,269)	-	-
Amortization of capital assets	-	(22,988)	22,988	-	-
NET ASSETS - END OF YEAR	\$ 92,314	\$ 79,518	\$ 138,236	\$ 310,068	\$ 264,586

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

**Statement of Cash Flows
Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Cash received from government and members	\$ 819,065	\$ 518,990
Cash received from interest and filming	5,381	4,067
Cash paid to employees	(134,331)	(138,530)
Cash paid for program and operating expenditures	(343,814)	(350,419)
Cash flow from operating activities	<u>346,301</u>	<u>34,108</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(39,269)</u>	<u>(22,962)</u>
Cash flow used by investing activity	<u>(39,269)</u>	<u>(22,962)</u>
INCREASE IN CASH FLOW	307,032	11,146
Cash - beginning of year	<u>183,788</u>	<u>172,642</u>
CASH - END OF YEAR	\$ 490,820	\$ 183,788
CASH CONSISTS OF:		
Cash	\$ 275,820	\$ 28,788
Term deposits	<u>215,000</u>	<u>155,000</u>
	\$ 490,820	\$ 183,788

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Schedule of Program Expenditures

(Schedule 1)

For the Year Ended March 31, 2019

	2019	2018
ADMINISTRATION		
Salaries & employee benefits allocation	\$ 40,381	\$ 41,849
Office rent	25,895	25,832
Meetings and AGM	14,945	15,104
Office supplies and general	10,913	13,407
Accounting and legal fees	5,535	6,428
Insurance	4,818	6,091
Telephone, internet, and fax	3,586	3,458
Heat and power	1,537	1,482
Postage and courier service	2,607	7,207
Bank service charges	365	416
Amortization	1,005	1,004
	<u>111,587</u>	<u>122,278</u>
SAFETY AND SECURITY PROGRAM		
Salaries & employee benefits allocation	26,843	27,624
Business safety program	68,300	54,000
Support of community policing office	26,800	26,700
	<u>121,943</u>	<u>108,324</u>
CLEAN-UP PROGRAM		
Salaries & employee benefits allocation	6,711	6,905
Coast Foundation Society - cleaning	58,543	50,905
Anti-Graffiti and rust poles	27,680	30,229
Murals	11,668	19,409
	<u>104,602</u>	<u>107,448</u>
MARKETING AND COMMUNICATIONS PROGRAM		
Salaries & employee benefits allocation	46,975	48,340
Communications	44,811	51,822
Events	32,747	33,242
Amortization	6,395	6,395
	<u>130,928</u>	<u>139,799</u>
REVITALIZATION AND COMMUNITY DEVELOPMENT PROGRAM		
Salaries & employee benefits allocation	13,421	13,812
Light industrial planning	3,750	3,750
Banners	-	1,000
Amortization	15,588	2,027
	<u>32,759</u>	<u>20,589</u>
	<u>\$ 501,819</u>	<u>\$ 498,438</u>

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE ASSOCIATION

Hastings North Business Improvement Association (the "Association") is incorporated under the Societies Act of British Columbia as a not-for-profit organization.

The objective of the Association is to develop and encourage business in the Hastings North BIA area, and to promote matters of common concern and interest to members, businesses, and property owners in this area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with the bank and term deposits which are readily convertible into cash.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis over the following number of years:

Signage and banners	3 - 25 years
Web development	5 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Branding	5 years

Fund accounting

The Association follows the restricted fund method of accounting for contributions and maintains two funds, the General Fund and the BIA Fund:

1. The General Fund is unrestricted and accounts for revenue, expenditures and activities entirely unrelated to the provincial and municipal legislation that governs Business Improvement Areas. Revenues collected within this fund include donations, associate member dues, and other income, completely separate from the levy funds collected by the City of Vancouver and granted to the Business Improvement Association.
2. The BIA Fund is restricted and accounts for revenue, expenditures and activities governed by an agreement with the City of Vancouver. Any grant money from the City must be spent for business promotion of the improvement area by way of an annual budget approved by the Board of the Association and the City of Vancouver.

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HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is received from different sources and accounted for as follows:

- Unrestricted revenues and contributions are recognized as revenue of the general fund when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Restricted contributions are recognized as revenue of the BIA fund when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Investment income is recognized as revenue of the appropriate fund in the year in which the revenue is earned.

Financial instruments policy

Financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment if changes in circumstances indicate the asset could be impaired. Transactions costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DUE TO/FROM FUNDS

Interfund amounts receivable and payable have no set terms of repayment and are non interest bearing.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Signage and banners	\$ 96,938	\$ 30,208	\$ 66,730	\$ 43,049
Web development	31,973	19,185	12,788	19,183
Computer equipment	14,184	14,184	-	965
Furniture and fixtures	8,370	8,370	-	40
Office equipment	7,397	7,397	-	-
Branding	27,904	27,904	-	-
	<u>\$ 186,766</u>	<u>\$ 107,248</u>	<u>\$ 79,518</u>	<u>\$ 63,237</u>

HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

5. DEFERRED INCOME

The Association received its April 2019 levy funding payment from the city in March. Accordingly, this has been recorded as deferred income in the current year and will be recorded as revenue in the subsequent year.

6. EXTERNALLY RESTRICTED FUND

Under the seven year mandate, the City of Vancouver gave the Association an annual grant of \$515,820. This fund was spent in accordance with the Business Promotion Scheme as defined by the Vancouver Charter and in accordance with the purposes of the Association as determined in its Constitution. Any surplus from one year could be carried forward to the following year. In addition, the City of Vancouver also gave the Association some other special purpose grants on an application basis.

7. LEASE COMMITMENTS

In conjunction with Hastings North Community Policing Centre (CPC), the Association entered into an agreement to lease the office premises at 2618 and 2620 East Hastings Street, from 494850 B.C. Ltd. The Association currently pays a monthly rental fee of \$2,310 and \$2,095 including GST respectively. New lease agreements begin on September 1, 2019, which include rent increases over the course of the next five years. The new lease expires on August 31, 2024 at which time the Association has the right to exercise an option to renew the term for another 5 years to August 31, 2029.

Future minimum lease payments as at March 31, 2019, are as follows:

2020	\$	59,510
2021		64,260
2022		64,260
2023		65,302
2024		67,086
Thereafter		<u>28,263</u>
	\$	<u>348,681</u>

8. MANAGEMENT REMUNERATION

During the year the Association paid remuneration of \$86,624 to the Executive Director.

9. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses and deposits, and accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's credit risks relate to its accounts receivables.

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HASTINGS NORTH BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2019

9. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

The Association is exposed to interest rate risk with respect to its investment in term deposits which bear interest subject to change by the bank. Fluctuation in the rate of interest will impact the company's interest income in future years.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant credit or interest rate risk arising from these financial instruments. The carrying amounts of all financial instruments approximate their respective fair values.

10. INCOME TAX

In accordance with subsection 149(1)(l) of the Income Tax Act, the Association is exempt from income tax in Canada.

11. ECONOMIC DEPENDENCE

The Association receives almost all of its funding from the City of Vancouver. Should the City significantly change its dealings with the Association, future continued viable operations could be in doubt.
