

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Financial Statements

Year Ended December 31, 2020

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Index to Financial Statements

Year Ended December 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
Expenditures (<i>Schedule 1</i>)	10

INDEPENDENT AUDITOR'S REPORT

To the Members of West Broadway Business Improvement Zone

Opinion

We have audited the financial statements of West Broadway Business Improvement Zone (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Organization in accordance with 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 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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

(continues)

Independent Auditor's Report to the Members of West Broadway Business Improvement Zone
(continued)

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 Organization'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 Organization'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 Organization 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.

Winnipeg, Manitoba
June 29, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS

WEST BROADWAY BUSINESS IMPROVEMENT ZONE
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 99,809	\$ 65,729
Term deposit (Note 3)	20,100	5,100
Accounts receivable	7,197	-
Goods and services tax recoverable	3,976	6,536
Prepaid expenses	495	-
	131,577	77,365
FIXED ASSETS (Note 4)	10,381	14,830
	\$ 141,958	\$ 92,195
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,953	\$ 7,182
Current portion of obligations under capital lease (Note 6)	3,385	3,385
	16,338	10,567
OBLIGATIONS UNDER CAPITAL LEASE (Note 6)	8,177	11,560
	24,515	22,127
NET ASSETS		
Net assets	117,443	70,068
	\$ 141,958	\$ 92,195

ON BEHALF OF THE BOARD

_____ Director

_____ Director

WEST BROADWAY BUSINESS IMPROVEMENT ZONE**Statement of Revenues and Expenditures****Year Ended December 31, 2020**

	Budget 2020 (Unaudited) (Note 10)	Total 2020	Total 2019
REVENUE			
City of Winnipeg grants			
Operating grant (Note 7)	\$ 206,000	\$ 196,882	\$ 178,383
Streetscaping enhancement funding	-	-	20,000
Bike racks grant	-	-	3,875
Grant revenue - City of Winnipeg	40,000	-	-
	<u>246,000</u>	<u>196,882</u>	<u>202,258</u>
Other grants			
Grant revenue - other	40,000	-	-
	<u>40,000</u>	<u>-</u>	<u>-</u>
Other revenues			
Wage subsidies	15,000	11,464	16,417
Interest	500	129	572
Sponsorship for Street Festival	-	-	12,293
	<u>55,500</u>	<u>11,593</u>	<u>29,282</u>
	<u>301,500</u>	<u>208,475</u>	<u>231,540</u>
EXPENDITURES (Schedule 1)	<u>278,500</u>	<u>161,100</u>	<u>212,179</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 23,000	\$ 47,375	\$ 19,361

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 70,068	\$ 50,707
Excess of revenue over expenditures	<u>47,375</u>	<u>19,361</u>
NET ASSETS - END OF YEAR	\$ 117,443	\$ 70,068

WEST BROADWAY BUSINESS IMPROVEMENT ZONE**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 47,375	\$ 19,361
Item not affecting cash:		
Amortization	4,449	2,617
	<u>51,824</u>	<u>21,978</u>
Changes in non-cash working capital:		
Accounts receivable	(7,197)	6,125
Goods and services tax payable	2,560	727
Prepaid expenses	(495)	750
Accounts payable and accrued liabilities	5,771	(30,755)
	<u>639</u>	<u>(23,153)</u>
Cash flow from (used by) operating activities	<u>52,463</u>	<u>(1,175)</u>
INVESTING ACTIVITY		
Term deposit (purchased) matured	<u>(15,000)</u>	14,900
FINANCING ACTIVITY		
Repayment of obligations under capital lease	<u>(3,383)</u>	(2,502)
INCREASE IN CASH POSITION	34,080	11,223
CASH POSITION - BEGINNING OF YEAR	<u>65,729</u>	<u>54,506</u>
CASH POSITION - END OF YEAR	\$ 99,809	\$ 65,729

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

West Broadway Business Improvement Zone (the "Organization") is a not-for-profit organization created to market their business district and to enhance and improve the district's physical amenities.

Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Organization is primarily funded by the City of Winnipeg from a special levy on business taxes collected in the 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 (ASNFPO).

Revenue recognition

West Broadway Business Improvement Zone follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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.

Financial instruments

Financial assets and liabilities are initially recognized at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash which is measured at fair value. Changes in fair value are recognized in the statement of revenue and expenditures.

3. TERM DEPOSIT

The term deposit is a guaranteed investment certificate that matures on February 11, 2021 and July 14, 2021 respectively. At year end, the GIC earned interest at a rate of 1.75% and 1.80%.

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2020

4. FIXED ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
All Terrain Vehicle	\$ 17,447	\$ 7,066	\$ 10,381	\$ 14,830

The asset above is held under capital lease (Note 6).

5. CREDIT FACILITY

The Organization entered into a credit facility with Assiniboine Credit Union, which includes an approved operating line that can be drawn upon to a maximum of \$5,000, bears interest at prime plus 0.5% and is secured by one of two term deposits. At December 31, 2020, the Organization had accessed \$Nil (2019 - \$Nil) of the line of credit.

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2020</u>	<u>2019</u>
Kubota Canada Ltd lease bearing interest at 0% per annum, repayable in monthly blended payments of \$282. The lease matures on May 1, 2024 and is secured by All Terrain Utility Vehicle which has a carrying value of 10,381 (2019 - \$14,830)	\$ 11,562	\$ 14,945
Amounts payable within one year	(3,385)	(3,385)
	\$ 8,177	\$ 11,560

Future minimum capital lease payments are approximately:

2021	\$ 3,385
2022	3,385
2023	3,385
2024	1,407
Total minimum lease payments	\$ 11,562

7. CITY OF WINNIPEG - OPERATING GRANT

The City of Winnipeg approves an annual grant based on the estimated current annual rental value for the area businesses. Subsequent to year end it was determined an overpayment of \$8,723 (2019 - \$1,617) was made when actual numbers were known. These adjustments are included in accounts payable as at December 31, 2020 and December 31, 2019.

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2020

8. LEASE COMMITMENTS

The Organization has entered into a one-year lease with respect to its premises starting on September 1, 2020 and ending on August 31, 2021. The lease provides for payment of insurance, utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2021, are as follows:

2021	<u>\$ 4,000</u>
------	-----------------

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2020.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities and fair value risk through its fixed rate term deposit.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

10. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The Organization is aware of changes in its operations as a result of the COVID-19 crisis, including the reduction of sponsorship revenues for the street festival due to Province of Manitoba health orders.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.

11. BUDGET

The budget has been included for information purposes only. Budget figures included in these financial statements were not subject to audit procedures.

WEST BROADWAY BUSINESS IMPROVEMENT ZONE

Expenditures

(Schedule 1)

Year Ended December 31, 2020

	Budget 2020 (Unaudited) <i>(Note 10)</i>	Total 2020	Total 2019
Administration			
Amortization	-	4,449	2,617
Meetings and workshops	6,500	1,105	4,792
Memberships	-	757	-
Office	2,000	2,000	2,339
Professional fees	2,000	2,140	2,052
Rent	6,000	7,200	6,900
Salaries and wages	62,000	66,188	56,560
Telephone	1,500	701	802
Training	-	-	73
Website	-	1,256	628
	<u>80,000</u>	<u>85,796</u>	<u>76,763</u>
Business incentives			
Storefront improvement grant	7,500	-	4,948
	<u>7,500</u>	<u>-</u>	<u>4,948</u>
Donations - community support			
Community support	-	816	2,531
	<u>-</u>	<u>816</u>	<u>2,531</u>
Marketing and promotion			
Advertising-Community directory	37,500	664	877
Area clean-up	-	1,971	1,829
Banners and signs	50,000	-	9,685
Graffiti removal	8,000	4,700	4,000
Street festival	-	-	14,884
	<u>95,500</u>	<u>7,335</u>	<u>31,275</u>
Physical enhancement			
Bicycle racks	-	-	5,183
Flower baskets and planters	-	29,149	39,223
Murals	10,000	10,000	10,000
Safety improvement grant	7,500	-	-
Streetscaping enhancement project	63,000	14,767	19,265
Repairs and maintenance	-	614	-
Tree lights	15,000	12,623	22,991
	<u>95,500</u>	<u>67,153</u>	<u>96,662</u>
	<u>\$ 278,500</u>	<u>\$ 161,100</u>	<u>\$ 212,179</u>