

**FINANCIAL STATEMENTS**

**HASTINGS CROSSING BUSINESS  
IMPROVEMENT ASSOCIATION**

**March 31, 2019**



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# INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Hastings Crossing Business Improvement Association**

## ***Opinion***

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

## ***Other Matter***

The financial statements for the year ending March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 14, 2018.

## ***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.

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## INDEPENDENT AUDITOR'S REPORT

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- 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  
August 12, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at March 31

	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	183,959	55,727
Accounts receivable	2,653	3,890
Prepaid expenses	720	—
<b>Total current assets</b>	<b>187,332</b>	<b>59,617</b>
Capital assets <i>[note 3]</i>	1,095	—
	<b>188,427</b>	<b>59,617</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals <i>[note 4]</i>	17,906	15,091
Deferred revenue - Business improvement levy	103,000	—
- Other contributions	4,848	6,513
<b>Total liabilities</b>	<b>125,754</b>	<b>21,604</b>
<b>NET ASSETS</b>	<b>62,673</b>	<b>38,013</b>
	<b>188,427</b>	<b>59,617</b>

*Economic dependence [note 6]*

*See accompanying notes to the financial statements*

As approved by:

\_\_\_\_\_  
Director

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Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	<b>Internally Restricted Net Assets \$</b>
	<i>[note 8]</i>
<b>2019</b>	
<b>Balance, beginning of year</b>	<b>38,013</b>
Excess of revenue for the year	<b>24,660</b>
<b>Balance, end of year</b>	<b>62,673</b>
<b>2018</b>	
<b>Balance, beginning of year</b>	38,974
Excess of expenses for the year	(961)
<b>Balance, end of year</b>	<b>38,013</b>

*See accompanying notes to the financial statements*

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**Hastings Crossing Business Improvement Association****STATEMENT OF OPERATIONS**

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Year ended March 31

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Business improvement levy	<b>206,000</b>	206,000
Grants	<b>16,665</b>	28,505
Sponsorships	<b>1,000</b>	856
Interest	<b>130</b>	103
	<b>223,795</b>	235,464
<b>EXPENSES</b>		
Community watch	<b>70,331</b>	66,653
Wages and benefits	<b>56,578</b>	50,349
Advertising and sponsorships	<b>19,245</b>	25,570
Urban Core flow through	<b>15,000</b>	14,606
Office and other	<b>11,281</b>	16,461
Repairs and maintenance	<b>7,227</b>	7,555
Professional fees	<b>6,730</b>	11,055
Street enhancement	<b>6,120</b>	39,290
Rent	<b>3,362</b>	2,961
Insurance	<b>2,095</b>	1,925
Bad debt	<b>947</b>	—
Amortization	<b>219</b>	—
	<b>199,135</b>	236,425
<b>Excess of revenue (expenses) for the year</b>	<b>24,660</b>	(961)

*See accompanying notes to the financial statements*

**STATEMENT OF CASH FLOWS**

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Year ended March 31

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue (expenses) for the year	<b>24,660</b>	(961)
Item not affecting cash		
Amortization of capital assets	<b>219</b>	—
Changes in non-cash working capital items		
Accounts receivable	<b>1,237</b>	(1,243)
Prepaid expenses	<b>(720)</b>	—
Accounts payable and accruals	<b>2,815</b>	4,038
Deferred revenue	<b>101,335</b>	(12,595)
<b>Cash provided by (used in) operating activities</b>	<b>129,546</b>	(10,761)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(1,314)</b>	—
<b>Cash used in investing activities</b>	<b>(1,314)</b>	—
<b>Increase (decrease) in cash for the year</b>	<b>128,232</b>	(10,761)
Cash, beginning of year	<b>55,727</b>	66,488
<b>Cash, end of year</b>	<b>183,959</b>	55,727

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 1. PURPOSE OF THE ASSOCIATION

The Hastings Crossing Business Improvement Association (the "Association") was incorporated in 2010 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 develop, encourage and promote business in the Hastings Crossing BIA portion of the Downtown Eastside area of Vancouver, British Columbia.

The Association was founded for the following purposes:

- to develop, encourage and promote business and social enterprise in the Hastings Crossing Business Improvement Area ("BIA");
- to make studies of, and advance projects, plans, or improvements designed to benefit the Hastings Crossing BIA, valuing the well being of the local residents and recognizing the uniqueness of the community;
- to cooperate with and aid any person, body, group, or association in projects designed to benefit the Hastings Crossing BIA;
- to encourage, support, and facilitate entertainment, sports and cultural activities within the Hastings Crossing BIA; for the purposes of creating a vibrant place to live, work, visit and shop;
- 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;
- to promote matters of common concern and interest to businesses, property owners, and residents in the Hastings Crossing BIA, and to bring together businesses and property owners in the improvement area for fulfilling the purposes of the Association;
- to encourage, facilitate and promote proactive planning, zoning and design guidelines that reflect the nature and history of the Hastings Crossing BIA;
- to provide leadership and communicate matters of concern to members of the Hastings Crossing BIA members, government officials and to the public; and
- 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:

**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2019

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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. 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.

**Cash**

Cash is defined as cash on deposit, net of cheques issued and outstanding at the year-end.

The statement of cash flows is prepared on a net basis and cash flows for operating activities are reported using the indirect method.

**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 Hastings Crossing 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.

Grant revenues are recorded as the related programs are delivered and collection is reasonably assured.

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.

**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2019

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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.

**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:

- Computer Equipment 3 years

A half 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. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2019</b>			
Computer Equipment	<b>1,314</b>	<b>219</b>	<b>1,095</b>
	<b>1,314</b>	<b>219</b>	<b>1,095</b>

**4. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operations	<b>13,872</b>	11,995
Government remittance - payroll taxes	<b>4,034</b>	3,096
	<b>17,906</b>	15,091

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2019

### 5. 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, 2019.

#### **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.

### 6. 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 five year operating agreement with the City of Vancouver expiring April 30, 2021.

### 7. COMPARATIVE INFORMATION

The financial statements for the year ending March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 14, 2018.

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

### 8. INTERNALLY RESTRICTED NET ASSETS

The net assets are internally restricted. The board of directors intends to use them in the 2020 fiscal year for various projects.