

**CLOVERDALE BUSINESS IMPROVEMENT  
ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2016**



HWG, Chartered Professional Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Cloverdale Business Improvement Association

We have audited the accompanying financial statements of Cloverdale Business Improvement Association, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and fund balances and cash flow for the year then ended, and a summary of 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

A Partnership of Incorporated Professionals

Suite 200-17618 58th Ave, Surrey, BC, V3S 1L3  
Web Site: [www.hwgca.com](http://www.hwgca.com)



Phone: 604-576-9121 Fax: 604-576-2890  
E-mail: [hwgca@hwgca.com](mailto:hwgca@hwgca.com)

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


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cloverdale Business Improvement Association as at December 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

Surrey, BC  
February 21, 2017



CHARTERED PROFESSIONAL ACCOUNTANTS

# Cloverdale Business Improvement Association

## Statement of Financial Position

December 31, 2016

	<b>General Fund</b>	<b>Capital Asset Fund</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>Current Assets</b>				
Cash	\$ 165,155	\$	\$ 165,155	\$ 110,791
Accounts receivable	8,523		8,523	6,303
GST recoverable	3,443		3,443	1,584
Prepaid expenses	6,077		6,077	2,464
	183,198		183,198	121,142
<b>Capital Assets, Net</b> (Note 3)		1,474	1,474	683
	\$ 183,198	\$ 1,474	\$ 184,672	\$ 121,825
<b>Current Liabilities</b>				
Accounts payable	\$ 12,590	\$	\$ 12,590	\$ 9,615
Employee deductions payable	1,125		1,125	949
Deferred contributions (Note 4)	10,000		10,000	10,000
	23,715		23,715	20,564
<b>Fund Balances</b>				
Invested in capital assets		1,474	1,474	683
Unrestricted funds	159,483		159,483	100,578
	159,483	1,474	160,957	101,261
	\$ 183,198	\$ 1,474	\$ 184,672	\$ 121,825

Approved by the Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## **Cloverdale Business Improvement Association**

### **Statement of Operations and Fund Balances**

**Year Ended December 31, 2016**

	<b>General Fund</b>	<b>Capital Asset Fund</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>Receipts</b>				
Grants				
- City of Surrey By-law 18326 (Note 5)	\$ 175,000	\$	\$ 175,000	\$ 170,000
Rental income	7,800		7,800	7,800
Filming income	5,256		5,256	
Special events	31,460		31,460	42,660
	<u>219,516</u>		<u>219,516</u>	<u>220,460</u>
<b>Disbursements</b>				
Amortization		664	664	283
Insurance	2,820		2,820	2,886
Office	6,709		6,709	6,348
Professional fees	10,200		10,200	7,169
Rent	12,300		12,300	12,000
Repairs and maintenance	362		362	2,145
Special events and promotion (Note 8)	58,845		58,845	78,372
Telephone and utilities	5,609		5,609	6,270
Wages and benefits	65,080		65,080	64,335
Cost recoveries	( 2,769)		( 2,769)	( 5,715)
	<u>159,156</u>	<u>664</u>	<u>159,820</u>	<u>174,093</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>				
	60,360	( 664)	59,696	46,367
<b>Fund Balance, Beginning of Year</b>	100,578	683	101,261	54,894
<b>Interfund Transfers</b> (Note 9)	( 1,455)	1,455		
<b>Fund Balance, End of Year - to Exhibit "A"</b>	<u>\$ 159,483</u>	<u>\$ 1,474</u>	<u>\$ 160,957</u>	<u>\$ 101,261</u>

*The attached notes form an integral part of these financial statements*

## **Cloverdale Business Improvement Association**

### **Statement of Cash Flows Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>Operating Activities</b>		
Excess of receipts over disbursements - per Exhibit "B"	\$ 59,696	\$ 46,367
Item not involving cash - amortization	664	283
	<b>60,360</b>	<b>46,650</b>
<b>Change in Non-Cash Working Capital Items</b>		
Accounts receivable	( 2,220)	7,770
GST recoverable	( 1,859)	986
Prepaid expenses	( 3,613)	( 1,496)
Accounts payable	2,975	979
Employee deductions payable	176	( 475)
Deferred contributions		10,000
	<b>( 4,541)</b>	<b>17,764</b>
<b>Net Cash Generated Through Operating Activities</b>	<b>55,819</b>	<b>64,414</b>
<b>Investing Activities</b>		
Purchase of capital assets	( 1,455)	
<b>Net Increase in Cash During the Year</b>	<b>54,364</b>	<b>64,414</b>
<b>Cash Position, Beginning of Year</b>	<b>110,791</b>	<b>46,377</b>
<b>Cash Position, End of Year</b>	<b>\$ 165,155</b>	<b>\$ 110,791</b>

*The attached notes form an integral part of these financial statements*

# ***Cloverdale Business Improvement Association***

## ***Notes To The Financial Statements***

***For the Year Ended December 31, 2016***

---

### ***PURPOSE OF THE ASSOCIATION***

The Cloverdale Business Improvement Association is registered under The Society Act of British Columbia.

The purposes of the Association are:

To develop, encourage and promote trade and commerce in Cloverdale;

To sponsor and organize promotions and special events in order to attract people to Cloverdale;

To create a more viable business atmosphere in Cloverdale in order to attract new businesses;

To promote matters of common concern and interest to business and property owners in the Cloverdale Business Improvement Association area and to bring together business and property owners;

To conduct studies of, and advance projects, plans or improvements designed to benefit the Cloverdale Business Improvement Association area;

To co-operate with and aid any person, body, group, or association in projects designed to benefit the Cloverdale Business Improvement Association; and

To raise revenue to carry out the purposes of the Association.

---

### ***NOTE 1: SIGNIFICANT ACCOUNTING POLICIES***

#### ***(a) BASIS OF PRESENTATION***

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO) using the accrual basis of accounting.

#### ***(b) FUND ACCOUNTING***

The Association follows the restricted fund method of accounting.

The General Fund accounts for the program delivery and administrative activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses, related to capital assets, as applicable.

---

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) CAPITAL ASSETS

Purchased capital assets are recorded at cost. Amortization expense is reported in the Capital Asset Fund. Amortization is provided on a straight-line basis over the assets' estimated useful lives at the following annual rates:

Computer	30%
Equipment	20%

(d) REVENUE RECOGNITION

The Association follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the general fund when received.

Restricted contributions are recognized as revenue when received in the specific fund they relate.

Restricted contributions for which there is no specific fund are recognized in the general fund using the deferral method.

Rental income is recognized in the month that it relates to.

Filming income is recognized as received.

Donated services have not been reflected since no objective basis is available to measure the value of such services. Donated services may include time and equipment.

(e) INCOME TAXES

The Association is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from federal and provincial income taxes.

---



**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) FINANCIAL INSTRUMENTS

The Association initially measures its financial assets and financial liabilities at fair value. Subsequently all financial assets and financial liabilities are recorded at cost or amortized cost.

Transaction costs are recognized in income in the period incurred, except those relating to financial instruments which will subsequently be measured at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Unless otherwise noted, the fair market values of the Association's financial instruments approximated their costs due to the short term to maturity or capacity for prompt liquidation of the instruments.

(g) 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.

---

**NOTE 2: FINANCIAL RISK MANAGEMENT**

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from tenants, donors and customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association's primary source of funding is from government grants which minimizes the concentration of credit risk. There is no allowance for doubtful accounts at December 31, 2016 (2015: \$Nil).

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash to fund its obligations as they come due. The Association is exposed to this risk mainly in respect of its current banking arrangements. All of the Association's banking is concentrated with a single financial institution.

There are no significant changes in the risk profile of the financial instruments of the association from that of the prior year.

**NOTE 3: CAPITAL ASSETS**

	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Net Book Amortization</u>	<u>Net Book Value 2016</u>	<u>Net Book Value 2015</u>
Computer equipment	30%	\$ 2,875	\$ 1,856	\$ 1,019	\$ -
Equipment	20%	<u>2,016</u>	<u>1,561</u>	<u>\$ 455</u>	<u>683</u>
		<u>\$ 4,891</u>	<u>\$ 3,417</u>	<u>\$ 1,474</u>	<u>\$ 683</u>

**NOTE 4: DEFERRED CONTRIBUTIONS**

In the 2015 year end, the Association received a \$10,000 grant from the Province of British Columbia. The grant is restricted by the Province and is to be used to assist in building the Cloverdale gateway sign at the corner of Hwy 10 and Hwy 15. During 2016 no expenditures were incurred as the sign is in the design phase.

**NOTE 5: FUNDING**

Monies granted to the Association by the City of Surrey under By-law, 2014, No. 18326 under a five year term are as follows:

2015	\$	170,000
2016		175,000
2017		180,000
2018		185,000
2019		<u>190,000</u>
	\$	<u>900,000</u>

All of the money granted to the Association pursuant to this By-law shall be recovered within the Cloverdale Business Improvement Association area from the owners of land within that area.

For the purpose of recovering the monies granted to the Association an annual tax shall be imposed on the Taxable Property within the Cloverdale Business Improvement Area and such tax shall be based on the assessed value of the land, improvements, or both.

**NOTE 6: ECONOMIC DEPENDENCE**

The Association received funds from the City of Surrey in the amount of \$175,000 (2015: \$170,000). The ability of the Association to continue viable operations is dependent upon the receipt of these funds.

**NOTE 7: RELATED PARTY TRANSACTIONS**

The following is a summary of the Association's related party transactions for the years:

	<u>2016</u>	<u>2015</u>
Graphic Zone (Owned by a director of the board)		
Advertising	<u>\$ 5,051</u>	<u>\$ 6,484</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**NOTE 8: SPECIAL EVENTS AND PROMOTIONS**

Committee distributions:

	<u>2016</u>	<u>2015</u>
Special events		
Christmas Parade Promotion	\$ 22,928	\$ 25,162
Blueberry Festival		3,057
Halloween Parade	2,010	
Market Days	2,000	3,137
Miscellaneous	3,624	3,844
Rodeo Days	10,525	16,589
Beautification	12,011	19,879
Communications	3,855	3,522
Economic development	642	2,148
Safety, security and crime prevention	1,250	1,034
	<u>\$ 58,845</u>	<u>\$ 78,372</u>

---

**NOTE 9: INTERFUND TRANSFERS**

In 2016, \$1,455 (2015: \$Nil) was transferred from the General Fund to the Capital Asset Fund in order to fund the cash outlays for capital asset acquisitions.

---