

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION

Financial Statements

Year Ended December 31, 2020

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
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Year Ended December 31, 2020

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HWGCA, Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Cloverdale Business Improvement Association

Opinion

We have audited the financial statements of Cloverdale Business Improvement Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenues and expenditures 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 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 Association 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.

Report on Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the according principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

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 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.

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A Partnership of Incorporated Professionals

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Independent Auditor's Report to the Members of Cloverdale Business Improvement Association
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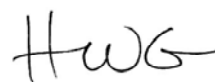
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Surrey, BC
February 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 230,620	\$ 204,974
Accounts receivable	2,500	21,347
Goods and services tax recoverable	6,554	5,499
Prepaid expenses	801	755
	240,475	232,575
CAPITAL ASSETS (Note 4)	19,977	424
	\$ 260,452	\$ 232,999
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,387	\$ 21,001
Employee deductions payable	2,269	695
	10,656	21,696
NET ASSETS		
GENERAL FUND	229,819	210,879
CAPITAL ASSET FUND	19,977	424
	249,796	211,303
	\$ 260,452	\$ 232,999

LEASE COMMITMENT (Note 5)

IMPACT OF COVID-19 (Note 10)

APPROVED BY

_____ Director

_____ Director

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2020

	General Fund	Capital Asset Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 210,879	\$ 424	\$ 211,303	\$ 215,479
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	41,087	(2,594)	38,493	(4,176)
CAPITAL ASSET ADDITIONS	(22,147)	22,147	-	-
NET ASSETS - END OF YEAR	\$ 229,819	\$ 19,977	\$ 249,796	\$ 211,303

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	Budget (Unaudited)	2020	2019
REVENUES			
Property tax levy (Note 6)	\$ 221,300	\$ 221,300	\$ 190,000
Rental and film	40,000	16,170	14,673
Sponsorships and grants	48,500	9,678	51,878
	309,800	247,148	256,551
EXPENSES			
Salary and wages	90,770	75,970	82,816
Office and general administration	66,480	59,840	51,852
Area enhancement and placemaking	106,900	49,007	32,529
Marketing and promotion	41,650	19,670	90,104
Amortization of capital assets	-	2,260	584
Economic development	2,000	1,434	2,320
Community safety	2,000	140	523
	309,800	208,321	260,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	-	38,827	(4,177)
Loss on disposition of capital assets	-	(334)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ -	\$ 38,493	\$ (4,177)

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 38,493	\$ (4,176)
Items not affecting cash:		
Amortization	2,260	584
Loss on disposal of capital assets	334	-
	<u>41,087</u>	<u>(3,592)</u>
Changes in non-cash working capital:		
Accounts receivable	18,847	(12,430)
Goods and services tax recoverable	(1,055)	(3,214)
Prepaid expenses	(46)	(293)
Accounts payable and accrued liabilities	(12,614)	155
Employee deductions payable	1,574	81
	<u>6,706</u>	<u>(15,701)</u>
Cash flow from (used by) operating activities	<u>47,793</u>	<u>(19,293)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(22,147)</u>	-
INCREASE (DECREASE) IN CASH FLOW	25,646	(19,293)
CASH - BEGINNING OF YEAR	<u>204,974</u>	<u>224,267</u>
CASH - END OF YEAR	<u>\$ 230,620</u>	<u>\$ 204,974</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

1. PURPOSE OF THE ASSOCIATION

The Cloverdale Business Improvement Association is registered under the Societies Act of British Columbia as a not-for-profit organization.

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.

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).

Fund accounting

Cloverdale Business Improvement Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Cloverdale Business Improvement Association's capital assets.

Financial Instruments

The financial instruments of the Association consist of cash, accounts receivable, and accounts payable and accrued liabilities. 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.

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CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	straight-line method
Equipment	20%	straight-line method
Leasehold improvements	20%	straight-line method

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 related to.

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 the use of equipment.

Income taxes

The association is a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from federal and provincial income taxes.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 receipts and disbursements during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

3. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of December 31, 2020.

(a) 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, 2020 (2019 - \$ Nil).

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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.

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

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 3,780	\$ 3,735	\$ 45	\$ 91
Equipment	2,016	2,016	-	-
Leasehold improvements	22,147	2,215	19,932	333
	<u>\$ 27,943</u>	<u>\$ 7,966</u>	<u>\$ 19,977</u>	<u>\$ 424</u>

5. LEASE COMMITMENT

The association has a long term lease with respect to equipment and rent. Future minimum lease payments as at December 31, 2020, are as follows:

2021	\$ 32,209
2022	7,335
	<u>\$ 39,544</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

6. FUNDING

Monies granted to the Association by the City of Surrey under Bylaw, 2020 No. 19942 for the five year term are as follows;

2020	\$ 221,300
2021	227,939
2022	234,777
2023	241,820
2024	249,075
	<u>\$ 1,174,911</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 owners of the land within that area.

7. SPECIAL EVENTS AND PROMOTION

	<u>2020</u>	<u>2019</u>
<u>Committee distributions:</u>		
Special events		
Christmas Parade Promotion	\$ 3,446	\$ 54,108
Ladies Night	2,500	2,500
Market Days	-	5,000
Miscellaneous	2,565	2,565
Rodeo Days	-	18,963
	<u>8,511</u>	<u>83,136</u>
Beautification		
Hanging baskets	10,768	16,505
Parking lot enhancements	-	16,024
Decorative lighting	51,189	-
Expense recovery - Gateway sign	(12,950)	-
	<u>49,007</u>	<u>32,529</u>
Communications	13,724	9,533
Economic development	1,434	2,320
Safety, security and crime prevention	140	523
	<u>\$ 72,816</u>	<u>\$ 128,041</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

8. RELATED PARTY TRANSACTIONS

The following is a summary of the association's related party transactions:

	2020	2019
Graphic Zone (Owned by a director of the board)		
Advertising and design	\$ 10,324	\$ 6,143

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.

9. ECONOMIC DEPENDENCE

The association received funds from the City of Surrey in the amount of \$221,300 (2019 - \$190,000). The ability of the Association to continue viable operations is dependent upon the receipt of these funds.

10. IMPACT OF 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 overall effect of these events on the Association and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.
