

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION

Financial Statements

Year Ended December 31, 2022

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
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Year Ended December 31, 2022

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HWG, 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 organization), which comprise the statement of financial position as at December 31, 2022, 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 organization as at December 31, 2022, 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.

Report on Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian auditing 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 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.

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A Partnership of Incorporated Professionals



Independent Auditor's Report to the Members of Cloverdale 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 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.



Surrey, BC
February 13, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 217,066	\$ 299,368
Accounts receivable	6,884	-
Goods and services tax recoverable	5,647	5,321
Prepaid expenses	1,089	958
	230,686	305,647
TANGIBLE CAPITAL ASSETS (Note 4)	16,169	18,466
	\$ 246,855	\$ 324,113
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,233	\$ 9,333
Employee deductions payable	1,102	777
	10,335	10,110
NET ASSETS		
GENERAL FUND	220,351	295,536
TANGIBLE CAPITAL ASSET FUND	16,169	18,467
	236,520	314,003
	\$ 246,855	\$ 324,113

LEASE COMMITMENT (Note 5)

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

See notes to financial statements

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2022

	General Fund	Tangible Capital Asset Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 295,536	\$ 18,467	\$ 314,003	\$ 249,794
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,185)	(2,298)	(77,483)	64,209
NET ASSETS - END OF YEAR	\$ 220,351	\$ 16,169	\$ 236,520	\$ 314,003

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
REVENUES			
Property tax levy (Note 6)	\$ 234,777	\$ 234,777	\$ 227,939
Rental and film	15,000	17,610	27,000
Sponsorships and grants	20,000	17,774	7,500
	<u>269,777</u>	<u>270,161</u>	<u>262,439</u>
EXPENDITURES			
Salary and wages	90,000	93,709	78,197
Office and general administration	84,000	72,894	68,234
Marketing and promotion	40,000	69,066	29,230
Area enhancement and placemaking	200,000	108,114	16,919
Community safety	2,500	458	2,381
Amortization	-	2,298	2,343
Economic development	3,000	1,105	926
	<u>419,500</u>	<u>347,644</u>	<u>198,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (149,723)</u>	<u>\$ (77,483)</u>	<u>\$ 64,209</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures for the year	\$ (77,483)	\$ 64,209
Item not affecting cash:		
Amortization	<u>2,298</u>	2,343
	<u>(75,185)</u>	66,552
Changes in non-cash working capital:		
Accounts receivable	(6,884)	2,500
Goods and services tax recoverable	(326)	1,233
Prepaid expenses	(131)	(157)
Accounts payable and accrued liabilities	(101)	944
Employee deductions payable	<u>325</u>	<u>(1,492)</u>
	<u>(7,117)</u>	3,028
Cash flow from (used by) operating activities	<u>(82,302)</u>	69,580
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>-</u>	(832)
INCREASE (DECREASE) IN CASH FLOW	(82,302)	68,748
CASH - BEGINNING OF YEAR	<u>299,368</u>	230,620
CASH - END OF YEAR	<u>\$ 217,066</u>	<u>\$ 299,368</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2022

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 (ASNFPO).

Fund accounting

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

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

The Tangible Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Cloverdale Business Improvement Association's tangible 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost. Tangible 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 organization 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.

3. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2022.

Credit risk

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CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2022

3. FINANCIAL INSTRUMENTS (continued)

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, 2022 (2021 - \$ Nil).

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 organization is not exposed to significant other price risks arising from these financial instruments.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 3,780	\$ 3,780	\$ -	\$ -
Equipment	2,016	2,016	-	-
Leasehold improvements	22,979	6,810	16,169	18,466
	\$ 28,775	\$ 12,606	\$ 16,169	\$ 18,466

5. LEASE COMMITMENT

The organization has a long term lease with respect to rent. Future minimum lease payments as at December 31, 2022, are as follows:

2023	<u>\$ 31,336</u>
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CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2022

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	<u>249,075</u>
	<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>2022</u>	<u>2021</u>
<u>Committee distributions:</u>		
Special events		
Christmas Promotion	\$ 32,578	\$ 10,494
Ladies Night	2,500	-
Bed Race	3,930	-
Market Days	10,000	-
Miscellaneous	5,323	2,565
	<u>54,331</u>	<u>13,059</u>
Beautification		
Parking lot enhancements	100,000	7,029
Storyboard place	8,114	-
Hanging baskets	-	9,219
Decorative lighting	-	671
	<u>108,114</u>	<u>16,919</u>
Other committees		
Communications	16,658	18,736
Economic development	1,105	926
Safety, security and crime prevention	458	2,381
	<u>18,221</u>	<u>22,043</u>

CLOVERDALE BUSINESS IMPROVEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2022

8. RELATED PARTY TRANSACTIONS

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

	2022	2021
Graphic Zone (Owned by a director of the board)		
Advertising and design	\$ 9,679	\$ 9,462

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. EMPLOYEE REMUNERATION

As required by the Societies Act of British Columbia, there was one individual that was paid in excess of \$75,000 of annual remuneration. The actual amount paid was \$81,716 (2021 - \$66,745).

10. ECONOMIC DEPENDENCE

The organization received funds from the City of Surrey in the amount of \$234,777 (2021 - \$227,939). The ability of the Association to continue viable operations is dependent upon the receipt of these funds.
