

PRINCE GEORGE DOWNTOWN
BUSINESS IMPROVEMENT ASSOCIATION
FINANCIAL STATEMENTS

For the year ended December 31, 2021

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION
FINANCIAL STATEMENTS
For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of

Prince George Downtown Business Improvement Association

Opinion

We have audited the financial statements of Prince George Downtown Business Improvement Association, which comprise the statement of financial position as at December 31, 2021, 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 organization as at December 31, 2021, and its results of 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 organization 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT, 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 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.

Report on Other Legal and Regulatory Requirements

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

Prince George, BC
May 4, 2022

FBB CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

STATEMENT OF OPERATIONS

For the year ended December 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
REVENUES			
PGDBIA - Levy	\$ 327,818	\$ 327,818	\$ 318,270
City of Prince George - Other grants	27,485	27,485	77,485
Northern Development Initiative Trust	10,000	8,061	-
Other revenue	8,500	4,040	6,268
Summerfest	40,000	23,000	44,085
Summerfest donation in-kind	20,000	20,000	30,000
Winterfest donations in-kind	20,000	20,000	54,000
Winterfest	-	-	3,265
Interest income	-	387	661
Downtown alley clean team	76,360	66,153	6,750
Facade program grants	5,000	5,000	19,885
	<u>535,163</u>	<u>501,944</u>	<u>560,669</u>
EXPENDITURES			
Advertising and promotion	22,000	22,226	11,400
Amortization	-	165	193
Business development	5,000	7,280	5,562
Conferences and meetings	6,500	3,333	6,281
Consulting fees	1,000	1,086	1,086
Insurance and memberships	5,500	3,029	3,276
Interest and bank charges	200	263	113
Projects - Schedule 1	325,163	266,242	311,860
Office	7,050	5,868	5,635
Professional fees	4,000	3,588	4,285
Premises	22,500	21,772	20,425
Telephone and utilities	3,000	2,885	2,713
Training	750	600	-
Wages and benefits	157,000	150,328	158,426
Website	1,500	1,439	9,763
	<u>561,163</u>	<u>490,104</u>	<u>541,018</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(26,000)	11,840	19,651
OTHER INCOME			
Federal wage subsidies	6,000	5,934	5,722
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (20,000)</u>	<u>\$ 17,774</u>	<u>\$ 25,373</u>

See accompanying notes

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2021

	<u>Unrestricted</u>	<u>Invested in tangible capital assets</u>	<u>Total 2021</u>	<u>Total 2020</u>
NET ASSETS, BEGINNING OF YEAR	\$ 279,751	\$ 1,293	\$ 281,044	\$ 255,671
Excess (deficiency) of revenues over expenditures	<u>17,939</u>	<u>(165)</u>	<u>17,774</u>	<u>25,373</u>
NET ASSETS, END OF YEAR	<u><u>\$ 297,690</u></u>	<u><u>\$ 1,128</u></u>	<u><u>\$ 298,818</u></u>	<u><u>\$ 281,044</u></u>

See accompanying notes

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 211,152	\$ 150,312
Term deposit (note 3)	154,272	153,885
Accounts receivable (note 4)	13,061	1,674
Prepaid expenses	4,534	4,800
GST receivable	<u>4,691</u>	<u>4,176</u>
	387,710	314,847
TANGIBLE CAPITAL ASSETS (note 5)	<u>1,128</u>	<u>1,293</u>
	<u><u>\$ 388,838</u></u>	<u><u>\$ 316,140</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	\$ 20,690	\$ 16,846
Deferred contributions (note 7)	<u>69,330</u>	<u>18,250</u>
	90,020	35,096
NET ASSETS	<u>298,818</u>	<u>281,044</u>
	<u><u>\$ 388,838</u></u>	<u><u>\$ 316,140</u></u>

On behalf of the Board

_____ Member

_____ Member

See accompanying notes

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 17,774	\$ 25,373
Item not affecting cash		
Amortization	<u>165</u>	<u>193</u>
	17,939	25,566
Change in non-cash working capital items		
Term deposit	(387)	(660)
Accounts receivable	(11,387)	(1,674)
Prepaid expenses	266	(1,335)
GST receivable	(515)	584
Accounts payable and accrued liabilities	3,844	4,730
Deferred contributions	<u>51,080</u>	<u>8,250</u>
INCREASE IN CASH	60,840	35,461
CASH, BEGINNING OF YEAR	<u>150,312</u>	<u>114,851</u>
CASH, END OF YEAR	<u><u>\$ 211,152</u></u>	<u><u>\$ 150,312</u></u>

See accompanying notes

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. Nature of operations

Prince George Downtown Business Improvement Association (the "Association") was incorporated under the Societies Act of British Columbia and operates as a downtown improvement association in Prince George, British Columbia. The Society is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

2. Accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting deferred

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Endowment contributions are recognized as direct increases in net assets.

(b) Contributed services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased. Volunteers also contribute a significant number of hours to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, the contributed hours are not recognized in the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The organization provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer	30%
Furniture and fixtures	20%

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. Accounting policies, continued

(d) Tangible capital assets, continued

(e) Deferred revenue

Deferred revenue consists of amounts received in advance for Summerfest 2022.

(f) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. Accounting policies, continued

(g) 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are in-kind donations and expenses for Winterfest and Summerfest events.

3. Term deposit

The term deposit bears interest at bank prime minus 2.20% (December 31, 2021 - 0.25% per annum). The Association follows a short-term investment policy whereby the Levy payment funds received midway through the fiscal year are invested in an effort to maximize the Association's leveraged funding by utilizing 50% of the funds for operations and saving 50% for the subsequent fiscal year. The GIC investment term deposit is completely redeemable for the first half of the subsequent fiscal year.

4. Accounts receivable

	<u>2021</u>	<u>2020</u>
Temporary wage subsidy	\$ -	\$ 1,674
City of Prince George - facade grant	5,000	-
NDIT social media grant	8,061	-
	<u>\$ 13,061</u>	<u>\$ 1,674</u>

5. Tangible capital assets

	<u>2021</u>			<u>2020</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer	\$ 2,207	\$ 1,922	\$ 285	\$ 356
Furniture and fixtures	<u>16,748</u>	<u>15,905</u>	<u>843</u>	<u>937</u>
	<u>\$ 18,955</u>	<u>\$ 17,827</u>	<u>\$ 1,128</u>	<u>\$ 1,293</u>

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

6. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Trade payables and accrued liabilities	\$ 12,611	\$ 10,197
Wages payable	5,999	4,985
Payroll and withholding taxes	<u>2,080</u>	<u>1,664</u>
	<u>\$ 20,690</u>	<u>\$ 16,846</u>

7. Deferred contributions

	<u>2021</u>	<u>2020</u>
Winterfest 2021 - Regional District of Fraser Fort George	\$ -	\$ 5,000
Downtown alley clean team project - B.C. Housing & NHA	6,098	13,250
City of Prince George - Strengthening Communities	20,000	-
City of Prince George - Cleaning Services	30,000	-
City of Prince George - Summerfest 2022	10,000	-
PG Activators - downtown graffiti cleaning	<u>3,232</u>	<u>-</u>
	<u>\$ 69,330</u>	<u>\$ 18,250</u>

	<u>Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
City of Prince George	\$ -	\$ 60,000	\$ -	\$ 60,000
Winterfest 2021	5,000	-	(5,000)	-
Downtown alley clean team	13,250	32,233	(39,385)	6,098
Downtown graffiti	<u>-</u>	<u>5,000</u>	<u>(1,768)</u>	<u>3,232</u>
	<u>\$ 18,250</u>	<u>\$ 97,233</u>	<u>\$ (46,153)</u>	<u>\$ 69,330</u>

8. Financial instrument risk and concentration of risk

The Association's financial instruments consist of cash, term deposit, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit or concentration risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

9. Commitments

The Association has signed a 36 month rental lease with the City of Prince George that expires April 30, 2022. Monthly lease payments are \$1,160. The future minimum lease payments to the lease expiry date are as follows:

2022	<u>\$ 4,640</u>
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10. Employee remuneration

For the 2021 fiscal year, the Association paid remuneration of \$75,000 or greater to one employee who received a total remuneration of \$90,232.

11. Covid-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and continues to present a significant financial, market and social dislocating impact. At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time. Programs specifically affected by the Covid-19 pandemic include Summerfest, Winterfest and other smaller projects. The Association is not economically dependent on these events and management has planned to scale all of their events accordingly to be in compliance with provincial health guidelines.

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

Schedule 1

PROJECT EXPENDITURES

For the year ended December 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Façade improvements partnership	\$ 5,000	\$ 5,000	\$ 19,885
Flower baskets and décor	54,970	56,726	33,761
Lighting and décor	20,000	836	-
Summerfest	37,500	14,443	24,336
Summerfest donations in-kind	20,000	20,000	30,000
Special projects	16,500	20,096	27,263
Clean Team Partnerships - Schedule 2	134,693	123,677	78,402
Mobile security project	-	-	15,682
Promotions	1,500	1,700	2,365
Winterfest	15,000	3,764	26,166
Winterfest donations in-kind	20,000	20,000	54,000
	<u>\$ 325,163</u>	<u>\$ 266,242</u>	<u>\$ 311,860</u>

PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

Clean Team Partnerships - Statement of Operations

For the year ended December 31, 2021

	Downtown Clean Team PG BIG	Downtown Alley Clean Team DART	Biohazard Clean Team ACME	Graffiti Clean Team PG Activators	2021 Total	2020 Total
REVENUE						
Funding received	\$ -	\$ 32,233	\$ 25,000	\$ 5,000	\$ 62,233	\$ 20,000
Deferred from prior year	-	13,250	-	-	13,250	-
	-	45,483	25,000	5,000	75,483	20,000
EXPENDITURES	57,478	39,385	25,046	1,768	123,677	78,402
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(57,478)	6,098	(46)	3,232	(48,194)	(58,402)
DEFERRED TO SUBSEQUENT YEAR	-	(6,098)	-	(3,232)	(9,330)	(13,250)
SURPLUS (DEFICIT), END OF YEAR	\$ (57,478)	\$ -	\$ (46)	\$ -	\$ (57,524)	\$ (71,652)