

PRINCE GEORGE DOWNTOWN  
BUSINESS IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS

For the year ended December 31, 2020

**PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION  
FINANCIAL STATEMENTS  
For the year ended December 31, 2020**

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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, 2020, 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, 2020, 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

### *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  
February 18, 2021

FBB CHARTERED  
PROFESSIONAL  
ACCOUNTANTS LLP

# PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

## STATEMENT OF OPERATIONS

For the year ended December 31, 2020

	<b>2020 Budget (unaudited)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>REVENUES</b>			
PGDBIA - Levy	\$ 318,270	\$ 318,270	\$ 309,000
City of Prince George - Other grants	77,485	77,485	77,485
Northern Development Initiative Trust	20,000	19,885	16,285
Other revenue	8,500	6,268	7,562
Summerfest	62,500	44,085	133,573
Summerfest donation in-kind	30,000	30,000	55,000
Winterfest donations in-kind	54,000	54,000	56,200
Winterfest	3,265	3,265	5,061
Interest income	-	661	3,225
Downtown alley clean team	-	6,750	-
	<u>574,020</u>	<u>560,669</u>	<u>663,391</u>
<b>EXPENDITURES</b>			
Advertising and promotion	4,000	11,400	3,768
Amortization	-	193	227
Business development	10,000	5,562	4,356
Conferences and meetings	8,500	6,281	12,383
Consulting fees	1,000	1,086	1,045
Insurance and memberships	5,500	3,276	5,817
Interest and bank charges	220	113	290
Projects - Schedule 1	331,700	311,860	411,053
Office	6,850	5,635	6,171
Professional fees	7,000	4,285	5,643
Premises	23,000	20,425	21,059
Telephone and utilities	3,000	2,713	2,573
Training	1,250	-	1,355
Wages and benefits	171,000	158,426	146,452
Website	1,000	9,763	-
	<u>574,020</u>	<u>541,018</u>	<u>622,192</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	-	19,651	41,199
<b>OTHER INCOME</b>			
Temporary wage subsidy	-	5,722	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 25,373</u>	<u>\$ 41,199</u>

See accompanying notes

# PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

## STATEMENT OF CHANGES IN NET ASSETS For the year ended December 31, 2020

	<u>Unrestricted</u>	<u>Invested in tangible capital assets</u>	<u>Total 2020</u>	<u>Total 2019</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 254,185	\$ 1,486	\$ 255,671	\$ 214,472
Excess (deficiency) of revenues over expenditures	<u>25,566</u>	<u>(193)</u>	<u>25,373</u>	<u>41,199</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 279,751</u>	<u>\$ 1,293</u>	<u>\$ 281,044</u>	<u>\$ 255,671</u>

See accompanying notes

# PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

## STATEMENT OF FINANCIAL POSITION As at December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 150,312	\$ 114,851
Term deposit (note 3)	153,885	153,225
Accounts receivable (note 4)	1,674	-
Prepaid expenses	4,800	3,465
GST receivable	<u>4,176</u>	<u>4,760</u>
	314,847	276,301
<b>TANGIBLE CAPITAL ASSETS</b> (note 5)	<u>1,293</u>	<u>1,486</u>
	<u>\$ 316,140</u>	<u>\$ 277,787</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 6)	\$ 16,846	\$ 12,116
Deferred contributions (note 7)	<u>18,250</u>	<u>10,000</u>
	35,096	22,116
<b>NET ASSETS</b>	<u>281,044</u>	<u>255,671</u>
	<u>\$ 316,140</u>	<u>\$ 277,787</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, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 25,373	\$ 41,199
Item not affecting cash		
Amortization	<u>193</u>	<u>227</u>
	25,566	41,426
Change in non-cash working capital items		
Term deposit	(660)	(3,225)
Accounts receivable	(1,674)	6,822
Prepaid expenses	(1,335)	(1,345)
GST receivable	584	(266)
Accounts payable and accrued liabilities	4,730	(4,451)
Deferred contributions	<u>8,250</u>	<u>(4,032)</u>
<b>INCREASE IN CASH</b>	35,461	34,929
<b>CASH, BEGINNING OF YEAR</b>	<u>114,851</u>	<u>79,922</u>
<b>CASH, END OF YEAR</b>	<u>\$ 150,312</u>	<u>\$ 114,851</u>

See accompanying notes



# PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2020

### 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, 2020

### 2. Accounting policies, continued

#### (e) Deferred contributions

Deferred revenue consists of amounts received in advance for Winterfest 2021 and unspent contributions for the Downtown Alley Clean Team project.

#### (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, 2020

### 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, 2020 - 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>2020</u>	<u>2019</u>
Temporary wage subsidy	\$ 1,674	\$ -

### 5. Tangible capital assets

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer	\$ 2,207	\$ 1,851	\$ 356	\$ 445
Furniture and fixtures	16,748	15,811	937	1,041
	<u>\$ 18,955</u>	<u>\$ 17,662</u>	<u>\$ 1,293</u>	<u>\$ 1,486</u>

# PRINCE GEORGE DOWNTOWN BUSINESS IMPROVEMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended December 31, 2020

## 6. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 10,197	\$ 5,000
Wages payable	4,985	5,086
Payroll and withholding taxes	<u>1,664</u>	<u>2,030</u>
	<u>\$ 16,846</u>	<u>\$ 12,116</u>

## 7. Deferred contributions

	<u>2020</u>	<u>2019</u>
Winterfest 2021 - Regional District of Fraser Fort George	\$ 5,000	\$ 10,000
Downtown alley clean team project - B.C. Housing & NHA	<u>13,250</u>	<u>-</u>
	<u>\$ 18,250</u>	<u>\$ 10,000</u>

	<u>Balance, beginning of year</u>	<u>Received</u>	<u>Recognized</u>	<u>Balance, end of year</u>
Winterfest 2020	\$ 10,000	\$ -	\$ (10,000)	\$ -
Winterfest 2021	-	5,000	-	5,000
Downtown alley clean team	<u>-</u>	<u>20,000</u>	<u>(6,750)</u>	<u>13,250</u>
	<u>\$ 10,000</u>	<u>\$ 25,000</u>	<u>\$ (16,750)</u>	<u>\$ 18,250</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, 2020

**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:

2021	\$ 13,920
2022	<u>4,640</u>
	<u>\$ 18,560</u>

**10. Employee remuneration**

For the 2020 fiscal year, the Association paid remuneration of \$75,000 or greater to one employee who received a total remuneration of \$91,162.

**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  
PROJECT EXPENDITURES**  
For the year ended December 31, 2020

Schedule 1

	<b>2020 Budget (unaudited)</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
Clean Team	\$ 61,000	\$ 71,483	\$ 49,191
Façade improvements partnership	20,000	19,885	16,285
Flower baskets and décor	55,000	33,761	61,888
Summerfest	57,500	24,336	116,201
Summerfest donations in-kind	30,000	30,000	55,000
Special projects	25,000	27,263	24,882
Downtown Alley Clean Team	-	6,919	-
Mobile security project	-	15,682	-
Promotions	3,000	2,365	2,175
Winterfest	26,200	26,166	29,231
Winterfest donations in-kind	54,000	54,000	56,200
	<u>\$ 331,700</u>	<u>\$ 311,860</u>	<u>\$ 411,053</u>