

WHITE ROCK
BUSINESS IMPROVEMENT ASSOCIATION
FINANCIAL STATEMENTS
MARCH 31, 2017

Auditors' Report

Statement of Financial Position

Statement of Changes in Net Assets

Statement of Operations

Schedule of Administrative Expenses (Schedule 1)

Schedule of Advertising Expenses (Schedule 2)

Statement of Cash Flows

Notes to Financial Statements

AUDITORS' REPORT

To the Board of Directors,
White Rock Business Improvement Association,
White Rock, BC

We have audited the statement of financial position of White Rock Business Improvement Association as at March 31, 2017 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' 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 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 presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2017 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. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Burnaby, BC

Chartered Professional Accountants

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	146,131	107,909
Accounts receivable	11,723	6,658
Prepaid expenses	<u>9,848</u>	<u>3,638</u>
	167,702	118,205
EQUIPMENT (Note 3)	<u>3,727</u>	<u>2,397</u>
	<u><u>171,429</u></u>	<u><u>120,602</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts, payable and accrued	7,758	10,370
Deposits for future event	<u>1,090</u>	<u>-</u>
	8,848	10,370
NET ASSETS		
EQUITY		
Unrestricted net assets	<u>162,581</u>	<u>110,232</u>
	<u><u>171,429</u></u>	<u><u>120,602</u></u>

APPROVED BY THE DIRECTORS

_____ Director
 _____ Director

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
NET ASSETS, BEGINNING OF YEAR	110,232	101,018
Excess of revenues over expenditures	<u>52,349</u>	<u>9,214</u>
NET ASSETS, END OF YEAR	<u>162,581</u>	<u>110,232</u>

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WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
REVENUE		
Assessment levy	311,702	304,030
Human Resources and Skills Development Canada grant	2,822	3,690
Sponsorship and other income	<u>40,335</u>	<u>33,998</u>
	<u>354,859</u>	<u>341,718</u>
EXPENSES		
Administrative (Schedule 1)	143,605	154,970
Advertising (Schedule 2)	<u>158,905</u>	<u>177,534</u>
	<u>302,510</u>	<u>332,504</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>52,349</u>	<u>9,214</u>

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
YEAR ENDED MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
Amortization	2,056	2,389
Bank charges and interest - net	135	876
Board of Directors' meetings	3,703	6,969
Executive director	46,330	62,913
Dues, licences and subscriptions	577	879
Insurance	3,480	3,412
Legal and accounting	10,955	11,940
Office rent	23,524	19,565
Office supplies and sundry	11,165	9,765
Repairs and maintenance	224	2,597
Subcontractor and wages	38,633	30,296
Telephone	<u>2,823</u>	<u>3,369</u>
	<u>143,605</u>	<u>154,970</u>

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
SCHEDULE OF ADVERTISING EXPENSES
YEAR ENDED MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
Advertising	3,355	14,394
Beautification	7,901	16,731
Canada Day	5,173	9,269
Christmas Lights	32,380	18,132
Concerts on the Pier	84,077	38,569
Five Corners block party	1,737	1,164
Graffiti program	1,786	4,730
Miscellaneous other promotions	7,624	22,030
Street banners and signage	3,199	16,244
Taste White Rock	10,376	14,075
Tour de White Rock	-	3,362
Website	1,297	16,179
West Beach / East Beach promotion	-	2,655
	<u>158,905</u>	<u>177,534</u>

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

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	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	52,349	9,214
ADD ITEM NOT AFFECTING CASH		
Amortization	<u>2,056</u>	<u>2,389</u>
	54,405	11,603
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(5,065)	2,550
Prepaid expenses	(6,210)	(226)
Accounts, payable and accrued	(2,612)	4,030
Deposits for future event	1,090	-
Levy received in advance	<u>-</u>	<u>(153,000)</u>
Cash provided by (used for) operating activities	<u>41,608</u>	<u>(135,043)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(3,386)</u>	<u>-</u>
Cash (used for) investing activities	<u>(3,386)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH		
	38,222	(135,043)
Cash, beginning	<u>107,909</u>	<u>242,952</u>
CASH, ENDING	<u><u>146,131</u></u>	<u><u>107,909</u></u>

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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1. PURPOSE OF THE ASSOCIATION

The Association was created in 2005 by the White Rock City Council at the request of the White Rock business community as a business improvement area pursuant to Bylaw 1764. The White Rock Business Improvement Association ("BIA") was incorporated under the Society Act of British Columbia on July 12, 2004 and began operations October 1, 2005. The Association's mandate is to strengthen the economic vitality within the White Rock BIA by undertaking business promotion schemes as defined by section 215 of the Community Charter, SBC 2003 c.26. The Association is funded by a special municipal levy based on business' assessed property value which is collected by the City of White Rock. The association is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

2. ACCOUNTING POLICIES

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a year necessarily involves the use of estimates, which have been made using careful judgment.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

i. Cash and cash equivalents

The Association considers all highly liquid financial instruments purchased with an original maturity of less than a year to be cash equivalents. Cash equivalents are recorded at cost, which approximates their market value.

ii. Equipment

Equipment is recorded at cost less accumulated amortization. When equipment no longer has any long-term service potential to the Association, it is written down to its residual value, if any. Amortization is provided over the assets' estimated useful life using the declining balance method at the following rates:

Computer equipment	- 55%
Stage and canopy equipment	- 20%

In the year of acquisition, the above rates are reduced by one-half.

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

\$

2. ACCOUNTING POLICIES (Cont'd)

iii. Revenue recognition

The Association follows the deferral method of accounting for contributions.

Assessment levy revenue is granted to the Association annually by the City of White Rock. This revenue is recognized as it becomes receivable under the terms of the agreement. Grants and other revenue are recognized when the amounts have been received. Contributions are recognized on the earlier of the date when the amounts can be reasonably estimated and the ultimate collection is reasonably assured or when received.

Donated goods and services are recorded at fair market value when that value can be reasonably estimated.

iv. Accounting basis

The amounts shown in the financial statements have been prepared on the accrual basis of accounting. Donation revenue is recognized on a cash basis and is recorded in the year received.

v. 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 revenues and expenses during the period. Such estimates include providing for amortization of capital assets and valuing inventory. Actual results could differ from those estimates.

vi. Contributed services

Volunteers contribute significant hours per year to assist the association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

\$

2. ACCOUNTING POLICIES (Cont'd)

vii. Financial instruments

a) Measurement of Financial Instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arms length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable, government agencies receivable, and GST / HST receivable. Financial assets measured at fair value include cash and cash equivalents.

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

b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not be recognized previously. The amount of the reversal is recognized in net income.

3. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2017</u>	<u>2016</u>
Computer equipment	11,894	8,585	3,309	1,875
Stage and canopy equipment	3,503	3,085	418	522
	<u>15,397</u>	<u>11,670</u>	<u>3,727</u>	<u>2,397</u>

Amortization in the amount of \$ 2,056 (2016 - \$ 2,389) has been recorded in the accounts for the year as described in Note 1.

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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4. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, credit or market risks arising from the financial instruments disclosed on the statement of financial position.

i. Credit risk

Cash and cash equivalents are held with reputable financial institutions, and cash balances are insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation. Accordingly, management believes that the Association's overall credit risk is very low.

ii. Liquidity risk

Liquidity risk is the risk that the association will not be able to meet its financial obligations as they become due. The Association manages its liquidity risk through cash and debt management and monitors the financial obligation associated with its operating activities.

iii. Interest rate risk

The Association is exposed to interest rate risk on its fixed interest rate financial instruments. However, since the Association's fixed interest rate investments are term depositing maturing in the short-term, the interest rate risk is considered to be minimal.

iv. Market risk

The market risk associated with investments is reduced to a minimum since all such assets are invested in term deposits.

WHITE ROCK BUSINESS IMPROVEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

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5. ECONOMIC DEPENDENCE

The Association depends upon the City of White Rock for substantially all of its revenues. Amounts granted to the Association by the city are recovered from owners of land and improvements within the business improvement area via a tax levy.

The Association is currently in the third year of a five year mandate from the City of White Rock to receive funding for continued operations under City of White Rock Bylaw 2075. A new five year mandate was approved and began on April 1, 2015.

6. COMMITMENTS

The Association entered into sublease for its premise on January 1, 2017. The gross lease payment is \$ 2,000 per month, including GST, expiring December 31, 2017. The Association has an option to renew the lease annually for three separate one year terms.

The minimum annual lease payments until expiry are as follows:

2018	<u>12,000</u>
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7. INCOME TAXES

The Association is a registered charity under the Income Tax Act and is, therefore, exempt from income taxes.