

Downtown Surrey Business Improvement Association

Financial Statements
December 31, 2016



February 8, 2017

Independent Auditor's Report

To the Members of Downtown Surrey Business Improvement Association

We have audited the accompanying financial statements of Downtown Surrey Business Improvement Association, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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 generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 and fair presentation 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 overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Downtown Surrey Business Improvement Association as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Downtown Surrey Business Improvement Association

Statement of Financial Position

As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents	825,847	800,413
Accounts receivable	1,000	1,000
GST receivable	13,239	12,272
Prepaid expenses	10,608	9,818
	<u>850,694</u>	<u>823,503</u>
Security deposit	3,147	3,147
Equipment (note 4)	<u>9,407</u>	<u>10,466</u>
	<u>863,248</u>	<u>837,116</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	26,797	34,428
Deferred revenue	226,741	220,137
	<u>253,538</u>	<u>254,565</u>
Net Assets		
General Fund	600,303	572,085
Capital Assets Fund	<u>9,407</u>	<u>10,466</u>
	<u>609,710</u>	<u>582,551</u>
	<u>863,248</u>	<u>837,116</u>
Commitments (note 8)		

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Downtown Surrey Business Improvement Association

Statement of Operations

For the year ended December 31, 2016

	2016 \$	2015 \$
Revenues		
Property tax levy	900,359	874,135
Event sponsorships	27,000	48,425
Student intern grant	26,334	30,068
Interest income	4,965	4,445
	<hr/> 958,658	<hr/> 957,073
Operating expenses		
Amortization	2,372	2,763
Area enhancement	97,433	71,513
Board of directors	17,193	17,389
Economic development	20,907	9,985
Events	62,942	111,348
Facilities and office	132,140	121,628
Finance and audit	11,898	14,414
Government relations	3,959	7,889
Marketing and communications	69,572	31,279
Member services	19,792	16,705
Safety	141,537	140,500
Salaries, wages and benefits	351,754	350,806
	<hr/> 931,499	<hr/> 896,219
Excess of revenues over expenses for the year	<hr/> 27,159	<hr/> 60,854

The accompanying notes are an integral part of these financial statements.

Downtown Surrey Business Improvement Association

Statement of Changes in Net Assets

For the year ended December 31, 2016

	2016		
	General Fund	Capital	Total
	\$	Assets Fund	\$
		\$	\$
Balance - Beginning of year	572,085	10,466	582,551
Excess of revenues over expenses for the year	29,531	(2,372)	27,159
Transfer to Capital Assets Fund	(1,313)	1,313	-
Balance - End of year	<u>600,303</u>	<u>9,407</u>	<u>609,710</u>
			2015
	General Fund	Capital	Total
	\$	Assets Fund	\$
		\$	\$
Balance - Beginning of year	508,468	13,229	521,697
Excess of revenues over expenses for the year	63,617	(2,763)	60,854
Balance - End of year	<u>572,085</u>	<u>10,466</u>	<u>582,551</u>

The accompanying notes are an integral part of these financial statements.

Downtown Surrey Business Improvement Association

Statement of Cash Flows

For the year ended December 31, 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Excess of revenues over expenses for the year	27,159	60,854
Item not affecting cash - amortization	2,372	2,763
	<hr/>	<hr/>
	29,531	63,617
Changes in non-cash working capital		
GST receivable	(967)	14,025
Prepaid expenses	(790)	7,741
Accounts payable and accrued liabilities	(7,631)	24,586
Security deposit	-	(3,147)
Deferred revenue	6,604	6,412
	<hr/>	<hr/>
	26,747	113,234
Cash flows from investing activities		
Purchase of equipment	(1,313)	-
	<hr/>	<hr/>
Increase in cash and cash equivalents	25,434	113,234
Cash and cash equivalents - Beginning of year	800,413	687,179
	<hr/>	<hr/>
Cash and cash equivalents - End of year	825,847	800,413
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

Downtown Surrey Business Improvement Association

Notes to Financial Statements

December 31, 2016

1 Purpose of the Association

Downtown Surrey Business Improvement Association (the Association) was incorporated on January 9, 2002 under the Society Act of British Columbia. On March 24, 2003, the City of Surrey passed by-law #14923 to establish the Whalley Business Improvement Area. This area is geographically located in the downtown core of Surrey, British Columbia.

The name of the Association was changed from Whalley Business Association Society to Whalley Business Improvement Association on November 17, 2004. The Association's name was further changed to Downtown Surrey Business Improvement Association on October 5, 2007.

The Association was established for the following purposes:

- a) to develop, encourage and promote trade and commerce in Downtown Surrey;
- b) to sponsor and organize promotions and events in order to attract people to Downtown Surrey;
- c) to create a more viable business atmosphere in Downtown Surrey;
- d) to promote matters of common concern and interest to businesses and property owners in the Downtown Surrey area;
- e) to conduct studies of, and advance projects, plans or improvements designed to benefit the Association;
- f) to co-operate with and aid any persons, body, group or association in projects designed to benefit the Association; and
- g) to raise revenue to carry out the purposes of the Association.

2 Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3 Significant accounting policies

Fund accounting

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

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Association's equipment acquisition activities.

Downtown Surrey Business Improvement Association

Notes to Financial Statements

December 31, 2016

Revenue recognition

Sponsorship revenue is accounted for when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured. Property tax levy and student intern grant revenue is recorded using the percentage-of-completion method.

Cash and cash equivalents

Cash and cash equivalents include cash and deposits maturing within 90 days from the date of purchase.

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

Financial assets and liabilities are initially measured at fair value and subsequently at amortized cost.

Equipment

Equipment is recorded at acquisition cost less accumulated amortization. Amortization has been provided for using the following annual rates and methods:

Computer software and equipment	30% declining balance method
Equipment	20% declining balance method
Furniture and fixtures	20% declining balance method

In the year of acquisition, one-half the normal rate of amortization is taken.

4 Equipment

			2016	2015
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer software	2,546	2,546	-	-
Computer equipment	11,208	9,524	1,684	811
Equipment	9,766	8,212	1,554	1,942
Furniture and fixtures	54,547	48,378	6,169	7,713
	78,067	68,660	9,407	10,466

Downtown Surrey Business Improvement Association

Notes to Financial Statements

December 31, 2016

5 Government remittances

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become payable. In respect of government remittances, \$6,572 (2015 - \$9,737) is included within accounts payable and accrued liabilities.

6 Related party transactions

During the year, the following related party transactions occurred:

- The Association incurred payroll and bookkeeping services of \$3,080 (2015 - \$3,080), which are included in facilities and office expense, to David Pel & Company, a company controlled by a director of the Association.
- The Association incurred information technology costs of \$1,291 (2015 - \$nil), which are included in facilities and office expense, to Sprite Multimedia Systems Ltd., a company controlled by a director of the Association.

These transactions occurred in the normal course of business and were measured at the exchange amounts.

7 Financial instruments

Interest rate risk

The Association is exposed to interest rate risk on its cash and cash equivalents.

Credit risk

The financial instruments that potentially expose the Association to a concentration of credit risk are cash and cash equivalents. The Association limits its exposure to credit losses by placing its cash and cash equivalents with a Canadian chartered bank.

Foreign exchange risk

The Association is not exposed to significant foreign exchange risk.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet the demand for cash and cash equivalents or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regularly monitoring cash flows.

Downtown Surrey Business Improvement Association

Notes to Financial Statements

December 31, 2016

8 Commitments

The Association has a long-term lease agreement for office space. Future minimum lease payments under this operating lease are as follows:

	\$
2017	47,838
2018	35,879

The Association must also pay its proportionate share of property taxes and operating costs.