

FINANCIAL STATEMENTS

**SOUTH HILL (FRASER STREET)
BUSINESS ASSOCIATION**

March 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of
South Hill (Fraser Street) Business Association

Report on the Financial Statements

We have audited the accompanying financial statements of South Hill (Fraser Street) Business Association, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended and 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 Association'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 Association'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South Hill (Fraser Street) Business Association as at March 31, 2018 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

The March 31, 2017 comparative figures were audited by another firm of chartered professional accountants who provided their unqualified audit report on August 17, 2017.

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

Tompkins Wozny LLP

Vancouver, Canada
August 20, 2018

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2018	2017
	\$	\$
ASSETS		
Current		
Cash	44,270	43,722
GST receivable	2,819	1,809
Prepaid expenses	879	—
	47,968	45,531
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals	3,744	5,797
NET ASSETS	44,224	39,734
	47,968	45,531

Economic dependence [note 4]

See accompanying notes to the financial statements

As approved by:

Director

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Restricted	Un- Restricted	Total
	\$	\$	\$
2018			
Net assets, beginning of year	21,491	18,243	39,734
Excess of revenue for the year	1,105	3,385	4,490
Net assets, end of year	22,596	21,628	44,224
2017			
Net assets, beginning of year	20,253	9,890	30,143
Excess of revenue for the year	1,238	8,353	9,591
Net assets, end of year	21,491	18,243	39,734

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	Restricted \$	Un- Restricted \$	2018 \$	2017 \$
REVENUE				
Business improvement levy	125,000	—	125,000	120,000
Interest and other	—	3,385	3,385	8,353
	125,000	3,385	128,385	128,353
EXPENSES				
Safety and security	38,741	—	38,741	39,097
Management fees	34,860	—	34,860	34,467
Street enhancement	17,396	—	17,396	20,646
Promotion and marketing	7,106	—	7,106	494
Special events	6,897	—	6,897	5,496
Office and other	6,582	—	6,582	5,588
Rent	4,920	—	4,920	4,920
Professional fees	3,090	—	3,090	3,775
Insurance	2,303	—	2,303	2,279
Donation	2,000	—	2,000	2,000
	123,895	—	123,895	118,762
Excess of revenue for the year	1,105	3,385	4,490	9,591

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	4,490	9,591
Changes in non-cash working capital items		
GST receivable	(1,010)	465
Prepaid expenses	(879)	1,429
Accounts payable and accruals	(2,053)	2,558
Cash provided by operating activities	548	14,043
Increase in cash for the year	548	14,043
Cash, beginning of year	43,722	29,679
Cash, end of year	44,270	43,722

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

1. PURPOSE OF THE ASSOCIATION

The objectives of the South Hill (Fraser Street) Business Association (the "Association") are to develop, encourage, and promote business in the Fraser Street business improvement area. The Association was incorporated on March 17, 2007 under the British Columbia Societies Act as a not-for-profit organization and therefore is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organization and include the following significant accounting policies:

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to the useful lives of capital assets. Actual results could differ from the estimates.

Cash

Cash is defined as cash on deposit, net of cheques issued and outstanding at the year-end.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Fund Accounting and Revenue Recognition

The Association follows the restricted fund method of accounting for contributions.

The Business Improvement Levy, which is externally restricted, is revenue derived from a special levy imposed on businesses within the Fraser Street area and administered and collected through the property tax office of the City of Vancouver. This revenue is recognized when received or receivable in the restricted fund.

Unrestricted revenue is recorded when funds are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

Volunteers contribute their time to assist the Association in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and GST receivable. Financial liabilities measured at amortized cost include accounts payable and accruals.

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risks as at March 31, 2018:

Credit Risk

The Association is exposed to credit risk with respect to its bank deposits. The Association reduces its credit risk by placing its bank deposits with a chartered Canadian bank.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

4. ECONOMIC DEPENDENCE

The primary source of the Association's revenue is through the City of Vancouver's business improvement levy. The Association's ability to continue viable operations is dependent upon maintaining this source of revenue. The financial statements have been prepared on a going concern basis on the assumption this source of revenue will continue to finance the Association's operations.

The Association currently has an operating agreement with the City of Vancouver expiring March 31, 2019.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

5. COMPARATIVE FIGURES

The March 31, 2017 comparative figures were audited by another firm of chartered professional accountants who provided their unqualified audit report on August 17, 2017.

Certain prior year's comparative figures have been reclassified to conform to the presentation adopted in the current year.