

Downtown Vancouver
Business Improvement Association
Financial Statements
For the year ended March 31, 2020

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Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

To the Members of
Downtown Vancouver Business Improvement Association

We have audited the accompanying financial statements of the Downtown Vancouver Business Improvement Association (the "Association") which comprise the Statement of Financial Position as at March 31, 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and its results of operations, changes in net assets and 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 Company 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibility 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Association 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 Societies 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 consistent basis with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 14, 2020

Downtown Vancouver Business Improvement Association
Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Cash	\$ 231,976	\$ 1,682,423
Term deposits and GICs (Note 5)	200,000	831,767
Accounts and interest receivable	55,653	24,827
GST receivable	47,908	46,874
Prepaid expenses and deposits	76,357	69,823
	611,894	2,655,714
Tangible capital assets (Note 6)	178,778	144,705
	\$ 790,672	\$ 2,800,419
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 81,365	\$ 60,981
Accrued vacation and payroll liabilities	19,273	13,909
Deferred assessment levy	-	1,600,754
	100,638	1,675,644
Net assets		
Invested in tangible capital assets	178,778	144,705
Hastings West voluntary improvement levy (Note 2)	53,064	142,030
Alberni voluntary improvement levy (Note 3)	65,148	217,524
Granville Street improvement (Note 4)	27,652	3,430
Legal defence reserve (Note 8)	44,422	38,118
Unrestricted	320,970	578,968
	690,034	1,124,775
	\$ 790,672	\$ 2,800,419

Approved on behalf of the Board:

_____ Director

_____ Director

Downtown Vancouver Business Improvement Association
Statement of Changes in Net Assets

For the years ended March 31, 2020 and 2019

	Invested in Capital Assets	Hastings West Improvement Voluntary Levy (Note 2)	Alberni Improvement Voluntary Levy (Note 3)	Granville Street Improvement (Note 4)	Legal Defence Reserve (Note 8)	Unrestricted	Total
Balance, April 1, 2018	\$ 146,803	\$ 137,478	\$ 174,042	\$ 98,483	\$ 66,132	\$ 788,117	\$ 1,411,055
Excess (deficiency) of revenues over expenses	(61,682)	4,552	43,482	(95,053)	(28,014)	(149,565)	(286,280)
Interfund transfers	59,584	-	-	-	-	(59,584)	-
Balance, March 31, 2019	144,705	142,030	217,524	3,430	38,118	578,968	1,124,775
Excess (deficiency) of revenues over expenses	(69,360)	(88,966)	(152,376)	24,222	6,304	(154,565)	(434,741)
Interfund transfers	103,433	-	-	-	-	(103,433)	-
Balance, March 31, 2020	\$ 178,778	\$ 53,064	\$ 65,148	\$ 27,652	\$ 44,422	\$ 320,970	\$ 690,034

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

Downtown Vancouver Business Improvement Association
Statement of Operations

For the year ended March 31	2020	2019
Revenue		
Assessment levy	\$ 3,152,664	\$ 3,002,538
Assessment levy and contributions - legal defence reserve (Note 8)	15,843	15,088
Hastings West improvement voluntary levy (Note 2)	625	119,143
Alberni improvement voluntary levy (Note 3)	-	76,646
Granville Street improvement (Note 4)	100,006	116,930
Other contributions	78,595	27,441
Membership events	26,500	31,235
Interest	37,838	24,440
	<u>3,412,071</u>	<u>3,413,461</u>
Expenses		
Sustainability and livability (Schedule)	47,158	44,579
Vibrant economy (Schedule)	215,802	186,857
Administration (Schedule)	794,552	782,173
Hastings West improvement voluntary levy (Note 2)	89,591	114,591
Alberni improvement voluntary levy (Note 3)	152,376	33,164
Granville Street improvement (Note 4)	75,784	211,983
Membership and governance (Schedule)	323,771	292,086
Placemaking and marketing (Schedule)	892,389	912,131
Safety and security (Schedule)	1,255,389	1,122,177
	<u>3,846,812</u>	<u>3,699,741</u>
Deficiency of revenue over expenses	<u>\$ (434,741)</u>	<u>\$ (286,280)</u>

Downtown Vancouver Business Improvement Association
Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (434,741)	\$ (286,280)
Item not involving cash		
Amortization	<u>69,360</u>	<u>61,682</u>
	(365,381)	(224,598)
Changes in working capital items		
Accounts and interest receivable	(30,826)	(11,212)
GST receivable	(1,034)	(5,820)
Prepaid expenses and deposits	(6,534)	(23,293)
Accounts payable and accrued liabilities	20,384	(11,696)
Accrued vacation and payroll liabilities	5,364	(9,686)
Deferred revenue	<u>(1,600,754)</u>	<u>1,600,754</u>
Net cash generated from operating activities	<u>(1,978,781)</u>	<u>1,314,449</u>
Cash flow from investing activities		
Decrease in term deposits and GICs, net	631,767	418,233
Purchase of capital assets	<u>(103,433)</u>	<u>(59,584)</u>
Net cash generated from investing activities	<u>528,334</u>	<u>358,649</u>
Net increase (decrease) in cash	(1,450,447)	1,673,098
Cash, beginning of year	<u>1,682,423</u>	<u>9,325</u>
Cash, end of year	<u>\$ 231,976</u>	<u>\$ 1,682,423</u>

Downtown Vancouver Business Improvement Association

Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies

(a) Purpose

The Downtown Vancouver Business Improvement Association (the "Association") was created in 1990 by Vancouver City Council at the request of the Vancouver downtown business community as a business improvement area ("BIA") under the Vancouver Charter. In 2020, the Association was issued a new 10 year mandate by City Council which expires March 31, 2030, unless renewed. The Association's mandate is to develop, encourage and promote business in the downtown Vancouver business improvement area. The Association was incorporated under the laws of British Columbia as a society in 1990 and is a non-profit organization under the Income Tax Act. The Association transitioned to the new Societies Act British Columbia in 2017.

Membership in the Association is only available to businesses and all businesses located within the 90-block downtown Vancouver area are automatically members. The Association is funded by a special municipal levy based on the businesses' assessed property value which is collected by the City of Vancouver.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

(c) Use of Estimates

The preparation of financial statements 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. Actual results could differ materially from these estimates.

(d) Financial Instruments

Financial Instruments are recorded at fair value when acquired or issued. Term deposits have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to these instruments carried at cost or amortized cost. Financial assets carried at cost or amortized cost are tested for impairment when changes in circumstances indicate the asset could be impaired.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies - Continued

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments with maturity dates of three months or less at the date of acquisition.

(f) Tangible Capital Assets

Tangible capital assets are carried at cost less accumulated amortization. When a capital asset no longer contributes to the Association's ability to provide goods and services, or the value of future economic benefits or service potential is less than its carrying amount it is written down to its fair value or replacement cost. Amortization is provided over the asset's estimated useful life as follows:

Furniture and equipment	-	20% declining-balance basis
Computer equipment	-	30% declining-balance basis
Computer software	-	straight-line basis over 3 years
Leasehold improvements	-	straight-line basis over the term of the lease
Uniforms	-	straight-line basis over 3 years

(g) Revenue Recognition

Assessment levy revenue is granted to the Association annually by the City of Vancouver based on a budget submitted by the Association for the fiscal year ended March 31. This revenue is recognized by the Association upon approval of its annual budget by the City of Vancouver. Assessment levy and other amounts received in advance are recorded as deferred revenue.

Hastings West improvement voluntary levy revenue is a voluntary levy paid by commercial building owners in the Hastings West area. As the levy is voluntary, revenues are recognized when the amounts have been received.

Alberni improvement voluntary levy revenue is a voluntary levy paid by commercial building owners in the Alberni area. As the levy is voluntary, revenues are recognized when the amounts have been received.

Granville Street improvement voluntary levy revenue is a voluntary levy paid by commercial building owners in the Granville Street area. As the levy is voluntary, revenues are recognized when the amounts have been received. Other contributions made to the Granville Street improvement fund are recognized when the amounts can be reasonably estimated and ultimate collection is reasonably assured or when received.

Legal defence fund revenues are internally restricted revenues and based on 0.5% (2019 - 0.5%) of the assessment levy. This revenue is recognized by the Association upon approval of its annual budget by the City of Vancouver.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies - Continued

(g) Revenue Recognition - Continued

Public space and other contributions are recognized at the earlier of when the amounts can be reasonably estimated and ultimate collection is reasonably assured or when received.

Membership events revenue is recognized when the events occur and collection is reasonably assured.

Interest revenue is recognized in the year earned.

(h) Expense Allocation

The Association incurs certain wage and benefit costs related to the administration of the Association, membership activities and placemaking and marketing activities. The Association allocates these wage and benefit costs to these functions proportionately, on the basis of time spent by each employee on these functions.

2. Hastings West Improvement Voluntary Levy

During the fiscal 2013 year, the Association approached various commercial building owners in the Hastings West area of Vancouver to attempt to bring improvement to the area. This resulted in a voluntary levy on the buildings in those areas of \$0.05 per square foot of building space for improvements to be made in the area. During the year ending March 31, 2020, the Association invoiced building owners in the amount of \$Nil (2019 - \$138,888). As at March 31, 2020, the Association has received \$625 (2019 - \$119,143) and incurred expenses of \$89,591 (2019 - \$114,591) in relation to this project. Under this levy, expenses are determined and decided by an advisory group which is comprised of the various commercial building owners.

3. Alberni Improvement Voluntary Levy

During the fiscal 2014 year, the Association approached various commercial building owners in the Alberni area of Vancouver to attempt to bring improvement to the area. This resulted in a voluntary levy on the buildings in those areas of \$0.05 per square foot of building space for improvements to be made in the area. During the year ending March 31, 2020, the Association invoiced building owners in the amount of \$Nil (2019 - \$80,479). As at March 31, 2020, the Association has received \$Nil (2019 - \$76,646) and incurred expenses of \$152,376 (2019 - \$33,164) in relation to this project. Under this levy, expenses are determined and decided by an advisory group which is comprised of the various commercial building owners.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

4. Granville Street Improvement

During the fiscal 2017 year, the Association approached various commercial building owners in the Granville Street area of Vancouver to attempt to bring improvement to the area. This resulted in a voluntary levy on the buildings in those areas of \$25 per linear foot of building frontage for improvements to be made in the area. During the year ending March 31, 2020, the Association invoiced building owners in the amount of \$105,072 (2019 - \$107,198). As at March 31, 2020, the Association has received \$100,006 (2019 - \$116,930) and incurred expenses of \$75,784 (2019 - \$211,983) in relation to this project. Under this levy, expenses are determined and decided by an advisory group which is comprised of the various commercial building owners.

Additionally, the Association received no amounts (2019 - \$16,149) from the City of Vancouver to improve Granville Street public spaces. These amounts received in the prior year were included in the Granville Street Improvement fund and were fully spent during the prior year on improvements to Granville Street public spaces.

5. Term Deposits and GICs

The guaranteed investment certificates ("GICs") bear interest between 2.0% - 2.15% (2019 - 2.2% - 2.3%) per annum and mature between April 2020 and October 2020.

6. Tangible Capital Assets

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 226,224	\$ 143,786	\$ 82,438	\$ 54,009
Computer equipment	123,427	85,561	37,866	46,749
Computer software	48,668	22,184	26,484	-
Leasehold improvements	60,083	28,093	31,990	14,880
Uniforms	89,212	89,212	-	29,067
	<u>\$ 547,614</u>	<u>\$ 368,836</u>	<u>\$ 178,778</u>	<u>\$ 144,705</u>

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

7. Allocation of Wages and Benefits

Total wages and benefits have been charged to administration and various functions as follows:

	2020	2019
Administration	\$ 336,389	\$ 334,936
Membership and governance	204,843	194,925
Placemaking and marketing	299,574	327,429
Vibrant economy	175,470	150,134
Safety and security	166,095	110,487
Granville Street improvement voluntary levy	19,300	23,062
Hastings West improvement voluntary levy	19,300	23,062
Alberni improvement voluntary levy	19,300	23,062
	<u>\$ 1,240,271</u>	<u>\$ 1,187,097</u>

8. Legal Defense Reserve

During the fiscal 2013 year, the Association internally restricted net assets to a legal defense reserve which represented unexpended budgeted amounts for professional fees. This reserve will be used for legal and related costs the Association may incur in relation to past and future legal proceedings. At the 2013 Annual General Meeting, the membership approved that in future years 1.0% of the assessment levy will be allocated to this fund and the board will review the legal defense reserve on a periodic basis. At the 2016 Annual General Meeting, the membership approved a reduction in the allocation of the assessment levy to 0.5% effective for the 2017 fiscal year. The levy remained unchanged for the 2018, 2019 and 2020 fiscal years.

During the year ending March 31, 2020, the Association allocated \$15,843 (2019 - \$15,088) to the fund and no contributions to its legal defense reserve were received from other business improvement associations. During the year ended March 31, 2020, the Association incurred expenditures of \$9,539 (2019 - \$43,102) related to legal defense.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

9. Commitments

The Association has a lease for its office premises for a five year term for \$6,800 per month. Additionally, during the year, the Association entered into a five year human resources and health and safety service agreement ending in 2025.

The combined minimum annual payments for the lease and service agreements until expiry are as follows:

Year	Amount
2021	\$ 90,060
2022	90,060
2023	90,422
2024	96,588
2025	<u>94,473</u>
	<u>\$ 461,603</u>

10. Financial Instruments Risks

The Association through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2020. There have been no changes to these risks from the prior year.

(a) Credit Risk

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of cash, term deposits and accounts and interest receivable. The Association limits its exposure to credit risk by placing its cash and GICs with high credit quality financial institutions, in accordance with investment policies adopted by the Board of Directors.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash, term deposits and GICs are as disclosed in Note 5.

Downtown Vancouver Business Improvement Association
Notes to Financial Statements

March 31, 2020

10. Financial Instruments Risks - Continued

(c) Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. The Association maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

11. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Association, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, industry, and workforce. As a result, management anticipates a temporary decline in other contributions and has postponed a number of its events. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Association is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Downtown Vancouver Business Improvement Association
Schedule - Expenses

For the year ended March 31	2020	2019
<hr/>		
Sustainability and Livability		
Projects (Livability)	\$ 15,000	\$ 15,000
Projects (Sustainability)	32,158	29,579
	<hr/>	<hr/>
	\$ 47,158	\$ 44,579
<hr/>		
Vibrant Economy		
Committee expenses	\$ 2,090	\$ -
Policy development	23,664	28,217
Economic development and data	14,578	8,506
Wages and benefits	175,470	150,134
	<hr/>	<hr/>
	\$ 215,802	\$ 186,857
<hr/>		
Administration		
Amortization	\$ 69,360	\$ 61,682
Bank charges and interest	449	1,360
Conferences and education	75,271	67,208
Couriers, freight and postage	3,101	858
Equipment lease	11,866	10,390
Insurance	10,628	8,408
Memberships and dues	3,595	5,328
Miscellaneous	193	144
Office supplies and computer equipment	21,167	25,754
Office rent	128,625	111,845
Professional fees (Note 8)	52,990	79,762
Telephone and internet	80,918	74,498
Wages and benefits	336,389	334,936
	<hr/>	<hr/>
	\$ 794,552	\$ 782,173
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Downtown Vancouver Business Improvement Association
Schedule - Expenses - Continued

For the year ended March 31	2020	2019
Membership and Governance		
Annual general meeting	\$ 33,308	\$ 27,762
Executive and board	5,173	7,752
Member recruitment	11,303	1,364
Member relations	4,381	13,291
Membership events and roundtables	64,763	46,992
Recognition events and awards	-	-
Wages and benefits	204,843	194,925
	<u>\$ 323,771</u>	<u>\$ 292,086</u>
Placemaking and Marketing		
Awareness campaign	\$ 98,711	\$ 80,605
Mosaic art tile project	2,204	2,045
Communications	48,874	57,809
Sponsorships	252,878	237,382
Public spaces	132,249	137,674
Wages and benefits	357,473	396,616
	<u>\$ 892,389</u>	<u>\$ 912,131</u>
Safety and Security		
Downtown Ambassadors	\$ 582,760	\$ 588,159
Downtown Ambassadors operating costs	113,725	116,914
Downtown Clean Team	392,809	306,617
Wages and benefits	166,095	110,487
	<u>\$ 1,255,389</u>	<u>\$ 1,122,177</u>