

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Financial Statements

Year Ended November 30, 2021

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

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Year Ended November 30, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of North Shore Business Improvement Area Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of North Shore Business Improvement Area Association's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Stone Hazell & Company, in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Jeremy Heighton, Executive Director

Bryce Herman, President of the Board of Directors

Kamloops, BC
February 17, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of North Shore Business Improvement Area Association

Report on the Financial Statements

Opinion

We have audited the financial statements of North Shore Business Improvement Area Association (the association), which comprise the statement of financial position as at November 30, 2021, and the statements of changes in net assets, revenues and expenditures 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 association as at November 30, 2021, 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 (ASNPO).

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 association in accordance with 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 ASNPO, 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 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.

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Independent Auditor's Report to the Members of North Shore Business Improvement Area Association *(continued)*

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 policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Kamloops, British Columbia
February 17, 2022

Stone Hazell & Company

Stone Hazell & Company
Chartered Professional Accountants

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

November 30, 2021

	2021	2020
<u>ASSETS</u>		
Current		
Cash	\$ 95,856	\$ 83,947
Marketable securities	15,359	-
Government remittances recoverable	-	1,556
Prepaid expenses	3,303	2,037
	<u>114,518</u>	<u>87,540</u>
Capital assets (Note 3)	<u>3,375</u>	<u>3,737</u>
	<u>\$ 117,893</u>	<u>\$ 91,277</u>
<u>LIABILITIES</u>		
Current		
Accounts payable	\$ 10,273	\$ 9,953
Government remittances payable	2,020	-
Wages payable	2,997	8,309
Deferred revenue (Note 4)	8,292	8,253
	<u>23,582</u>	<u>26,515</u>
<u>NET ASSETS</u>		
Unrestricted	90,936	61,025
Invested in capital assets	<u>3,375</u>	<u>3,737</u>
	<u>94,311</u>	<u>64,762</u>
	<u>\$ 117,893</u>	<u>\$ 91,277</u>

On behalf of the Board

_____ Director

_____ Director

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Changes in Net Assets

Year Ended November 30, 2021

	Unrestricted	Invested in capital assets	2021	2020
Net assets - beginning of year	\$ 61,025	\$ 3,737	\$ 64,762	\$ 41,539
Excess of revenues over expenses	29,549	-	29,549	23,223
Amortization	711	(711)	-	-
Capital asset additions	(1,060)	1,060	-	-
Loss on disposal of capital asset	711	(711)	-	-
Net assets - end of year	\$ 90,936	\$ 3,375	\$ 94,311	\$ 64,762

See notes to financial statements

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Revenues and Expenditures

Year Ended November 30, 2021

	2021	2020
Revenues		
City of Kamloops - Core funding grant	\$ 222,870	\$ 213,751
Sponsorships, events and fundraising	10,021	4,009
Kamloops Arts Council grant	3,000	1,000
Investment income	359	-
Miscellaneous	-	3,194
Temporary wage subsidy	-	2,624
	<u>236,250</u>	<u>224,578</u>
Expenses		
Board operations	3,384	2,497
Community development and planning	32,690	10,367
Community engagement	39,404	39,888
Events, arts and community services	32,137	44,493
Operations	98,375	104,110
	<u>205,990</u>	<u>201,355</u>
Excess Of Revenues Over Expenses from operations	30,260	23,223
Other items		
Loss on disposal of capital assets	711	-
Excess of revenues over expenses	\$ 29,549	\$ 23,223

See notes to financial statements

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Cash Flows
Year Ended November 30, 2021

	2021	2020
Operating activities		
Excess Of Revenues Over Expenses	\$ 29,549	\$ 23,223
Items not affecting cash:		
Amortization of capital assets	711	828
Loss on disposal of capital assets	711	-
	30,971	24,051
Changes in non-cash working capital:		
Accounts payable	320	5,453
Deferred revenue	39	7,378
Prepaid expenses	(1,266)	(78)
Government remittances recoverable	3,576	1,826
Wages payable	(5,312)	2,634
	(2,643)	17,213
Cash flow from operating activities	28,328	41,264
Investing activities		
Purchase of capital assets	(1,060)	(850)
Purchase of marketable securities	(15,359)	-
Cash flow used by investing activities	(16,419)	(850)
Increase in cash flow	11,909	40,414
Cash - beginning of year	83,947	43,533
Cash - end of year	\$ 95,856	\$ 83,947

See notes to financial statements

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year Ended November 30, 2021

1. Purpose of the association

North Shore Business Improvement Area Association (the "association") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. Management has determined that they are exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The association operates to promote the economic, commercial and social welfare of the North Shore area of the City of Kamloops and to further the development and expansion of the area to increase real property values in the area.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

Computer equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method

The association regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Net assets

- a) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.
- b) Net assets invested in capital assets represents the organization's net investment in capital assets which is comprised of the unamortized amount of capital assets purchased less any related debt or deferred capital contributions.

Revenue recognition

North Shore Business Improvement Area Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Sponsorships, events and fundraising revenues are recognized in the year in which the event took place.

Government grants

Government grants are recorded when there is a reasonable assurance that the association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

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NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year Ended November 30, 2021

2. Summary of significant accounting policies *(continued)*

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Allocation of expenses

Expenses are recorded and reported by function: Community development and planning; Community engagement; Events, arts and community services; and Operations.

Staffing costs and amortization are allocated based on budgeted labour hours for the year.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Subsequently, the Company measures financial instruments as follows:

1. financial assets measured at amortized cost on a straight-line basis include cash and government remittances recoverable; and
2. financial assets measured at fair value include marketable securities; and
3. financial liabilities, which include accounts payable, government remittances and wages payable, at amortized cost on a straight-line basis.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 4,070	\$ 1,821	\$ 2,249	\$ 1,618
Furniture and fixtures	7,814	6,688	1,126	2,119
	<u>\$ 11,884</u>	<u>\$ 8,509</u>	<u>\$ 3,375</u>	<u>\$ 3,737</u>

Amortization for the year was \$711 (2020 - \$828).

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year Ended November 30, 2021

4. Deferred revenue

	2021	2020
Overlanders Day sponsorships	\$ 5,632	\$ 5,632
Tapestry sponsorships	2,160	2,160
Christmas sponsor	500	-
PC Doctor	-	461
	\$ 8,292	\$ 8,253

5. Allocation of expenses

Staffing costs and amortization have been allocated between functions as follows:

	2021	2020
Staffing costs		
Board operations	\$ 1,401	\$ -
Community development & planning	11,102	1,207
Community engagement	18,421	16,903
Events, arts and community services	30,924	36,221
Operations	54,890	66,406
	116,738	120,737
Amortization		
Board operations	9	-
Community development & planning	68	8
Community engagement	112	116
Events, arts and community services	188	248
Operations	334	456
	711	828
	\$ 117,449	\$ 121,565

6. Economic dependence

The association receives approximately 95% (2020 - 95%) of total revenues from the City of Kamloops.

7. Disclosures under the Societies Act of British Columbia

The British Columbia Societies Act requires disclosure of the remuneration paid to all directors, and certain employees and contractors who are paid at least \$75,000 annually.

During the year, there were no employees, whose remuneration, during the applicable period, was at least \$75,000.

Directors have not received remuneration for being or acting as directors during the period.

NORTH SHORE BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year Ended November 30, 2021

8. Financial instruments

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of November 30, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from customers. In order to reduce its credit risk, the association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The association has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its receipt of funds from its funding providers, long-term debt, lease obligations, and accounts payable. The society manages its liquidity risk by monitoring its operating requirements and making adjustments based on available government funding and economic conditions.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is exposed to other price risk through its investment in quoted shares.

9. BCICF endowment fund

For the fiscal year ending November 30, 2021 the society held \$5,000 (2020 - \$5,000) in contributed principal with the BC Interior Community Foundation (BCICF). In accordance with the deed of gift under which the funds were placed with, the amounts are held permanently by the BCICF. As the society has the right to receive only the investment income on these funds and has no access to the contributed principal, the society financial statements do not include amounts placed with the BCICF.

10. Comparative figures

Certain accounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.