

**TRANSCONA BUSINESS IMPROVEMENT ZONE**  
**Financial Statements**  
**Year Ended December 31, 2019**

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

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**Year Ended December 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Transcona Business Improvement Zone

### *Opinion*

We have audited the financial statements of Transcona Business Improvement Zone (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 Organization as at December 31, 2019, 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.

### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 those 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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*Auditors' 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 auditors' 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

*Exchange*

Chartered Professional Accountants LLP  
Winnipeg, Manitoba  
October 14, 2020

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Financial Position**

**December 31, 2019**

	<b>2019</b>	2018 <i>(Revised)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 161,142	\$ 165,267
Accounts receivable	7,720	9,813
Business levy receivable	18,392	-
Amounts receivable from the City of Winnipeg <i>(Note 10)</i>	24,889	43,850
GST receivable	10,208	13,423
Prepaid expenses	-	1,653
	<u>222,351</u>	234,006
CAPITAL ASSETS <i>(Note 4)</i>	3,844	5,150
RESTRICTED INVESTMENTS <i>(Note 8)</i>	<u>417,640</u>	423,976
	<u>\$ 643,835</u>	<u>\$ 663,132</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,843	\$ 16,580
Business levy payable	-	22,110
	<u>5,843</u>	38,690
<b>NET ASSETS</b>		
Operations	180,782	155,859
Special programming <i>(Note 12)</i>	39,570	44,607
Restricted <i>(Note 8)</i>	<u>417,640</u>	423,976
	<u>637,992</u>	624,442
	<u>\$ 643,835</u>	<u>\$ 663,132</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**TRANSCONA BUSINESS IMPROVEMENT ZONE**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	Operating	Special Programming	Total	Total 2018 (Revised)
	2019	2019	2019	
<b>REVENUES</b>				
BIZ levy	\$ 358,392	\$ -	\$ 358,392	\$ 299,135
Advertising and other income	2,134	100,462	102,596	84,318
Grants and sponsorships (Note 10)	46,796	5,010	51,806	86,132
Restricted fund interest	4,664	-	4,664	4,430
Interest and investment income	1,245	-	1,245	1,172
	<u>413,231</u>	<u>105,471</u>	<u>518,703</u>	<u>475,187</u>
<b>EXPENDITURES</b>				
Accounting fees	12,260	-	12,260	12,126
Active Transport	-	-	-	10,951
Advertising and promotion	34,964	-	34,964	33,759
Amortization	1,305	-	1,305	15,129
Anti-graffiti program	9,628	-	9,628	6,934
Bad debts	5,920	-	5,920	7,754
Beautify Transcona	-	28,138	28,138	15,810
Buhler Recreation Park Sponsorship	6,000	-	6,000	-
Buy-a-brick	-	250	250	1,000
Canada Day celebrations	-	13,293	13,293	27,369
Christmas decor	-	25,314	25,314	21,472
Donations	500	-	500	3,039
Economic Development Plan	-	15,264	15,264	28,582
Festival of Banners	-	6,126	6,126	6,772
Interest and bank charges	327	-	327	132
Land dedication	-	45,439	45,439	21,667
Market garden	-	1,038	1,038	3,021
Marketing video	-	15,073	15,073	-
Meals and entertainment	841	-	841	1,876
Meetings and conventions	880	-	880	2,150
Mural program	2,425	-	2,425	5,800
Office	9,584	-	9,584	5,787
Public Art	-	15,000	15,000	7,500
Rent	31,270	-	31,270	25,970
Repairs and maintenance	16,297	-	16,297	6,073
Spring cleanup	-	16,984	16,984	20,248
Storefront improvement program	-	1,500	1,500	-
Streetscaping	-	-	-	34,147
Summer beautification	-	11,765	11,765	15,148
Supplies	115	-	115	678
TCS Programming	-	19,019	19,019	19,432
Telephone and internet	4,830	-	4,830	5,035
Travel	622	-	622	379
Utilities	1,518	-	1,518	1,680
Wages and employee benefits	151,664	-	151,664	126,020
	<u>290,950</u>	<u>214,203</u>	<u>505,153</u>	<u>493,440</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 122,281</u>	<u>\$ (108,731)</u>	<u>\$ 13,550</u>	<u>\$ (18,253)</u>

See notes to financial statements

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2019**

	Operations	Special programming <i>(Note 10)</i>	Restricted Fund <i>(Note 8)</i>	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED</b>	\$ 146,360	\$ 44,607	\$ 423,976	\$ <b>614,943</b>	\$ 637,910
Correction of error <i>(Note 10)</i>	9,499	-	-	<b>9,499</b>	4,785
As restated	155,859	44,607	423,976	<b>624,442</b>	642,695
Excess (Deficiency) of revenues over expenditures	117,617	(108,731)	4,664	<b>13,550</b>	(18,253)
Transfers <i>(Note 8, 12)</i>	(92,694)	103,694	(11,000)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ <b>180,782</b>	\$ <b>39,570</b>	\$ <b>417,640</b>	\$ <b>637,992</b>	\$ <b>624,442</b>

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Cash Flows**

**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess (Deficiency) of revenue over expenditures	\$ 13,550	\$ (18,253)
Item not affecting cash:		
Amortization of capital assets	1,305	15,129
	<u>14,855</u>	<u>(3,124)</u>
Changes in non-cash working capital:		
Accounts receivable	2,093	18,234
Amounts receivable from the City of Winnipeg	18,961	(19,292)
Business levy payable	(22,110)	22,110
Business levy receivable	(18,392)	37,766
GST receivable	3,215	(5,181)
Accounts payable and accrued liabilities	(10,736)	1,857
Prepaid expenses	1,653	-
	<u>(25,316)</u>	<u>55,494</u>
Cash flow from operating activities	<u>(10,461)</u>	<u>52,370</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	-	(4,714)
Net proceeds (purchases of) restricted investments	6,336	(4,430)
	<u>6,336</u>	<u>(9,144)</u>
Cash flow from (used by) investing activities	<u>6,336</u>	<u>(9,144)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(4,125)</b>	<b>43,226</b>
CASH - BEGINNING OF YEAR	<u>165,267</u>	<u>122,041</u>
CASH - END OF YEAR	<u>\$ 161,142</u>	<u>\$ 165,267</u>



# TRANSCONA BUSINESS IMPROVEMENT ZONE

## Notes to Financial Statements

Year Ended December 31, 2019

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### 1. PURPOSE OF THE ORGANIZATION

The Transcona Business Improvement Zone was established by a by-law of the City of Winnipeg, dated December 20, 1995. The purpose of the Association is to improve and maintain lands of the City in the Zone, subject to authorization by City Council, and to promote the Transcona Business Zone as a place for retail and commercial activity.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period 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 the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### 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 and methods:

Computer equipment	20%	straight-line method
Equipment	20%	straight-line method
Furniture and fixtures	20%	straight-line method
Motor vehicles	20%	straight-line method
Signs	10%	straight-line method

The organization 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.

#### Fund accounting

Transcona Business Improvement Zone follows the restricted fund method of accounting for contributions.

The Operations Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources.

The Special Programming Fund reports the revenues and expenses outside of organization's regular program delivery and administrative activities.

The restricted contributions fund reports only restricted resources that are to be used for the ongoing maintenance, operation, and area improvement to enhance the Transcona Centennial Square; as well as for other major capital projects.

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## TRANSCONA BUSINESS IMPROVEMENT ZONE

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Revenue recognition

Transcona Business Improvement Zone follows the restricted fund method of accounting for contributions.

Contributions related to general operations are recognized as revenue of the Operations Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate fund.

Contributions are recognized as revenue in the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### 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.

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#### 3. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of December 31, 2019.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investments and held funds.

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#### 4. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 7,459	\$ 6,915	\$ 7,459	\$ 6,552
Equipment	35,529	32,229	35,529	31,286
Furniture and fixtures	18,579	18,579	18,579	18,579
Motor vehicles	21,600	21,600	21,600	21,600
Signs	107,906	107,906	107,906	107,906
	<b>\$ 191,073</b>	<b>\$ 187,229</b>	<b>\$ 191,073</b>	<b>\$ 185,923</b>
Net book value	\$ 3,844		\$ 5,150	

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#### 5. BANK INDEBTEDNESS

The organization has access to a \$50,000 line of credit through its financial institution. As at December 31, 2019 the organization had \$50,000 available on this line of credit.

## TRANSCONA BUSINESS IMPROVEMENT ZONE

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 6. LEASE COMMITMENTS

The organization occupies leased premises subject to minimum monthly rent of \$1,814 plus taxes. The premise lease expires in October 2020.

The organization has also leased certain equipment with annual lease payments totaling \$1,041.

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#### 7. ECONOMIC DEPENDENCE

The organization receives significant revenues from the City of Winnipeg in the form of business improvement levies applied to taxpayers. Should the City of Winnipeg substantially change its dealings with the Organization management is of the opinion that continued viable operations would be doubtful.

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#### 8. RESTRICTED FUNDS

	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 423,976	\$ 419,546
Transfer to operations	(11,000)	-
Restricted fund investment interest	4,664	4,430
	<u>\$ 417,640</u>	<u>\$ 423,976</u>

Restricted cash is comprised of monies received for the Transcona Centennial Square. The full amount has been restricted for the ongoing maintenance, operation, and area improvement to enhance the Transcona Business Improvement Zone and for major capital projects; including the Transcona Centennial Square.

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#### 9. DOWNTOWN TRANSCONA ECONOMIC DEVELOPMENT FUND

During the 2016 fiscal year, the Board of Directors of the organization passed a motion to establish a new fund to develop the expansion of land within the Zone. All levies received from the expansion are to transferred to the Downtown Transcona Economic Development Fund for the purpose of developing a new program or programs that will proactively attract, facilitate and/or assist with the development of new business(es) and/or new multi-family housing in Downtown Transcona. As of December 31, 2019 no levies have been received from the expansion.

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#### 10. CORRECTION OF ERROR

During the course of the audit, it was determined invoices expensed in previous periods were reimbursable under a grant program from the City of Winnipeg. Therefore, a prior period adjustment was required. As a result, the previously presented figures for the year ended December 31, 2018 have changed by the following

- Opening net assets have increased by \$4,785
- Grants and sponsorships revenue has increased by \$4,714
- Amounts receivable from the City of Winnipeg has increased by \$9,499

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#### 11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

12. SPECIAL PROGRAMMING

	Opening Balance	Grants, sponsorships and advertising revenue	Expenses	Transfers from operating	Ending Balance
Beautify Transcona	\$ -	\$ 22,166	\$ 28,138	\$ 5,972	\$ -
Buy-a-brick	1,042	1,500	250	-	2,292
Canada Day celebrations	-	7,510	13,293	5,783	-
Christmas decor	-	1,400	25,314	23,914	-
Concerts	6,000	3,000	-	-	9,000
Day and Bond revitalization	22,000	-	-	-	22,000
Economic Development Plan	-	-	15,264	15,264	-
Festival of Banners	-	-	6,126	6,126	-
Land Dedication	126	46,510	45,439	(1,197)	-
Market garden	2,505	2,794	1,038	-	4,261
Marketing video	-	-	15,073	15,073	-
Mural program	12,934	-	15,000	2,066	-
Spring cleanup	-	19,000	16,983	-	2,017
Storefront improvement program	-	-	1,500	1,500	-
Summer beautification	-	-	11,765	11,765	-
TCS programming	-	1,591	19,019	17,428	-
	<u>\$ 44,607</u>	<u>\$ 105,471</u>	<u>\$ 214,202</u>	<u>\$ 103,694</u>	<u>\$ 39,570</u>