

**TRANSCONA BUSINESS IMPROVEMENT ZONE**  
**Financial Statements**  
**Year Ended December 31, 2020**

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Index to Financial Statements**

**Year Ended December 31, 2020**

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	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenses	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
Administration ( <i>Schedule 1</i> )	10
Business Incentives ( <i>Schedule 2</i> )	11
Marketing and Promotion ( <i>Schedule 3</i> )	12
Physical Enhancement and Maintenance ( <i>Schedule 4</i> )	13



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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, 2020, and the statements of revenue and expenses, 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, 2020, 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  
August 16, 2021

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Financial Position**

**December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 281,385	\$ 161,142
Accounts receivable	900	7,720
GST receivable	8,520	10,208
Amounts receivable from the City of Winnipeg	4,250	24,889
Business levy receivable	67,718	18,392
	<u>362,773</u>	222,351
CAPITAL ASSETS (Note 4)	2,539	3,844
RESTRICTED INVESTMENTS (Note 8)	404,285	417,640
	<u>\$ 769,597</u>	<u>\$ 643,835</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 6,063	\$ 5,843
<b>NET ASSETS</b>		
Unrestricted	246,928	220,352
Restricted (Note 8)	404,285	417,640
Internally restricted - reserve (Note 9)	112,321	-
	<u>763,534</u>	637,992
	<u>\$ 769,597</u>	<u>\$ 643,835</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Revenue and Expenses**

**Year Ended December 31, 2020**

	2020	2019
<b>REVENUE</b>		
BIZ Levy	\$ 384,185	\$ 358,392
Grants - Other	38,727	22,619
Other	20,634	7,813
Fundraising	14,192	38,414
Grants - City of Winnipeg	12,434	85,144
Advertising	2,259	408
Interest	980	5,909
	<u>473,411</u>	<u>518,699</u>
<b>EXPENSES</b>		
Administration ( <i>Schedule 1</i> )	233,979	237,544
Business incentives ( <i>Schedule 2</i> )	7,641	1,500
Marketing and promotion ( <i>Schedule 3</i> )	50,013	133,912
Physical enhancement and maintenance ( <i>Schedule 4</i> )	56,236	132,194
	<u>347,869</u>	<u>505,150</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 125,542</u>	<u>\$ 13,549</u>

**TRANSCONA BUSINESS IMPROVEMENT ZONE**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2020**

	Unrestricted	Restricted (Note 8)	Internally Restricted - Reserve (Note 9)	<b>2020</b>	2019
<b>NET ASSETS -</b>					
<b>BEGINNING OF YEAR</b> \$	220,352	\$ 417,640	\$ -	<b>\$ 637,992</b>	\$ 624,443
Excess of revenue over expenses	125,542	-	-	<b>125,542</b>	13,549
Transfers (Note 8)	(98,966)	(13,355)	112,321	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 246,928</b>	<b>\$ 404,285</b>	<b>\$ 112,321</b>	<b>\$ 763,534</b>	<b>\$ 637,992</b>

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Statement of Cash Flows**

**Year Ended December 31, 2020**

	<b>2020</b>	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 125,542	\$ 13,549
Item not affecting cash:		
Amortization of capital assets	<u>1,305</u>	1,305
	<u>126,847</u>	<u>14,854</u>
Changes in non-cash working capital:		
Accounts receivable	6,820	2,093
Amounts receivable from the City of Winnipeg	20,639	18,961
Business levy receivable	(49,326)	(18,392)
Accounts payable and accrued liabilities	220	(10,735)
Business levy payable	-	(22,110)
Prepaid expenses	-	1,653
GST receivable	<u>1,688</u>	<u>3,215</u>
	<u>(19,959)</u>	<u>(25,315)</u>
Cash flow from operating activities	<u>106,888</u>	<u>(10,461)</u>
<b>INVESTING ACTIVITY</b>		
Net proceeds from restricted investments	<u>13,355</u>	6,336
Cash flow from investing activity	<u>13,355</u>	6,336
<b>INCREASE (DECREASE) IN CASH</b>	<b>120,243</b>	<b>(4,125)</b>
CASH - BEGINNING OF YEAR	<u>161,142</u>	<u>165,267</u>
CASH - END OF YEAR	<u>\$ 281,385</u>	<u>\$ 161,142</u>



# TRANSCONA BUSINESS IMPROVEMENT ZONE

## Notes to Financial Statements

Year Ended December 31, 2020

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

The Restricted 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.

#### 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 Unrestricted 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.

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## TRANSCONA BUSINESS IMPROVEMENT ZONE

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 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.

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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, 2020.

##### 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

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 7,459	\$ 7,277	\$ 7,459	\$ 6,915
Equipment	35,529	33,172	35,529	32,229
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>\$ 188,534</b>	<b>\$ 191,073</b>	<b>\$ 187,229</b>
Net book value	<b>\$ 2,539</b>		<b>\$ 3,844</b>	

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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, 2020 the organization had \$50,000 available on this line of credit.

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#### 6. LEASE COMMITMENTS

The organization occupies leased premises subject to minimum monthly rent of \$2,656 plus taxes. The premise lease expires in June 2022.

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

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## TRANSCONA BUSINESS IMPROVEMENT ZONE

### Notes to Financial Statements

Year Ended December 31, 2020

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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

	2020	2019
Beginning of year	\$ 417,640	\$ 423,976
Transfer to operations	(13,355)	(11,000)
Restricted fund investment interest	-	4,664
	<u>\$ 404,285</u>	<u>\$ 417,640</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. INTERNALLY RESTRICTED - RESERVE

The Board of Directors have allocated general surplus funds to a reserve. The reserve will be used for operating program expenses that are expected to be incurred in the year ended December 31, 2021 for the following categories:

	2020	2019
Administration	\$ 6,000	\$ -
Business Incentives	22,360	-
Marketing & Promotions	20,000	-
Physical Enhancements & Maintenance	23,000	-
Other	40,952	-
	-	-
	<u>\$ 112,312</u>	<u>\$ -</u>

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#### 10. 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, 2020 \$8,680 (2019 - \$126) has been received from the expansion.

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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****Administration***(Schedule 1)***Year Ended December 31, 2020**

	<b>2020</b>	2019
<b>EXPENSES</b>		
Amortization	\$ 1,305	\$ 1,305
Bad debts	640	5,920
Bank charges	750	327
Donations	-	500
Human resources	-	1,302
Internet	1,277	1,313
Meals and entertainment	220	841
Meetings and conventions	822	1,920
Miscellaneous	11	2,425
Office	3,316	6,467
Professional fees	10,492	12,260
Rent	34,774	31,270
Repairs and maintenance	34,174	14,373
Telephone	3,472	3,517
Travel	-	622
Utilities	1,033	1,518
Wages and employee benefits	141,693	151,664
	<b>\$ 233,979</b>	<b>\$ 237,544</b>

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Business Incentives**

*(Schedule 2)*

**Year Ended December 31, 2020**

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	2020	2019
<b>EXPENSES</b>		
Storefront Improvement Program	<u>\$ 7,641</u>	<u>\$ 1,500</u>

**TRANSCONA BUSINESS IMPROVEMENT ZONE****Marketing and Promotion  
Year Ended December 31, 2020***(Schedule 3)*

	2020	2019
<b>EXPENSES</b>		
Advertising	\$ -	\$ 2,298
BIZ Bucks	1,400	1,608
BIZ Bullet	23,042	29,850
Board Game Night	-	506
Buhler Park	6,000	6,000
Buy A Brick	-	250
Buy A Paver	2,805	-
Canada Day	-	13,293
Community Clean Up	1,089	16,984
Community Market	889	569
Economic Development Plan	-	15,264
Festival of Banners	7,007	6,126
Market garden	-	1,038
Marketing	3,300	-
Marketing video	-	15,073
Promo Products	1,256	-
Reader Board	2,333	1,206
Skating Party	-	333
TCS Programming	-	16,901
Tailgate Party	-	200
Website	812	917
Winter Wonderland	80	4,986
Yoga in the Square	-	510
	<b>\$ 50,013</b>	<b>\$ 133,912</b>

**TRANSCONA BUSINESS IMPROVEMENT ZONE**

**Physical Enhancement and Maintenance**

*(Schedule 4)*

**Year Ended December 31, 2020**

	<b>2020</b>	2019
<b>EXPENSES</b>		
Active Transportation	\$ 241	\$ -
Beautify Transcona	-	28,138
Graffiti	<b>6,093</b>	9,628
Land Dedication	-	45,439
Public Art	-	15,000
Repairs and maintenance	-	1,896
Street Lighting	<b>9,363</b>	-
Streetscaping	<b>8,729</b>	-
Summer Beautification	<b>13,969</b>	11,765
Winter Beautification	<b>17,841</b>	20,328
	<b>\$ 56,236</b>	\$ 132,194