

DOWNTOWN SASKATOON
FINANCIAL STATEMENTS
DECEMBER 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of Downtown Saskatoon

Opinion

We have audited the financial statements of Downtown Saskatoon, which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets and statement of 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, 2021, and its financial performance 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 Auditor's 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Certain of the comparative figures have been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year net assets.

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 related 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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. 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 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 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.

SASKATOON, SASKATCHEWAN

April 12, 2022

Buchberger Baerq & Partners LLP

Chartered Professional Accountants

DOWNTOWN SASKATOON
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>General fund</u>	<u>Externally restricted fund</u>	<u>Internally restricted fund</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>					
Current assets					
Cash	\$ 566,481	\$ -	\$ -	\$ 566,481	\$ 538,742
Accounts receivable	112,665	1,681	-	114,346	124,320
Prepaid expenses	20,694	-	-	20,694	30,321
Interfund receivable (Note 5)	<u>-</u>	<u>96,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
	699,840	97,742	-	701,521	693,383
Restricted cash	-	-	200,000	200,000	200,000
Capital assets (Note 3)	<u>77,719</u>	<u>5,070</u>	<u>-</u>	<u>82,789</u>	<u>35,647</u>
	<u>\$ 777,559</u>	<u>\$ 102,812</u>	<u>\$ 200,000</u>	<u>\$ 984,310</u>	<u>\$ 929,030</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable and accrued liabilities (Note 4)	\$ 42,588	\$ -	\$ -	\$ 42,588	\$ 23,732
Deferred revenue	500	41,137	-	41,637	82,254
Interfund payable (Note 5)	<u>96,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	139,149	41,137	-	84,225	105,986
Deferred capital contributions (Note 6)	<u>54,215</u>	<u>-</u>	<u>-</u>	<u>54,215</u>	<u>-</u>
	<u>193,364</u>	<u>41,137</u>	<u>-</u>	<u>138,440</u>	<u>105,986</u>
Commitments (Note 9)					
<u>NET ASSETS</u>					
Net assets	<u>584,195</u>	<u>61,675</u>	<u>200,000</u>	<u>845,870</u>	<u>823,044</u>
	<u>\$ 777,559</u>	<u>\$ 102,812</u>	<u>\$ 200,000</u>	<u>\$ 984,310</u>	<u>\$ 929,030</u>

See accompanying notes

Approved on behalf of the members

Director _____

Director _____

DOWNTOWN SASKATOON**STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2021**

	<u>General fund</u>	<u>Externally restricted fund</u>	<u>Internally restricted fund</u>	<u>2021</u>	<u>2020</u>
Revenue (Note 7)					
Business tax levy	\$ 795,677	\$ -	\$ -	\$ 795,677	\$ 837,138
Community Support Program funding	-	481,844	-	481,844	472,671
Parking grant	41,600	-	-	41,600	41,300
Street maintenance	27,500	-	-	27,500	29,980
Investment and other earnings	25,506	-	-	25,506	13,586
Contribution revenue - non-operational (Note 6)	16,442	-	-	16,442	-
Event revenues	11,500	-	-	11,500	-
Other grant revenue	-	-	-	-	14,235
	<u>918,225</u>	<u>481,844</u>	<u>-</u>	<u>1,400,069</u>	<u>1,408,910</u>
Expenditures					
Amortization	41,515	4,829	-	46,344	43,899
Board meetings	9,120	512	-	9,632	6,203
Events	32,004	-	-	32,004	26,131
Marketing	71,314	2,101	-	73,415	61,666
Office and administration	121,454	79,198	-	200,652	191,788
Research and education	9,230	2,297	-	11,527	10,710
Street cleaning	243,924	100	-	244,024	234,689
Wages and salaries	<u>354,904</u>	<u>375,013</u>	<u>-</u>	<u>729,917</u>	<u>736,088</u>
	883,465	464,050	-	1,347,515	1,311,174
Excess of revenue over expenditures before the undernoted item	34,760	17,794	-	52,554	97,736
Strategic initiatives expense (Note 8)	<u>(29,729)</u>	<u>-</u>	<u>-</u>	<u>(29,729)</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ 5,031</u>	<u>\$ 17,794</u>	<u>\$ -</u>	<u>\$ 22,825</u>	<u>\$ 97,736</u>

See accompanying notes

DOWNTOWN SASKATOON

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>General fund</u>	<u>Externally restricted fund</u>	<u>Internally restricted fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets, beginning of year	\$ 579,164	\$ 43,881	\$ 200,000	\$ 823,045	\$ 725,308
Excess of revenue over expenditures	<u>5,031</u>	<u>17,794</u>	<u>-</u>	<u>22,825</u>	<u>97,736</u>
Net assets, end of year	<u>\$ 584,195</u>	<u>\$ 61,675</u>	<u>\$ 200,000</u>	<u>\$ 845,870</u>	<u>\$ 823,044</u>

See accompanying notes

DOWNTOWN SASKATOON
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 22,825	\$ 97,736
Items not affecting cash		
Amortization	46,344	43,899
Contribution revenue - non-operational	(16,442)	-
Change in non-cash working capital items		
Accounts receivable	9,974	(9,281)
Prepaid expenses	9,627	(2,964)
Accounts payable and accrued liabilities	18,856	(16,095)
Deferred revenue	<u>(40,617)</u>	<u>42,364</u>
	<u>50,567</u>	<u>155,659</u>
 Cash flows used in investing activity		
Purchase of capital assets	<u>(93,485)</u>	<u>(13,172)</u>
 Cash flows from financing activity		
Capital contributions received	<u>70,657</u>	<u>-</u>
Net increase in cash in the year	27,739	142,487
 Cash, beginning of year	<u>738,742</u>	<u>596,255</u>
Cash, end of year	\$ <u>766,481</u>	\$ <u>738,742</u>
Cash consists of:		
Cash	\$ 566,481	\$ 538,742
Restricted cash	<u>200,000</u>	<u>200,000</u>
	\$ <u>766,481</u>	\$ <u>738,742</u>

See accompanying notes

DOWNTOWN SASKATOON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Nature of operations

Downtown Saskatoon (the "organization") is a non-profit organization established through the Bylaws of the City of Saskatoon. The organization's mandate is to make the downtown core a better place to live, work, shop, visit, play, and invest. The organization is exempt from income taxes under Section 149 of the Income Tax Act.

The organization entered into a Memorandum of Agreement with the City of Saskatoon to deliver and manage the Community Support Program ("CSO Program"). The purpose of the CSO Program is to deploy community support officers who will endeavour to address the community issues in the area of the downtown core. During the year ended December 31, 2018, the organization signed another Memorandum of Agreement with the City of Saskatoon to extend the CSO Program to December 31, 2023.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

The organization follows the principles of fund accounting.

The general fund accounts for the general operations and events of the organization. Unrestricted contributions and restricted contributions to be used for operations, are reported in this fund.

The externally restricted fund accounts for the operations of the CSO Program.

An interfund receivable and payable represents amounts received in the general fund for expenses not yet incurred in the externally restricted fund.

The internally restricted fund is established for the purposes of maintaining a reserve for future uncertain expenditures. The balances in the internally restricted fund are not available for any purpose without the authorization of the Board of Directors.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Banners and outdoor signage	33%
Computer equipment	45%
Database	20%
Equipment	20%
Leasehold improvements	20%
Office equipment	20%
Vehicles	30%

DOWNTOWN SASKATOON

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets, which comprise capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Revenue recognition

The organization follows the deferral method of accounting for contributions, which includes grants and donations. Contributions of capital assets are included as deferred contributions and capital assets.

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.

Endowment contributions are recognized as direct increases in net assets.

Investment and other income is recognized as earned.

Allocated expenses

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year between the general fund and the externally restricted fund.

The costs of each program function allocated include the cost of general support expenses directly related to the program.

Donated material and services

The work of the organization is dependant on a substantial number of individuals that have made significant contributions of their time to the organization. The value of the contributed time is not reflected in these financial statements.

Financial instruments

The organization initially records a financial instrument at its fair value, except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

Transaction costs are recognized in excess of revenues over expenditures in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

DOWNTOWN SASKATOON

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities subsequently measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the useful lives of capital assets and related amortization, and the allocation of expenses by fund.

3. Capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2021</u>	<u>2020</u>
General fund				
Banners and outdoor signage	\$ 162,684	\$ 127,074	\$ 35,610	\$ 4,428
Computer equipment	29,392	29,392	-	590
Equipment	8,720	3,461	5,259	6,762
Leasehold improvements	26,055	26,017	38	113
Office equipment	67,506	63,158	4,348	8,184
Vehicles	112,976	80,512	32,464	5,672
	<u>407,333</u>	<u>329,614</u>	<u>77,719</u>	<u>25,749</u>
Externally restricted fund				
Computer equipment	9,491	9,491	-	-
Database	8,880	7,992	888	2,664
Equipment	5,099	1,529	3,570	4,589
Leasehold improvements	25,671	25,671	-	-
Office equipment	14,260	13,648	612	612
Vehicles	23,913	23,913	-	2,033
	<u>87,314</u>	<u>82,244</u>	<u>5,070</u>	<u>9,898</u>
Total capital assets	\$ <u>494,647</u>	\$ <u>411,858</u>	\$ <u>82,789</u>	\$ <u>35,647</u>

DOWNTOWN SASKATOON

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are \$1,457 (2020 - \$1,261) of government remittances payable.

5. Interfund payable

The general fund has an amount owing to the externally restricted fund of \$96,061 (2020 - \$72,456). The interfund balances are the result of the cash received from the City of Saskatoon for the delivery of the CSO Program being in excess of the cash outflows incurred to date.

6. Deferred capital contributions

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ -	\$ -
Contributions received towards capital assets	70,657	-
Recognition of capital contribution as revenues	<u>(16,442)</u>	<u>-</u>
Balance, end of year	<u>\$ 54,215</u>	<u>\$ -</u>

During the year, the organization received two significant contributions from Western Economic Diversification Canada towards capital assets, which are deferred and recognized as revenue on the same basis as the related amortization expense.

7. Operating grants

Major sources of operating grants recorded as revenue are as follows:

	<u>2021</u>	<u>2020</u>
City of Saskatoon	\$ 1,347,901	\$ 1,381,472
Government of Canada	6,412	13,312

8. Strategic initiatives

During the year, the Board of Directors approved expenditures totaling \$29,729 (2020 - \$nil) relating to a variety of strategic initiatives which include a promotional video and the installation of security cameras in certain areas of the downtown core.

During the year ended December 31, 2020 the Board of Directors approved capital asset purchases of \$7,513 as part of the strategic initiatives of the organization.

DOWNTOWN SASKATOON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. Commitments

The organization has a lease agreement for CSO Program office space ending December 31, 2023, and has a lease for office space ending April 30, 2023. Minimum annual lease payments under these operating leases with third parties are as follows:

2022	\$	77,414
2023		38,605

10. Economic dependence

The organization receives a significant portion of its funding from the City of Saskatoon through a special levy on property assessments from the businesses located in the downtown district. The organization's ability to continue its viable operations is dependent upon maintaining that funding.

11. Financial instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its accounts receivable, however, this risk is mitigated by the fact that all or nearly all of the amounts in this account are receivable from a government agency.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial instruments, including accounts payable and accrued liabilities. The organization's approach is to establish an internally restricted fund whose purpose is to ensure it maintains an amount sufficient to meet its liabilities when due, under both normal and stressed circumstances.

12. Significant event

During the prior year, COVID-19 (coronavirus) was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced significant volatility in response to the developing COVID-19 pandemic. Due to the organization's line of business, it has experienced limited exposure to the risks of the pandemic and has not been significantly affected by these risks.