

BROADWAY BUSINESS IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021





INDEPENDENT AUDITOR'S REPORT

To the Members of
Broadway Business Improvement District

Opinion

We have audited the financial statements of Broadway Business Improvement District, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in fund balances 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, 2021, 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 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 fund balances.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

Those charged with governance are responsible for overseeing the organization'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. 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 20, 2022

Buchberger Baerq & Partners LLP

Chartered Professional Accountants

BROADWAY BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash | \$ 102,143 | \$ 95,578 |
| Accounts receivable | 23,024 | 53,567 |
| Prepaid expenses | 11,740 | 11,740 |
| GST receivable | <u>5,820</u> | <u>9,250</u> |
| | 142,727 | 170,135 |
| Restricted cash | 5,000 | 5,000 |
| Investments (Note 3) | 50,615 | 49,860 |
| Capital assets (Note 4) | <u>42,149</u> | <u>39,604</u> |
| | <u>\$ 240,491</u> | <u>\$ 264,599</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 23,878 | \$ 34,287 |
| Deferred capital contributions (Note 6) | 26,820 | 30,400 |
| Deferred parking grant | <u>75,000</u> | <u>41,600</u> |
| | <u>125,698</u> | <u>106,287</u> |
| <u>FUND BALANCES</u> | | |
| General fund | 109,793 | 153,312 |
| Restricted fund | <u>5,000</u> | <u>5,000</u> |
| | <u>114,793</u> | <u>158,312</u> |
| | <u>\$ 240,491</u> | <u>\$ 264,599</u> |

See accompanying notes

Approved by the Board



Member



Member

BROADWAY BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------------|-----------------------------|
| General fund | | |
| Revenues | | |
| Business tax levy | \$ 194,160 | \$ 199,335 |
| Parking grant | 41,600 | 41,300 |
| Operating grants (Note 7) | 24,925 | 25,092 |
| Street maintenance | 6,844 | 6,728 |
| Other | 6,490 | 23 |
| Non-operating grants (Note 6) | 3,580 | 1,350 |
| Events | 992 | 3,901 |
| Investment income | 755 | 1,150 |
| | <u>279,346</u> | <u>278,879</u> |
| Expenditures | | |
| Amortization | 7,037 | 4,925 |
| Continuing education | 2,985 | 5,206 |
| Events | 37,103 | 13,107 |
| Insurance | - | 1,630 |
| Memberships and dues | 379 | 100 |
| New marketing initiatives | 52,587 | 18,709 |
| Office | 15,467 | 13,426 |
| Professional fees | 11,289 | 10,919 |
| Rent | 14,900 | 13,750 |
| Repairs and maintenance | 2,615 | 1,619 |
| Wages and benefits | 159,109 | 117,541 |
| | <u>303,471</u> | <u>200,932</u> |
| (Deficiency) excess of revenues over expenditures from the general fund before undernoted item | (24,125) | 77,947 |
| Grants (Note 5) | <u>19,394</u> | <u>49,523</u> |
| (Deficiency) excess of revenues over expenditures | <u>\$ (43,519)</u> | <u>\$ 28,424</u> |

See accompanying notes

BROADWAY BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2021

| | <u>2021</u> | | |
|--|--------------------------|----------------------------|--------------------------|
| | <u>General fund</u> | <u>Restricted fund</u> | <u>Total</u> |
| Fund balance, beginning of year | \$ 153,312 | \$ 5,000 | \$ 158,312 |
| Deficiency of revenues over expenditures | <u>(43,519)</u> | <u>-</u> | <u>(43,519)</u> |
| Fund balance, end of year | <u>\$ 109,793</u> | <u>\$ 5,000</u> | <u>\$ 114,793</u> |
| | <u>2020</u> | | |
| | <u>General fund</u> | <u>Restricted fund</u> | <u>Total</u> |
| Fund balance, beginning of year | \$ 124,888 | \$ 5,000 | \$ 129,888 |
| Excess of revenues over expenditures | <u>28,424</u> | <u>-</u> | <u>28,424</u> |
| Fund balance, end of year | <u>\$ 153,312</u> | <u>\$ 5,000</u> | <u>\$ 158,312</u> |

See accompanying notes

BROADWAY BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| (Deficiency) excess of revenues over expenditures | \$ (43,519) | \$ 28,424 |
| Items not affecting cash | | |
| Amortization | 7,037 | 4,925 |
| Interest income | (755) | (1,150) |
| Non-operating grants | (3,580) | (1,350) |
| Net change in non-cash working capital items: | | |
| Accounts receivable | 30,543 | (30,214) |
| Prepaid expenses | - | 900 |
| GST receivable | 3,430 | (4,495) |
| Accounts payable and accrued liabilities | (10,410) | 22,435 |
| Deferred parking grant | 33,400 | 41,600 |
| | <u>16,146</u> | <u>61,075</u> |
| Cash flows (used in) from investing activities | | |
| Purchase of capital assets | (9,581) | (23,460) |
| Redemption of investments | - | 28,640 |
| Deferred capital contributions received | - | 25,000 |
| | <u>(9,581)</u> | <u>30,180</u> |
| Net increase in cash during the year | 6,565 | 91,255 |
| Cash, beginning of year | <u>100,578</u> | <u>9,323</u> |
| Cash, end of year | <u>\$ 107,143</u> | <u>\$ 100,578</u> |
| Cash consists of: | | |
| Cash | \$ 102,143 | \$ 95,578 |
| Restricted cash | <u>5,000</u> | <u>5,000</u> |
| | <u>\$ 107,143</u> | <u>\$ 100,578</u> |

See accompanying notes

BROADWAY BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Nature of operations

Broadway Business Improvement District (the "organization") was established in 1986 for the purpose of supporting and advancing the interests of all businesses situated within the boundaries of the Broadway district in Saskatoon, Saskatchewan. The organization is exempt from income taxes under Section 149 of the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting 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 restricted fund consists of donations to be used for the Walk of Stars program. This program is designed to recognize individuals who have made significant contributions to the district by having a commemorative star created and place in areas of the district designated for this purpose. Only expenses related to the creation, installation and maintenance of the ceremonial star and to the ceremony to unveil the star can be paid from the restricted fund.

Investments

Investments consist of Guaranteed Investment Certificates with varying interest rates and maturities.

Capital assets

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

| | |
|--------------------|-----------------------|
| Computer equipment | 25% Declining balance |
| Event equipment | 20% Declining balance |
| Office equipment | 20% Declining balance |
| Signs | 3 years Straight-line |
| Vehicles | 30% Declining balance |

Impairment of long-lived assets

Long-lived assets, which comprise capital assets subject to amortization, 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.

BROADWAY BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Significant accounting policies (continued)

Revenue recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which they are received. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions for depreciable capital assets are deferred and amortized on the same basis as the underlying asset.

Business tax levy, parking meter, and maintenance revenues are recognized in the period to which the funds relate. All other sources of revenues are recognized when the product is delivered or the services rendered.

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 deficiency 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.

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

Donated material and services

The organization is dependent on the voluntary services of many individuals to the activities of the organization. Since these services are not normally purchased and because of the difficulty in determining their fair value, no amounts have been reflected in these financial statements for volunteer services.

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.

BROADWAY BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. Investments

The details of the various investments held by the organization are as follows:

| | <u>2021</u> |
|--|-------------------------|
| 36 month investment bearing interest at 2.20%, maturing February 8, 2023 | \$ 26,908 |
| 60 month investment bearing interest at 1.05%, maturing June 29, 2025 | 12,787 |
| 60 month investment bearing interest at 0.75%, maturing October 6, 2025 | <u>10,920</u> |
| | <u>\$ 50,615</u> |

4. Capital assets

| | 2021 | | | 2020 |
|--------------------|------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Computer equipment | \$ 5,522 | \$ 4,200 | \$ 1,322 | \$ 1,763 |
| Event equipment | 52,967 | 15,708 | 37,259 | 32,862 |
| Office equipment | 3,282 | 2,621 | 661 | 826 |
| Signs | 18,480 | 18,480 | - | - |
| Vehicles | 6,592 | 3,685 | 2,907 | 4,153 |
| | \$ 86,843 | \$ 44,694 | \$ 42,149 | \$ 39,604 |

5. Grants

During the year, the Board of Directors provided the following one-time grants to organizations to support them during COVID-19:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|-------------------------|-------------------------|
| Technology grants to members | \$ 19,394 | \$ 39,523 |
| Sponsorship | <u>-</u> | <u>10,000</u> |
| | <u>\$ 19,394</u> | <u>\$ 49,523</u> |

Included in the technology grants are \$2,065 (2020 - \$4,000) that were provided to organizations where a member of the Board of Directors is a shareholder of that organization.

BROADWAY BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Deferred capital contributions

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| Balance, beginning of year | \$ 30,400 | \$ 6,750 |
| Contributions received | - | 25,000 |
| Recognition of capital contributions as revenues | <u>(3,580)</u> | <u>(1,350)</u> |
| Balance, end of year | <u>\$ 26,820</u> | <u>\$ 30,400</u> |

7. Operating grants

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| City of Saskatoon - Business tax levy | \$ 194,160 | \$ 199,335 |
| City of Saskatoon - Parking grant | 41,600 | 41,300 |
| City of Saskatoon - Other | 8,321 | 13,158 |
| Western Economic Diversification Grant | 16,265 | - |
| Tourism Saskatchewan | 5,000 | 15,000 |
| Government of Canada | 2,183 | 3,662 |

8. Line of credit

The organization has established a line of credit with the Affinity Credit Union with an authorized limit of \$10,000. At year end, no amount had been drawn on this line of credit.

9. Economic dependence

The organization relies on a significant amount of its funding from the City of Saskatoon in order to finance its operations. Without this funding, there would be doubt regarding the organization's ability to sustain its current level of operating activities.

10. 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 liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization has significant cash resources and receivables, which ensure it will be able to pay obligations as they come due.

BROADWAY BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

11. 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. The impacts on the organization have been limited due to the nature of operations.