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Dunbar Village  
Business Association  
Financial Statements  
March 31, 2018

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# Independent Auditor's Report

To the Board of Directors of Dunbar Village Business Association

## Report on the Financial Statements

We have audited the accompanying financial statements of Dunbar Village Business Association, which comprise the financial position as at March 31, 2018 and the statement of revenue and expenses and changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Dunbar Village Business Association derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2018 and assets and net assets as at March 31, 2018.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dunbar Village Business Association as at March 31, 2018, 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.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
TBD

Chartered Professional Accountants

# Dunbar Village Business Association

## Statement of Financial Position

March 31, 2018

			2018	2017
			\$	\$
	<u>Levy Fund</u>	<u>Non-Levy Fund</u>	<u>Total</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash	9,674	9,912	19,586	19,599
Interfund receivable	9,912	0	9,912	18,070
Amounts receivable	6,632	0	6,632	5,549
Prepaid expenses	<u>2,025</u>	<u>0</u>	<u>2,025</u>	<u>7,387</u>
	28,243	9,912	38,155	50,605
<b>Liabilities</b>				
Current liabilities				
Accounts payable	6,300	0	6,300	2,500
Interfund payable	0	9,912	9,912	18,070
Deferred contributions carryforward (Note 4)	<u>21,943</u>	<u>0</u>	<u>21,943</u>	<u>30,035</u>
	28,243	9,912	38,155	50,605
<b>Net assets</b>				
Unrestricted funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	28,243	9,912	38,155	50,605

*The accompanying notes are an integral part of these financial statements.*

Approved by the Board \_\_\_\_\_, Director \_\_\_\_\_, Director \_\_\_\_\_

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# Dunbar Village Business Association

## Statement of Revenue and Expenses and Changes in Net Assets

Year ended March 31, 2018

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			2018	2017
			\$	\$
	<u>Levy Fund</u>	<u>Non-Levy Fund</u>	<u>Total</u>	<u>Total</u>
Revenue				
Contributions (Note 4)	163,341	1,375	164,716	155,210
Interest income	<u>58</u>	<u>0</u>	<u>58</u>	<u>27</u>
	<u>163,399</u>	<u>1,375</u>	<u>164,774</u>	<u>155,237</u>
Expenses				
Advertising and promotion	25,410	0	25,410	19,707
Bank charges	25	0	25	37
Festival and events	42,800	1,375	44,175	48,628
GST/HST expense	5,487	0	5,487	2,630
Insurance	2,676	0	2,676	2,716
Licenses, dues and subscriptions	2,310	0	2,310	2,282
Management fees	30,000	0	30,000	32,500
Office and administration	5,628	0	5,628	4,889
Professional fees	6,490	0	6,490	6,797
Special Projects	8,729	0	8,729	0
Street improvements	33,844	0	33,844	33,781
Telephone	0	0	0	618
Training and conference	<u>0</u>	<u>0</u>	<u>0</u>	<u>652</u>
	<u>163,399</u>	<u>1,375</u>	<u>164,774</u>	<u>155,237</u>
Excess of revenue over expenses for the year, being net assets at beginning and end of year	0	0	0	0

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*The accompanying notes are an integral part of these financial statements.*

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# Dunbar Village Business Association

## Statement of Cash Flows

Year ended March 31, 2018

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	2018	2017
	\$	\$
Cash flows from (used in) operating activities		
Excess of revenue over expenses for the year	0	0
Changes in non-cash working capital		
Decrease (increase) in		
Amounts receivable	(1,084)	(437)
Prepays	5,362	(3,248)
Accounts payable	3,800	(1,711)
Increase in		
Deferred contributions carryforward	<u>(8,091)</u>	<u>3,851</u>
Increase (decrease) in cash during the year	(13)	(1,545)
Cash, beginning of year	<u>19,599</u>	<u>21,144</u>
Cash, end of year	<u>19,586</u>	<u>19,599</u>
Cash is comprised of		
Cash (Non-Levy Fund)	9,912	18,070
Cash (Levy Fund)	<u>9,674</u>	<u>1,529</u>
	19,586	19,599

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*The accompanying notes are an integral part of these financial statements.*

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# Dunbar Village Business Association

## Notes to the Financial Statements

March 31, 2018

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### 1. Purpose and economic dependence

The Dunbar Village Business Association (the "Association") is a not-for-profit Association incorporated on February 7, 2008 under the *Society Act* (British Columbia), which commenced active operations on April 1, 2008. The Association is run by an elected board of ten members of the business community and property owners whose goal is to oversee the responsible spending of the annual budget. Interested members of the business community and property owners are part of committees which plan and execute street beautification projects and marketing and promotional initiatives. The operations of the Association are currently dependent upon tax levies collected and disbursed by the City of Vancouver, from which the Association derives the majority of its funding.

The Association's objective is to provide the Dunbar community with a pleasant shopping street through the products and services offered, the manner in which the Association helps to maintain the appearance of the street, and the community events to which the Association can contribute.

The Association is exempt from income taxation pursuant to section 149 of the Income Tax Act as long as certain criteria continue to be met.

### 2. Accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities and revenue and expenses during the reporting year. Significant areas requiring the use of management estimates relate to the determination of accrued liabilities and the determination of the fair value of financial instruments. Actual results could differ from these estimates.

#### Fund accounting

The Association follows the deferral method of accounting for contributions.

Revenue and expenses related to contributions received from corporate partners are reported in the Non-Levy Fund.

Revenue and expenses related to contributions received from the City of Vancouver are reported in the Levy Fund.

#### Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in the year totaled \$ 155,250 for the Levy Fund and \$ 1,375 for the Non-Levy Fund (2017 - Levy Fund - \$ 155,250, Non-Levy Fund - \$ 3,810).

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# Dunbar Village Business Association

## Notes to the Financial Statements

March 31, 2018

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### 2. Accounting policies - continued

#### Interfund balances

Interfund loans between the Levy Fund and Non-Levy Fund may be used to alleviate temporary cash deficiency. The loan shall be accounted for as a temporary borrowing between funds and presented as an interfund balance in the statement of financial position. Interfund balances do not have fixed terms of repayment and do not bear interest.

#### Deferred contributions carryforward

Deferred contributions represent funds received and not yet expended before year end.

#### Capital assets

As the Association had annual revenue of less than \$ 500,000 in the current and preceding year, it has elected to not capitalize and amortize items of a capital nature.

### 3. In-kind contributions

As is the case in many not-for-profit organizations, the Association performs many of its functions through the voluntary contribution of labour, overhead, and other costs. No records have been kept to track these contributions, and accordingly they are not recorded in these statements.

### 4. Deferred contributions carryforward

Deferred contributions reported in the Levy Fund relate to unspent contributions received from the City of Vancouver. The unspent contributions are restricted according to the *Dunbar Village BIA Grant Allocation By-law* with the City of Vancouver.

Changes in the deferred contributions balance reported in the Levy Fund are as follows:

	2018	2017
	\$	\$
Beginning balance	30,035	26,184
Add amount received during the year	155,250	155,250
Less amount recognized as revenue in the year	<u>(163,342)</u>	<u>(151,399)</u>
Ending balance	<u>21,943</u>	<u>30,035</u>

### 5. Financial instruments

Financial instruments consist of cash and amounts receivable.

#### Credit risk

Cash and amounts receivable are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amount of those items. For cash and the non-statutory amounts receivable, the Association mitigates its credit risk exposure by only dealing with contributors or financial institutions that are believed to be creditworthy.