

NEWTON BUSINESS IMPROVEMENT ASSOCIATION
Financial Statements
Year Ended December 31, 2024

NEWTON BUSINESS IMPROVEMENT ASSOCIATION
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Year Ended December 31, 2024

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YOUR SUCCESS IS OUR BUSINESS

PSG Chartered Professional Accountant

312 B 2099 Lougheed Hwy, Port Coquitlam BC V3B 1A8
p: 604.949.0992 | f: 604.599.6556

403 - 7337 137 Street, Surrey, BC V3W 1A4
p: 604.599.3993 | f: 604.599.6556

website: www.psgcpa.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Newton Business Improvement Association

Report on the Financial Statements

Opinion

I have audited the financial statements of Newton Business Improvement Association (the "organization"), which comprise the statement of financial position as at December 31, 2024, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 ASNPO, 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.

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Independent Auditor's Report to the Members of Newton Business Improvement Association (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

(continues)



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Independent Auditor's Report to the Members of Newton Business Improvement Association (*continued*)

Surrey, British Columbia
February 6, 2025

CHARTERED PROFESSIONAL ACCOUNTANT

NEWTON BUSINESS IMPROVEMENT ASSOCIATION
Statement of Financial Position
December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 367,347	\$ 349,773
Accounts receivable	3,000	3,000
Goods and services tax recoverable	20,036	11,036
Prepaid expenses	1,989	1,989
Security / tender deposits	2,189	2,189
	\$ 394,561	\$ 367,987
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 15,537	\$ 15,238
Deferred revenue	147,750	140,689
	163,287	155,927
NET ASSETS		
General fund	231,274	212,060
	\$ 394,561	\$ 367,987

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

The accompanying notes form an integral
 part of these financial statements

NEWTON BUSINESS IMPROVEMENT ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2024

	2024	2023
REVENUES		
Business improvement grant	\$ 583,939	\$ 558,657
Event sponsorships	33,200	15,000
	617,139	573,657
EXPENSES		
Advertising and promotion	987	14,782
Insurance	3,537	3,488
Administrative expenses	10,113	10,837
Government relations	15,446	18,046
Marketing	69,821	89,384
Area enhancement	97,802	84,733
Safety	207,961	212,054
Professional fees	9,838	9,614
Rent and utilities	33,572	32,342
Salaries and wages	148,848	146,259
	597,925	621,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 19,214	\$ (47,882)

The accompanying notes form an integral
part of these financial statements

NEWTON BUSINESS IMPROVEMENT ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 212,060	\$ 259,942
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	19,214	(47,882)
NET ASSETS - END OF YEAR	\$ 231,274	\$ 212,060

The accompanying notes form an integral
part of these financial statements

NEWTON BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 19,214	\$ (47,882)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	300	-
Deferred revenue	7,060	4,099
Goods and services tax recoverable	(9,000)	(497)
Employee deductions payable	-	(4,617)
	(1,640)	(1,015)
INCREASE (DECREASE) IN CASH FLOW	17,574	(48,897)
Cash - beginning of year	349,773	398,670
CASH - END OF YEAR	\$ 367,347	\$ 349,773
CASH CONSISTS OF:		
Cash	\$ 367,347	\$ 349,773

The accompanying notes form an integral part of these financial statements

NEWTON BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2024

1. DESCRIPTION OF BUSINESS

The Newton Business Improvement Association (the "Association" or "NBIA") was incorporated under the Society Act of British Columbia on March 5, 2013. As a non-profit organization, the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. On March 10, 2014, the City of Surrey passed bylaw #18105 to establish the Newton Business Improvement Area ("Area"). This Area is geographically located near the intersection of King George Boulevard and 72nd Street in Surrey, British Columbia, extending for several blocks in each direction.

In November 2023 Surrey City Council approved a four-year renewal of the NBIA. Bylaw #21043 provides for an annual grant of \$591,000, starting as of 2024. Previously the grant amount was \$546,364 per year. The NBIA's annual levy of \$591,000 will rise by five percent per year until 2027. The grant monies are to be used for the purposes of the Association as listed below and must be expended in accordance with the conditions and limitations of the above Bylaw.

The Association was established for the following purposes:

- (a) to conduct studies and make reports respecting the advancement of projects, plans or improvements designed to benefit the Newton Business Improvement Area ("the Area") and carrying out all the studies incidental to the objective of the Association;
 - (b) to improve, beautify or maintain streets and sidewalks in the Area;
 - (c) to conserve heritage property in the Area;
 - (d) to encourage and promote commercial business development and entertainment, sports and cultural activities within the Area; and,
 - (e) to create a pleasant environment in the Area.
-

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

NEWTON BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Newton Business Improvement Association follows the deferral method of accounting for contributions.

General Fund

The General Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Revenue recognition

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Grants are recognized in the year the funds are received.

The association recognizes revenues when they are earned, specifically when all of the following conditions are met;

- services are provided or products are delivered
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposits maturing within 90 days from the date of purchase.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the Statement of Operations and Changes in Net Assets.

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NEWTON BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The Association's directors estimates relate to the useful life of equipment, and the collectability of accounts receivable.

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. 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, 2024.

Credit risk

Credit risk arises from the potential that contributors will fail to fund the annual tax levy, sponsorships and grants. There is a concentration of credit in cash and cash equivalents balances held with a financial institution. The association attempts to mitigate this risk by holding assets with a large credit union. The annual levy is approved in the City of Surrey bylaws until 2027 which also reduces the risk.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet the demand for cash and cash equivalents or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regularly monitoring cash flows and holding all of its cash and cash equivalents in a bank account with no term restrictions.

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. The Association is exposed to interest rate risk on its cash and cash equivalents.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

NEWTON BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2024

5. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

Part 4, Division 2 , Section 36 of the Societies Act of British Columbia requires the Association to disclose any remuneration paid to members of the Board of Directors and remuneration to employees and contractors of \$75,000 or more. No remuneration was paid to any member of the Board of Directors. The Association had one (2023 - one) employee(s) meeting this threshold and total remuneration for fiscal 2024 was \$89,068 (2023 - \$86,832).

6. RELATED PARTY TRANSACTIONS

During the year, the Association's rent of \$33,572 (2023 - \$32,342) was paid to A.L. Scott Financial Inc, of Value Property Group, a company for which one of the board members is a property manager.

The Association purchased printing services in the amount of \$2,498 (2023 - \$1,513) were purchased from the UPS Store which is controlled by a board member.

These transactions occurred in the normal course of business and were measured at the exchange amounts.

7. DEFERRED REVENUE

Deferred revenue represents three months of the Grant received from the period April 1 to March 31. The funds are set aside from the grant received in the current year for use during the following year prior to receiving the next years grant.

	2024	2023
Deferred revenue, beginning of year	\$ 140,689	\$ 136,591
Plus: Amount received related to the subsequent year	7,062	4,098
Deferred revenue, end of year	<u>\$ 147,751</u>	<u>\$ 140,689</u>

8. CONTRACTUAL OBLIGATIONS

The Association has a long-term agreement for office space that has been extended to September 14, 2026 with a renewal option for a term of five years. Future minimum lease payments under this operating lease are as follows

Contractual obligation repayment schedule:

2025	\$ 33,900
2026	26,100
	<u>\$ 60,000</u>

9. ECONOMIC DEPENDENCE

The Organization receives 97% (2023 - 97%) of its funding from the City of Surrey. Should the City not approve future funding or substantially change its dealings with the Organization, management is of the opinion that continued viable operations would be doubtful. At present, the City of Surrey is committed to funding the Association up to 2027.