

**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2021**

**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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YOUR SUCCESS IS OUR BUSINESS

## PSG Chartered Professional Accountant

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### INDEPENDENT AUDITOR'S REPORT

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To the Members of Newton Business Improvement Association

#### *Opinion*

I have audited the financial statements of Newton Business Improvement Association (the association), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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 association as at December 31, 2021, 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 association 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.

#### *Emphasis of Matter - Material Uncertainty Relating to Going Concern*

I draw your attention to Note 10 in the financial statements, which discloses that a material uncertainty exists that may cast significant doubt on the association's ability to continue as a going concern. My opinion is not modified in respect of this matter.

#### *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 association'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 association or to cease operations, or has no realistic alternative but to do so.

(continues)



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

Those charged with governance are responsible for overseeing the association's financial reporting process.

#### *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 association'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 association'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 association 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.

*(continues)*



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

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.

Surrey, British Columbia  
February 4, 2022

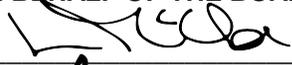
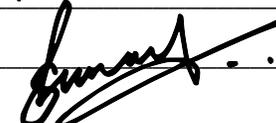
A handwritten signature in black ink, appearing to be the initials 'PSG' in a stylized, cursive font.

CHARTERED PROFESSIONAL ACCOUNTANT

**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 504,284	\$ 420,768
Accounts receivable	3,000	3,000
Goods and services tax recoverable	9,102	16,316
Prepaid expenses	1,935	1,935
Security / tender deposits	2,189	2,189
	<b>\$ 520,510</b>	<b>\$ 444,208</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 32,987	\$ 12,677
Wages payable	5,234	4,710
Employee deductions payable	1,795	2,379
Deferred revenue <i>(Note 7)</i>	132,613	128,750
	<b>172,629</b>	<b>148,516</b>
<b>NET ASSETS</b>		
General fund	347,881	295,692
	<b>\$ 520,510</b>	<b>\$ 444,208</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

The accompanying notes form an integral part of these financial statements

**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**

**Statement of Operations**

**Year Ended December 31, 2021**

	2021	2020
<b>REVENUES</b>		
Business improvement grant	\$ 526,588	\$ 511,250
<b>EXPENSES</b>		
Advertising and promotion	14,861	21,932
Insurance	3,211	3,249
Administrative expenses	6,915	7,608
Government relations	14,327	3,393
Marketing	-	5,121
Area enhancement	75,067	76,588
Safety	190,070	134,315
Professional fees	8,727	8,468
Rent and utilities	29,868	28,337
Salaries and wages	131,353	126,898
	474,399	415,909
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>52,189</b>	<b>95,341</b>
<b>OTHER INCOME</b>		
Interest income	-	136
Government subsidy	-	10,000
	-	10,136
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 52,189</b>	<b>\$ 105,477</b>

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, 2021**

	General Fund	<b>2021</b>	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 295,692	<b>\$ 295,692</b>	\$ 190,215
EXCESS OF REVENUES OVER EXPENSES	52,189	<b>52,189</b>	105,477
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 347,881</b>	<b>\$ 347,881</b>	\$ 295,692

The accompanying notes form an integral  
part of these financial statements

**NEWTON BUSINESS IMPROVEMENT ASSOCIATION****Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 52,189	\$ 105,477
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	20,310	(11,433)
Deferred revenue	3,863	3,750
Prepaid expenses	-	(66)
Goods and services tax recoverable	7,214	(6,935)
Wages payable	524	4,710
Employee deductions payable	(584)	(1,229)
	<b>31,327</b>	<b>(11,203)</b>
Cash flow from operating activities	<b>83,516</b>	<b>94,274</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from CEBA loan financing	-	40,000
Proceeds from long term financing	-	(40,000)
Cash flow from financing activities	-	-
<b>INCREASE IN CASH FLOW</b>	<b>83,516</b>	<b>94,274</b>
Cash - beginning of year	<b>420,768</b>	<b>326,494</b>
<b>CASH - END OF YEAR</b>	<b>\$ 504,284</b>	<b>\$ 420,768</b>

The accompanying notes form an integral part of these financial statements

# NEWTON BUSINESS IMPROVEMENT ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 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 December 2018 Surrey City Council approved a five-year renewal of the NBIA. Bylaw #18105 provides for an annual grant of \$500,000, starting as of 2019. Previously the grant amount was \$400,000 per year. The NBIA's annual levy of \$500,000 will rise by three percent per year until 2023. 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.

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### 2. BASIS OF PRESENTATION

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

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# NEWTON BUSINESS IMPROVEMENT ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2021

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### 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 as expenses in the year they are acquired.

#### 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.

*(continues)*

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**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

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

Financial instruments policy

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 and 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.

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4. FINANCIAL INSTRUMENTS

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 2023 which also reduces the risk.

Fair Value

The Association's carrying value of cash, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

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.

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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 (2020 - none) employee(s) meeting this threshold and total remuneration for fiscal 2021 was \$81,167 (2020 - \$0).

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**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

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6. RELATED PARTY TRANSACTIONS

During the year, the Association purchased printing services in the amount of \$0 (2020 - \$716) were purchased from the UPS Store which is controlled by a board member.

The Association's rent of \$27,496 (2020 - \$28,337) 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.

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

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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.

	2021	2020
Deferred revenue, beginning of year	\$ 128,750	\$ 125,000
Plus: Amount received related to the subsequent year	3,863	3,750
Deferred revenue, end of year	<u>\$ 132,613</u>	<u>\$ 128,750</u>

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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:

2022	\$ 30,300
2023	31,500
2024	32,700
2025	33,900
2026	26,100
	<u>\$ 154,500</u>

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9. ECONOMIC DEPENDENCE

The Association receives 100% (2020 - 98%) of its funding from the City of Surrey. Should the City not approve future funding or substantially change its dealings with the Association, 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 2023.

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**NEWTON BUSINESS IMPROVEMENT ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2021**

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10. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the association and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

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