

North End Business Improvement Zone
Financial Statements
December 31, 2021

To the Board of Directors of North End Business Improvement Zone:

Opinion

We have audited the financial statements of North End Business Improvement Zone (the "Organization"), 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 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.

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.

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.

Winnipeg, Manitoba

October 21, 2022

MNP LLP

Chartered Professional Accountants

North End Business Improvement Zone

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	53,788	9,354
Accounts receivable (Note 3)	5,310	4,868
	59,098	14,222
Liabilities		
Current		
Accounts payable and accruals	12,276	6,049
Deferred contributions (Note 4)	6,390	-
	18,666	6,049
Net Assets		
Unrestricted	40,432	8,173
	59,098	14,222

Approved on behalf of the Board

"Signed by Eileen Shewchuk"

"Signed by Keith Horn"

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone

Statement of Operations

For the year ended December 31, 2021

	2021	2020
Revenue		
City of Winnipeg		
BIZ levy	68,550	70,773
Streetscape improvements	31,284	-
Community Incentive Grant	10,000	-
Province of Manitoba	8,243	4,128
Cost recoveries, interest and other	8	8
	118,085	74,909
Expenses		
Administrative	26,400	26,400
Automotive	19,705	-
Bank charges and interest	-	80
Casual labour	215	-
Graffiti removal	1,250	1,250
Grants for BIZ initiatives	-	665
Insurance	117	452
Meetings	56	233
Office	1,241	1,809
Professional fees	7,415	4,208
Salaries and benefits	11,319	11,387
Streetscape improvements	16,930	39,689
Take pride green wave team	-	329
Utilities	1,178	-
	85,826	86,502
Excess (deficiency) of revenue over expenses	32,259	(11,593)

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone Statement of Changes in Net Assets

For the year ended December 31, 2021

	2021	2020
Net assets, beginning of year	8,173	19,766
Excess (deficiency) of revenue over expenses	32,259	(11,593)
Net assets, end of year	40,432	8,173

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	32,259	(11,593)
Changes in working capital accounts		
Accounts receivable	(442)	3,665
Accounts payable and accruals	6,227	(1,344)
Deferred contributions	6,390	-
Increase (decrease) in cash	44,434	(9,272)
Cash, beginning of year	9,354	18,626
Cash, end of year	53,788	9,354

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone

Notes to the Financial Statements

For the year ended December 31, 2021

1. Purpose of the Organization

North End Business Improvement Zone (the "Organization") was designated as a Business Improvement Zone by City of Winnipeg By-law 622/93. A management board was established to beautify, improve and maintain land of the city within the business improvement zone subject to the authorization by Council and to promote the business improvement zone as a place to retail and commercial activity.

The North End Business Improvement Zone is a not-for-profit organization and operations are to be carried on without monetary gain to its members. It is tax exempt under Section 149 (1) of the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Cash

Cash includes balances with banks. Cash subject to restrictions which prevents its use for current purposes is included in restricted cash.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable is stated after evaluation as to its collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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.

North End Business Improvement Zone

Notes to the Financial Statements

For the year ended December 31, 2021

3. Significant accounting policies *(Continued from previous page)*

Capital assets

Capital assets are expensed on acquisition. Capital assets held include equipment and office equipment. For the year-ended December 31, 2021, there was \$18,389 of capital expenditures.

3. Accounts receivable

	2021	2020
City of Winnipeg	-	1,445
GST receivable	5,310	3,423
	5,310	4,868

4. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for the purchase of bike racks. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	-	-
Amount received during the year	10,000	-
Less: Amount recognized as revenue during the year	(3,610)	-
Balance, end of year	6,390	-

5. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

6. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and not-for-profit organizations as a result of the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.



North End Business Improvement Zone

2021 Audit Findings

Report to the Board of Directors

December 31, 2021

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Overview

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the financial statements of North End Business Improvement Zone (the "Organization") as at December 31, 2021 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

As auditors, we report to the directors on the results of our examination of the financial statements of the Organization as at and for the year ended December 31, 2021. The purpose of this Report is to assist you, as members of the Board of Directors, in your review of the results of our audit.

This Report is intended solely for the information and use of the Board of Directors and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Engagement Status

We have completed our audit of the financial statements of the Organization which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report.

No significant limitations were placed on the scope or timing of our audit.

Independent Auditor's Report









We expect to have the above procedure completed and to release our Independent Auditor's Report upon the Board of Directors approval of the financial statements.


Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the directors of the Organization. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area		Comments
	Changes from Audit Service Plan	There were no deviations from the Audit Service Plan previously presented to you.
	Final Materiality	Final materiality used for our audit was \$2,900 for December 31, 2021.
	Identified or Suspected Fraud	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
	Identified or Suspected Non-Compliance with Laws and Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
	Matters Arising in Connection with Related Parties	No significant matters arose during the course of our audit in connection with related parties of the Organization.
	Auditor's Views of Significant Accounting Practices, Accounting Policies and Accounting Estimates	<p>The application of Canadian accounting standards for not-for-profit organizations allows and requires the Organization to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your Organization's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the Organization are appropriate and have been consistently applied.</p>
	Financial Statement Disclosures	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.
	Significant Deficiencies in Internal Control	While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.

Area		Comments
	Matters Arising From Discussions with Management	There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
Revenue Risk that revenues are incomplete.	We assessed correspondence from various sources of revenue to determine completeness of revenue.
Accounts payable and accrued liabilities Accounts payable and accruals are susceptible to error.	Subsequent statement were analyzed to determine accounts payable that related to the 2021 year-end.

Other Areas

Area	Comments
Auditor Independence	We confirm to the Board of Directors that we are independent of the Organization. Our letter to the Board of Directors discussing our independence is included as part of the additional materials attached to this report.
Management Representations	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit.
Summary of Significant Differences	A few significant differences were proposed to management with respect to the December 31, 2021 financial statements. These were provided to management in the form of year end Adjusting Journal Entries, which were posted the Organization's general ledger at December 31, 2021.