



**Downtown Winnipeg Business Improvement Zone
Annual General Meeting Package**

November 26, 2020

12 p.m. – 1p.m.

Hosted online



Downtown Winnipeg BIZ
Annual General Meeting

Thursday, November 26, 2020
12 p.m. - 1 p.m.
Zoom Webinar

AGENDA

1. **11:45 a.m.** Meeting login
2. **12 p.m.** Welcome, Approval of Agenda, Approval of Minutes of Previous Meeting
 - a. **Motion** – to approve the Agenda as presented
 - b. **Motion** - to approve 2019 AGM Minutes
3. 2020 Highlights
4. Report of the Succession Planning Committee and Election of New Board Members for 2021
 - a. **Motion** - to approve slate of Board nominees for 2021 as presented
 - b. **Motion** - to ratify the appointment of three Board members in 2020
5. Treasurer's Report
 - a. **Motion** – to approve the Audited Financial Statements for the year ending December 31, 2019 as presented
 - b. **Motion** – to approve the appointment of Scarrow & Donald as auditors for the 2020 fiscal year
 - c. **Motion** – to approve the 2021 budget as presented
6. 2021 Look Ahead
7. Questions
8. **1 p.m.** Adjournment of Annual General Meeting
 - a. **Motion** - to officially adjourn the meeting



Downtown Winnipeg BIZ
Annual General Meeting Minutes

Thursday, November 29, 2019
11:15 a.m. to 1 p.m.
450 Portage Avenue

1. Registration and Lunch Reception

2. Welcome

D. Wiesenthal, Chair, called the meeting to order at 12:05 p.m., expressing her thanks and appreciation to the entire Downtown Winnipeg BIZ staff and board.

3. Approval of Agenda

Motion that the agenda of the 2019 Annual General Meeting be approved as presented.

Motion: Jessica Monette

Second: Sherri Rollins

CARRIED

4. Approval of Minutes of Previous Meeting

Motion that the minutes of the November 29, 2018 Annual General Meeting be approved as circulated.

Motion: Wes Schollenberg

Second: Laurie Barkman

CARRIED

5. 2019 Highlights

D. Wiesenthal presented an overview of the exciting work that the Downtown Winnipeg BIZ staff carried out over 2019. She highlighted the success and hard work of the frontline operations who keep downtown clean, safe and beautiful.

6. Report of the Succession Planning Committee and Election of New Board Members for 2020

D. Wiesenthal presented the Succession Planning Committee Report and called for a motion to approve the 2020 slate of Board nominees, as well as a motion to ratify the appointment of three Board members in 2019.

Motion that the slate of Board nominees for 2020 be approved as presented (approving seven candidates running for the two-year term).

Motion: Debbie O'Bray **Second:** Shane Solomon **CARRIED**

Motion to ratify the appointment of the three Board members in 2019 (approving the three candidates running for the one-year term).

Motion: Eric Wiens **Second:** Sherri Rollins **CARRIED**

D. Wiesenthal thanked the outgoing board members, Wes Schollenberg, Trevor Buhnai and Deborah O'Bray for their hard work and dedication to the Downtown Winnipeg BIZ Board.

7. Treasurer's Report

D. Wiesenthal called upon W. Schollenberg, Treasurer, to present the 2018 Audited Financial Statements prepared by Scarrow & Donald Chartered Accountants.

Motion that the audited financial statements for the year ended December 31, 2018 be approved as presented.

Motion: Dawn Haus **Second:** Sherri Rollins **CARRIED**

Motion that the auditing firm of Scarrow & Donald be appointed as auditors for the Downtown Winnipeg Business Improvement Zone for the year 2019.

Motion: Debbie O'Bray **Second:** Laurie Barkman **CARRIED**

W. Schollenberg presented the proposed 2020 budget, noting the details are presented in the meeting package.

Motion to approve the proposed 2020 budget.

Motion: Nigel Mohammed Second: Julie Kiernan CARRIED

8. 2020 Look Ahead

K. Fenske, CEO Downtown Winnipeg BIZ provided an overview of the BIZ's 2020-2022 Strategic Plan, highlighting the updated mission statement and BIZ values. She presented the new goals and core strategies for the upcoming year, which includes a renewed focus on understanding member priorities.

9. Questions

The floor was opened for questions. None asked.

10. Adjournment of Annual General Meeting

Motion that the 2019 Annual General Meeting of the Downtown Winnipeg BIZ be adjourned at 1:45 p.m.

Motion: Debbie O'Bray Second: Wes Schollenberg CARRIED



REPORT OF THE SUCCESSION PLANNING COMMITTEE

According to best practices in governance, the Downtown Winnipeg Business Improvement Zone (BIZ) has an established Board Director selection process to ensure that there is a good cross-representation of our member industries as well as a cross section of diverse professions and experience to complement Board operations and oversight.

In accordance with the Business Improvement Zone Procedures Bylaw (8111-2002), representatives of member businesses may be nominated to fill these positions by their peers. Where an individual ceases to be a member of a Board before his or her term has expired, the Board may appoint an eligible individual to serve until the next Annual General Meeting, at which time that individual shall be elected to a new term or to serve out the remainder of the term. Where the Downtown Winnipeg BIZ has policies in place, including timelines for accepting nominations (nominations are currently closed), the following is submitted:

As of December 31, 2020, there will be a total of five (5) two-year and three (3) one-year term positions available on the Downtown Winnipeg BIZ Board of Directors.

The following individuals are eligible, have agreed to be candidates and have their names stand, and are recommended by the Board to be elected:

Two-Year Term Positions

Larry Bird, Monk Goodwin LLP (re-election)
 Mike Boissonneault, Stantec (election)
 Dawn Haus, True North Sports + Entertainment (re-election)
 Julie Kiernan, 24-7 Intouch (re-election)
 Amelia Laidlaw, Tandem Collaborative (election)
 Shane Solomon, Republic Architecture Inc. (re-election)

One-Year Term Position

Aiden Kahanovitch, Cushman & Wakefield (appointed 2020)
 Alix McLachlan, Red Road Lodge (appointed 2020)
 Shameel Thakrar, IG Wealth Management (appointed 2020)

CANDIDATE BIOGRAPHICAL INFORMATION

Larry Bird, Partner, Monk Goodwin LLP

Larry Bird practices primarily in corporate and commercial law. He has recently developed new offices for Monk Goodwin LLP at 700-444 St. Mary Ave. and has practiced law in downtown Winnipeg since 1984.

Larry attended University of Winnipeg for pre-law and is a graduate of University of Manitoba Law School. He has been involved with a number of committees and boards. Larry is the Immediate past Chair of St. Mary's Academy Foundation Inc. and is a member of various Committees of St. Mary's Academy Foundation Inc. including the Nominating and Governance Committee. He is a past Board Member of Fred Douglas Place, past School Board Member of St. Maurice School, past Board Member of St. Maurice Day Care and a past Member of YMCA (Downtown Branch).

Larry has four daughters. He and his family are all members of Mary, Mother of the Church Parish. Larry ran the Chicago Marathon in 2009 and 2013, and he also ran the Washington Marine Corps Marathon in 2010 and the Philadelphia Marathon in 2011.

Mike Boissonneault, Principal, Office Leader, Transportation, Stantec

Mike Boissonneault is a Professional Engineer with Stantec Consulting. Born and raised in Winnipeg, Mike graduated from the University of Manitoba in 1999 and filled a permanent position as Bridge Designer with Stantec shortly after graduation. Mike has worked his way from a summer student to the Office Leader for Stantec's downtown Portage Avenue office. Mike is a proven strategic thinker, has a strong background in business development, and has managed many large projects, including the preliminary design of the new Arlington Bridge.

Mike's personal strengths and past experience will bring significant value to the Downtown Winnipeg BIZ team. A passionate Winnipegger, Mike is excited to apply his knowledge, transportation experience, and ideas to help make Winnipeg a better place to live and work.

Dawn Haus, Vice President, Human Resources, True North Sports + Entertainment

Dawn Haus, a human resources (HR) professional with an appreciation for achieving results through a positive work environment is responsible for True North Sports + Entertainment's HR Program. She leads and works with the human resource team to service permanent and part-time event employees while supporting and developing True North's unique culture. Haus joined True North in 2014 from a local employee benefits and human resources

consulting firm. During the course of her 15 years with the firm, she held increasingly senior positions gaining an understanding of connecting human resource requirements to the direction of the organization. Haus served as a volunteer board member for the Canadian Institute of Management, Winnipeg Branch for five years and is a current member of the Downtown Winnipeg BIZ Board and the St. James Assiniboia Minor Hockey Association. She is also a volunteer with the Manitoba Down Syndrome Society and an active volunteer with her local community club.

Dawn earned the C.I.M. designation through CIM Chartered Managers Canada, is a Chartered Professional in Human Resources (CPHR) and is certified with the SHRM-SCP designation from the Society for Human Resource Management.

Born and raised in Winnipeg, Dawn lives here with her husband Chris and their two sons. She is an avid runner, practices yoga, enjoys all things outdoors including hiking, cycling, kayaking, water skiing and golf.

Aiden Kahanovitch, Manager, Human Resources, Cushman & Wakefield

Aiden Kahanovitch is a Human Resources leader with 10+ years of experience helping companies grow and succeed. He is known for his ability to increase employee engagement and create a meaningful and productive company culture.

Aiden's path to Human Resources is not the most typical one. After attending the University of Winnipeg and Red River College, Aiden began his career in finance. Thanks to some impactful mentors who were experienced in both disciplines, Aiden seized opportunities to become more involved in HR projects, policy development and change management. He knew he had found his passion, and officially became a full-time HR professional when he began working in health care in 2009 – first at St. Amant, and then at the Interlake-Eastern Regional Health Authority. Since then, he has implemented policies, procedures, systems and strategic planning for organizations employing approximately 5,000 Manitobans.

As someone who believes in creating strong communities, Aiden has volunteered his time with community organizations such as Pride Winnipeg Inc., where he served on the Board of Directors as the HR Director and Vice President of Operational Supports. In his spare time, he enjoys board games (collecting them, teaching them to others, and running a board game group) and hiking with his two rescue dogs, Dasher and Daisy.

Julie Kiernan, Senior Manager, Sales & Marketing, 24-7 Intouch

As Senior Manager of Sales & Marketing, Julie is responsible for growth and enterprise lead generation activities at 24-7 Intouch. She has extensive experience in branding, social media, events, marketing analytics, and product development. Through her tenure at 24-7 Intouch, she has supported the global growth of the company while scaling the culture internally.

Julie has always been passionate about the growth of our vibrant downtown area. After proudly living and working in the area for over four years, she sees the opportunity for further investment and business development, and the importance of placemaking and ongoing safety improvements. Julie is excited to continue to watch downtown Winnipeg evolve from a place that people need to go for work, to a place people want to go to live and play.

Amelia Laidlaw, Co-Founder, Tandem Collaborative

Amelia Laidlaw is the co-founder of Tandem Collaborative - a business that helps businesses and entrepreneurs find growth and clarity through strategic marketing and business solutions. Amelia comes to this venture with her own hands-on experience with entrepreneurship after running her own restaurant in Toronto for over five years and co-founding and operating an annual not-for-profit music festival that ran for six years. Upon returning to her hometown of Winnipeg four years ago, Amelia most recently worked at The Forks North Portage Development Corporation, managing leasing, building operations and business development at The Forks Market. At The Forks, Amelia had the opportunity to contribute to exciting development projects such as opening of The Forks Market patio, introducing communal dishwashing for food and beverage tenants and bringing in new local small businesses to The Forks Market community. Whether running a 40-person capacity restaurant or managing a tourist destination with over four million visitors per year, Amelia has a passion for connecting with people and building community.

Amelia is a passionate advocate for creating a thriving downtown in our city through a strong business and residential community, active transportation networks and beautiful, safe spaces for all community members. She is excited to once again join the Downtown Winnipeg BIZ Board of Directors as a contributing member.

Alix McLachlan, Director of Operations, Community Outreach and Arts Programming, Red Road Lodge

Alix McLachlan has been working in downtown Winnipeg since 2006. First, at the Edge Gallery as Executive Director until 2008. She was involved in laying the groundwork for the gallery which now houses the Clay Centre and the Edge Gallery & Urban Art Centre. In 2014, she returned to Main Street and the Red Road Lodge as Administrative Supervisor for two years. She worked with the Placemaking team (now known as the Public Realm team) of the Downtown Winnipeg BIZ in the summer of 2016 which was part of the strategic planning for 2015-2020. In 2017, Alix returned to Red Road Lodge for a second term as Director of Operations, Community Outreach and Arts programming. She has always been involved in some way with the artist community and the homeless in the area.

Red Road Lodge is currently working on a truth and reconciliation based art project called The Story Post Project. The collecting of stories and the bonds created with the people who walk through the doors of Red Road Lodge is the main reason she loves the work she does. Alix's first love has always been art – being able to combine her creativity with helping others describes her dream job. An interesting piece of this story is that she has been able to trace her roots to Pukatawagan through many people who have come through Red Road Lodge and knew her birth mother, Agnes Sinclair. Being a Sixties Scoop survivor also helps her understand the reasons why so many of our Indigenous people are homeless.

Shane Solomon, Founder and Principal Architect, Republic Architecture Inc.

Shane Solomon is the founder and Principal Architect of Republic Architecture Inc. Educated at the University of Manitoba and the Technische Universität Berlin, Shane has served on professional advisory boards and committees, including the Manitoba Association of Architects (MAA). An active member and volunteer, he mentors interns and regularly provides student critiques at the University of Manitoba and Red River College. Shane is sensitive to social and environmental issues and has presented on behalf of the Canada Green Building Council, and is a standing judge for IIDEX NEOCON.

Shane has long been a believer in the importance of a thriving urban core. Humans naturally orient themselves around the built environment; in Winnipeg, downtown has the potential to be the heart that drives the whole city forward. A passion for Winnipeg's downtown as it is and as it could be drove Shane to open his architecture practice in the Exchange District in 2009. Soon, Shane found others who shared his belief in collaborative, innovative design. The team was growing faster than the Donald Street studio could manage, and Shane knew a move was imminent. What the new office would look like was a big question mark, but one thing was certain—it had to be downtown. Shane was determined that Republic Architecture Inc. be situated in the core, where it would contribute to ongoing initiatives to create a more vibrant, revitalized downtown.

In 2017, the Republic Architecture team took on the restoration of a mid-century modernist office building at the corner of St. Mary Avenue and Edmonton Street. In the spring of 2018, the team moved into the new space, and Shane's goal of contributing to a positive resurgence in downtown Winnipeg was realized. With Downtown Winnipeg BIZ, Shane continues his dedication to the preservation and enhancement of the heart of our city.

Shameel Thakrar, Assistant Vice-President, Compliance, IG Wealth Management

Shameel is a CPA, CA and the Assistant Vice-President, Compliance at IG Wealth Management. In his role, he is responsible for the Compliance Investigations, Examinations and Registrations team and oversees a team of 50 people. Over the past two years, his areas of focus have included developing risk management strategies, data analytics, and change management. In 10 years with IG Wealth Management, he has held roles in various departments including Internal Audit, Financial Reporting, Advanced Financial Planning and Compliance.

Shameel is excited to join the Downtown Winnipeg BIZ board. His prior board experience includes 6 years on the board for the YMCA-YWCA of Winnipeg where he was involved with the Governance and Audit committees and represented the board at various conferences, roundtables and committees both nationally and internationally.

As a new board member, his goal is to learn and listen so that he can be highly effective and add value as soon as possible. Shameel believes strongly in the values of integrity, showing kindness to others, and always striving to grow by learning. In his personal time, he enjoys volunteering, spending time with family, traveling and playing sports.

**THE DOWNTOWN WINNIPEG BUSINESS
IMPROVEMENT ZONE**

FINANCIAL STATEMENTS

DECEMBER 31, 2019



CHARTERED PROFESSIONAL ACCOUNTANTS

May 11, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of The Downtown Winnipeg Business Improvement Zone:

Opinion

We have audited the financial statements of the The Downtown Winnipeg Business Improvement Zone, which comprise the statement of financial position as at December 31, 2019, and the statement of operations, statement of changes in net assets, and the statement of 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 Downtown Winnipeg Business Improvement Zone as at December 31, 2019, and its financial performance 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 Association 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 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.

Those charged with governance are responsible for overseeing the Association'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 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 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 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.

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.

Scarrow & Donald LLP

Chartered Professional Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

STATEMENT OF FINANCIAL POSITION

		December 31	
		<u>2019</u>	<u>2018</u>
ASSETS			
Current assets:			
Cash	\$	1,115,937	\$ 852,822
Receivables		81,337	256,125
GST receivable		27,200	42,027
Prepaid expenses		<u>10,960</u>	<u>1,910</u>
		1,235,434	1,152,884
Capital assets (Note 3)		<u>446,248</u>	<u>190,299</u>
	\$	<u><u>1,681,682</u></u>	\$ <u><u>1,343,183</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$	185,439	\$ 255,343
Government remittances payable		37	43
Business improvement zone levy payable		12,473	73,648
Current portion of obligation under capital lease (Note 4)		21,705	-
Straight line rent		16,708	19,583
Deferred revenue (Note 5)		<u>83,422</u>	<u>131,439</u>
		319,784	480,056
Obligations under capital lease (Note 4)		184,554	-
Net assets:			
Internally restricted (Note 6)		937,355	673,503
Invested in capital assets		<u>239,989</u>	<u>189,624</u>
		<u>1,177,344</u>	<u>863,127</u>
	\$	<u><u>1,681,682</u></u>	\$ <u><u>1,343,183</u></u>

APPROVED BY THE BOARD:



Director



Director

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

STATEMENT OF OPERATIONS

	Year ended December 31	
	2019	2018
Revenues:		
Business Improvement Zone levy (Note 7)	\$ 2,926,627	\$ 2,748,344
Gain on sale of disposal of capital asset	1,476	-
Interest income	15,149	12,557
Contributions	<u>1,405,029</u>	<u>1,313,733</u>
	4,348,281	4,074,634
Expenses:		
Programs and administration	3,958,095	4,157,546
Amortization	<u>75,969</u>	<u>44,739</u>
	<u>4,034,064</u>	<u>4,202,285</u>
Difference between revenues and expenses	<u>\$ 314,217</u>	<u>\$ (127,651)</u>

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted	Internally Restricted (Note 6)	Net assets invested in Capital assets	Total
	2019	2019	2019	2018
Net assets:				
Balance, beginning of year	\$ -	\$ 673,503	\$ 189,624	\$ 863,127
Purchase of capital assets	(85,966)	-	85,966	-
Disposal of capital assets	2,500	-	(2,500)	-
Repayment of capital lease	(40,718)	-	40,718	-
Internally restricted (Note 6)	(263,852)	263,852	-	-
Difference between revenues and expenses	388,036	-	(73,819)	314,217
Balance, end of year	\$ -	\$ 937,355	\$ 239,989	\$ 1,177,344
				\$ 863,127

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

STATEMENT OF CASH FLOWS

	Year ended December 31	
	2019	2018
Cash flow from operating activities:		
Cash receipts from BIZ levy	\$ 2,865,452	\$ 2,862,195
Cash contributions received	1,546,949	1,235,485
Cash paid to suppliers and employees	<u>(4,025,102)</u>	<u>(4,247,468)</u>
	387,299	(149,788)
Cash flow from investing activities:		
Purchase of capital assets	(85,966)	(61,370)
Proceeds on disposal of capital assets	2,500	-
Repayment of obligation under capital lease	<u>(40,718)</u>	<u>(2,610)</u>
	<u>(124,184)</u>	<u>(63,980)</u>
Change in cash	263,115	(213,768)
Cash, beginning of year	<u>852,822</u>	<u>1,066,590</u>
Cash, end of year	<u>\$ 1,115,937</u>	<u>\$ 852,822</u>

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. Entity:

The Downtown Winnipeg Business Improvement Zone, created by City of Winnipeg By-Law 5080/89, began operations in August 1989. It was established to beautify, improve and maintain the lands of the City in the Zone and to promote the Zone as a place for retail and commercial activity and is exempt from income tax.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparations of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations. Certain comparative figures have been reclassified to conform to the presentation format adopted for the current year. The financial statements include the following significant accounting policies:

a) Accounting estimates-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Revenue recognitions-

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.

The Business Improvement Zone levy is established annually. Revenue is recognized as payments are received from the City of Winnipeg. Provision is made for amounts still outstanding from the City as well as for any liability to the City for amounts received in the year in excess of collected levies. Interest income is recognized on a time proportion basis.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

2. Significant accounting policies:

c) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for donated assets which are recorded at fair market value at the time of the donation. This requires estimation of the useful life of the asset and residual value. When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Amortization is recorded to amortize the cost of the capital assets over their estimated useful lives as follows:

Computer equipment	33% declining balance
Furniture and fixtures	20% declining balance
Equipment	20% declining balance
Equipment under capital lease	20% declining balance
Leasehold improvements	5 years straight line

d) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in net income for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures all financial instruments at amortized cost.

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in current earnings.

e) Contributed services-

Volunteers contribute a significant amount of their time assisting the Organization in carrying out its activities each year. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

3. Capital assets:

	2019		2018	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Computer equipment	\$ 130,730	\$ 100,601	\$ 114,271	\$ 89,652
Furniture and fixtures	417,396	267,495	358,482	247,727
Equipment	204,153	160,214	204,153	149,228
Equipment under capital lease	246,977	24,698	-	-
Leasehold improvements	84,504	84,504	84,504	84,504
	<u>\$ 1,083,760</u>	<u>\$ 637,512</u>	<u>\$ 761,410</u>	<u>\$ 571,111</u>
Net book value	\$ <u>446,248</u>		\$ <u>190,299</u>	

4. Obligation under capital lease:

The Organization has entered into a capital lease for equipment with an effective interest rate of 10.12%. The lease expires in November 2026. The estimated annual payments are as follows:

	2019
2020	\$ 41,580
2021	41,580
2022	41,580
2023	41,580
2024	41,580
2025 and thereafter	<u>79,695</u>
Total minimum lease payments	287,595
Amount representing interest at 10.12%	<u>(81,336)</u>
balance of the obligation	206,259
Current portion	<u>21,705</u>
	<u>\$ 184,554</u>

Included in programs and administration expenses is \$2,082 (2018 - \$34) in interest expense.

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

5. Deferred revenue:

	<u>Change for the Better</u>	<u>Other</u>	<u>Capital asset grant</u>	<u>Total</u>
Balance, December 31, 2017	\$ 135,977	\$ 82,499	\$ 1,352	\$ 219,828
Funds received	-	82,500	-	82,500
Amounts recognized	<u>(87,714)</u>	<u>(82,499)</u>	<u>(676)</u>	<u>(170,889)</u>
Balance, December 31, 2018	48,263	82,500	676	131,439
Funds received	-	82,500	-	82,500
Amounts recognized	<u>(47,341)</u>	<u>(82,500)</u>	<u>(676)</u>	<u>(130,517)</u>
Balance, December 31, 2019	<u>\$ 922</u>	<u>\$ 82,500</u>	<u>\$ -</u>	<u>\$ 83,422</u>

Public donations are made to the Change for the Better Program. The donations are to be used for the sole purpose of funding employment programs for the homeless, through an annual call for proposals requested by the Organization. Subsequent to the end of the year the Change for the Better Program will be undertaken by Siloam Mission. The remaining balance of the Change for the Better program will be transferred to Siloam Mission at that time.

Other includes various grants that are to be realized in the following year for various programs. The capital asset grant is amortized at the same rate as the related equipment that was purchased. Included in contributions is \$676 (2018 - \$676) of amortized revenue from the capital asset grant.

6. Internally restricted net assets:

The Management Board has internally restricted net assets as follows:

	<u>2018</u>	<u>Internal allocations</u>	<u>Expenditure allocations</u>	<u>2019</u>
2018 projects carryover/reserve close allocation reserve	\$ 245,694	\$ -	\$ (245,694)	\$ -
2019 projects carryover/reserve close allocation reserve	-	511,742	-	511,742
Equipment parking/storage reserve	30,000	-	-	30,000
CEO Sleepout reserve	8,171	(8,171)	-	-
Contingent reserve	185,948	14,052	-	200,000
Host It Downtown reserve	46,088	(4,749)	(10,998)	30,341
Maintenance equipment reserve	75,254	70,800	(77,754)	68,300
ManyFest reserve	49,904	-	-	49,904
Office improvements reserve	12,444	-	-	12,444
Future projects contingent reserve	<u>20,000</u>	<u>14,624</u>	<u>-</u>	<u>34,624</u>
	<u>\$ 673,503</u>	<u>\$ 598,298</u>	<u>\$ (334,446)</u>	<u>\$ 937,355</u>

THE DOWNTOWN WINNIPEG BUSINESS IMPROVEMENT ZONE

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

7. Business Improvement Zone levy:

The Downtown Winnipeg Business Improvement Zone levy revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Budgeted levy	\$ 2,939,100	\$ 2,821,992
Annual rental value adjustments	<u>(12,473)</u>	<u>(73,648)</u>
Total levy revenue	<u>\$ 2,926,627</u>	<u>\$ 2,748,344</u>

8. In-kind contributions:

In-kind contributions of material and services, which have not been recognized in the financial statements, have been estimated to have a fair value of \$321,340 (2018 - \$356,421).

9. Commitments:

The Organization has obligations under office space and equipment rental agreements as follows:

2020	162,835
2020	165,501
2021	59,501
2022	6,168

The Organization has entered into a 3 year agreement beginning February 1, 2018 and concluding October 31, 2020 related to operations of the Manyfest festival event ("Manyfest"). Under the agreement, the Organization, has guaranteed the following:

- Guaranteed no less than \$40,000 in sponsorship funding for Manyfest in each of the 3 years of the agreement.
- Operating grant for \$20,000 for Manyfest in each of the 3 years of the agreement.
- Staffing for the event including Downtown Watch ambassadors and Enviro-Team members up to a total cost of \$12,000 for year 1. In year 2 and 3 the amount of committed staffing will be negotiated in good faith between the parties.
- Permits and land use agreements for the event in each year of the agreement
- Consulting services on the running of the event.
- Physical infrastructure available for the event (for example, fencing and signage).
- In the event of a loss the Organization will provide a maximum of \$50,000 in additional funding for the term of the agreement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

9. Commitments (continued):

Upon completion of the term of the agreement, the other party has the option of either renewing the agreement for an additional term of 3 years (November 1, 2020 to October 31, 2023) in which there would be an indemnification of losses up to a maximum of \$20,000 for each year or the other party may exercise an option to purchase Manyfest for \$1 and the Organization will indemnify losses up to a maximum of \$20,000 for each year of the agreement and transfer all physical assets specific to Manyfest.

10. Line of credit:

The Organization maintains an undrawn line of credit of \$100,000 with a rate of bank prime plus 1.25% (2018 - \$100,000 with a rate of bank prime plus 1.25%) which is reviewed annually at the discretion of the lender. The line of credit is unsecured.

11. Related party transactions:

Included in programs and administration expenses is \$189,694 (2018 - \$30,075) of transactions with companies subject to significant influence by members of the Management Board. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

12. Risk management and fair values:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Organization has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them are as follows:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Association's main sources of liquidity are its operations and external contributions. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. \$nil allowance for doubtful accounts has been recorded as at December 31, 2019 (2018 - \$5,999). Included in programs and administration expenses is \$nil of bad debt expense (2018 - \$6,357).

Interest Rate Risk-

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as interest rate cash flow risk, or on the fair value of other financial assets or liabilities, known as interest rate price risk. The Organization is exposed to interest rate cash flow risk from its variable rate line of credit.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

13. Subsequent events:

Subsequent to December 31, 2019, the outbreak of the novel strain of coronavirus ("COVID-19"), has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Organization in future periods.



BUDGET SUMMARY

Expenses

Proposed 2021 Budget

Business Development, Advocacy and Research	\$	153,753
Clean, Green and Beautiful		1,118,466
Diversity and Inclusion		10,000
General Administration (building lease, I.T., etc.)		441,742
Marketing, Events and Communications		661,181
Safety, Outreach and Engagement		1,337,649
Staffing		730,774

Total Expenses **4,453,565**

Revenues

Downtown Winnipeg BIZ Levy	\$	3,179,400
Less potential levy overpayment	(5,000)	\$ 3,174,400
Interest		9,500
Other Contributions (sponsorships, grants, partnerships and sales)		924,019
2020 Carry Over		345,646

Total Revenues **4,453,565**

Expenses less revenues -

Reserves

Contingent Reserve	\$	500,000
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