

**DOWNTOWN MONCTON
CENTRE-VILLE INC.**

Financial Statements
For the year ended
December 31, 2022

DOWNTOWN MONCTON CENTRE-VILLE INC.

Index to Financial Statements

For the year ended December 31, 2022

Independent auditor's report	
Statement of financial position	1
Statement of changes in net assets	2
Statement of operations	3
Statement of cash flows	4
Notes to the financial statements	5 - 9
Schedules to the financial statements	10

INDEPENDENT AUDITOR'S REPORT

To the Members of Downtown Moncton Centre-Ville Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Downtown Moncton Centre-Ville Inc., which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit s (ASNPO).

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 entity 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 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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 entity'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 entity 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.

Thiel Greene

CHARTERED PROFESSIONAL ACCOUNTANTS

Moncton, NB
March 21, 2023

DOWNTOWN MONCTON CENTRE-VILLE INC.
Statement of Financial Position

1

As at December 31, **2022** **2021**

ASSETS

Current assets

Cash and cash equivalents	\$	236,915	\$	317,549
Term deposits		61,092		-
Accounts receivable(note 3)		81,352		37,426
Prepaid expenses		597		597

379,956 355,572

Capital assets (note 4) **125,845** 148,436

Restricted cash (note 5) **76,576** 68,707

\$ 582,377 \$ 572,715

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$	17,763	\$	29,199
Loan payable (note 6)		40,000		40,000
Due to the Province of New Brunswick		35,150		50,546

92,913 119,745

NET ASSETS

Unrestricted **287,043** 235,827

Invested in capital assets **125,845** 148,436

Internally restricted **76,576** 68,707

489,464 452,970

\$ 582,377 \$ 572,715

COMMITMENTS (note 7)

Signed on Behalf of the Board

_____ Member

_____ Member

See accompanying notes

DOWNTOWN MONCTON CENTRE-VILLE INC.
Statement of Changes in Net Assets

2

For the year ended December 31,

	Unrestricted	Invested in capital assets	Internally restricted	Total 2022	Total 2021
BALANCE, BEGINNING OF YEAR	\$ 235,827	\$ 148,436	\$ 68,707	\$ 452,970	\$ 404,315
Excess revenues (expenditures)	117,101	(30,476)	(50,131)	36,494	48,655
Investments in capital assets	(7,885)	7,885	-	-	-
Transfer to restricted funds	(58,000)	-	58,000	-	-
BALANCE, END OF YEAR	\$ 287,043	\$ 125,845	\$ 76,576	\$ 489,464	\$ 452,970

See accompanying notes

DOWNTOWN MONCTON CENTRE-VILLE INC.
Statement of Operations

3

For the year ended December 31,	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Special levy	\$ 809,400	\$ 846,708	\$ 808,677
Interest income	2,700	9,187	2,178
Program Income, Schedule 1	85,635	335,558	100,261
Loan forgiveness	-	-	10,000
	897,735	1,191,453	921,116
EXPENDITURES			
Amortization	-	30,476	31,183
Bad debts	1,000	2,123	3,688
Meetings and hospitality	10,000	14,607	9,396
Office	50,000	43,778	42,928
Professional fees	15,000	13,881	18,068
Rent	34,500	36,157	35,938
Salaries and related benefits	251,320	216,081	237,038
Stakeholder Services, Schedule 2	425,915	724,047	434,761
Telephone	8,000	10,397	7,626
Travel	12,000	12,412	1,835
Contingency	40,000	-	-
	847,735	1,103,959	822,461
EXCESS OF REVENUES OVER EXPENDITURES BEFORE CONTRIBUTION TO DOWNTOWN EVENTS CENTER	50,000	87,494	98,655
Contribution to Downtown Events Center	50,000	51,000	50,000
EXCESS REVENUES FOR THE YEAR	\$ -	\$ 36,494	\$ 48,655

See accompanying notes

DOWNTOWN MONCTON CENTRE-VILLE INC.
Statement of Cash Flows

4

For the year ended December 31,	2022	2021
OPERATING ACTIVITIES		
Excess revenues for the year	\$ 36,494	\$ 48,655
Adjustments for		
Amortization	30,476	31,183
Loan forgiveness	-	(10,000)
	66,970	69,838
Change in non-cash working capital items		
Term deposits	(61,092)	-
Accounts receivable	(43,926)	58,104
Accounts payable and accrued liabilities	(11,436)	(4,958)
Due to the Province of New Brunswick	(15,396)	(20,341)
	(64,880)	102,643
FINANCING ACTIVITY		
Proceeds of loan	-	20,000
INVESTING ACTIVITIES		
Purchase of capital assets	(7,885)	(47,405)
Restricted cash	(7,869)	(1,115)
	(15,754)	(48,520)
(DECREASE) INCREASE IN CASH	(80,634)	74,123
CASH, BEGINNING OF YEAR	317,549	243,426
CASH, END OF YEAR	\$ 236,915	\$ 317,549

See accompanying notes

DOWNTOWN MONCTON CENTRE-VILLE INC.

Notes to the Financial Statements

5

For the year ended December 31, 2022

1. STATUS AND NATURE OF ACTIVITIES

Downtown Moncton Centre-Ville Inc. is the representative agency for all businesses located within the Moncton Business Improvement Area which includes the merchants in the Main Street and St. George Street business areas. The Corporation is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

Special levy, program income, interest income and loan forgiveness is recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for capital purposes are recognized as an increase to the capital surplus in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Corporation considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash equivalents. Bank borrowings are considered to be financing activities.

Cash and cash equivalents are composed of bank account balances.

Capital assets

Rates and bases of depreciation applied to write-off the cost less estimated salvage value of property and equipment over their estimated lives are as follows:

Furniture and fixtures	20% Declining balance
Leasehold improvements	10% Straight-line
Christmas lights	20% Declining balance
Robinson court improvements	20% Declining balance
Bike racks and side walk clusters	20% Declining balance
Sidewalk sweeper	20% Declining balance

DOWNTOWN MONCTON CENTRE-VILLE INC.

Notes to the Financial Statements

6

For the year ended December 31, 2022

2. 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. Significant areas requiring the use of estimates include: allowance for doubtful accounts and estimated useful lives of capital assets. 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.

Financial instruments

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.

3. ACCOUNTS RECEIVABLE

	2021 and prior levy arrears	2022 levy arrears	Other receivables	2022	2020
Receivables	\$ 20,921	\$ 22,838	\$ 45,120	\$ 88,879	\$ 43,496
Allowance for doubtful accounts	(7,527)	-	-	(7,527)	(6,270)
	\$ 13,394	\$ 22,838	\$ 45,120	\$ 81,352	\$ 37,226

DOWNTOWN MONCTON CENTRE-VILLE INC.
Notes to the Financial Statements

7

For the year ended December 31, 2022

4. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 154,622	\$ 117,822	\$ 36,800	\$ 37,129
Leasehold improvements	11,117	11,117	-	-
Christmas lights	449,364	370,562	78,802	98,503
Robinson court improvements	43,318	42,413	905	1,131
Bike racks and side walk clusters	31,664	27,135	4,529	5,661
Sidewalk sweeper	49,767	44,958	4,809	6,012
	\$ 739,852	\$ 614,007	\$ 125,845	\$ 148,436

5. RESTRICTED CASH

	2022	2021
Restricted for Downtown Events Centre	\$ 76,576	\$ 68,707

The Corporation has chosen to set aside certain funds for its commitment to the Downtown Events Centre.

6. LOAN PAYABLE

	2022	2021
The Canada Emergency Business Account (CEBA) loan is government guaranteed and is funded with no terms of repayment and is interest free until December 31, 2023. \$20,000 loan forgiveness may be available if certain conditions are met. Any outstanding balance will be converted to a term loan on January 1, 2024, bearing interest at 5% per annum, requiring monthly interest only payments with the loan balance due in full by December 31, 2025. The company is expected to meet the criteria for loan forgiveness.	\$ 60,000	\$ 60,000
CEBA loan forgiveness	(20,000)	(20,000)
	\$ 40,000	\$ 40,000

For the year ended December 31, 2022

7. COMMITMENTS

The Corporation has committed to contribute \$3,750,000 to be paid in non-consecutive instalments over a period not to exceed 30 years, towards the construction costs of the Downtown Events Centre. As of December 31, 2022, the Corporation has contributed \$381,000 and \$3,369,000 remains outstanding.

The Corporation entered into a five-year lease in November 2019 for office space for \$14,270 annually plus a proportionate share of operating costs.

The Corporation entered into a five-year lease in December 2018 for storage space for \$2,795 monthly in year one, \$2,995 monthly in year two, \$3,095 monthly in year three and \$3,395 monthly year four and five.

The Corporation has also made a commitment to help fund the YMCA ReConnect program at \$25,000 for 2023

8. BANK INDEBTEDNESS

The Corporation has an established line of credit, to a maximum of \$40,000, with interest at prime plus 1.25%, all of which is unused as of December 31, 2022.

As security for the line of credit, the Corporation has pledged a general security agreement and assignment of receivables.

9. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2022.

(a) Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is not exposed to significant market risk.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from property owners on assessed levies. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has receivables from a significant number of property owners which minimizes concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from property owners, the government and other related sources, and accounts payable. The Corporation mitigates this risk with an established line of credit.

For the year ended December 31, 2022

10. ECONOMIC DEPENDENCE

The Corporation's special levy revenue is dependent on the approval of the levy rate by its non-residential users (stakeholders) as well as approval by the municipal council of its operating budget for the year.

The municipal council shall not approve a budget unless it publishes a notice disclosing the following information at least once weekly for two weeks in a newspaper having general circulation within the municipality disclosing the following information:

- its intention to approve the budget;
- the extent of the levy needed to implement the budget; and
- the period during which objections (by stakeholders) may be made.

A by-law must be enacted by Council each year to implement the levy on all non-residential properties within the BIA.

If the council does not approve a budget for any year, no levy shall be imposed in that year and the by-law made with respect to that business improvement area shall be deemed to be repealed as of January 1 of that year. The Corporation would therefore not receive the special levy revenue and it is management's opinion that continued viable operations would be doubtful.

DOWNTOWN MONCTON CENTRE-VILLE INC.
Schedules to the Financial Statements

10

For the year ended December 31,

SCHEDULE OF PROGRAM INCOME

Schedule 1

	2022 Budget	2022 Actual	2021 Actual
City of Moncton - services rendered			
Light display	\$ 37,135	\$ 37,715	\$ 36,408
Downtown maintenance	17,000	17,000	17,000
Ambassador program	25,000	25,000	25,000
	79,135	79,715	78,408
Government funding			
Downtown Improvements	-	199,785	-
Summer student program	6,500	27,107	21,853
	6,500	226,892	21,853
	85,635	306,607	100,261
Other	-	28,951	-
	\$ 85,635	\$ 335,558	\$ 100,261

SCHEDULE OF STAKEHOLDER SERVICES

Schedule 2

	2022 Budget	2022 Actual	2021 Actual
Summer student program	\$ 15,000	\$ 40,716	\$ 28,209
Annual meeting	8,000	4,786	3,468
ReConnect Program	25,000	25,000	25,000
Christmas lights	75,000	195,844	94,164
Christmas promotion	4,000	3,763	10,227
Downtown development	74,915	104,791	63,443
Downtown maintenance	90,000	99,812	77,209
Downtown gift cards	20,000	22,779	14,893
General advertising	44,000	58,090	52,260
Security	25,000	25,000	25,000
Special events	15,000	115,463	10,500
Street banners	20,000	18,437	20,258
Website	10,000	9,566	10,130
	\$ 425,915	\$ 724,047	\$ 434,761