

West End *biz*



ANNUAL
REPORT
2020

LETTER FROM THE **EXECUTIVE DIRECTOR**

This has been a difficult year with uncertainty followed by innovation and then more uncertainty. The West End business community is standing together amid one of the biggest challenges we have faced. This fall we delivered “Welcome Back to the West End” signs to businesses throughout the neighbourhood. They were so popular a second order was also gone in no time. These signs have appeared in window after window and they show the pride and connection our business community feels Winnipeg’s West End.

To support our community, the West End BIZ made a sharp pivot in March and re-wrote the entire plan we had for the year. We introduced photo contests, distant dinner parties and grants for COVID-19 related expenditures to bring customers and support immediately. Through the summer we took advantage of reduced restrictions to hold mural tours, have our patrols connect with businesses and keep the flowers watered and the streets clean. By the fall we were providing direct over-the-phone grant assistance and we launched the “Find Something New in the West End” advertising campaign. We continue to deliver a mix of direct support initiatives, neighbourhood promotion and safety and image services to invite and keep new and long-standing customers.

The West End BIZ is committed to flexibility with changing circumstances. We believe in constant innovation to develop new services as circumstances change. We deliver high quality programs that invite stakeholder investment and in turn keep our members’ levy rate among the lowest in Winnipeg. We consistently evaluate and re-evaluate to ensure everything we do is working in tandem to support and strengthen our member community and this year required that more than ever. Every Welcome Back sign I see reminds me of the community we are and continue to be. I want to personally thank our members for the tremendous effort throughout this difficult year. We are here to help. Please feel free to contact us any time and about anything.



LETTER FROM THE **BOARD CHAIR**

This year has been a year like no other and I want to express my gratitude for the hard work and dedication of the businesses of the West End. As a community, we are facing one of the most significant challenges in generations. Rising to this challenge, the West End BIZ staff and board worked together to pivot the organization to assist our members, to keep our neighbourhood open and to continue to bring people through our members’ doors.

I want to thank the coordinators at the BIZ who seamlessly transformed plans for a standard year into projects that could effectively confront the economic consequences of the pandemic. Unique online tour initiatives and a mural that could only be found by exploring the neighbourhood replaced typical summer initiatives. Summer staffing levels were scaled back but stretched into the fall and new innovative approaches kept service levels as high as ever. Grants to help with COVID-19 safety purchases were made available to help our members facing rising costs and dwindling customer numbers. These initiatives and more prove our organization is lean, flexible and responsive. I invite all our members to continue to connect with the West End BIZ whenever possible.

I want to thank our volunteer board and committee members for their service to the organization and I want to thank the BIZ staff for their hard work meeting our members’ needs no matter the circumstances. We don’t yet know when the world will return to normal or what normal will look like in the coming years, but I know the West End BIZ will continue to strive to provide the services and supports our members count on.



KEY HIGHLIGHTS 2020

- Provided Direct phone assistance for members to access federal, provincial and municipal COVID-19 relief programs
- Rapidly implemented programs inviting and supporting local tourism with the Moveable Mural, Central Winnipeg Bike Loop, West End Wednesday, Mural Tours, photo contests and bike rack installations
- Created Distant Dinner Parties: online tours with West End restaurant delivery
- Maintained graffiti removal, flower planting and litter removal service levels despite workplace physical distancing requirements
- Launched “Try Something New in the West End” advertising campaign
- Continued to improve safety and beautify Ellice and Sargent Avenues with grant-supported decorative tree lighting

2019

Community Crossing greenspace opened, 150th bike rack installed, mural celebrating 50 years of Folklorama painted in the West End

2018

Record BIZ grant amount issued to businesses, expanded patrol and safety liaison positions, record number of restaurant tour participants

2017

Co-hosted the International Downtown Association (IDA) Conference, received a Pinnacle Award from IDA for the Open for Business Project



OUR TEAM..

BOARD OF MANAGEMENT

Rennie Zegalski [CHAIR]
Capital Commercial Real Estate

George Ingram [VICE CHAIR]
Ingram Consulting

John Unger [SECRETARY]
John's the Hair Designers

Martin Trudeau [TREASURER]
Belgian-Alliance Credit Union

Jeremy Epp [PAST CHAIR]
Independent Jewellers

Martin Pasieczka [APPOINTED NV]
City of Winnipeg BIZ Liaison

Rick Shone [MEMBER AT LARGE NV]
Wilderness Supply

Emerito Guevarra [MEMBER AT LARGE NV]
JEM Insurance

Cindy Gilroy [APPOINTED]
City of Winnipeg, City Councillor

Sable Birch
Barn Hammer Brewing Company

Carla De Luca
De Luca's Specialty Foods

Linda Peters
Goodies Bakeshop

Michelle Scott-Bahadoosingh
Tropikis Restaurant

Dr. Gord Partridge
Spectrum Health

Carla Anjos
RBC Royal Bank

Lynda Wilson
Faveri's Wood Furniture

STAFF

Joe Kornelsen
Executive Director

Aaron Wall
Economic Development Coordinator

Aurora Dubreuil
Communication & Marketing Coordinator

Lia Abolit
Planning & Project Coordinator

Ryan Malec
Maintenance & Safety Coordinator

Ed Gegwetch
Image Enhancement Technician

Lara Mielke
Image Enhancement Technician

Sarah Tiel
Image Enhancement Technician

Eric Lavoie
Image Enhancement Technician

Susana Decebal-Cuza
Finance & Administration Coordinator

Shawn Matthews
Safety Liaison

John Buzza
Community Patrol Supervisor

Elise Alder
BIZ Patrol

Sekou Cissay
BIZ Patrol

Madison Durward
BIZ Patrol

Lizzie Tough
BIZ Ambassador

Dave Persand
BIZ Ambassador

Tetyana Dyachyshyn
Tour Guide & Promotion and
Development Assistant

COMMUNICATIONS & MARKETING

The Communications and Marketing Department is responsible for putting the West End on the minds of Winnipeggers and visitors alike. Through promotions, tours and events, the department attracts customers directly to the neighbourhood and through advertising campaigns, social media sharing and media appearances, it invites customers to explore the West End generally.

This year was characterized by rapid program changes to initiatives appropriate for physical distancing requirements and other health and safety restrictions. In the spring, we held several giveaway contests where folks who submitted pictures of themselves in the West End were entered into a draw for a gift certificate to any West End business. Throughout the strictest lock down in April and May, we created and ran Distant Dinner Parties, online tours that included a meal made by a West End restaurant delivered to participants' doors. This promotional event series was so popular, we received national attention with an article in Chatelaine. When re-opening was occurring in the summer months, we jumped on the opportunity to hold an event on Sargent Avenue with musical

performances and a character artist. Later in the summer we launched the Central Winnipeg Bike Loop in association with six other BIZs to provide a safe and interesting way to attract potential customers from throughout Winnipeg's urban centre.

Moving into the fall, we introduced the Try Something New in the West End campaign. The campaign is meant to speak to folks who are creating new routines as a result of COVID-19. Given the changes we are all experiencing, this is a perfect time for Winnipeggers to find new ways to fit the West End into their lifestyle. Additionally, we designed and delivered 100 Welcome Back to the West End signs for businesses to hang in their windows. The signs show the West End business community standing together and they are a fantastic way to welcome customers and clients back to the neighbourhood.

Where possible we continued to connect with Winnipeggers through social media, promotion in neighbourhood publications and in local tourism products. This has been a unique year for local tourism and despite the restrictions we were proud to be a choice local destination for Winnipeg staycation-ers.



- **11 Distant Dinner Parties with 142 meals served**
- **41 mural tours: 121 participants**
- **118 photo entries for West End Giveaways**
- **100 Welcome Back signs distributed**

SOCIAL MEDIA	2019:	2020:
Facebook likes: @Winnipeg West End BIZ	1266	1483
Instagram followers: @westendbiz	1670	2030
Twitter followers: @WpgWestEndBIZ	2395	2448

KELSEY MARCOTTE
 Events Manager, Barn Hammer Brewing Company
"The Moveable Mural project brought a much-needed splash of colour and positivity to the West End this fall. It was a really great way to bring people together safely during these isolating times."

ECONOMIC DEVELOPMENT

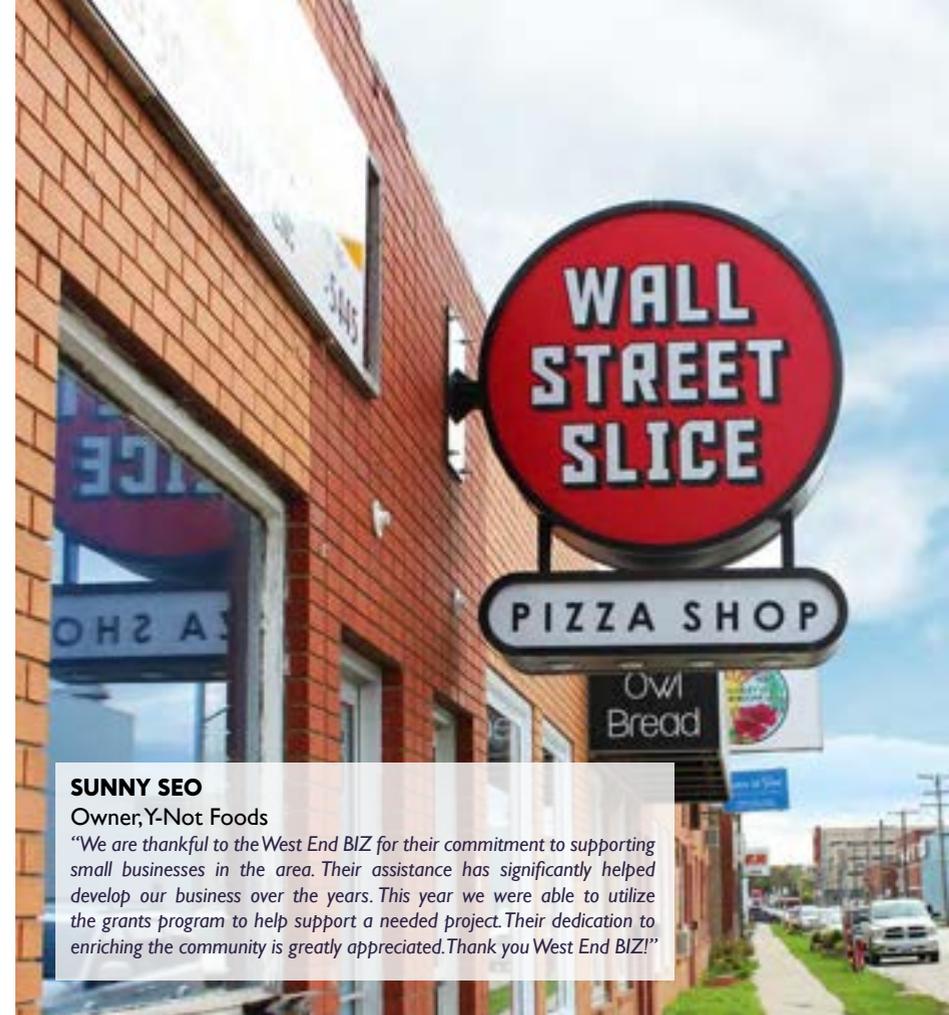
The Economic Development Department is responsible for distributing grants, making service delivery more efficient and directed to member and neighbourhood needs, keeping businesses in the neighbourhood and welcoming new ones. Through ongoing connection with our members and the neighbourhood, this department gives the BIZ the ability to pivot rapidly with evidence.

This year the Economic Development department was instrumental in adapting to COVID-19. While the Communications Department got to work bringing customers in, this department began calling members to understand how they were being impacted. We used this data to compile reports to advocate for assistance. We also made our business development grants available to support COVID-19- related expenses. As the second wave approached in the fall, we brushed up on all the grants and services available from multiple levels of government and began providing direct assistance through phone and email to our members.

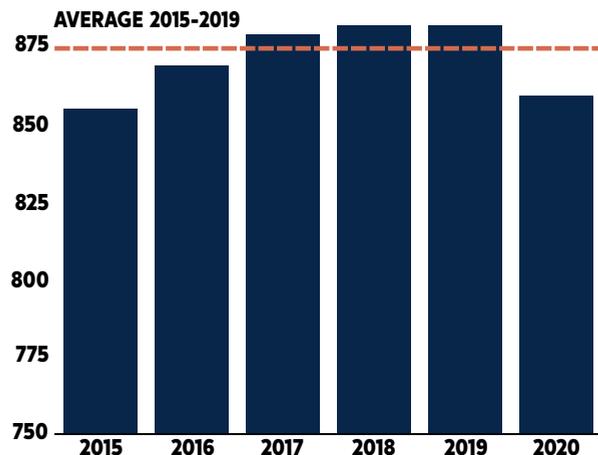
Every year, we work hard to continue to support new businesses as they find their place in the West End. This year was more important than ever to provide this support and several new documents and website

updates produced by the BIZ have really helped. Early in the year we redeveloped our online directory to give it a new flavour – while the former directory worked like a search engine, the new one is focused on imagery and presenting a neighbourhood business feel. Our updated Welcome Package was produced just before COVID-19 arrived and provides information on services available from the BIZ. We also produced the “How to Start a Business in the West End” guide which provides helpful contacts for new businesses just getting started. Finally, through neighbourhood monitoring, we noticed new business openings had slowed down dramatically, so we updated and redesigned our Open For Business Broker’s Package to keep our streets as healthy as possible.

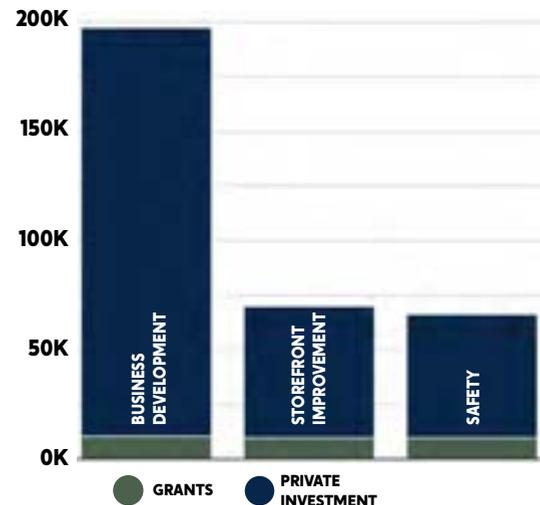
This year the department implemented a new database to facilitate responsiveness to member concerns, better organize available property information and identify what parts of the neighbourhood and what types of businesses needed most support. The new database will make us better able to meet the needs of our members and facilitate ongoing improvement in the West End.



SUNNY SEO
 Owner, Y-Not Foods
“We are thankful to the West End BIZ for their commitment to supporting small businesses in the area. Their assistance has significantly helped develop our business over the years. This year we were able to utilize the grants program to help support a needed project. Their dedication to enriching the community is greatly appreciated. Thank you West End BIZ!”



NUMBER OF BUSINESSES IN THE WEST END



BIZ GRANTS AND SUPPORTED INVESTMENT



IMAGE

While the Communications and Economic Development departments kept customers coming and facilitated direct financial assistance and advocacy, the Image Department prioritized making the neighbourhood as inviting as ever, dealing with the ever-present issues of graffiti and litter and carrying out previously funded capital projects that made the West End a top destination in Winnipeg

Our Street Neat Team was re-organized to maintain physical distancing and new workplace arrangements were made. Additionally, we invested in self-watering hanging baskets which led to significant time savings. Flowers continued to be planted in sidewalk planters and baskets to keep the neighbourhood as inviting as ever for visitors and the community. The Street Neat team nearly doubled the amount of litter removed this year while graffiti removal came very close to last year's numbers.

With the BIZ's bobcat, we continue to remove snow throughout the winter months along sidewalks to keep businesses accessible.

Early in the pandemic, we opted to cancel several capital image programs in order to emphasize programs that would directly support our members. This year we chose not to paint a new permanent mural and we canceled our mural mentor program. Instead, we painted a smaller moveable mural which we paired with a contest encouraging visitors to explore the West End to find the mural. One unique project involved having positive messages painted on windows throughout the neighbourhood. Many of our members participated and the messages can still be found in all parts of the West End. Some capital projects which had been previously funded through grants went ahead as well including our

Ellice and Sargent tree lighting project and new bike racks. Both of these projects are adding to our increasingly beautiful and practical streetscapes, attracting new visitors and customers while making the neighbourhood more pleasant for West End residents.

The Image department carried out several other projects as well such as design assistance to our other departments which allowed us to continue to produce great promotional publications as fast as ever. New paperless data tracking was also introduced this year for logging litter and graffiti stats. This new method will give us better insight into areas needing greater attention, better data for paint ordering and communicate better with funders like the City of Winnipeg.



MARISA LORENO

Refill Zerowaste Market

"While at our shop one day we saw a vehicle hit the only bike rack near our store. Mostly in jest, we posted about what happened on Instagram, tagging West End BIZ looking for a new bike rack. That week we received an email following thru and a snazzy new bike rack soon after!"

LEANNE KUTCHMA

MicroAge Manitoba

"Ryan and his team at the West End BIZ are fantastic! Whenever our building is sporting unfavorable "art", I can count on them to save the day! They are friendly, quick, and professional."

9177 square meters of graffiti removed

5305 Pails [106.1 m³] of garbage removed

20 bike racks installed

280 kilometers of sidewalks cleared of snow

18 illuminated trees on Ellice and Sargent Avenues

SAFETY

Maintaining a safe and inviting West End was a key priority as we saw street activity diminish in April and May this year. The patrols and ambassadors stayed active walking the beat, staying in touch with members and responding when safety concerns came in. Additionally, our safety liaison was busy meeting with members and providing site analysis and advice to improve safety, when to call the police and what to watch for to keep premises safe and secure for employees and customers.

Patrols walk the West End's sidewalks making connections with the community and providing assistance to members and community members. The patrols are responsible for ensuring our community is safe and inviting for everyone and their priority is building relationships and providing meaningful and constructive assistance when calls come in. With the streets being much quieter this year, the patrols were the eyes on the street when there were few others around.

Our ambassadors are the newest members of the patrol team and they were critical in keeping the BIZ connected with our members. Our ambassadors are our pro-active team learning about safety issues before they become serious. Through our ambassadors we also learned about the challenges our members were experiencing as a result of COVID-19. We were able to use this information to craft our programming including providing direct telephone assistance to members to access federal, provincial and municipal relief grants and services. Our ambassadors were trained to be a source of helpful information on a wide array of topics including BIZ grants. Ambassadors were key to the West End BIZ's responsiveness during the pandemic and will continue to be available throughout the year and following the pandemic to provide safety assistance.

The BIZ's safety liaison continued to meet with members and remains a key piece of the West End BIZ's multi-pronged

approach to addressing safety. The liaison held meetings with 21 businesses who requested information for improving the safety of their business or who were facing ongoing challenges. Additionally, meetings were held with other stakeholder groups and organizations to build our network of safety resources.

This year our ambassadors and patrols began work on a resource guide that will be provided to members who can, in turn, use it to assist individuals who may be experiencing mental health crises, addictions or other challenges. This guide is meant to provide some basics for business members on who they can contact if they aren't sure what kinds of supports are available.



REY JAZMIN

RH Variety

"Kudos to the West End BIZ and the patrol team! Thank you for continuing to build a safe and clean environment in our community. Keep on delivering that value to our neighbourhood!"

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE
 Index to Financial Statements
 Year Ended December 31, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of West End Business Improvement Zone

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Opinion

We have audited the financial statements of West End Business Improvement Zone (the Organization), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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 *Auditors' 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 those 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 relating 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.

(continues)

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE

Statement of Financial Position

December 31, 2019

Independent Auditors' Report to the Members of West End Business Improvement Zone (continued)

Auditors' 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 auditors' 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 auditors' 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.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba
April 8, 2020

	2019	2018 (Revised)
ASSETS		
CURRENT		
Cash	\$ 6,717	\$ 66,474
Term deposits	1,000	1,000
Accounts receivable	42,665	12,805
Business levy receivable (Notes 6, 12)	-	22,441
Goods and services tax recoverable	22,113	10,917
Prepaid expenses	4,619	14,036
	<u>77,114</u>	<u>127,673</u>
CAPITAL ASSETS (Notes 2, 4)	107,062	4,418
RESTRICTED CASH (Note 5)	<u>437,569</u>	<u>340,846</u>
	<u>\$ 621,745</u>	<u>\$ 472,937</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,509	\$ 13,310
Business levy payable (Note 6)	3,267	-
Vacation payable	10,507	10,202
Deferred income (Note 14)	20,813	60,838
	<u>42,096</u>	<u>84,350</u>
NET ASSETS		
Unrestricted (Note 12)	35,018	43,323
Invested in capital assets	107,062	4,418
Internally restricted (Note 5)	<u>437,569</u>	<u>340,846</u>
	<u>579,649</u>	<u>388,587</u>
	<u>\$ 621,745</u>	<u>\$ 472,937</u>
CONTINGENT LIABILITY (Note 13)		
LEASE COMMITMENTS (Note 8)		

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE

Statement of Operations

Year Ended December 31, 2019

	2019	2018 (Revised)
REVENUE		
Business Improvement Zone Levy (Notes 6, 12)	\$ 666,418	\$ 608,305
Grants		
Graffiti removal	70,500	67,500
Urban Green Team	16,104	18,169
City of Winnipeg street maintenance	8,000	8,000
Employment and Social Development Canada	10,678	8,968
Other contributions (Notes 7, 11)	453,873	218,323
	<u>1,225,573</u>	<u>929,265</u>
EXPENSES (Schedule 1)		
Administration	231,997	229,243
Image and Safety	643,134	475,658
Promotion and Development	150,566	168,647
	<u>1,025,697</u>	<u>873,548</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>199,876</u>	<u>55,717</u>
AMORTIZATION		
Gain on disposal of capital assets (Note 14.)	4,800	-
Amortization	(13,614)	(9,410)
	<u>(8,814)</u>	<u>(9,410)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 191,062</u>	<u>\$ 46,307</u>

WEST END BUSINESS IMPROVEMENT ZONE

Statement of Changes in Net Assets

Year Ended December 31, 2019

	Unrestricted	Invested in Capital Assets	Internally Restricted	2019	2018
NET ASSETS - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	\$ 20,882	\$ 4,418	\$ 340,846	\$ 366,146	\$ 333,847
Correction of error (Note 12)	22,441	-	-	22,441	8,433
NET ASSETS - BEGINNING OF YEAR - RESTATED	43,323	4,418	340,846	388,587	342,280
Excess of revenue over expenses	204,676	(13,614)	-	191,062	46,307
Investment in capital assets	(116,258)	116,258	-	-	-
Transfer of net assets (Note 5)	(96,723)	-	96,723	-	-
NET ASSETS - END OF YEAR	<u>\$ 35,018</u>	<u>\$ 107,062</u>	<u>\$ 437,569</u>	<u>\$ 579,649</u>	<u>\$ 388,587</u>

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash received from funders and other resources	\$ 1,166,933	\$ 983,988
Cash paid to suppliers and employees	(1,018,061)	(896,681)
Interest paid	(448)	(816)
Cash flow from operating activities	<u>148,424</u>	<u>86,491</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(118,958)	-
Proceeds on disposal of capital assets	7,500	-
Purchase of term deposits	-	(1,000)
Cash flow used by investing activities	<u>(111,458)</u>	<u>(1,000)</u>
INCREASE IN CASH FLOW	36,966	85,491
CASH - BEGINNING OF YEAR	<u>407,320</u>	<u>321,829</u>
CASH - END OF YEAR	\$ 444,286	\$ 407,320
CASH CONSISTS OF:		
Cash	\$ 6,717	\$ 66,474
Restricted cash	<u>437,569</u>	<u>340,846</u>
	\$ 444,286	\$ 407,320

WEST END BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2019

1. DESCRIPTION OF OPERATIONS

The organization was established under a by-law of the City of Winnipeg and has no authorized share capital. The objectives of the organization are to beautify, improve and maintain real property of the City and to promote improvements and economic development in the Zone. The organization is exempt from income tax under Section 149(1).

If the City by-law is repealed, the board shall cease to exist and its undertakings, assets and liabilities shall be assumed and taken over by the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	5 years	straight-line method
Computer equipment	3 years	straight-line method
Office equipment	5 years	straight-line method
Leasehold improvements	10 years	straight-line method

In the year of acquisition, half of the above rates are taken as amortization.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

All funds are accounted for using the deferred contribution method of fund accounting.

Levies, grants, partnerships/sponsorships and advertising revenue are recognized in the year in which it is earned. Fundraising revenue is recognized when received.

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2019

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2019:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from clients and funders. The organization is primarily funded by the City of Winnipeg which minimizes credit risk.

4. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Motor vehicles	\$ 139,823	\$ 32,761	\$ 47,865	\$ 45,165
Computer equipment	8,919	8,919	8,919	8,919
Office equipment	46,521	46,521	46,521	46,521
Leasehold improvements	40,066	40,066	40,066	38,348
	<u>\$ 235,329</u>	<u>\$ 128,267</u>	<u>\$ 143,371</u>	<u>\$ 138,953</u>
Net book value	<u>\$ 107,062</u>		<u>\$ 4,418</u>	

5. INTERNALLY RESTRICTED - RESERVE

The Board of Directors have allocated general surplus funds to a reserve. The purpose for the reserve is to maintain the organization's vehicles and other equipment and to assist in unexpected or extraordinary costs resulting from damage or destruction to signs, planters, murals and other street and storefront enhancement items. This reserve also covers the cost of any unforeseen expenses related to but not limited to major office and equipment improvements.

The uncollected levy reserve is used for the purpose of restricting funds to be used to pay back any overpayments provided by the City of Winnipeg. Each year, the City provides the levy prior to collecting from the businesses. If the City does not collect as much levies as they contributed, this is considered an overpayment, and must be paid back by the organization.

The 2019 programming fund will be used for operating programs that are expected to be incurred for the year ended December 31, 2020.

	2019	2018
General reserve	\$ 230,298	\$ 226,053
2020 Programming (2018 - 2019 Programming)	207,271	114,793
	<u>\$ 437,569</u>	<u>\$ 340,846</u>

During the year, \$96,723 was transferred from unrestricted net assets to internally restricted net assets.

In addition, \$NIL of the internally restricted net assets were used to fund capital assets purchases.

WEST END BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2019

6. BUSINESS IMPROVEMENT ZONE LEVY

	2019	2018
Council approved BIZ budget	\$ 669,685	\$ 585,864
Adjustment - current year reconciliation to actual zone levy	(3,267)	22,441
	<u>\$ 666,418</u>	<u>\$ 608,305</u>

7. OTHER CONTRIBUTIONS

Other contributions are monies coming from West End BIZ members, City of Winnipeg, sponsorships, sales, advertising, donations, and partnerships with stakeholders and other related parties. Funds are used for programs such as Image and Safety Projects and Promotion and Development.

8. LEASE COMMITMENTS

The organization has entered into a lease agreement with respect to its premises. The lease expires April 30, 2024. However, should the organization cease to exist, the lease becomes null and void after three months.

The annual lease amount, per the agreement, is \$34,362 per annum.

The organization also has a lease for their photocopier. The lease requires quarterly payments of \$251 and ends in November 2023.

Annual commitments from these lease agreements are as follows:

2020	\$ 35,366
2021	35,366
2022	35,366
2023	35,115
2024	11,454
	<u>\$ 152,667</u>

9. ECONOMIC DEPENDENCE

The organization's primary source of revenue is from the City of Winnipeg. Every business within the organization's boundaries is a member of the organization and is assessed a BIZ levy on their annual rental value which The City of Winnipeg then remits to the organization. The majority of members must approve the organization's proposed annual budget in order to receive this funding. The organization's ability to continue as a viable operation is dependent upon this funding.

Other significant sources of revenue for the organization are grants and sponsorships from a variety of other organizations and government sources. Should the organization's dealings with these entities change, the organization's ability to perform various operations would be impacted.

10. BANK INDEBTEDNESS

The organization has arranged for a revolving line of credit up to a maximum of \$50,000, which bears interest at 4.8%. As at December 31, 2019, the full amount remained available for use.

AUDITOR'S REPORT

WEST END BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2019

11. RELATED PARTY TRANSACTIONS

The following is a summary of the organization's related party transactions:

	2019	2018
Faveri's Wood Furniture		
<i>(Company owned by board member)</i>		
<u>Donation received:</u>		
Other contributions	\$ 1,000	\$ -
<u>Expenses:</u>		
Promotion and Development - Grants for BIZ members	2,750	-
	<u>\$ 3,750</u>	<u>\$ -</u>
Independent Jewellers		
<i>(Company owned by past board chair)</i>		
<u>Expenses:</u>		
Promotion and Development - Grants for BIZ members	\$ 5,000	\$ -
Deluca's Specialty Foods		
<i>(Company owned by Member at Large)</i>		
<u>Expenses:</u>		
Administration - Office	\$ 8,407	\$ -
Take Pride Winnipeg		
<i>(Former Executive Director on board of directors)</i>		
<u>Expenses:</u>		
Image and Safety - Murals	\$ 5,000	\$ -
Gloria Cardwell-Hoepfner		
<i>(Former Executive Director)</i>		
<u>Expenses:</u>		
Administration - Other	\$ 2,770	\$ -
Barry Hoepfner		
<i>(Husband of the former Executive Director)</i>		
<u>Expenses:</u>		
Administration - Other	\$ 1,910	\$ -

(continues)

WEST END BUSINESS IMPROVEMENT ZONE

Notes to Financial Statements

Year Ended December 31, 2019

11. RELATED PARTY TRANSACTIONS (continued)

	2019	2018
Jem Insurance Group Inc.		
<i>(Company owned by board member)</i>		
<u>Donation received:</u>		
Other contributions	\$ 1,250	\$ -
<u>Expenses:</u>		
Image and Safety - Beautification programs	3,340	-
	<u>\$ 4,590</u>	<u>\$ -</u>

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 related parties.

12. CORRECTION OF ERROR

During the current year, it was determined that City of Winnipeg owed the organization \$22,441 for Business Improvement Zone Levy revenue for the year ended December 31, 2018. In addition, it was also determined that the organization owed the City of Winnipeg \$8,444 for Business Improvement Zone Levy revenue for the year ended December 31, 2017. As a result, a prior period adjustment was required.

Opening net assets have increased by \$8,433, Business Improvement Zone Levy revenue has increased by \$14,008 and both Business levy receivable and unrestricted net assets have increased by \$22,441 from the previously presented figures for the year ended December 31, 2019

13. CONTINGENT LIABILITY

The organization has a contingent liability of \$8,124 as at December 31, 2019 due to grants awarded to BIZ members. The grants can be claimed in the 2020 fiscal year are contingent on the members submitting the necessary documentation for proof of payment for storefront improvement, safety or business development.

14. GAIN ON DISPOSAL OF CAPITAL ASSETS

During the year, the organization sold a vehicle for \$7,500. When the vehicle was sold, it had a net book value of \$2,700. As a result, the organization recognized a \$4,800 gain on disposal.

AUDITOR'S REPORT

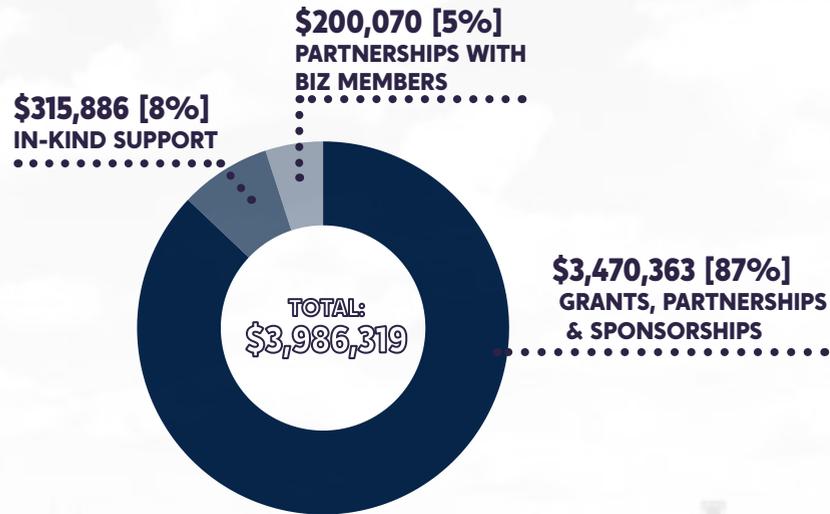
WEST END BUSINESS IMPROVEMENT ZONE
Schedule of Expenses *(Schedule 1)*
Year Ended December 31, 2019

	2019	2018
ADMINISTRATION		
Office expenses <i>(Note 11)</i>	\$ 82,071	\$ 75,519
Other expenses <i>(Note 11)</i>	19,856	15,130
Staffing	130,070	138,594
	<u>231,997</u>	<u>229,243</u>
IMAGE AND SAFETY		
Beautification programs <i>(Note 11)</i>	139,641	111,178
Murals <i>(Note 11)</i>	27,344	21,229
Other initiatives and miscellaneous expense	8,636	600
Program implementation	196,008	189,020
Street elements and capital projects	162,371	54,020
West End BIZ patrol	109,134	99,611
	<u>643,134</u>	<u>475,658</u>
PROMOTION AND DEVELOPMENT		
Grants for BIZ members <i>(Note 11)</i>	33,235	23,815
Marketing and promotion	12,119	26,082
Other initiatives and miscellaneous expense	43,846	61,344
Program implementation	48,598	47,883
Website and publications	12,768	9,523
	<u>150,566</u>	<u>168,647</u>
	<u>\$ 1,025,697</u>	<u>\$ 873,548</u>



PARTNERS & SPONSORS

2007-2020 NON-LEVY CONTRIBUTIONS



Our partnerships help our levy dollars go further in providing quality programming, projects and services to benefit the West End community. Thank you to those partners, sponsors and members who provided additional support to the work of the BIZ this past year!

- City of Winnipeg
- City of Winnipeg - Graffiti Control Services
- City of Winnipeg - Parking Authority
- City of Winnipeg - Parks and Open Space
- Councilor Cindy Gilroy
- Downtown Winnipeg BIZ
- ESDC - Government of Canada
- Government of Canada
- Manitoba Housing
- Manitoba Liquor & Lotteries
- Out-front Media Canada LP

- Parking Plus
- Spence Neighbourhood Association
- Take Pride Winnipeg
- The Forks North Portage Partnership
- The Forks Renewal Corp.
- University of Winnipeg
- Urban Green Team
- Winnipeg Parking Authority - City of Winnipeg
- Winnipeg Transit
- Young Canada Works