

REGINA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT

To the Chairman and Members of the Board of Directors of Regina Downtown Business Improvement District:

Opinion

We have audited the financial statements of Regina Downtown Business Improvement District (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

March 7, 2022

MNP LLP

Chartered Professional Accountants

Regina Downtown Business Improvement District


STATEMENT OF FINANCIAL POSITION
(in dollars)

As at December 31

	2021	2020
FINANCIAL ASSETS		
Cash (Note 3)	709,567	517,786
Accounts Receivable (Note 11)	72,253	87,787
	781,820	605,573
FINANCIAL LIABILITIES		
Accounts Payable	59,908	30,726
Provision for Assessment Appeals (Note 5)	124,519	-
Deferred Tenant Inducements (Note 8)	5,374	8,956
Deferred Revenue (Note 9)	238,718	122,500
Long Term Debt (Note 10)	7,083	12,083
	435,602	174,265
NET FINANCIAL ASSETS	346,218	431,308
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	204,696	180,812
Prepaid Expenses	27,422	20,039
	232,118	200,851
ACCUMULATED SURPLUS (Note 7)	578,336	632,159

See accompanying notes.

APPROVED ON BEHALF OF THE BOARD



Board Member



Board Member

Regina Downtown Business Improvement District

STATEMENT OF OPERATIONS

(in dollars)

For the Year Ended December 31

	Budget 2021	Actual 2021	Actual 2020
Revenue			
Business Improvement District Levy & Grants in Lieu (Note 4)	1,125,924	1,126,277	1,137,448
Other Funding (Schedule 1)	-	3,994	5,912
Special Projects/Grants/Sponsorships (Schedule 1)	381,150	354,384	142,131
	1,507,074	1,484,655	1,285,491
Expenses			
Provision for Assessment Appeals (Note 5)	40,000	124,519	-
Organization Management (Schedule 1)	548,870	598,579	588,548
Member Engagement And Services (Schedule 1)	271,825	209,523	271,736
Place-Making (Schedule 1)	496,850	460,431	357,627
Business & Residential Attraction & Retention (Schedule 1)	22,500	23,036	21,153
Transformational Projects (Schedule 1)	127,000	122,390	25,662
	1,507,045	1,538,478	1,264,726
Annual (Deficit) Surplus	29	(53,823)	20,765
Accumulated Surplus, Beginning of the Year		632,159	611,394
Accumulated Surplus, End of the Year		578,336	632,159

See accompanying notes.

Regina Downtown Business Improvement District

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
(in dollars)

For the Year Ended December 31

	Actual 2021	Actual 2020
Annual (Deficit) Surplus	(53,823)	20,765
Acquisition of Tangible Capital Assets	(90,825)	(54,215)
Amortization of Tangible Capital Assets	66,941	69,929
Loss on disposal of Tangible Capital Assets	-	1,855
	(23,884)	17,569
(Increase) Decrease in Prepaid Expenses	(7,383)	3,029
(Decrease) Increase in Net Financial Assets	(85,090)	41,363
Net Financial Assets, Beginning of the Year	431,308	389,945
Net Financial Assets, End of the Year	346,218	431,308

See accompanying notes.

Regina Downtown Business Improvement District

STATEMENT OF CASH FLOWS

(in dollars)

For the Year Ended December 31

	2021	2020
OPERATING ACTIVITIES		
Annual (Deficit) Surplus	(53,823)	20,765
Add Back Non-Cash Items:		
Amortization of Tangible Capital Assets	66,941	69,929
Loss on Disposal of Tangible Capital Assets	-	1,855
Amortization of Tenant Inducements	(3,582)	(3,582)
Changes in Non-Cash Working Capital Items:		
Decrease in Accounts Receivable	15,534	101,326
(Increase) Decrease in Prepaid Expenses	(7,383)	3,029
Increase in Accounts Payable	29,182	8,899
Increase in Provision for Assessment Appeals	124,519	-
Increase (Decrease) in Deferred Revenue	116,218	(12,500)
Cash Provided by Operating Activities	287,606	189,721
CAPITAL ACTIVITIES		
Tangible Capital Asset Additions	(90,825)	(54,215)
Cash Used in Capital Activities	(90,825)	(54,215)
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(5,000)	(5,000)
	(5,000)	(5,000)
Increase in Cash	191,781	130,506
Cash, Beginning of the Year	517,786	387,280
Cash, End of the Year	709,567	517,786

See accompanying notes.

Regina Downtown Business Improvement District

NOTES TO THE FINANCIAL STATEMENTS

(in dollars)

For the Year Ended December 31, 2021

1. Basis of Operations

The Regina Downtown Business Improvement District (Regina Downtown) was designated as such under the City of Regina Bylaw 6881 on April 27, 1981 and continues pursuant to *The Cities Act*, under Bylaw 2003-80. Accordingly, a Board of Directors (The Board) was established for Regina Downtown. The Board is entrusted with such powers, responsibilities and obligations as are set out in Part III, Division 3 of *The Cities Act*, subject to such limitations as provided in Bylaw 2003-80. Regina Downtown operates as a separate fund within the City of Regina (the City) and its accounting operations are integrated with the City. Since Regina Downtown is a business improvement district, it is not subject to federal or provincial income taxes.

Regina Downtown's mission is to champion a healthy, vibrant and diverse downtown.

Impact of Covid -19

In March 2020, there was a global outbreak of Covid-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the COVID-19 outbreak had and will have on the Organization is minimal as there was no significant decrease in revenues and no additional funding was received as a result of COVID-19. In addition, the pandemic did not cause any closure of the business.

2. Significant Accounting Policies

The financial statements of Regina Downtown are the representation of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Chartered Professional Accountants of Canada (CPA Canada). These financial statements are included in the consolidated financial statements of the City. The significant accounting policies are as follows:

Revenue Recognition

Property tax revenue is recognized in the fiscal period in which the tax assessment is levied against properties within the Regina Downtown boundaries. The City of Regina administers the assessment, collection and remittance of the mill rate on behalf of Regina Downtown. Regina Downtown recognizes revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funds from external parties restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

In particular, the amounts recorded for the potential loss of revenue due to assessment appeals are based on estimates. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future periods could be material.

NOTES TO THE FINANCIAL STATEMENTS

(in dollars)

For the Year Ended December 31, 2021

2. Significant Accounting Policies (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows.

Equipment	3 - 10 years
Office & Information Technology	2 - 10 years
Leasehold Improvement	10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

Financial Instruments

The fair value of cash, accounts receivable, accounts payable and deferred revenue approximate the carrying value given their short term nature.

Credit Risk

Credit risk is the risk of financial loss to Regina Downtown if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The organization has minimal credit risk since it has minimal accounts receivable and it utilizes the City of Regina's bank account.

Liquidity Risk

Liquidity risk is the risk that Regina Downtown will not be able to meet its financial obligations as they become due. The City of Regina staff on behalf of Regina Downtown manages liquidity risk by continually monitoring cash flow requirements to ensure that it has sufficient funds to meet obligations when they become due. There is a contingency reserve in place designated to cover any substantial and unexpected one-time assessment appeal expenditures and to support six months of operations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Regina Downtown is not exposed to significant interest rate risk.

Deferred Tenant Inducements

In common with many lease agreements, Regina Downtown receives tenant inducements in exchange for making long-term commitments for leased premises. These inducements may be in the form of rent-free periods, reduced rent or the provision of leasehold improvements. These inducements are being recognized as reduced rental expense on a straight line basis over the term of the lease.

3. Cash

Regina Downtown does not maintain a separate bank account but rather utilizes the City's pooled account. This account is maintained in the City's name and is used by eight municipal entities. These entities have access to this account, to the limit of their funding, during the year. At year end, the balance of the account is allocated to the entities based on their transactions during the year.

4. Business Improvement District Levy & Grants In Lieu

The largest source of revenue for Regina Downtown is a levy on the taxable assessment of all commercial properties located within the Regina Downtown boundaries. Grants in lieu is the levy collected from federal or provincial agencies within the Regina Downtown boundaries.

NOTES TO THE FINANCIAL STATEMENTS

(in dollars)

For the Year Ended December 31, 2021

5. Provision for Assessment Appeals

The assessment roll is prepared by the City based on legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Individual and corporate taxpayers have the right to appeal their assessments initially to a local Board of Revision; then to the Saskatchewan Municipal Board Assessment Committee and ultimately to the Provincial Appeals Court.

In 2021, there were assessments on commercial properties within Regina Downtown under appeal in the amount of \$124,519 (no assessments in 2020).

6. Tangible Capital Assets

	2021 Net Book Value	2020 Net Book Value
General		
Equipment	163,295	130,257
Office & Information Technology	18,153	11,809
Leasehold Improvements	23,248	38,746
	204,696	180,812

For additional information, see Schedule 2.

Works of art and historical treasures are not included in these financial statements.

7. Accumulated Surplus

Accumulated surplus represents the equity of Regina Downtown. In determining accumulated surplus, revenues and expenses are recognized as they are earned and incurred, according to Canadian public sector accounting standards.

The Board for Regina Downtown has approved the establishment of an operating contingency reserve. In 2007 the Board of Directors approved a transfer to cap the contingency reserve at \$215,000. In future years, 85% of the surplus funds will be allocated to the capital reserve, with a target of \$500,000. Allocations from the contingency and capital reserves to unappropriated surplus require the approval of the Board.

	Unappropriated Surplus	Operating Contingency Reserve	Capital Reserve	Investment in Tangible Capital Assets	Total
Opening Balance as previously stated	77,576	215,000	158,771	180,812	632,159
Annual Surplus (Deficit)	(53,823)	-	-	-	(53,823)
Change in TCA investment	(23,884)	-	-	23,884	-
Transfer to Operations	80,000	(80,000)	-	-	-
Closing Balance	79,869	135,000	158,771	204,696	578,336

In 2021, the Board approved the transfer of \$80,000 from the Operating Contingency Reserve to the Unappropriated Surplus.

Regina Downtown Business Improvement District

NOTES TO THE FINANCIAL STATEMENTS

(in dollars)

For the Year Ended December 31, 2021

8. Deferred Tenant Inducements

On June 1st, 2013, Regina Downtown entered into a 10 year building lease at the location on Scarth Street. The minimum annual lease payment is \$20,448, paid monthly on the first day of the month.

	2021	2020
Building lease agreement includes Tenant Inducements;		
Opening balance amortized straight line over the term of the lease	8,956	12,538
Less: Amortization	3,582	3,582
Closing Balance	5,374	8,956

9. Deferred Revenue

	Externally restricted revenue	Revenue earned	December 31, 2021	December 31, 2020
Sponsorship	152,500	(47,500)	105,000	122,500
Municipal	330,290	(196,572)	133,718	-
Provincial	27,860	(27,860)	-	-
Federal	110,008	(110,008)	-	-
	620,658	(396,940)	238,718	122,500

10. Long Term Debt

Building improvements to the rental property at Scarth Street was partially financed through an interest free loan from the landlord, payable in monthly installments of \$417 and maturing May 1, 2023.

Principal payment required each year until maturity is \$5,000.

11. Related Party Transactions

During the year, Regina Downtown conducted business with the City of Regina in the normal course of operations and at prices equivalent to unrelated purchases as follows:

	2021	2020
Accounts Receivable	25,890	36,972
Grant Revenue	196,572	36,110

Regina Downtown Business Improvement District

NOTES TO THE FINANCIAL STATEMENTS

(in dollars)

For the Year Ended December 31, 2021

12. Contractual Rights

During the 2021 year, Regina Downtown entered into two contribution agreements with the City of Regina for community investment grants relating to the improvement of the Regina Downtown area.

Future collections from the contribution agreements with the City of Regina are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$60,000
2023	\$300,000
<u>2024</u>	<u>\$30,000</u>

Regina Downtown Business Improvement District

SCHEDULE 1 - REVENUE AND EXPENSES

(in dollars)

For the Year Ended December 31

	Budget 2021	Actual 2021	Actual 2020
Revenue			
Other Funding			
Other	-	3,994	5,912
	-	3,994	5,912
Special Projects			
Sponsorship & Advertising Sales	8,250	19,943	15,500
Grants	372,900	334,441	126,631
	381,150	354,384	142,131
Expenses			
Organization Management			
General Operating & Personnel	548,870	531,638	516,764
Loss on Disposal	-	-	1,855
Amortization	-	66,941	69,929
	548,870	598,579	588,548
Member Engagement And Services			
Communications	44,300	52,039	37,516
Advertising	115,300	89,394	121,740
Publications	500	2,822	4,665
Downtown Maintenance	84,200	57,227	79,704
Downtown Ambassador Services	27,525	8,041	28,111
	271,825	209,523	271,736
Place-Making			
Events & Programming	208,500	213,506	172,567
Neighbourhood Enhancements	53,000	48,962	66,386
Special Projects	235,350	197,963	118,674
	496,850	460,431	357,627
Business & Residential Attraction & Retention			
Business Research & Initiatives	22,500	23,036	21,153
	22,500	23,036	21,153
Transformational Projects			
Project Support	127,000	122,390	25,662
	127,000	122,390	25,662

Regina Downtown Business Improvement District

SCHEDULE 2 - TANGIBLE CAPITAL ASSETS

(in dollars)

For the Year Ended December 31

				Totals	
	Leasehold Improvements	Equipment	Office & Information Technology	2021	2020
Cost					
Balance, beginning of year	148,341	423,779	37,428	609,548	588,600
Add:					
Additions during the year	-	78,662	12,163	90,825	54,215
Less:					
Disposals during the year	-	24,502	8,053	32,555	33,267
Balance, end of year	148,341	477,939	41,538	667,818	609,548
Accumulated amortization					
Balance, beginning of year	109,595	293,522	25,619	428,736	390,219
Add:					
Amortization	15,499	45,623	5,819	66,941	69,929
Less:					
Accumulated amortization on disposals	-	24,501	8,053	32,554	31,412
Balance, end of year	125,093	314,644	23,385	463,122	428,736
Net Book Value	23,248	163,295	18,153	204,696	180,812