

Schedule B

**Uptown Rutland Business
Association**

Financial Statements

**For the Year Ended December 31, 2017
(Unaudited)**

**Uptown Rutland Business Association
Financial Statements
For the Year Ended December 31, 2017
(Unaudited)**

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Independent Practitioner's Review Engagement Report

To the directors of Uptown Rutland Business Association

We have reviewed the accompanying financial statements of Uptown Rutland Business Association that comprise the statement of financial position as at December 31, 2017, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes that Uptown Rutland Business Association adopted Part III accounting standards for not-for-profit organizations on January 1, 2017 with a transition date of January 1, 2016. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2016 and January 1, 2016, and the statements of operations and changes in net assets and cash flows for the year ended December 31, 2016, and related disclosures. We were not engaged to report on the restated comparative information, and as such, they are neither audited nor reviewed.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Uptown Rutland Business Association as at December 31, 2017, 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.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
February 21, 2018


**Uptown Rutland Business Association
Statement of Financial Position
(Unaudited)**

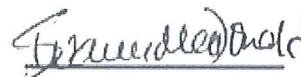
	December 31 2017	December 31 2016	January 1 2016
Assets			
Current			
Cash	\$ 65,858	\$ 46,649	\$ 43,460
Accounts receivable	1,575	-	-
Prepays and deposits	2,396	2,405	2,405
	<u>69,829</u>	<u>49,054</u>	<u>45,865</u>
Capital Assets (Note 3)	12,285	16,472	22,956
Intangible Assets (Note 4)	10,206	11,776	13,346
	<u>\$ 92,320</u>	<u>\$ 77,302</u>	<u>\$ 82,167</u>

Liabilities and Net Assets

Current			
Accounts payable and accrued liabilities (Note 5)	\$ 13,769	\$ 9,371	\$ 7,738
Net Assets	<u>78,551</u>	<u>67,931</u>	<u>74,429</u>
	<u>\$ 92,320</u>	<u>\$ 77,302</u>	<u>\$ 82,167</u>

On behalf of the Board:

 Chairman

 Director

Uptown Rutland Business Association
Statement of Operations
(Unaudited)

For the year ended	2017	2016
Revenue		
Municipal tax levy	\$ 176,160	\$ 172,700
Special events and sponsorships	28,592	24,199
	<u>204,752</u>	<u>196,899</u>
Expenses		
Advertising and promotion	32,987	31,921
Amortization of capital assets	4,187	6,484
Amortization on intangible assets	1,570	1,570
Beautification / Streetscape	7,664	12,049
Insurance	1,860	1,856
Interest and bank charges	114	90
Office	11,313	9,002
Professional fees	9,133	5,218
Rental	12,389	12,323
Repairs and maintenance	340	255
Salaries and wages	82,317	90,770
Special events	19,132	21,633
Telephone	4,442	3,809
Training	4,870	4,261
Travel	1,855	2,191
	<u>194,173</u>	<u>203,432</u>
Excess (deficiency) of revenues over expenses	10,579	(6,533)
Other income		
Interest income	41	35
Excess (deficiency) of revenues over expenses	10,620	(6,498)
Net assets, beginning of the year	67,931	74,429
Net assets, end of the year	\$ 78,551	\$ 67,931

The accompanying notes are an integral part of these financial statements.

**Uptown Rutland Business Association
Statement of Cash Flows
(Unaudited)**

For the year ended	2017	2016
Cash flows from operating activities		
Cash receipts from customers	\$ 203,177	\$ 196,899
Cash paid to suppliers and employees	(184,009)	(193,745)
Interest received	41	35
	<u>19,209</u>	<u>3,189</u>
Net increase in cash	19,209	3,189
Cash, beginning of the year	46,649	43,460
Cash, end of the year	\$ 65,858	\$ 46,649

The accompanying notes are an integral part of these financial statements.

Uptown Rutland Business Association Notes to Financial Statements (Unaudited)

December 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Organization The Uptown Rutland Business Association is a non-profit organization, incorporated without share capital under the British Columbia Society Act on December 14, 2005.

The Uptown Rutland Business Association is funded primarily by a municipal tax levy and services the uptown Rutland Business Improvement Area by providing a forum for members to share their vision for the community and ensuring that the voice of the business community is heard by municipal, provincial and federal governments.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Capital Assets Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Banners	Straight-line	3 years

Intangible Assets Intangible assets reflect assigned values related to brands and logos acquired by Uptown Rutland Business Association. These assets have a finite life and are amortized on a straight-line basis over their estimated useful life of 10 years.

**Uptown Rutland Business Association
Notes to Financial Statements
(Unaudited)**

December 31, 2017

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The Uptown Rutland Business Association follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Amounts received, which relate to a subsequent fiscal period are recorded as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates and those estimates and may have impact on future periods.</p>
Financial Instruments	<p>All financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate that assets could be impaired</p>
Contributed Services	<p>Volunteers and local businesses contribute many hours per year to assist the Uptown Rutland Business Association in carrying out its activities. These in-kind donations are recognized at fair value when this value can be reasonably estimated, the goods or services can be used in the Association's regular operation and the goods or services would otherwise be purchased.</p>

Uptown Rutland Business Association
Notes to Financial Statements
(Unaudited)

December 31, 2017

2. Re-adoption of Accounting Standards for Not-for-Profit Organizations

Effective January 1, 2017, the Uptown Rutland Business Association adopted the requirements of the accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting. The association had previously adopted accounting standards for not-for-profit organization but chose not to continue with the standard for their December 31, 2016 fiscal year end and, therefore, the transitional provisions of Section 1501, First-time Adoption have been applied again. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended December 31, 2017. The comparative information presented in these financial statements for the year ended December 31, 2016 and in the preparation of an opening ASNPO statement of financial position at the date of transition of January 1, 2016 were not reviewed.

The re-adoption of ASNPO did not result in any adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows of the association.

3. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Banners	\$ 32,682	\$ 20,397	\$ 32,682	\$ 16,210
		<u>\$ 12,285</u>		<u>\$ 16,472</u>

4. Intangible Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Logo	\$ 15,701	\$ 5,495	\$ 15,701	\$ 3,925
		<u>\$ 10,206</u>		<u>\$ 11,776</u>

**Uptown Rutland Business Association
Notes to Financial Statements
(Unaudited)**

December 31, 2017

5. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$1,095 (2016 - \$2,052).

6. Economic Dependence

86% of the Association's revenues reported in the year (2016 - 88%) are related to a municipal tax levy that is collected by the City of Kelowna on behalf of the Association.

7. Commitments

The Association has entered into an agreement to lease its premises until November 2022 at a minimum monthly rent of \$800.00.

8. Related Party Transactions

The Uptown Rutland Business Association and Olympia Greek Taverna are organizations under common control as they share the same director.

During the year, the Uptown Rutland Business Association made purchases from Olympica Greek Taverna totaling \$1,277 (2016 - \$783). All these transactions were carried out in the normal course of operations and are recorded at fair value on the date of purchase.

UPTOWN RUTLAND BUSINESS IMPROVEMENT ASSOCIATION

BUDGET 2018

REVENUE		2018 BUDGET		2017 YEAR END
Membership Levy	\$	180,564.00	\$	176,160.00
Events & Promotions & Grants	\$	50,400.00	\$	28,592.00
Unallocated Funds	\$	10,579.00		
TOTAL REVENUE	\$	241,543.00	\$	204,752.00
EXPENSES				
Administration & Office Expense	\$	153,951.00	\$	134,390.00
Beautification/Screenscape	\$	34,000.00	\$	7,664.00
Community Safety	\$	4,000.00	\$	-
Events Promotions	\$	33,571.00	\$	32,987.00
Marketing	\$	12,000.00	\$	19,132.00
TOTAL EXPENSES	\$	237,522.00	\$	194,173.00
	\$	4,021.00	\$	10,579.00



2018 Board of Directors

Proposed Board of Directors for 2018 AGM
will be held on
Wed March 14th 2018

<u>NAME</u>	<u>TITLE</u>	<u>BUSINESS NAME</u>
Dawn Thiessen	President	Aphrodite In Me Spa
Mike Koutsantonis	Past President	Olympia Greek Taverna
Jamie Needham	1 st Vice President	Interior Savings Credit Union
Mark Beaulieu	Director	Flashpoint Tattoo Company
Garry Benson	Director	Benson Law LLP
Chandan (Ruby) Dulay	Director	Centex Gas
June Forman	Director	MCC Thrift
Shelley Kvamme -MacDonald	Director	CPA
Kamal Shoranick	Director	MKS Resources
Frank Pohland	Director (Appointed)	CTQ Consultants
Kevin MacDougall	Director (Appointed)	RCMP
Brad Sieben	Ex-Officio	City of Kelowna Councillor
Tracy Gray	Ex-Officio Alternate	City of Kelowna Councillor
Laurel D'Andrea	Executive Director	URBA
Nick Naylor	Administrative Assistant	URBA

2017 Constitution & Bylaws allow for 11 voting and 4 nonvoting Directors

- 1 or 2 of these 3 will be voted in as a Director
 Nick Aubin – Business Owner– Aubin & Associates
 Dallas Crick - Realtor – Century 21 Assurance Realty Ltd
 Deb Lynn - Manager – Family Practice & Associates