

**DRAFT** Financial Statements of  
**UPTOWN SAINT JOHN  
INC.**

And Independent Auditor's Report thereon  
Year ended December 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Uptown Saint John Inc.

### ***Opinion***

We have audited the financial statements of Uptown Saint John Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

### ***Other Matter - Comparative Information***

The financial statements as at and for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 21, 2022.

### ***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 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 the 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 Entity'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 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.
- 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.

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Chartered Professional Accountants, Licensed Public Accountants

Saint John, Canada

# UPTOWN SAINT JOHN INC.

Statement of Financial Position

**DRAFT**

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 35,746	\$ 70,967
Accounts receivable	12,500	-
Government remittances receivable	13,079	15,101
Prepaid expenses	2,376	4,915
	<u>63,701</u>	<u>90,983</u>
Investments (note 2)	290,366	280,071
Restricted cash - Uptown Dollars (note 3)	40,498	34,549
Capital assets (note 4)	86,776	117,175
Other assets - artwork, at cost	15,000	15,000
	<u>\$ 496,341</u>	<u>\$ 537,778</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 61,395	\$ 70,435
Current portion of long-term debt (note 5)	-	7,026
	<u>61,395</u>	<u>77,461</u>
Long-term debt (note 5)	-	27,433
	<u>61,395</u>	<u>104,894</u>
Net assets:		
Net assets invested in capital assets	149,815	167,168
Restricted net assets (note 8)	180,000	180,000
Unrestricted net assets	105,131	85,716
	<u>434,946</u>	<u>432,884</u>
Commitments (note 7)		
	<u>\$ 496,341</u>	<u>\$ 537,778</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# UPTOWN SAINT JOHN INC.

Statement of Operations

**DRAFT**

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Revenue:			
Revenue	\$ 502,239	\$ 502,239	\$ 488,699
Other income	2,500	14,190	13,946
Grants	-	26,000	-
	504,739	542,429	502,645
Expenses:			
Office and administration	332,330	278,763	264,745
Marketing	68,059	129,288	119,897
Clean and safe	70,350	97,681	89,107
Urban design	25,500	10,933	18,048
Beautification	6,000	5,150	7,768
Program delivery - students	-	6,718	7,724
Interest on long-term debt	-	-	1,889
Bank and interest expense	-	2,539	1,697
Bad debts - BIA levy	-	2,776	263
Advocacy	2,500	500	-
Vehicle	-	5,733	-
	504,739	540,081	511,138
Excess (deficiency) of revenue over expenses before the undernoted items	-	2,348	(8,493)
Other income (expenses):			
Unrealized gain (loss) on investments	-	26,118	(34,796)
Amortization of capital assets	-	(29,869)	(32,912)
Gain on sale of capital assets	-	3,465	-
	-	(286)	(67,708)
Excess (deficiency) of expenses over revenue	\$ -	\$ 2,062	\$ (76,201)

See accompanying notes to financial statements.

# UPTOWN SAINT JOHN INC.

Statement of Changes in Net Assets

**DRAFT**

Year ended December 31, 2023, with comparative information for 2022

	Unrestricted	Restricted	Invested in capital assets	2023 Total	2022 Total
Net assets, beginning of year \$	167,168 \$	180,000 \$	85,716 \$	432,884 \$	509,085
Excess (deficiency) of expenses over revenue	45,110	-	(43,048)	2,062	(76,201)
Repayment of long-term debt	(34,459)	-	34,459	-	-
Purchase of capital assets	(28,004)	-	28,004	-	-
Net assets, end of year \$	149,815 \$	180,000 \$	105,131 \$	434,946 \$	432,884

See accompanying notes to financial statements.

# UPTOWN SAINT JOHN INC.

Statement of Cash Flows

**DRAFT**

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of expenses over revenue	\$ 2,062	\$ (76,201)
Items not involving cash:		
Amortization of capital assets	29,869	32,912
Unrealized loss (gain) on investments	(26,118)	34,796
Gain on sale of capital assets	(3,465)	-
Changes in non-cash operating working capital:		
Accounts receivable	(12,500)	1,705
Government remittances receivable	2,022	(4,594)
Prepaid expenses	2,539	(185)
Accounts payable and accrued liabilities	(9,041)	(13,061)
	(14,632)	(24,628)
Financing:		
Repayment of long-term debt	(34,459)	(46,685)
Investing:		
Purchase of investments	(5,357)	-
Proceeds on disposal of investments	21,180	2,402
Purchase of capital assets	(28,004)	-
Proceeds on disposal of capital assets	32,000	3,000
Decrease (increase) in restricted cash - Uptown Dollars	(5,949)	23,746
	13,870	29,148
Decrease in cash	(35,221)	(42,165)
Cash, beginning of year	70,967	113,132
Cash, end of year	\$ 35,746	\$ 70,967

See accompanying notes to financial statements.

# UPTOWN SAINT JOHN INC.

Notes to Financial Statements

**DRAFT**

Year ended December 31, 2023

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Uptown Saint John Inc. (the "Organization") principal activities are to promote and coordinate the commercial business district by means of beautification, marketing and events, as well as provide clean & safe streets and urban design in Uptown Saint John. The Business Improvement Association ("BIA") membership is within a defined geographical area of the Saint John City center. Each property owner within the boundary pays a levy of \$0.16/100.00 of the assessed property value. All private funds are allocated under the discretion of the Uptown Saint John Board of Directors. The Organization was formed under articles of incorporation in the Province of New Brunswick and is subject to appropriate legislation under that province's Business Corporations Act.

## 1. Significant accounting policies:

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances, and cash balances of investments in money market instruments.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization of capital assets is calculated using the declining balance method at rates designed to amortize the cost of the assets over their estimated useful lives. Amortization rates are as follows:

Asset	Rate
Equipment	20%
Vehicles	30%
Signs	20%
Computer hardware	30%

(c) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other sources of revenue are recognized on the accrual basis.

Investment income includes interest, dividends and realized gains and losses. Interest and dividend income is recognized on an accrual basis. Realized gain (loss) on disposal of investments is the difference between proceeds received and the cost of the investment sold. All changes in fair value are recognized in investment income and part of unrealized gain (loss) in investments.

# UPTOWN SAINT JOHN INC.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

### (d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, determination of fair values, the useful lives of capital assets, and accruals. Actual results could differ from those estimated.

### (e) Contributed services:

The Organization benefits from donated services in the form of volunteer work for various activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value using closing prices. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its fixed income investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

## 2. Investments:

	2023		2022	
	Cost	Market value	Cost	Market value
Fidelity Global Balanced				
Portfolio Series E1	\$ 226,212	\$ 289,224	\$ 243,177	\$ 280,071
Cash	1,142	1,142	-	-
	\$ 227,354	\$ 290,366	\$ 243,177	\$ 280,071

# UPTOWN SAINT JOHN INC.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2023

### 3. Restricted cash:

Cash, restricted for self-imposed limits by action of the governing board, is not available for operational activities and is therefore classified as long-term. Cash in the Uptown Dollars account is reserved to cover the vender liability of the outstanding Uptown Dollars.

### 4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 182,394	\$ 99,123	\$ 83,272	\$ 92,027
Vehicles	-	-	-	20,141
Signs	7,553	5,604	1,949	2,785
Computer hardware	3,527	1,972	1,555	2,222
	\$ 193,474	\$ 106,699	\$ 86,776	\$ 117,175

### 5. Long-term debt:

	2023	2022
Scotiabank, 4.99%, due July 2027, repayable in equal bi-weekly instalments of \$330 principal and interest and was repaid in full during the year.	\$ -	\$ 34,459
Less current portion long-term debt	-	7,026
	\$ -	\$ 27,433

### 6. Financial risks:

#### (a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

# UPTOWN SAINT JOHN INC.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2023

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## 6. Financial risks (continued):

### (b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivables. The Organization provides credit to its clients in the normal course of its operations.

### (c) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Organization is exposed to price risk through its investments for which the value fluctuates with the quoted market price.

## 7. Commitments:

The Organization leases equipment under various operating lease agreements which expire through 2025. The total estimated lease expense for these leases over the next 3 years is as follows:

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2024	\$	45,000
2025		45,000
	\$	90,000

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## 8. Restricted net assets:

The board-designated restricted net assets are net assets without donor restrictions that are subject to self-imposed limits by action of the governing board. The current restricted net assets are set out for a reserve against six months of operational expenses.

## 9. Income taxes:

The Organization is a registered not-for-profit and is exempt from income taxes under Section 149 of the Income Tax Act.

# UPTOWN SAINT JOHN INC.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2023

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## 10. Managing capital:

To safeguard the Organization's ability to continue as a going concern, so that it can continue to provide benefits to its stakeholders. The Organization holds sufficient unrestricted net assets to enable it to withstand negative unexpected financial events.

To continue to provide adequate return on investments commensurate with the level of risk.

The Organization seeks to maintain sufficient liquidity to enable it to meet its obligations when they become due. The Organization holds cash reserves to ensure liquidity.

## 11. Budget figures:

The Board reviews its operating and capital budgets each year. The approved operating budget for 2023 is included in the budget figures presented in the statement of operations.