

124 STREET BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of 124 Street Business Improvement Area

Opinion

We have audited the financial statements of 124 Street Business Improvement Area (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenues and expenditures 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 Association as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of 124 Street Business Improvement Area *(continued)*

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 Association'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 Association'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 Association 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.

Edmonton, Alberta
April 13, 2021


CHARTERED PROFESSIONAL ACCOUNTANTS

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020

| | 2020 | 2019 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 311,764 | \$ 251,090 |
| Accounts receivable (Note 3) | 6,665 | 6,929 |
| Inventory | 3,323 | 5,247 |
| | <u>\$ 321,752</u> | <u>\$ 263,266</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 4) | \$ 12,099 | \$ 16,764 |
| Deferred income | 63,250 | 81,000 |
| | 75,349 | 97,764 |
| NET ASSETS | <u>246,403</u> | <u>165,502</u> |
| | <u>\$ 321,752</u> | <u>\$ 263,266</u> |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Assets

Year Ended December 31, 2020

| | 2020 | 2019 |
|---------------------------------------|--------------------------|--------------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 165,502 | \$ 127,080 |
| Excess of revenue over expenses | <u>80,901</u> | <u>38,422</u> |
| NET ASSETS - END OF YEAR | <u>\$ 246,403</u> | <u>\$ 165,502</u> |

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Revenues and Expenditures

Year Ended December 31, 2020

| | 2020 | 2019 |
|---|------------------|------------------|
| REVENUE | | |
| City of Edmonton BIA Levy | \$ 324,000 | \$ 335,000 |
| All is Bright (Notes 1, 6) | 800 | 49,122 |
| Interest | 729 | 1,060 |
| | <u>325,529</u> | <u>385,182</u> |
| EXPENSES | | |
| Salaries and wages | 116,800 | 114,429 |
| Marketing and special events (Notes 1, 9) | 63,356 | 84,574 |
| Professional fees | 20,773 | 5,100 |
| Rental | 20,366 | 19,934 |
| Streetscaping and beautification (Notes 1, 7) | 14,070 | 57,041 |
| Office | 3,504 | 3,133 |
| Phone, internet, computer | 3,258 | 3,194 |
| Insurance | 1,536 | 1,490 |
| Member relations | 728 | 4,372 |
| Bank charges | 308 | 403 |
| Meetings | 58 | 1,045 |
| All is Bright (Notes 1, 8) | (129) | 52,045 |
| | <u>244,628</u> | <u>346,760</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 80,901</u> | <u>\$ 38,422</u> |

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year Ended December 31, 2020

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | <u>\$ 80,901</u> | <u>\$ 38,422</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 264 | 6,096 |
| Inventory | 1,924 | (5,247) |
| Accounts payable and accrued liabilities | (4,665) | 4,637 |
| Deferred income | <u>(17,750)</u> | <u>81,000</u> |
| | <u>(20,227)</u> | <u>86,486</u> |
| INCREASE IN CASH FLOW | 60,674 | 124,908 |
| Cash - beginning of year | <u>251,090</u> | <u>126,182</u> |
| CASH - END OF YEAR | <u>\$ 311,764</u> | <u>\$ 251,090</u> |
| CASH CONSISTS OF: | | |
| Cash | <u>\$ 311,764</u> | <u>\$ 251,090</u> |

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2020

1. DESCRIPTION OF OPERATIONS

124 Street and Area Business Improvement Area ("the Association") (Formerly 124 Street and Area Business Revitalization Zone) of Edmonton was established to create a vibrant and prosperous business community for 124 Street Business Improvement Area (Formerly 124 Street and Area Business Revitalization Zone) members through member support and involvement, strategic planning and monitoring and area marketing and promotion. The Association receives the majority of its revenue from the business improvement area levy administered by the City of Edmonton on behalf of the Association.

Due to public health orders and restrictions on group gatherings as a result of Covid-19, the 2020 All is Bright Festival and other events were cancelled, flower orders and other streetscaping and beautification projects were significantly reduced.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash

Cash and cash equivalents consist primarily of cash on hand less outstanding cheques. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Equipment

Equipment acquired by the Association is expensed in the year purchased.

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124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

- a) The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized in the statement of operations in the year in which the related expenditures 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.
- b) Interest income is recognized as revenue when earned.
- c) City of Edmonton BIA Levy, grant income and All is Bright income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Income Taxes

The Association of Edmonton is affiliated with The City of Edmonton and, as a result, is exempt from income tax.

Statement of cash flows

The statement of cash flows has been prepared using the indirect method.

3. ACCOUNTS RECEIVABLE

| | <u>2020</u> | <u>2019</u> |
|-----------------|-------------|-------------|
| GST recoverable | \$ 6,665 | \$ 6,929 |

4. ACCOUNTS PAYABLE

Included in accounts payable is \$2,614 (2019 - \$nil) to Canada Revenue Agency for December 2020 source deductions.

5. FINANCIAL INSTRUMENTS

The Association initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets and financial liabilities that are subsequently measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

In management's opinion, the Association is not exposed to significant interest rate, liquidity, foreign exchange or credit risk.

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2020

6. ALL IS BRIGHT INCOME

The All is Bright on 124 Festival is an one-day, free outdoor event that celebrates the coming of the winter season in Edmonton through light installations, art, live entertainment, and family programming.

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------|------------------|
| Sponsorship | \$ 800 | \$ 18,000 |
| City of Edmonton Arts Council Grant | - | 15,400 |
| Festival income | - | 10,722 |
| Winter City - City of Edmonton | - | 5,000 |
| | <u>\$ 800</u> | <u>\$ 49,122</u> |

7. STREETSCAPING AND BEAUTIFICATION EXPENSES

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|------------------|------------------|
| Flower barrels | \$ 13,800 | \$ 25,115 |
| Sidewalk cleaning and landscaping | 270 | 3,594 |
| Lighting | - | 14,900 |
| Murals | - | 6,000 |
| Maintenance | - | 5,646 |
| Discretionary | - | 1,786 |
| | <u>\$ 14,070</u> | <u>\$ 57,041</u> |

8. ALL IS BRIGHT EXPENSES

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-----------------|------------------|
| All is Bright - Production | \$ - | \$ 29,908 |
| Administration (recovery) | (129) | 1,199 |
| Entertainment | - | 13,881 |
| All is Bright - Beverage Garden | - | 4,188 |
| All is Bright - Marketing | - | 2,456 |
| Volunteer | - | 608 |
| All is Bright - Cleaning | - | 350 |
| Equipment and supplies | - | (545) |
| | <u>\$ (129)</u> | <u>\$ 52,045</u> |

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2020

9. MARKETING AND SPECIAL EVENTS EXPENSES

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|------------------|
| Social Media & Marketing | \$ 37,944 | \$ 45,695 |
| Print | 9,127 | 7,571 |
| Marketing Discretionary | 5,495 | 1,110 |
| Community Newsletters | 4,179 | 3,626 |
| Digital Promotions | 3,323 | 1,784 |
| Branding | 1,924 | 4,029 |
| Website | 1,364 | 759 |
| All is Bright administration | - | 15,000 |
| Make Music Edmonton | - | 5,000 |
| | <u>\$ 63,356</u> | <u>\$ 84,574</u> |

10. CAPITAL DISCLOSURES

The Association defines capital as the sum of unrestricted net assets and internally restricted net assets. In managing capital, the Association focuses on liquid resources available for operations. The Association's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

As at December 31, 2020, the Association has met its objective of having sufficient liquid resources to meet its current obligations.

11. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform with current year presentation.
