



2020

annual report



downtown
business
association



mission

To support, connect and enrich Downtown Edmonton's business community

core values

Uncompromising

World-class

Dedication

Determination

Excellence

strategic goals

Downtown identity

Work with partners and stakeholders to define Downtown Edmonton's new, unique identity and form a consistent story to be celebrated and adopted by Edmontonians, Albertans, and the world.

Member & community engagement

The DBA engages with its members, downtown partners, and city in general to form positive relationships and encourage participation in the 'new' downtown brand.

Interconnectivity & inclusion

Contribute to the creation of an inclusive, accessible, attractive and engaging interconnected network to explore and experience Downtown Edmonton.

Downtown as the place to live, visit & invest

Develop a carefully conceived and holistic approach to promoting Downtown Edmonton as a year-round destination for capital investment, tourists, and residents.

The DBA respectfully acknowledges that we are located on Treaty 6 territory, a traditional gathering place for diverse Indigenous peoples including the Cree, Blackfoot, Métis, Nakota Sioux, Iroquois, Dene, Ojibway/ Saulteaux/Anishinaabe and many others whose histories, languages, and cultures continue to influence our vibrant community.

message from the chair

Who could have imagined the changes that 2020 would bring? It was one of the most challenging years that downtown Edmonton has faced in generations. The rapid spread of COVID-19 forced a significant number of downtown businesses and organizations to shut down operations. In a matter of days, downtown Edmonton and mainstreet business districts across the country felt the impact of this unforeseen crisis at an unimaginable level.



In the midst of this uncertain times, the role of business improvement areas (BIAs) – to enhance and promote the economic development of a commercial area – has never been more important. Alberta’s BIAs were formed in the 1980s at a time when there was a massive flight of businesses from mainstreets to the suburbs. In Edmonton, the trend was so alarming that in 1985 a group of 20 downtown business owners asked City Council to form the DBA, Edmonton’s first BIA.

Soon after its formation, it was clear that the DBA would play a vital role in supporting the vibrancy and economic health of downtown. The DBA championed investment, infrastructure maintenance and development, and a growing population. Investments were made in year-round events like the Holiday Light Up, Downtown Dining Week, Blooming Boulevards, the Santa Clause Parade and the Edmonton Chili Cook Off – and with that, along came thousands more people visiting, living and investing here.

Even through the uncertainty of 2020, the DBA was there for our businesses members and continued to deliver programs and services. I am so proud of the remarkable work that DBA team did to respond to the ever-changing needs of our community. We adapted throughout, and even rolled out new programs like Downtown Live which saw more than 80 micro-gigs on downtown patios, supporting downtown vibrancy and our hospitality industry members at a critical time.

We’ve been there for our members and the downtown community for almost four decades, and we’ll continue to be there because there is lots of work to be done. We will continue to work closely with government, community stakeholders and our members to support the best plan for downtown’s recovery. The strength of our downtown economy is the foundation for supporting the entire city.

I will end this letter with a sincere thank you to all DBA employees, board members and committee members who I worked with during my time as chair. I am optimistic about the future of downtown Edmonton. The sense of community has never been stronger during these difficult times and we will get through this together.

A handwritten signature in black ink, appearing to read 'Robert Bothwell', with a stylized flourish at the end.

Robert Bothwell
Chair, Downtown Business Association

message *from the* executive director



It's hard to find the words to describe what our downtown community has endured and overcome since the beginning of 2020. The dominant themes in our lives and our businesses were those of uncertainty, sorrow, resilience and perseverance. We have come together and problem-solved and repeatedly 'pivoted' to make it through the COVID-19 pandemic in ways that most of us have never seen in our lifetime.

With a new strategic plan developed in 2019, the DBA was heading into 2020 with a refreshed vision and a focused set of priorities. It outlined four strategic priorities: (1) A New Downtown Identity, (2) Engagement with Members & Stakeholders, (3) Interconnectivity & Inclusion, and (4) Promoting Downtown as a Year-Round Destination to Live, Work, Play & Invest. While the pandemic created new challenges that dominated the DBA's focus in 2020, the Strategic Plan remained a strong guiding hand as we navigated our way through the year in support of our members and the community. I want to extend my thanks on behalf of the DBA staff, board, and all of our members to Nick Lilley, who served as the DBA's Interim Executive Director in 2020—a steady, compassionate, and resolute presence for the organization through what was likely the most trying and turbulent time since its inception.

One thing that emerged in 2020 clearer than ever was the critical importance of downtowns across Canada (and the world) to our respective economies and to the quality of life for our cities. In Edmonton, the Downtown BIA makes up less than 0.36% of our city's geographic area yet contributes nearly 7.5% of the city's total property tax revenue. Beyond that, it also became painfully apparent how much the spirit and the economic outlook for the entire city suffers when its heart, the downtown core, loses its usual bustling and vibrant energy and prosperity.

There is a tremendous amount at stake for our city when it comes to the future of Downtown Edmonton. That's why the DBA worked harder than ever in 2020 with all levels of government and our partners across the city to support our members through the always-changing circumstances, to find new and innovative solutions to our most pressing challenges, and to inject much-needed energy and vibrancy into our community at every opportunity.

We are motivated and awed by the tenacity and resilience demonstrated by our member businesses and our downtown community throughout the past year. In 2021, we're continuing to work harder than ever on your behalf to restore the heart and soul of our city, for the generations to come.

We'll see you downtown.

A handwritten signature in black ink, appearing to read 'Puneeta McBryan'.

Puneeta McBryan
Executive Director, Downtown Business Association

resiliency

mastering change, thriving under pressure & bouncing back stronger

During the **COVID-19 pandemic**, there was no greater ability that the DBA developed to keep afloat than resiliency. Almost overnight, the association had to adapt and adjust to internal processes, ways of working, planning and operations, but still remain flexible to respond to the unpredictable shocks and stresses of the pandemic.

Key resiliency strategies emerged immediately and offered a strong foundation from which the organization could continue to provide services and programs to meet the needs of members, but also drive economic prosperity for downtown today and beyond.

In this report, we explore three proven drivers that illustrate how the DBA and our members recovered and adapted in 2020:

Fostering Innovation
Enhancing Inclusivity
Strengthening Cultural Vitality



resiliency [fostering innovation]

There probably isn't a business or an organization out there that didn't innovate during the COVID-19 pandemic to survive and to keep serving their customers and community. Much of that innovation came in the form of digital transformation, as many businesses invested in the necessary tools to allow employees to work remotely and customers to shop online or experience a service through a digital platform (e.g. online classes on streaming services).

Also adapting to the world of online engagement, DBA's spring and fall luncheons were moved online and featured key local and national stakeholders and partners, including MP James Cummings, Edmonton Councillor Scott McKeen and Ken Kelly of the International Downtown Association. Other DBA events were also hosted online, such as the annual Block Party for MacEwan University and NorQuest College students and a mutual mentorship program between students and business professionals focused on diversity, equity & inclusion.

Though it was health restrictions that pushed the delivery of DBA events online, it proved to be an easy and cost-efficient way to provide valuable content to members and stakeholders.

Member innovation: XTherapy

When the pandemic hit downtown, XTHERAPY shut its doors to a growing customer base, wondering how it would make money if all its classes were cancelled. However, when owners of the little boutique studio noticed fitness equipment flying off the shelves, they got an idea. They promptly rented out their 36 in-studio bikes, which sold out in only a few hours, along with other bundled equipment like dumbbells, bands and gliders. "We pushed our equipment to our community as quickly as we could," said Tamera Rude, XTHERAPY's Director of Impact and Operations. With a monthly income generator secured each month, the studio researched other companies for sourcing. They found a third-party provider that offered an additional 40 bikes to sublet, which they acquired as an alternative form of capital.

To keep up with big players like Peloton, XTHERAPY next created an on-demand online subscription service to provide customers pre-recorded workout videos incorporating home equipment. XTHERAPY directors knew they needed a digital presence long-term if they were to survive. "That was a big learning curve. X-ONLINE is essentially a whole separate business." They created online fitness challenges with a point-system, virtual check-ins and strategies to develop good fitness habits. People loved it, and X-ONLINE became the studio's new primary member acquisition tool. •



[enhancing inclusivity] **resiliency**

To thrive as a vibrant and diverse community, we need to ensure that all members are engaged and supported. Inclusive communities afford all people, regardless of race, age, income level or physical ability the conditions to prosper and contribute to our capacity for recovery. In 2020, the DBA increased its commitment to supporting local agencies and organizations that serve downtown's vulnerable populations.

Jodi Phelan is the General Manager of Boyle Street Ventures and hiregood, the Social Enterprise arm of Boyle Street Community Services, which offers meaningful employment opportunities and a living wage for BSCS clients and community members who otherwise face barriers to joining the workforce. Jodi notes that the COVID-19 pandemic, while challenging, has created welcome opportunities to help more people living in the core move out of poverty. During 2020, the DBA doubled its annual investment into Downtown Proud, the street cleanup program operated and staffed by hiregood.

Each week from Monday to Friday, four hiregood employees dressed in coveralls and equipped with garbage carts go out along assigned routes throughout the downtown core, picking up discarded masks, coffee cups, cigarette butts, broken glass and other litter. The DBA's increased investment in 2020 allowed more cleanup of downtown streets that needed extra attention.

During a typical shift, each worker collects an average of 75L of garbage. "It definitely adds up," says Phelan. "The amount ranges from day to day and by season—usually we'll see more litter earlier in the week, with it tapering off by Friday."

The DBA/BSCS street cleanup program has been around since 2010. During the pandemic, demand for hiregood's services—which also includes other cleaning, junk removal, outdoor maintenance and general labour—went through the roof with more people doing home renovations. "We've been quite successful this year in staying on top of things, but really, we've never been this busy before," she says.

In the four years since she started with the hiregood program, Phelan has seen several hiregood team members secure long-term housing and move themselves out of homelessness. Mary Benoit is one of those success stories. Three years ago, when Benoit joined the hiregood program, life looked a lot different. Faced with the complex challenges of homelessness and unemployment, a job with hiregood meant more than just a pay cheque; it was a chance at a better life. In time, she worked her way up through the program and was able to secure housing for herself.

Today, as a supervisor with hiregood, Benoit still takes great pride in her work.

"It's a great place to work because we're helping people get on the right path. It's like a family—we really care about each other," she says. Although she enjoys the community aspects of her job, nothing makes her happier than the satisfaction of a job well done. "It's nice to see downtown streets cleaner at the end of a shift... of course, it's even nicer when you're recognized for the work you do. I like when people notice the difference."

So next time you see a pair of coverall-clad workers tidying up, be sure to stop and thank them for helping to beautify our streets and keep downtown a community we can all be proud of. •



resiliency [strengthening cultural vitality]

In 2020, maintaining and growing downtown's arts scene and strong base of creators was an important driver in ongoing recovery. Adapted and innovative programming created opportunities for continuous community engagement and participation.

While our downtown is largely a commercial centre, it is also home to a thriving arts and cultural scene with several performing arts venues, art galleries and now a multi-use arena that brings thousands of people to the core. In 2019, our arts and cultural scene was firing on all cylinders offering diverse and unique programming, reimagined festivals and even new events on the horizon.

But like most things in 2020, it all came to a standstill when COVID-19 lockdowns and restrictions hit. It was immediately evident just how much the arts & culture landscape normally contributed to downtown's vibrancy and the community's collective health and well-being.

Once restrictions lifted in the summer, and in the absence of any of our usual large festivals, the DBA made quick work of launching Downtown Live, a micro-event series that allowed for safe small-scale performances to pop-up



on extended restaurant patios, building rooftops and in public parks. Downtown Live saw artists and small businesses alike prosper. From August to October, 83 performances were hosted and 184 artists supported. Most participating restaurants and bars reported their highest sales of the year on the days when they hosted Downtown Live artists on their patios. It was also a diverse program, with 40% of the artists self-identifying as BIPOC.

Downtown Live once again made our downtown core a destination for Edmontonians and Albertans, breathing much-needed cultural vitality and energy into the area. •



Adapting holiday traditions

Late November every year, the DBA normally welcomes hundreds of people to Sir Winston Churchill Square for our Downtown Holiday Light Up. Due to COVID-19, the annual kick-off event was a low-key affair in 2020 attended by only 15 invited individuals. However, restrictions couldn't put a damper on the 20-year holiday celebration. Adapting to restrictions, the event grew to become an innovative passive tour of dancing light exhibits downtown. Six light installations by local artists using project mapping techniques were commissioned for buildings along Jasper Avenue. Visitors looking for safe holiday experiences were able to enjoy downtown like they never had before.

Downtown by the numbers

1,059 businesses in 2020
7.5% of Edmonton's total property tax revenue

12,423 residents in 2019

OFFICE MARKET

19.4% vacancy rate

\$19.77 per sq. ft Class A

31 office building count

0.36% of Edmonton's **LAND AREA**

(Size of Downtown: 2.28 km²)

EDUCATION

- 2 public universities
- 1 public college
- 2 public high schools
- 1 public library
- 11 private career colleges

meetings & conventions

- 1 convention centre
- 1 multi-use arena

arts & culture

- 7 art galleries
- 3 performing arts venues
- 2 live music venues

hotels

15 hotels
3,086 guest rooms

TRANSPORTATION & MOBILITY

walk score 97 transit score 88 bike score 93

7.8 km
protected bike lanes

- 5 LRT stations
- 4 e-scooter rental companies
- 1 car share company

2020 board of directors



Robert Bothwell
Chair
Bennett Jones LLP



Martin Kennedy
Vice Chair
EPCOR



Zarina Bhambhani
Treasurer
KPMG LLP



Jeremy Hayward
Director at Large
solüt



Robert Black
Director at Large
MLT Aikins LLP



Scott Argent
Stantec Consulting



Danielle Brown
ATCO



Henry Edgar
Edgar Developments



Chris Graham
Shoppers Drug Mart



Sally Kim
Edmonton Arts
Council



Myrna Khan
MacEwan
University



Wayne Kryzalka
ATB



Gary Tomchuk
Sherlock Holmes
Hospitality Group



Garrett Turta
Fairmont Hotel
Macdonald



Patrick Saurette
The Marc

Councillor Scott McKeen
Ex Officio
City of Edmonton

Jeff Chase
Ex Officio
City of Edmonton

staff *and* committee members

DBA Staff

Puneeta McBryan
Executive Director

Tracy Hyatt
Marketing and Communications Manager

Nicole Boychuk
Marketing and Communications Coordinator

Mary Davies
Office Manager

Business Recruitment Committee

Jeremy Hayward
Chair
solūt

Mark Anderson
CBRE

Alhad Devji
Starlite Room

Alyssa Lefavre
AltaML

Camille Loreau
Qualico Developments

David Olson
Lizotte Real Estate

Sahr Saffa
C-Tribe

Jimmy Shewchuk
Prairie Catering

Heather Thomson
University of Alberta, School of Business

Marketing Committee

Gilliam Thomson
Chair
DIALOG

Marvin Babiuk
Edmonton Transit

Jon Hall
104 Street Committee

Jesse Kupina
Central Social Hall

Anastasia Lim
University of Alberta

Nykala Shone
Explore Edmonton

Timothy Starchuk
EPCOR

Richard Thorley
Edmonton Public Library

Steven Walton
JW Marriott

Operations Committee

Garret Turta
Chair
Fairmont Hotel Macdonald

Pam Brown
Edmonton City Centre

Staff Sgt. Shawn Bulas
EPS

Tyler Duggan
Aspen Properties

Wub Dagne
7-11

Andrew Jabs
Capital City Clean-Up

Amos Kajner-Nonnekes
Third Space Design Group

Sheldon Magnes
Imperial Parking

Nicole Nunes
City of Edmonton – NET

Jaya Panwar
TELUS Communications

Jodi Phelan
Boyle Street Community Ventures

James Robinson
City of Edmonton

Kevin Thomas
Chamber of Commerce

independent auditor's report

To the Board of Directors of Downtown Business Association of Edmonton

Opinion

We have audited the financial statements of Downtown Business Association of Edmonton [the "Association"], which comprise the statement of financial position as at December 31, 2020, and the statement of changes in net assets, statement of revenue and expenses and statement of 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 its results of 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association 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 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 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.

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.

statement of financial position

As at December 31

	2020	2019
	\$	\$
Assets		
Current		
Cash and cash equivalents	666,767	830,951
Short-term investments	205,087	205,346
Accounts receivable	9,873	14,404
Prepaid expenses and deposits	29,107	3,854
Total current assets	910,834	1,054,555
Capital assets, net [note 3]	21,529	37,245
	932,363	1,091,800
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	66,558	189,596
Deferred Business Improvement Area levy	260,225	306,147
Deferred grant revenue	43,180	—
Current portion of deferred lease inducement	4,574	4,575
Total current liabilities	374,537	500,318
Deferred lease inducement	—	4,574
Total liabilities	374,537	504,892
<i>Commitments [note 4]</i>		
Net assets		
Internally funded capital assets	21,529	37,245
Internally restricted for specific initiatives [note 5]	536,297	549,663
Total net assets	557,826	586,908
	932,363	1,091,800

See accompanying notes

On behalf of the Board:



Chair



Executive Director

statement of changes *in* net assets

2020

Internally restricted

	Internally funded capital assets \$	Specific initiatives \$	Unrestricted \$	Total \$
Balance, beginning of the year	37,245	549,663	—	586,908
Deficiency of revenue over expenses	—	—	(29,082)	(29,082)
Purchases of capital assets	5,546	—	(5,546)	—
Disposal of capital assets	(1,448)	—	1,448	—
Amortization of capital assets	(19,814)	—	19,814	—
Transfers from specific initiatives [note 5]	—	(94,075)	94,075	—
Transfers to specific initiatives [note 5]	—	80,709	(80,709)	—
Balance, end of the year	21,529	536,297	—	557,826

2019

Internally restricted

	Internally funded capital assets \$	Specific initiatives \$	Unrestricted \$	Total \$
Balance, beginning of the year	52,987	436,363	—	489,350
Excess of revenue over expenses	—	—	97,558	97,558
Purchases of capital assets	4,250	—	(4,250)	—
Amortization of capital assets	(19,992)	—	19,992	—
Transfers from specific initiatives [note 5]	—	(32,729)	32,729	—
Transfers to specific initiatives [note 5]	—	146,029	(146,029)	—
Balance, end of the year	37,245	549,663	—	586,908

See accompanying notes

statement of revenue and expenses

Year ended December 31

	2020	2019
	\$	\$
Revenue		
Business Improvement Area levy	1,224,586	1,224,586
Sponsorships [note 6]	46,489	293,990
Grant revenue	24,901	—
Advertising and events	—	28,430
Interest	3,084	4,067
	<u>1,299,060</u>	<u>1,551,073</u>
Expenses		
Special events and programs [note 6]	375,935	499,666
Public relations and marketing communications	244,980	270,358
Winter Lights program	84,445	120,846
Administration		
Salaries and employee benefits	409,762	355,726
Rent and occupancy costs	102,485	105,134
Office	31,075	28,118
Amortization of capital assets	19,814	19,992
Travel, training and recruitment	18,984	3,722
Professional fees	18,778	22,012
Insurance	8,461	3,350
Telephone and internet	4,254	4,414
Postage and courier	3,693	4,603
Bank charges	2,790	3,183
Conferences and meetings	2,686	12,391
	<u>1,328,142</u>	<u>1,453,515</u>
Excess (deficiency) of revenue over expenses	<u>(29,082)</u>	<u>97,558</u>

See accompanying notes

statement of cash flows

Year ended December 31

	2020	2019
	\$	\$
Operating activities		
Received from Business Improvement Area levy	1,178,664	1,530,733
Received from sales, programs, grants and special events	94,351	64,647
Amounts paid to vendors and employees	(1,436,444)	(1,203,885)
Interest received	3,343	4,508
Cash provided by (used in) operating activities	<u>(160,086)</u>	<u>396,003</u>
Investing activities		
Purchases of capital assets	(5,546)	(4,250)
Proceeds on sale of capital assets	1,448	—
Cash used in investing activities	<u>(4,098)</u>	<u>(4,250)</u>
Net change in cash and cash equivalents during the year	(164,184)	391,753
Cash and cash equivalents, beginning of the year	<u>830,951</u>	<u>439,198</u>
Cash and cash equivalents, end of the year	<u>666,767</u>	<u>830,951</u>

See accompanying notes

notes to financial statements

1. Nature of the organization

On November 26, 1985, the City of Edmonton Municipal Council passed a bylaw establishing the Downtown Edmonton Business Revitalization Zone [renamed Business Improvement Area effective January 1, 2017] and incorporating the Downtown Business Association of Edmonton [the "Association"] under the Municipal Government Act.

The mandate of the Association is to "support, enrich and connect Edmonton's Downtown Community." Its goals are to promote Downtown Edmonton's image and identity through events, attractions and marketing; to encourage planning and environmental standards for new developments; to promote beautification, safety and mobility; to provide leadership; and to communicate matters of concern to members, government officials and the public.

The Association is a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. Summary of significant accounting policies

Basis of presentation

These financial statements were prepared in accordance with Part III of the CPA Canada Handbook – Accounting, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with initial maturity dates of less than 90 days.

Short-term investments

Short-term investments consist of term deposits with initial maturity dates of between 90 and 365 days.

Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Tangible

Office equipment and furniture	5 years
Computer equipment	3 years
Tenant improvements	Over the lease term

Intangible

Website	3 years
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Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts.

Contributions for the acquisition of capital assets are presented as “deferred contributions – capital” and are amortized to revenue on the same basis as the acquired capital assets are amortized.

Sponsorships and advertising are recognized when the services have been provided.

Contributed materials, services and facilities

The Association records contributed materials, services and facilities in those cases where:

- [a] The Association controls the way they are used;
- [b] There is a measurable basis for determining fair value; and
- [c] The services are essential services, which would normally be purchased and paid for if not contributed.

Otherwise, contributed materials and services are not recorded in the financial statements.

Financial instruments

Short-term investments are recorded at fair value. Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

notes to financial statements

3. Capital assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Tangible				
Office equipment and furniture	92,596	86,102	92,596	80,399
Computer equipment	14,132	10,615	11,179	8,049
Tenant improvements	92,899	83,430	91,754	77,918
	199,627	180,147	195,529	166,366
Intangible				
Website	18,100	16,051	18,100	10,018
	217,727	196,198	213,629	176,384
	21,529		37,245	

4. Commitments

The Association is committed to future minimum annual lease payments required under operating leases for office equipment and premises as follows:

	\$
2021	235,006
2022	125,968
2023	125,968
2024	125,968
2025	125,000
	<u>737,910</u>

The annual commitments include estimated operating costs and property taxes based on current year amounts.

The Downtown Business Association lease expires December 31, 2021. Future lease and operating costs are unknown at this time.

In 2009, the Association entered into an agreement with the City of Edmonton to fund the replacement of old Christmas lights with a new Winter Lights program, designed to enhance the look of Downtown Edmonton throughout the winter months. The Association is committed to paying the City of Edmonton approximately \$125,000 per year for installation, take-down and utilities, for an indeterminate period. In 2020, the City of Edmonton advised that the annual costs are under review. The future costs are unknown at this time.

December 31, 2020

notes to financial statements

5. Internally restricted net assets

The Board of Directors has formally imposed restrictions on certain of the Association's net assets. Internally restricted net assets to be used to fund specific spending initiatives in support of the Association's mandate are approved by the Board of Directors from time-to-time.

For the year ended December 31, 2020, \$94,075 [2019 - \$32,729] was approved by the Board of Directors to be used for specific initiatives. For the year ended December 31, 2020, \$80,709 [2019 - \$146,029] was transferred to internally restricted net assets to fund future initiatives.

6. Contributed materials, services and facilities

Sponsorships revenue includes contributed materials, services and facilities of \$31,000 [2019 - \$250,586], which are equally offset by amounts recorded in Special events and programs expenses.

7. Financial instruments and risk management

The Association is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Association is exposed to credit risk in connection with its short-term investments and accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Association monitors outstanding accounts receivable balances regularly and allows for uncollectible amounts when determined. Short-term investments are invested with a large financial institution. There has been no change to credit risk from prior years.

Interest rate risk

The Association is exposed to interest rate risk with respect to its fixed rate investments because the fair value will fluctuate due to changes in market interest rates. There has been no change to interest rate risk from the prior year.

Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to liquidity risk from the prior year.

notes to financial statements

Other risk

In March 2020, the outbreak of the novel coronavirus (COVID-19) was declared a global pandemic by the World Health Organization and the Province of Alberta declared a state of public health emergency under the Public Health Act. The Association has undertaken a number of measures in response to the restrictions imposed by governments to fight the spread of the virus, including limiting in-person meetings and gatherings, remote working protocols, and canceling or redesigning certain events and programs. The Association continues to closely evaluate the impact that the pandemic may have on revenues and expenses. Specifically, revenues generated from the Business Improvement Area levy or through other sponsorships may be adversely affected. The Association is minimizing discretionary spending and appropriately drawing on accumulated reserves in the short-term while adapting its value proposition and strategy in the medium-term.

8. Related parties

Certain entities who employ members of the Board of Directors provide services to the Association. These services are provided in the regular course of business and are recorded at their exchange amounts, being the amounts agreed to by both parties. During the year, the Association incurred no expenses [2019 – nil] with these entities.

9. Subsequent events

Subsequent to year-end, the Association signed an agreement with the City of Edmonton for part of the Western Diversification Program from the Canadian federal government to deliver a series of experiences and exhibits throughout Spring 2021.





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