

ALBERTA AVENUE BUSINESS ASSOCIATION

Edmonton, Alberta

December 31, 2020

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of the **Alberta Avenue Business Association**:

Opinion

We have audited the accompanying financial statements of **Alberta Avenue Business Association**, which comprise of the statement of financial position as at December 31, 2020, and statement of changes in net assets, operations and statement of cash flows for the the year then ended, and notes to the financial statements, including 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 its cash flows for the year then ended in accordance with Canadian accounting standards for non-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 **Alberta Avenue Business Association** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 non-for-profit organizations, and for such internal controls 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 on 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.

St. Albert, Alberta

Nguyen Scott LLP

Chartered Professional Accountants

ALBERTA AVENUE BUSINESS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31

2020

2019

ASSETS

Current

Cash	\$ 120,887	\$ 129,154
Short-term investments - Note 1	2,805	2,740
Contributions receivable - Note 2	19,560	0
GST receivable	8,145	3,101
Source deduction receivable	787	0
Prepaid expenses	<u>945</u>	<u>945</u>
	153,129	135,940

Equipment - Note 3 38 69

Intangible Asset - Note 4 1,924 2,405

\$ 155,091 **\$ 138,414**

LIABILITIES AND NET ASSETS

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 7,572	\$ 4,805
Source deductions payable	<u>0</u>	<u>306</u>
	7,572	5,111

Deferred Contributions - Note 5 55,364 48,147

62,936 **53,258**

NET ASSETS 92,155 85,156

\$ 155,091 **\$ 138,414**

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

The accompanying notes are an integral part of these financial statements

ALBERTA AVENUE BUSINESS ASSOCIATION**STATEMENT OF CHANGES IN NET ASSETS****Year Ended December 31**

	<u>2020</u>			<u>2019</u>
	<u>Capital Assets</u>	<u>Unrestricted Surplus</u>	<u>Net Assets</u>	<u>Net Assets</u>
Opening balance	\$ 2,474	\$ 82,682	\$ 85,156	\$ 87,309
Excess/(deficiency) of revenue over expenses	0	6,999	6,999	(2,153)
Amortization of capital assets	<u>(512)</u>	<u>512</u>	<u>0</u>	<u>0</u>
Closing balance	<u>\$ 1,962</u>	<u>\$ 90,193</u>	<u>\$ 92,155</u>	<u>\$ 85,156</u>

The accompanying notes are an integral part of these financial statements

4.
Nguyen Scott LLP
Chartered Professional Accountants

ALBERTA AVENUE BUSINESS ASSOCIATION**STATEMENT OF OPERATIONS****Year Ended December 31****2020****2019****Revenue:**

City of Edmonton levy	\$ 134,000	\$ 134,000
Special projects	17,343	13,560
Interest	392	556
Eats on 118	<u>228</u>	<u>0</u>
	<u>151,963</u>	<u>148,116</u>

Expenses:

Contractors	32,480	228
Salaries, wages and benefits	31,277	61,339
Marketing/Advertising	28,468	33,458
Eats on 118	9,518	8,071
Rent	9,143	10,243
Flower baskets	9,080	7,220
Professional fees	7,112	5,593
Meetings	3,427	4,234
Repairs and maintenance	2,808	118
Office	2,040	3,586
Donations	2,000	6,100
Administration fees	1,593	565
Cell phone	1,381	1,383
Telephone and fax	1,289	1,192
Insurance	1,279	1,028
Website and internet	1,096	652
Amortization	512	657
Bank charges and interest	368	330
Travel and entertainment	93	614
Business together project	0	2,974
Business mixer	<u>0</u>	<u>684</u>
	<u>144,964</u>	<u>150,269</u>

**Excess/(Deficiency) of Revenue Over
Expenses****\$ 6,999 \$ (2,153)**

The accompanying notes are an integral part of these financial statements

5.

Nguyen Scott LLP
Chartered Professional Accountants

ALBERTA AVENUE BUSINESS ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended December 31

2020

2019

CASH PROVIDED BY / (USED IN):

Operating Activities

Grant providers and donors	\$ 134,184	\$ 172,573
Suppliers and employees	<u>(142,779)</u>	<u>(148,469)</u>
	<u>(8,595)</u>	<u>24,104</u>

Investing Activities

Interest received from short-term investments	<u>393</u>	<u>556</u>
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Cash (Decrease)/Increase (8,202) 24,660

Cash, beginning of year 131,894 107,234

Cash, end of year \$ 123,692 \$ 131,894

Cash is comprised of:

Cash	\$ 120,887	\$ 129,154
Short-term investments	<u>2,805</u>	<u>2,740</u>
	<u>\$ 123,692</u>	<u>\$ 131,894</u>

ALBERTA AVENUE BUSINESS ASSOCIATION

DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

December 31, 2020

ORGANIZATION DESCRIPTION

The Alberta Avenue Business Association (the Association) is a not-for-profit organization whose purpose is to represent businesses in the Alberta Avenue Business Revitalization Zone. The association was established and incorporated on September 14, 1995 under Bylaw 11084 and operates as a committee of City Council.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with the Canadian generally accepted accounting standards for not-for-profit organizations (ASNPO) published by the Canadian Professional Accountants (CPA). Following are the significant accounting policies adopted:

Cash and Short-Term Investments

Cash and short-term investments (less than one year) are amounts on deposit and invested in short-term investment vehicles according to the Association's investment policy. Short-term investments are recorded at the lower of cost and market value. Those with a term to maturity of three months or less are treated as cash equivalents.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Externally 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.

Measurement Uncertainty

The preparation of the financial statements, in accordance with ASNPO, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Equipment

Equipment is capitalized at cost and amortized based on estimated useful life. Computer equipment is amortized at a rate of 55%.

Intangible Asset

Intangible asset is capitalized at cost and amortized based on estimated useful life. Website development is amortized at a rate of 20%.

ALBERTA AVENUE BUSINESS ASSOCIATION

DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

December 31, 2020

SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

The Association's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of the financial instruments approximates their carrying value, unless otherwise noted.

Contributed Materials and Services

Contributed materials and services are recognized in the financial statements when a fair value can be reasonably determined and when these materials and services are used in the normal course of the Association's operation and would otherwise have been purchased.

Volunteer services contributed by general members and members of the Board of Directors in the course of carrying out the Association's operating activities are not recognized in these financial statements due to the difficulty in determining their fair market value.

ALBERTA AVENUE BUSINESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 - SHORT-TERM INVESTMENTS

Short-term investments are presented in Canadian dollars at amortized cost with effective rate of 2.05% per annum and mature within 365 days from the date they are issued. The term deposit currently held by the Association will mature on January 30, 2021.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable is composed of the following grants:

	<u>2020</u>
Eats on 118 Project Grant (City of Edm)	\$ 10,000
Marketing Matching Grant	5,000
Flower Pot Matching	<u>4,560</u>
Total Contributions Receivable	<u>\$ 19,560</u>

NOTE 3 - EQUIPMENT

	<u>2020</u>		<u>2019</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	\$ <u>1,759</u>	\$ <u>1,721</u>	\$ <u>38</u>	\$ <u>69</u>

NOTE 4 - INTANGIBLE ASSET

	<u>2020</u>		<u>2019</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website	\$ <u>5,220</u>	\$ <u>3,296</u>	\$ <u>1,924</u>	\$ <u>2,405</u>

ALBERTA AVENUE BUSINESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 - DEFERRED CONTRIBUTIONS

Deferred contributions represent operating funding received in the current period which is related to expenses for future periods. Changes in deferred contributions are as follows:

	Opening Deferral	Current Receipts	Current Income	Closing Deferral
BIA Levy	\$ 33,500	\$ 139,000	\$ 134,000	\$ 38,500
Eat on 118 Ave Project Grant	0	10,000	0	10,000
Flower Pot Matching Grant	4,767	4,560	4,767	4,560
Marketing Matching Grant (City of Edm)	7,000	5,000	12,000	0
Website	<u>2,880</u>	<u>0</u>	<u>576</u>	<u>2,304</u>
	<u>\$ 48,147</u>	<u>\$ 158,560</u>	<u>\$ 151,343</u>	<u>\$ 55,364</u>

NOTE 6 - LEASE COMMITMENT

The Association is obligated under a lease agreement for office facilities on 11739-88th Street, Edmonton, Alberta, expiring June 2023, requiring annual payments of \$9,600, payable in monthly installments.

NOTE 7 - ECONOMIC DEPENDENCE

The Association is economically dependent on the levy collected by the City of Edmonton. The Association's ability to continue viable operations is dependant on levy payments from the City of Edmonton.

NOTE 8 - SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Association. An estimate of the potential financial impact cannot be made at this time.