

KINGSWAY DISTRICT ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

***Ellis Group* LLP**
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of **KINGSWAY DISTRICT ASSOCIATION**

We have audited the accompanying financial statements of **KINGSWAY DISTRICT ASSOCIATION** ("the Association") which comprise the statement of financial position as at December 31, 2020 and the statements of operations, changes in net assets 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 Kingsway District 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 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 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.

Ellis Group LLP

Chartered Professional Accountants

Edmonton, Alberta
April 7, 2021

KINGSWAY DISTRICT ASSOCIATION
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Business Improvement Area Levy	\$ 362,877	\$ 362,877
Other income	7,000	10,945
	<u>369,877</u>	<u>373,822</u>
 Expenditures		
Management and administration	205,930	201,590
Programs and projects (note 5)	60,615	116,276
Rent	33,233	33,233
Office	25,854	49,805
Professional fees	6,742	6,550
Memberships and insurance	5,260	3,787
Telephone	5,075	5,337
Amortization	354	480
Donations	-	6,299
	<u>343,063</u>	<u>423,357</u>
 Excess (deficiency) of revenues over expenditures	 26,814	 (49,535)
 Net assets, beginning of the year	 211,630	 261,165
	<u>238,444</u>	<u>211,630</u>
 Net assets, end of the year	 <u>\$ 238,444</u>	 <u>\$ 211,630</u>

KINGSWAY DISTRICT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	2020	2019
Current Assets		
Cash	\$ 311,498	\$ 298,365
Accounts receivable	6,310	2,450
Government remittances and sales tax	6,154	10,573
Prepaid expenses	325	3,993
	324,287	315,381
Equipment (note 3)	1,048	1,402
	\$ 325,335	\$ 316,783

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 14,316	\$ 14,434
Deferred revenue	72,575	90,719
	86,891	105,153
Net Assets		
Unrestricted	238,444	211,630
	\$ 325,335	\$ 316,783

Approved By The Board

 Director

 Director

KINGSWAY DISTRICT ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Cash provided by (used in) operating activities		
Excess (deficiency) of revenues over expenditures	\$ 26,814	\$ (49,535)
Item not affecting cash		
Amortization	354	480
	27,168	(49,055)
Net change in non-cash working capital		
Decrease (increase) in accounts receivable	(3,860)	(238)
Decrease (increase) in government remittances and sales tax	4,419	(1,862)
Decrease (increase) in prepaid expenses	3,668	(3,136)
Increase (decrease) in accounts payable and accrued liabilities	(118)	5,799
Increase (decrease) in deferred revenue	(18,144)	90,719
	(14,035)	91,282
Increase in cash	13,133	42,227
Cash, beginning of the year	298,365	256,138
	\$ 311,498	\$ 298,365
Cash, end of the year	\$ 311,498	\$ 298,365

KINGSWAY DISTRICT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Nature Of Operations

A Business Improvement Area (BIA) is created for the following purposes:

- (a) Improving, beautifying and maintaining property in the zone area
- (b) Developing, improving and maintaining public parking
- (c) Promoting the zone as a business district

On November 10, 1987, the City of Edmonton Municipal Council passed Bylaw 8621 creating the Kingsway Business Revitalization Zone and incorporating the "Edmonton Kingsway Business Revitalization Zone Association," with Amendments to the bylaw on October 10, 2012.

On November 6, 2013, the City of Edmonton Municipal Council amended Bylaw 8621 to change the name of the Kingsway BRZ to Kingsway District Association (the "Association").

On December 13, 2016, the City of Edmonton Municipal Council passed Bylaw 17780 to change the name, Business Revitalization Zone (BRZ), to Business Improvement Area (BIA).

The Association is a not-for-profit organization and is exempt from income taxes.

2. Accounting Policies

(a) Basis Of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue Recognition

The Association recognizes revenues on the accrual basis of accounting. The Business Improvement Area levy which is paid in quarterly installments during the calendar year is recognized when receivable. Other revenue is recognized when earned.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposits and cheques issued and outstanding at year end.

(d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the following methods and annual rates.

Computer	30% declining balance
Equipment	20% declining balance

KINGSWAY DISTRICT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Accounting Policies - continued

(e) Measurement Uncertainty

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

(f) Financial Instruments

The Association initially measures its financial assets and liabilities at fair value, except for related party transactions which are measured at the exchange amount. The Association subsequently measures its financial assets and liabilities at cost. Financial assets include cash and accounts receivables. Financial liabilities include accounts payables and accrued liabilities.

(g) Statement Of Cash Flows

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

3. Equipment

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 9,077	\$ 8,569	\$ 508	\$ 727
Equipment	8,078	7,538	540	675
	<u>\$ 17,155</u>	<u>\$ 16,107</u>	<u>\$ 1,048</u>	<u>\$ 1,402</u>

4. Lease Commitment

The Association leases office space for a term expiring on December 31, 2022. The minimum annual lease payments (exclusive of occupancy charges) are \$33,233.

KINGSWAY DISTRICT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. Programs And Projects

During the year, the Association expended funds related to the following programs and projects:

	2020	2019
Advertising and marketing	\$ 25,085	\$ 30,845
Kingsway enhancement	24,525	29,034
Events	11,005	56,397
	\$ 60,615	\$ 116,276

6. Financial Assets And Liabilities

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include liquidity risk.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations associated with its financial liabilities. Cash flow from the Business Improvement Area levy provides a substantial portion of the Association's cash requirements. The Association also has excess cash should it be required to meet temporary fluctuations in cash requirements.

7. Subsequent Event

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (Covid-19) as a global pandemic, which continues to spread in Canada and around the world. Organizations and businesses are being forced to limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines and social distancing have triggered significant disruptions to businesses. The short and long-term impact is unknown at this time.

Management is uncertain of the effects of these changes on its financial statements. The overall effect of these events on the Association and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.