

THE CROSSROADS BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2021

THE CROSSROADS BUSINESS IMPROVEMENT AREA

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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Crossroads Business Improvement Area

Opinion

We have audited the financial statements of The Crossroads Business Improvement Area (the Association), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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 the Association as at December 31, 2021, 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.

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Independent Auditor's Report to the Members of The Crossroads Business Improvement Area
(continued)

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.

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Independent Auditor's Report to the Members of The Crossroads Business Improvement Area
(continued)

Gadowsky & Associates LLP

Gadowsky & Associates LLP
Chartered Professional Accountants

Edmonton, Alberta
April 13, 2022

THE CROSSROADS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021

	2021	2020
Assets		
Current		
Cash and bank (Note 3)	\$ 178,474	\$ 181,379
Short-term investments (Note 4)	62,070	61,718
GST rebate	575	437
Prepaid expenses	410	-
	241,529	243,534
Capital assets (Note 5)	927	2,059
Servus membership equity	2,640	2,510
	\$ 245,096	\$ 248,103
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 3,902	\$ 10,646
Wages payable	4,100	-
Employee deductions payable	-	4,243
Deferred contributions (Note 6)	32,000	32,000
	40,002	46,889
Net Assets		
Unrestricted	204,167	199,155
Invested in capital assets	927	2,059
	205,094	201,214
	\$ 245,096	\$ 248,103

On behalf of the Board

Marc Tellier Director

Bob Pringle Director

THE CROSSROADS BUSINESS IMPROVEMENT AREA**Statement of Revenues and Expenditures****Year Ended December 31, 2021**

	2021	2020
Revenues		
City of Edmonton levy <i>(Note 8)</i>	\$ 128,000	\$ 160,000
Donations in kind <i>(Note 9)</i>	3,360	3,360
Grants	500	-
	131,860	163,360
Expenses		
Salaries and wages	\$ 87,130	\$ 63,369
Flower barrels	14,967	10,182
Advertising and promotion	9,774	84
Office	4,936	2,686
Rental <i>(Note 9)</i>	3,360	3,360
Professional fees	3,296	7,639
Telephone	1,573	3,969
Amortization	1,132	1,482
Insurance	1,039	1,069
Interest and bank charges	735	231
Employee benefits	519	-
Board and meeting expense	-	844
Consulting fees	-	3,000
Special events	-	802
Travel	-	444
	128,461	99,161
Excess of revenues over expenses from operations	3,399	64,199
Interest income	481	1,144
Excess of revenues over expenses	\$ 3,880	\$ 65,343

See notes to financial statements

THE CROSSROADS BUSINESS IMPROVEMENT AREA**Statement of Changes in Net Assets****Year Ended December 31, 2021**

	Unrestricted		Invested in Capital Assets		2021	2020		
Net assets - beginning of year	\$	199,155	\$	2,059	\$	201,214	\$	135,871
Excess of revenues over expenses		5,012		(1,132)		3,880		65,343
Net assets - end of year	\$	204,167	\$	927	\$	205,094	\$	201,214

See notes to financial statements

THE CROSSROADS BUSINESS IMPROVEMENT AREA**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 3,880	\$ 65,343
Item not affecting cash:		
Amortization of capital assets	1,132	1,482
	5,012	66,825
Changes in non-cash working capital:		
GST rebate	(138)	260
Prepaid expenses	(410)	-
Accounts payable and accrued liabilities	(6,744)	(3,994)
Wages payable	4,100	-
Employee deductions payable	(4,243)	2,393
Deferred contributions	-	(8,000)
	(7,435)	(9,341)
Cash flow from (used by) operating activities	(2,423)	57,484
Investing activities		
Purchase of capital assets	-	(1,693)
Servus membership equity	(130)	(117)
Cash flow used by investing activities	(130)	(1,810)
Increase (decrease) in cash flow	(2,553)	55,674
Cash - beginning of year	243,097	187,423
Cash - end of year	\$ 240,544	\$ 243,097
Cash flows supplementary information		
Interest received	\$ (481)	\$ (1,144)
Interest paid	\$ 733	\$ 231

See notes to financial statements

THE CROSSROADS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

1. Business nature

The Crossroads Business Improvement Area (the "Association") is a not-for-profit organization of Alberta. The Association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Association was established on February 8, 1995 as a corporation pursuant to Section 51(2) of the Municipal Government Act under Bylaw 18181 and operates as a committee of the Edmonton City Council.

The Association's purpose is to develop programs to promote business and to improve and to maintain lands and structures in the The Crossroads Business Improvements Area in the City of Edmonton.

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.

Revenue recognition

The Crossroads Business Improvement Area 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.

Funding from the City of Edmonton from the business revitalization zone levies are recognized as revenue in the period to which they relate.

Donations-in-kind

Donations-in-kind are recorded at their fair market value at the time of the donation. During the year, \$3,360 in office space was donated-in kind (2020 - \$3,360).

Cash and cash equivalents

Cash and cash equivalents, includes cash and short-term investments.

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THE CROSSROADS BUSINESS IMPROVEMENT AREA**Notes to Financial Statements****Year Ended December 31, 2021**

2. Summary of significant accounting policies (continued)Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55% declining balance method
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The Association regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments subsequently measured at amortized cost include cash, short-term investments, accounts payable, and accrued liabilities.

Financial instruments subsequently measured at cost include Servus membership equity.

Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are recognized in the statement of income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. If there is an indication of impairment, and the Association determines that a significant adverse change has occurred in the expected timing or amounts of future cash flows from the asset, a write-down is recognized in net surplus in the fiscal year. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

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THE CROSSROADS BUSINESS IMPROVEMENT AREA**Notes to Financial Statements****Year Ended December 31, 2021****2. Summary of significant accounting policies (continued)**Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known.

Items subject to significant management estimates include useful life of capital assets, accrued liabilities and gain (loss) on non-monetary transactions. Actual results could differ from these estimates.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value of their services, contributed services are not recognized in the financial statements.

3. Cash and bank

	2021	2020
Cash and bank	\$ 178,474	\$ 181,379
Short-term investments	62,070	61,718
	\$ 240,544	\$ 243,097

4. Short-term investments

	2021	2020
GIC investments	\$ 61,973	\$ 61,299
Interest accrued	96	419
	\$ 62,069	\$ 61,718

Short-term investments consist of a one year redeemable GIC certificate of deposit, which will mature within the subsequent year, established in accordance with the Association's investment policy. The investment interest rate is 0.25% and the maturity date is May 18, 2022.

The interest accrued for the period May 19, 2021 to December 31, 2021 was \$96 (2020 - \$419).

THE CROSSROADS BUSINESS IMPROVEMENT AREA**Notes to Financial Statements****Year Ended December 31, 2021****5. Capital assets**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 4,242	\$ 3,315	\$ 927	\$ 2,059

6. Deferred contributions

	2021	2020
<u>City of Edmonton Levy</u>		
Balance, beginning of the year	\$ 32,000	\$ 40,000
Amounts received during the year	128,000	152,000
Amounts recognized as revenue in the year	(128,000)	(160,000)
	\$ 32,000	\$ 32,000

Deferred contributions are funds received for the first quarter of the following year. Deferred contributions for 2021 are \$32,000 (2020 - \$32,000).

7. Financial instruments

The Association's financial instruments consist of cash, short-term investments, accounts payable and accrued liabilities. The carrying value of these financial instruments approximate their fair value unless otherwise noted.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant risks arising from these financial instruments.

8. Economic dependence

The ongoing operations of the Association depend primarily on the continuation of municipal tax levy funding through the City of Edmonton. Revenue received represents 97% (2020 - 98%) of the Association's total revenue.

9. Non-monetary transaction

During the year, the Association provided beautification services to an organization in exchange for rent. These transactions are accounted for at the fair value of services received, being \$3,360 (2020 - \$3,360).

THE CROSSROADS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

10. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.


Certificate Of Completion

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Marc Tellier marc.tellier@edmontontirecraft.ca Security Level: .Email ID: 31897faf-5dab-414d-acfa-14b9caaace8 4/14/2022 9:00:41 AM		Sent: 4/14/2022 8:27:21 AM Viewed: 4/14/2022 9:00:47 AM Signed: 4/14/2022 9:01:39 AM
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Payment Events	Status	Timestamps
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