

**STONY PLAIN ROAD AND AREA
BUSINESS REVITALIZATION ZONE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Directors of

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

To the directors of **Stony Plain Road and Area Business Revitalization Zone**

Qualified Opinion

We have audited the accompanying financial statements of **Stony Plain Road and Area Business Revitalization Zone**, which comprise the statement of financial position as at December 31, 2021 and the statements of operations, statement of changes in net assets 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, except for the effects of the matter described in *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of **Stony Plain Road and Area Business Revitalization Zone** as at December 31, 2021, 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 Qualified Opinion

In common with many not-for-profit organizations, **Stony Plain Road and Area Business Revitalization Zone** derives revenue from fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of **Stony Plain Road and Area Business Revitalization Zone**. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations or fundraising, excess of revenue over expenses, cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of **Stony Plain Road and Area Business Revitalization Zone** 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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 **Stony Plain Road and Area Business Revitalization Zone'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 **Stony Plain Road and Area Business Revitalization Zone** or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing **Stony Plain Road and Area Business Revitalization Zone's** financial reporting process.

Auditors' 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 auditors' 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 audit 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 judgement and maintain a 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 resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 **Stony Plain Road and Area Business Revitalization Zone'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 cause significant doubt on **Stony Plain Road and Area Business Revitalization Zone's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause **Stony Plain Road and Area Business Revitalization Zone** 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
March 28, 2022

SVS Group LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 264,573	\$ 302,894
Accounts receivable (Note 3)	17,694	6,291
Prepaid expenses	-	955
	<u>282,267</u>	<u>310,140</u>
INVESTMENTS (Note 4)	<u>422,376</u>	<u>318,794</u>
	<u>\$ 704,643</u>	<u>\$ 628,934</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,617	\$ 4,631
Deferred revenue (Note 5)	104,993	92,288
	<u>106,610</u>	<u>96,919</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	431,254	365,236
CAPITAL RESERVE (Note 11)	<u>166,779</u>	<u>166,779</u>
	<u>598,033</u>	<u>532,015</u>
	<u>\$ 704,643</u>	<u>\$ 628,934</u>

APPROVED ON BEHALF OF THE BOARD:


_____ Director


_____ Director

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	Unrestricted Net Assets	Capital Reserve
NET ASSETS, beginning of year	\$ 365,236	\$ 166,779
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	66,018	-
NET ASSETS, end of year,	\$ 431,254	\$ 166,779
	\$ 532,015	\$ 403,198
	66,018	128,817
	\$ 598,033	\$ 532,015



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Special levy	\$ 262,183	\$ 262,183
Grants (Note 10)	27,671	49,248
Other income, reimbursements and donations	-	5,956
Advertising - SPANN	2,797	3,202
	<u>292,651</u>	<u>320,589</u>
EXPENSES		
Advertising and promotion	22,703	27,279
Consultant fees	700	1,639
Equipment purchases	-	1,050
Insurance	1,289	1,069
Meetings	1,163	415
Office supplies	2,208	1,072
Professional development	886	725
Professional fees	3,200	2,850
Program costs - flower baskets and street cleaning	34,906	34,029
Program costs - special events	8,795	100
Salaries and benefits	142,038	109,285
Rent and storage	11,898	11,453
Telephone	1,594	1,435
Website	1,105	-
	<u>232,485</u>	<u>192,401</u>
INCOME FROM OPERATIONS	60,166	128,188
INTEREST INCOME	5,852	629
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 66,018	\$ 128,817

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from special levy and other income	\$ 293,905	\$ 315,066
Cash paid to suppliers and contractors	(234,496)	(190,361)
Interest received	5,852	629
	<u>65,261</u>	<u>125,334</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of investments	(50,000)	(200,000)
	<u>15,261</u>	<u>(74,666)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	15,261	(74,666)
CASH, beginning of year	421,688	496,354
CASH, end of year	\$ 436,949	\$ 421,688
REPRESENTED BY		
Cash	\$ 264,573	\$ 302,894
T-Bill savings account (Note 4)	172,376	118,794
	<u>\$ 436,949</u>	<u>\$ 421,688</u>

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

The City of Edmonton Bylaw 14125 established a business revitalization zone located within the area bounded by 140 Street and 170 Street and 100 Avenue and 102 Avenue, centred along Stony Plain Road. The Association was established as a result of the bylaw with the purpose to improve, beautify and maintain the property and to develop, improve and maintain public parking and to promote the zone as a business and shopping district.

The Stony Plain Road and Area Business Revitalization Zone is a not-for-profit organization and accordingly, no provision for corporate taxes has been provided for in the financial statements, pursuant to paragraph 149(1)(l) of the Income Tax Act, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Use of Estimates

The preparation of private sector not-for-profit 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Estimated life of property and equipment and inventory valuation, if applicable, are the most significant items that involve the use of estimates.

(b) Financial Instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association's financial assets such as marketable securities, if any, are measured at fair market value.

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 income.

Transaction costs

The Association recognizes its transaction costs, if any, in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) Investments

The Guaranteed Investment Certificates and T-Bill savings account are valued on an aggregate basis at fair market value.

(d) Unrestricted Net Assets

Unrestricted net assets represent the cumulative excess of special levies and interest income over expenditures.

(e) Capital Assets

Capital assets are expensed in the year they are acquired.

(f) Capital Reserve

The Capital Reserve is internally restricted funds that are earmarked for future program and projects in accordance with the bylaws.

(g) Revenue Recognition

Revenue is recognized when due in accordance with the special levy program established by the City of Edmonton.

Grant revenue is recognized upon receipt.

(h) Contributed Services

Volunteers contribute time each year to aid the Stony Plain Road and Area Business Revitalization Zone in carrying out its activities. Due to the difficulty in determining the fair value of these services, the financial value of contributed services is not recognized in these financial statements.

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and Cash Equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including investments in T-Bill savings account.

3. ACCOUNTS RECEIVABLES

	2021	2020
Grant receivable	\$ 13,876	\$ -
Goods and Services Tax rebate	3,818	3,497
Canadian Emergency Wage Subsidy	-	2,371
Advertising receivable	-	423
	<u>\$ 17,694</u>	<u>\$ 6,291</u>

4. INVESTMENTS

	2021	2020
Guaranteed Investment Certificate (GIC)	\$ 250,000	\$ 200,000
T-Bill Savings Account	172,376	118,794
	<u>\$ 422,376</u>	<u>\$ 318,794</u>

Interest on the T-Bill savings account is paid monthly based on the bank's rate and GICs with an interest rate of 1.14% maturing January and April 2022.

5. DEFERRED REVENUE

	2021	2020
Deferred grant revenue, opening balance	\$ 92,288	\$ 93,046
2021/2022 Levy	65,454	65,545
Deferred grant revenue - SPANN	6,743	16,743
Deferred grant revenue - Store Front Cinemas	10,000	10,000
Deferred grant revenue - Mural Project	19,000	-
Deferred grant revenue expended	<u>(88,492)</u>	<u>(93,046)</u>
	<u>\$ 104,993</u>	<u>\$ 92,288</u>

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

6. COMMITMENTS

The Association has an operating lease for its premises for \$9,551 gross rent from November 1, 2018 to December 31, 2022.

The minimum annual lease payment for the next year is \$12,059.

7. ECONOMIC DEPENDENCE

The Association is economically dependent on the City of Edmonton as it provides over 93% of its revenue (2020: 98%).

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments without being exposed to concentrations of risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to accounts receivable. The Association provides credit to its members and clients in the normal course of operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk and price risk. The Association is mainly exposed to price risk.

9. CAPITAL MANAGEMENT

The Association's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide services to revitalize the community and to ensure their expenditures are matched to the appropriate level of services that are provided.

The Association manages capital by ensuring it is able to meet its current liabilities with their current assets.

	<u>2021</u>	<u>2020</u>
Current assets	\$ 282,267	\$ 310,140
Less current liabilities	<u>(106,610)</u>	<u>(96,918)</u>
Net working capital	<u>\$ 388,877</u>	<u>\$ 407,058</u>

The Association continues to meet its capital management objectives.

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

10. GRANT REVENUE

	<u>2021</u>	<u>2020</u>
Revitalization Grant	\$ 10,000	\$ 37,500
Employment Grant	17,671	9,377
Temporary Wage Subsidy (Note 12)	-	2,371
	<u>\$ 27,671</u>	<u>\$ 49,248</u>

11. CAPITAL RESERVE

In providing clarity to the Capital Reserve and the in line with the intent of the Capital Reserve policy that the funds be earmarked for future programs and projects in accordance with the bylaws, the Board of Directors have designated \$100,000 of the reserve towards post LRT branding and the remaining \$66,779 to be designated towards complimentary programming.

12. GOVERNMENT ASSISTANCE

During the prior year, the Association has took advantage of a Federal COVID-19 assistance program: The Temporary Wage Subsidy (TWS) and has applied for \$2,371 of TWS which has been included in Grant revenue.
