

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
AND
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

INDEPENDENT AUDITOR'S REPORT

To the Members of **Northwest Industrial Business Association**:

Opinion

We have audited the financial statements of **Northwest Industrial Business Association** (the Entity), which consist of the statement of financial position at December 31, 2021, and statements of changes in net assets, operations and 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 Entity 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 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 Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
April 6, 2022

 Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash.....	\$123,197	\$ 70,358
Guaranteed investment certificates.....	19,654	44,758
Goods and services tax recoverable.....	<u>9,165</u>	<u>10,869</u>
TOTAL.....	<u>\$152,016</u>	<u>\$125,985</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 12,712	\$ 14,561
Deferred revenue - City of Edmonton.....	<u>53,097</u>	<u>53,097</u>
Total current liabilities.....	65,809	67,658
NET ASSETS - unrestricted.....	<u>86,207</u>	<u>58,327</u>
TOTAL.....	<u>\$152,016</u>	<u>\$125,985</u>

Approved by the Board:

_____ Director

_____ Director

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE:		
Business revitalization zone levy.....	\$212,386	\$212,386
Interest.....	<u>578</u>	<u>1,415</u>
Total revenue	<u>212,964</u>	<u>213,801</u>
EXPENSES:		
Bank charges	99	251
Insurance	1,229	1,069
Management services	28,440	26,070
Newsletter	4,047	1,674
Office.....	2,625	507
Professional fees.....	3,000	3,000
Project support	1,460	730
Promotion.....	1,443	2,855
Security	142,442	182,110
Telephone	<u>299</u>	<u>449</u>
Total expenses	<u>185,084</u>	<u>218,715</u>
EXCESS OF REVENUE (EXPENSES) FOR THE YEAR	27,880	(4,914)
NET ASSETS AT BEGINNING OF THE YEAR	<u>58,327</u>	<u>63,241</u>
NET ASSETS AT END OF THE YEAR.....	<u>\$ 86,207</u>	<u>\$ 58,327</u>

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of revenue (expenses) for the year	\$ 27,880	\$ (4,914)
Increase (decrease) in non-cash working capital balances related to operations:		
Goods and services tax recoverable	1,704	1,043
Accounts payable and accrued liabilities	(1,849)	(5,440)
Deferred revenue	<u>-</u>	<u>1</u>
Net cash from (used in) operating activities.....	<u>27,735</u>	<u>(9,310)</u>
INVESTING ACTIVITIES:		
Purchase of guaranteed investment certificates.....	-	(40,758)
Redemption of guaranteed investment certificates	<u>25,104</u>	<u>48,352</u>
Net cash from investing activities	<u>25,104</u>	<u>7,594</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	52,839	(1,716)
CASH AT BEGINNING OF THE YEAR.....	<u>70,358</u>	<u>72,074</u>
CASH AT END OF THE YEAR	<u>\$123,197</u>	<u>\$ 70,358</u>

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. PURPOSE OF THE ASSOCIATION:

The Association is established under Section 50 of the Municipal Government Act and the Business Revitalization Zone Regulation, as a not-for-profit organization without share capital. The Association's primary purpose is to:

- a) improve, beautify and maintain property in the Zone
- b) develop, improve and maintain public parking in the Zone
- c) promote the Zone as a business or shopping district.

2. ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are as follows:

Revenue:

Business revitalization zone levy is recognized as revenue in the period to which it relates.

Donation of services:

The work of the Association is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Guaranteed investment certificates:

Guaranteed investment certificates are stated at cost.

Equipment:

The Association expenses equipment in the year of acquisition. Equipment purchases totaling \$3,657 have been expensed since the Association was established.

Financial instruments:

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

The Association's financial instruments measured at amortized cost consists of cash, guaranteed investment certificates and accounts payable and accrued liabilities.

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. ACCOUNTING POLICIES (continued):

Financial instruments (continued):

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. Any 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 of impairment recognized previously. The amount of the reversal is recognized in net income.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash.

Use of estimates:

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed annually and adjustments are made to income as appropriate in the year they become known.

3. ECONOMIC DEPENDENCE:

The Association receives funding from a business revitalization zone levy that is part of taxes assessed by the City of Edmonton for all businesses in the zone. The Association's ability to continue operations in a manner similar to present operations is dependant on continuing to receive this revenue.

4. INCOME TAX STATUS:

The Association is an exempt organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. FINANCIAL INSTRUMENTS:

The Association is exposed to risk on certain financial instruments as follows:

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on guaranteed investment certificates. The fixed-rate instruments subject the Association to a fair value risk.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

NORTHWEST INDUSTRIAL BUSINESS ASSOCIATION

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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
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Approved by the Board:

E. W. Stahl Director

J. M. M. M. Director