

FRENCH QUARTER BUSINESS IMPROVEMENT AREA

Financial Statements

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of French Quarter Business Improvement Area

Opinion

We have audited the financial statements of French Quarter Business Improvement Area (the Association), which comprise the statement of financial position as at December 31, 2021, 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 the Association 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 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 those 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 relating 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

(continues)

Independent Auditor's Report to the Members of French Quarter Business Improvement Area *(continued)*

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.

King + Company

Edmonton, AB
April 6, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

FRENCH QUARTER BUSINESS IMPROVEMENT AREA
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 2)	\$ 53,674	\$ 40,603
Accounts receivable	-	82,383
Prepaid expenses	-	2,086
	<u>53,674</u>	<u>125,072</u>
EQUIPMENT AND WEBSITE (Note 3)	<u>113,107</u>	<u>94,180</u>
	\$ 166,781	\$ 219,252
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 12,424	\$ 7,673
Deferred revenue (Note 5)	41,737	33,000
	<u>54,161</u>	<u>40,673</u>
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND WEBSITE (Note 6)	<u>65,466</u>	<u>83,866</u>
	<u>119,627</u>	<u>124,539</u>
COMMITMENTS (Note 7)		
NET ASSETS		
Invested in equipment and website	47,641	26,314
Unrestricted (deficiency)	(487)	68,399
	<u>47,154</u>	<u>94,713</u>
	\$ 166,781	\$ 219,252

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

FRENCH QUARTER BUSINESS IMPROVEMENT AREA**Statement of Operations**

Year Ended December 31, 2021

	Budget 2021	Total 2021	Total 2020
REVENUE			
Levies	\$ 132,000	\$ 132,268	\$ 165,124
Amortization of deferred contribution related to equipment and website <i>(Note 6)</i>	-	18,400	1,134
Other	80,000	11,922	-
	<u>212,000</u>	<u>162,590</u>	<u>166,258</u>
EXPENSES			
Salaries and benefits	113,400	115,658	86,210
Amortization of equipment and website	-	31,835	12,735
Office	51,050	25,369	10,714
Rent	14,612	16,932	14,534
Street beautification	10,000	6,111	215
Professional fees	8,000	5,800	8,199
Advertising and promotion	2,000	4,364	15,348
Insurance	1,200	1,229	1,069
Board	2,000	1,096	3,049
Telephone	1,500	1,078	1,063
Travel	3,000	677	145
	<u>206,762</u>	<u>210,149</u>	<u>153,281</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 5,238</u>	<u>\$ (47,559)</u>	<u>\$ 12,977</u>

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

	Invested in Equipment and Website	Unrestricted (Deficiency)	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 26,314	\$ 68,399	\$ 94,713	\$ 81,736
Excess (deficiency) of revenue over expenses	(13,435)	(34,124)	(47,559)	12,977
Purchase of equipment and website, net	34,762	(34,762)	-	-
NET ASSETS - END OF YEAR	<u>\$ 47,641</u>	<u>\$ (487)</u>	<u>\$ 47,154</u>	<u>\$ 94,713</u>

FRENCH QUARTER BUSINESS IMPROVEMENT AREA**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from levies	\$ 211,393	\$ 81,874
Cash receipts from expense recoveries and other	16,534	-
Cash paid to suppliers and employees	<u>(169,094)</u>	<u>(139,824)</u>
Cash flow from operating activities	<u>58,833</u>	<u>(57,950)</u>
FINANCING AND INVESTING ACTIVITIES		
Proceeds received for purchase of equipment and website	5,000	80,000
Purchase of equipment and website	<u>(50,762)</u>	<u>(81,608)</u>
Cash flow used by financing and investing activities	<u>(45,762)</u>	<u>(1,608)</u>
INCREASE (DECREASE) IN CASH FLOW	13,071	(59,558)
CASH - BEGINNING OF YEAR	<u>40,603</u>	<u>100,161</u>
CASH - END OF YEAR	<u>\$ 53,674</u>	<u>\$ 40,603</u>

FRENCH QUARTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

NATURE OF OPERATIONS

In October 2012, Edmonton City Council passed bylaw 16219 establishing the French Quarter Business Revitalization Zone and incorporating the French Quarter Business Improvement Area.

The goal is to create a walkable, trendy district whereby the association can further promote local businesses and services while continuing to cultivate the area as a preferred destination to live, shop, work and play.

The association is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue Recognition

The association 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 and other income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial Instruments

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.

Cash

Cash is comprised of cash held in Canadian financial institutions.

Equipment and Website

The equipment and website are stated at cost less accumulated amortization and are being amortized on a straight-line basis over their estimated useful lives of five years.

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. Actual results could differ from these estimates.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

FRENCH QUARTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

2. CASH

	2021	2020
Unrestricted cash	\$ 53,674	\$ 24,603
Restricted cash for equipment and website	-	16,000
	<u>\$ 53,674</u>	<u>\$ 40,603</u>

3. EQUIPMENT AND WEBSITE

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 3,261	\$ 1,199	\$ 2,062	\$ 2,714
Computer software	4,762	1,191	3,571	-
Leasehold improvements	9,347	3,201	6,146	8,015
Equipment	48,615	42,753	5,862	15,585
Website	121,463	25,997	95,466	67,866
	<u>\$ 187,448</u>	<u>\$ 74,341</u>	<u>\$ 113,107</u>	<u>\$ 94,180</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Operating	\$ 6,402	\$ 4,501
Government remittances	4,678	3,172
Vacation Payable	1,344	-
	<u>\$ 12,424</u>	<u>\$ 7,673</u>

5. DEFERRED REVENUE

Deferred revenue represents revenues received related to a subsequent period and will be recognized as revenue in the subsequent period to which the revenues apply.

	2021	2020
Deferred levies	\$ 37,125	\$ 33,000
Grants	4,612	-
	<u>\$ 41,737</u>	<u>\$ 33,000</u>

FRENCH QUARTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2021

6. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT AND WEBSITE

Deferred contributions related to equipment and website represent restricted funding for the purchase of equipment and website. The following is a summary of the changes for the year:

	2021	2020
Balance, beginning of year	\$ 83,866	\$ -
Contributions received	-	85,000
Recognized as revenue	(18,400)	(1,134)
Balance, end of year	<u>\$ 65,466</u>	<u>\$ 83,866</u>

7. COMMITMENTS

Lease Commitment

The association is committed under an operating lease for premises to the following base rents plus estimated operating costs as defined in the lease:

2022	\$ 14,712
2023	14,712
2024	14,712
2025	<u>3,678</u>
	<u>\$ 47,814</u>

8. FINANCIAL INSTRUMENTS

The association, as part of its operations, carries financial instruments. It is management's opinion that the association is not exposed to any significant risks arising from these financial instruments.

9. COMPARATIVE FIGURES

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