

124 STREET AND AREA BUSINESS ASSOCIATION

Financial Statements

Year Ended December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of 124 Street and Area Business Association

Opinion

We have audited the financial statements of 124 Street and Area Business Association (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenues and expenditures 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 organization 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

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Independent Auditor's Report to the To the Members of 124 Street and Area Business Association
(continued)

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 organization'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 organization'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 organization 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
April 13, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS

124 STREET AND AREA BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 384,331	\$ 311,764
GST Receivable	5,849	6,665
Accounts receivable	10,236	-
Inventory	2,565	3,323
	<u>\$ 402,981</u>	<u>\$ 321,752</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 21,602	\$ 12,099
Deferred income (Note 4)	144,818	63,250
	166,420	75,349
NET ASSETS	<u>236,561</u>	<u>246,403</u>
	<u>\$ 402,981</u>	<u>\$ 321,752</u>

ON BEHALF OF THE BOARD

K Cromwell Director

[Signature] Director

See notes to financial statements

124 STREET AND AREA BUSINESS ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 246,403	\$ 165,502
Deficiency of revenue over expenses	<u>(9,842)</u>	<u>80,901</u>
NET ASSETS - END OF YEAR	<u>\$ 236,561</u>	<u>\$ 246,403</u>

See notes to financial statements

124 STREET AND AREA BUSINESS ASSOCIATION

Statement of Revenues and Expenditures

Year Ended December 31, 2021

	2021	2020
REVENUE		
City of Edmonton BIA Levy <i>(Note 4)</i>	\$ 253,000	\$ 324,000
All is Bright <i>(Note 7)</i>	74,151	800
Grants <i>(Notes 4, 5)</i>	5,690	-
Sponsorship	5,000	-
Government of Canada Summer Student Grant	4,195	-
Interest	627	729
	<u>342,663</u>	<u>325,529</u>
EXPENSES		
Salaries and wages	143,158	116,800
All is Bright <i>(Note 9)</i>	65,641	(129)
Marketing and special events <i>(Note 10)</i>	57,791	63,356
Streetscaping and beautification <i>(Note 8)</i>	27,899	14,070
Rental	20,366	20,366
Professional fees	13,486	20,773
Lighting project <i>(Note 5)</i>	11,380	-
Office	7,007	3,504
Phone, internet, computer	2,407	3,258
Insurance	1,767	1,536
Member relations	1,087	728
Bank charges	299	308
Meetings	217	58
	<u>352,505</u>	<u>244,628</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (9,842)</u>	<u>\$ 80,901</u>

See notes to financial statements

124 STREET AND AREA BUSINESS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (9,842)	\$ 80,901
Changes in non-cash working capital:		
Accounts receivable	(9,421)	264
Inventory	758	1,924
Accounts payable and accrued liabilities	9,504	(4,665)
Deferred income	81,568	(17,750)
	<u>82,409</u>	<u>(20,227)</u>
INCREASE IN CASH FLOW	72,567	60,674
Cash - beginning of year	<u>311,764</u>	<u>251,090</u>
CASH - END OF YEAR	\$ 384,331	\$ 311,764
CASH CONSISTS OF:		
Cash	<u>\$ 384,331</u>	<u>\$ 311,764</u>

See notes to financial statements

124 STREET AND AREA BUSINESS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

1. DESCRIPTION OF OPERATIONS

124 Street and Area Business Improvement Area ("the Association") was established to create a vibrant and prosperous business community for 124 Street and Area Business Improvement Area members through member support and involvement, strategic planning and monitoring and area marketing and promotion. The Association receives the majority of its revenue from the business improvement area levy administered by the City of Edmonton on behalf of the Association.

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 (ASNFPO).

Cash

Cash and cash equivalents consist primarily of cash on hand less outstanding cheques. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from these estimates.

Equipment

Equipment acquired by the Association is expensed in the year purchased.

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124 STREET AND AREA BUSINESS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

- a) The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized in the statement of operations in the year in which the related expenditures 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.
- b) Interest income is recognized as revenue when earned.
- c) City of Edmonton BIA Levy All is Bright, grants, sponsorship and Government of Canada Summer Student Grant income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Income Taxes

The Association of Edmonton is affiliated with The City of Edmonton and, as a result, is exempt from income tax.

Statement of cash flows

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

3. ACCOUNTS PAYABLE

Included in accounts payable is \$4,939 (2020 - \$2,614) to Canada Revenue Agency for December 2021 source deductions.

4. DEFERRED INCOME

	December 31, 2020	Received	Recognized as revenue	December 31, 2021
City of Edmonton BIA Levy	\$ 63,250	\$ 265,258	\$ 253,000	\$ 75,508
City of Edmonton - Business Association Stream Grant	-	75,000	5,690	69,310
	<u>\$ 63,250</u>	<u>\$ 340,258</u>	<u>\$ 258,690</u>	<u>\$ 144,818</u>

5. COMMITMENT - LIGHT CANOPY PROJECT

During the year the Association entered into a contract with the City of Edmonton for the Light Canopy Project to be completed in 2022. The total cost of the project is budgeted to be \$163,436. Pursuant to the contract, The City of Edmonton has agreed to provide grant funding of 50% or less of the total project cost to a maximum of \$75,000

During 2021, costs of \$11,380 were incurred and \$5,690 of grant income was recognized.

124 STREET AND AREA BUSINESS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

6. FINANCIAL INSTRUMENTS

The Association initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets and financial liabilities that are subsequently measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

In management's opinion, the Association is not exposed to significant interest rate, liquidity, foreign exchange or credit risk.

7. ALL IS BRIGHT INCOME

The All is Bright on 124 Festival is an one-day, free outdoor event that celebrates the coming of the winter season in Edmonton through light installations, art, live entertainment, and family programming.

	2021	2020
Sponsorship	\$ 43,200	\$ 800
City of Edmonton Arts Council Grant	15,400	-
City of Edmonton - Covid Relief	7,500	-
City of Edmonton - Winter City	4,500	-
Festival income	3,551	-
	<u>\$ 74,151</u>	<u>\$ 800</u>

8. STREETSCAPING AND BEAUTIFICATION EXPENSES

	2021	2020
Flower barrels	\$ 19,220	\$ 13,800
Discretionary	2,388	-
Maintenance	5,000	-
Sidewalk cleaning and landscaping	1,291	270
	<u>\$ 27,899</u>	<u>\$ 14,070</u>

9. ALL IS BRIGHT EXPENSES

	2021	2020
All is Bright - Equipment & Supplies (recovery)	\$ 41,546	\$ (211)
Entertainment	13,400	-
All is Bright - Permits	5,766	-
All is Bright - Marketing	2,570	-
Administration	1,391	82
All is Bright - Security/Contractors/Misc	968	-
	<u>\$ 65,641</u>	<u>\$ (129)</u>

124 STREET AND AREA BUSINESS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

10. MARKETING AND SPECIAL EVENTS EXPENSES

	<u>2021</u>	<u>2020</u>
Social Media & Marketing	\$ 17,540	\$ 37,944
All is Bright administration	15,000	-
Print	13,127	9,127
Marketing Discretionary	9,785	5,495
Website	1,100	-
Branding	758	1,924
Special Events	303	-
Member Relations	178	1,365
Community Newsletters	-	4,179
Digital Promotions	-	3,323
	<u>\$ 57,791</u>	<u>\$ 63,357</u>

11. COMMITMENT

The Association has entered into a lease agreement for office equipment which expires in March 2024.

The minimum lease payment until the end of the lease are as follows:

2022	\$ 1,480
2023	1,480
2024	<u>370</u>
	<u>\$ 3,330</u>

12. CAPITAL DISCLOSURES

The Association defines capital as the sum of unrestricted net assets and internally restricted net assets. In managing capital, the Association focuses on liquid resources available for operations. The Association's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

As at December 31, 2021, the Association has met its objective of having sufficient liquid resources to meet its current obligations.

13. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform with current year presentation.
