

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors of

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

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, 2016 and the statements of operations, statement of fine arts gala reserve, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain both audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Stony Plain Road and Area Business Revitalization Zone** as at December 31, 2016, its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.

Edmonton, Alberta
May 25, 2017

CHARTERED ACCOUNTANTS

STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 123,636	\$ 95,280
Accounts receivable (Note 4)	4,479	21,989
	<u>128,115</u>	<u>117,269</u>
INVESTMENTS (Note 3)	<u>215,136</u>	<u>214,580</u>
	<u>\$ 343,251</u>	<u>\$ 331,849</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,132	\$ 5,657
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>167,340</u>	<u>159,413</u>
CAPITAL RESERVE	<u>166,779</u>	<u>166,779</u>
	<u>334,119</u>	<u>326,192</u>
	<u>\$ 343,251</u>	<u>\$ 331,849</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, 2016

	2016		2015	
	Unrestricted Net Assets	Capital Reserve		
NET ASSETS , beginning of year	\$ 159,413	\$ 166,779	\$ 326,192	\$ 273,597
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	7,927	-	7,927	52,595
NET ASSETS , end of year	\$ 167,340	\$ 166,779	\$ 334,119	\$ 326,192



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Special levy	\$ 208,923	\$ 208,923
Grants	21,454	53,100
Other income and donations	194	6,150
	230,571	268,173
EXPENSES		
Advertising and promotion	26,829	1,764
Forums	1,951	2,240
Insurance	998	969
Meetings	1,670	1,520
Office supplies and equipment	1,828	1,953
Professional development	5,259	5,564
Professional fees	2,800	2,600
Program costs - flower baskets	12,149	35,822
Program costs - special events	29,427	36,684
Program costs - street cleaning	5,804	11,543
Salaries and benefits	113,182	90,151
Rent and storage	19,654	19,503
Utilities and telephone	2,521	2,610
Website development	245	240
	224,317	213,163
INCOME FROM OPERATIONS	6,254	55,010
INTEREST INCOME	1,673	869
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 7,927	\$ 55,879



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

FINE ARTS GALA RESERVE FOR THE YEAR ENDED DECEMBER 31, 2016

		2016	2015
REVENUE	\$	-	3,380
EXPENSES		-	6,664
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$	-	(3,284)



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from special levy and other income	\$ 227,191	\$ 268,172
Cash paid to suppliers and contractors	(199,952)	(223,864)
Interest received	1,673	869
	<hr/>	<hr/>
INCREASE IN CASH DURING THE YEAR	28,912	45,177
CASH, beginning of year	309,860	264,683
	<hr/>	<hr/>
CASH, end of year	\$ 338,772	\$ 309,860
	<hr/>	<hr/>
REPRESENTED BY		
Cash	\$ 123,636	\$ 95,280
Investments	215,136	214,580
	<hr/>	<hr/>
	\$ 338,772	\$ 309,860
	<hr/>	<hr/>



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. NATURE OF OPERATIONS

The City of Edmonton Bylaw 14125 established a business revitalization zone located within the area bounded by 140 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 generally accepted Accounting Standards for Private Sector 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 Private Sector 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.

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.



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial Instruments (continued)

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) Unrestricted Net Assets

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

(d) Capital and Fine Arts Gala Reserves

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

(e) 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.

(f) 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.

(g) 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 and guaranteed investment certificates that are not externally restricted.

3. INVESTMENTS

	<u>2016</u>	<u>2015</u>
T-bill savings account	<u>\$ 215,136</u>	<u>\$ 214,580</u>

Interest on the T-bill savings account is paid monthly based on the bank's rate.



STONY PLAIN ROAD AND AREA BUSINESS REVITALIZATION ZONE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

4. ACCOUNTS RECEIVABLE

	2016	2015
Trade	\$ -	\$ 3,380
Goods and Services Tax rebate	4,479	18,609
	\$ 4,479	\$ 21,989

5. COMMITMENTS

The Association has an operating lease for its premises for \$17,901 gross rent from November 1, 2012 to October 31, 2014 and \$19,503 gross rent from November 1, 2014 to October 31, 2016 and gross rent of \$20,414 from November 1, 2016 to October 31, 2017.

The minimum annual lease payments for the next year are: \$17,012

6. ECONOMIC DEPENDENCE

The Association is economically dependent on the City of Edmonton as it provides over 85% of its revenue.

7. 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 and notes 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.

