

CHINATOWN AND AREA BUSINESS ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

CHINATOWN AND AREA BUSINESS ASSOCIATION

FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors of
CHINATOWN AND AREA BUSINESS ASSOCIATION

We have audited the accompanying financial statements of **Chinatown and Area Business Association**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and 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 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 **Chinatown and Area Business Association** as at December 31, 2016 and 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
July 18, 2017

CHARTERED ACCOUNTANTS

CHINATOWN AND AREA BUSINESS ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 61,265	\$ 41,598
Accounts receivable	5,818	12,936
Prepaid expenses	6,153	829
	<u>\$ 73,236</u>	<u>\$ 55,363</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,251	\$ 2,250
NET ASSETS		
UNRESTRICTED NET ASSETS	<u>70,985</u>	<u>53,113</u>
	<u>\$ 73,236</u>	<u>\$ 55,363</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director



CHINATOWN AND AREA BUSINESS ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Donations and other income	\$ 6,359	\$ 5,628
Grant	13,092	26,124
Special levy	<u>120,000</u>	<u>120,000</u>
	139,451	151,752
EXPENSES		
Advertising and promotion	2,175	50
Bank charges and interest	90	357
Board meeting	1,936	2,354
Consultant fees	64,577	65,444
Insurance	995	944
Office supplies	2,871	2,897
Professional fees	2,800	2,700
Program expenditures - Age Friendly Community	-	2,703
Program expenditures - Flower Program	11,980	12,343
Program expenditures - Moonlight Carnival	6,714	-
Program expenditures - New Year's Celebrations	14,649	15,374
Program expenditures - Summer Market	-	27,594
Rent	10,800	9,388
Telephone	1,992	2,219
	<u>121,579</u>	<u>144,367</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	17,872	7,385
NET ASSETS , beginning of year	<u>53,113</u>	<u>45,728</u>
NET ASSETS , end of year	\$ 70,985	\$ 53,113



CHINATOWN AND AREA BUSINESS ASSOCIATION

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	\$ 139,451	\$ 144,695
Cash paid to suppliers and contractors	<u>(119,784)</u>	<u>(144,392)</u>
INCREASE IN CASH DURING THE YEAR	19,667	303
CASH, beginning of year	<u>41,598</u>	<u>41,295</u>
CASH, end of year	<u>\$ 61,265</u>	<u>\$ 41,598</u>



CHINATOWN AND AREA BUSINESS ASSOCIATION

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

1. NATURE OF OPERATIONS

The Association was established with the purpose to improve, beautify and maintain the area, to promote the zone as a business and shopping district and to act as a voice for the Community.

The Chinatown and Area Business Association 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 Private 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 and accounts receivable.

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

The Association's financial assets, if any, measured at fair value may include investments that are quoted shares.

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.



CHINATOWN AND AREA BUSINESS ASSOCIATION

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 Assets

The Association records capital assets as a current expense on the Statement of Operations and Changes in Net Assets. Any contributed assets in the year are recorded at a nominal value.

(e) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses 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.

(f) Contributed Services

Volunteers contribute time each year to aid the Association 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 bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to overdrawn.

3. COMMITMENTS

During the year, the Association renewed the operating lease for its premises at \$945 per month that will expire in May 2019.

The minimum annual lease payments for the next three years is as follows:

2017	\$	11,340
2018	\$	11,340
2019	\$	4,725



CHINATOWN AND AREA BUSINESS ASSOCIATION

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

4. ECONOMIC DEPENDENCE

The Association is economically dependent on the City of Edmonton as it provides 96% of its revenue.

5. FINANCIAL INSTRUMENTS

Risks and concentrations

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

Liquidity risk

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

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 prices including interest risk, price and demand risk. The Association is mainly exposed to price risk.

