

**124 STREET & AREA BUSINESS REVITALIZATION ZONE
ASSOCIATION OF EDMONTON
Financial Statements
Year Ended December 31, 2016**

INDEPENDENT AUDITOR'S REPORT

To the Members of 124 Street & Area Business Revitalization Zone Association of Edmonton

We have audited the accompanying financial statements of 124 Street & Area Business Revitalization Zone Association of Edmonton, which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, 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.

Auditor's 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 auditor's judgment, 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 auditor considers 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.

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Independent Auditor's Report to the Members of 124 Street & Area Business Revitalization Zone
Association of Edmonton (*continued*)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 124 Street & Area Business Revitalization Zone Association of Edmonton as at December 31, 2016 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.

Edmonton, Alberta

June 29, 2017


CHARTERED ACCOUNTANTS

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Statement of Financial Position

December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 181,974	\$ 101,896
Accounts receivable (Note 3)	11,139	26,985
Prepaid expenses	-	50,000
	<u>\$ 193,113</u>	<u>\$ 178,881</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 119,166	\$ 94,953
NET ASSETS	<u>73,947</u>	<u>83,928</u>
	<u>\$ 193,113</u>	<u>\$ 178,881</u>

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Statement of Changes in Net Assets

Year Ended December 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 83,928	\$ 104,883
Deficiency of revenue over expenses	<u>(9,981)</u>	<u>(20,955)</u>
NET ASSETS - END OF YEAR	<u>\$ 73,947</u>	<u>\$ 83,928</u>

See notes to financial statements

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Statement of Revenues and Expenditures

Year Ended December 31, 2016

	2016	2015
REVENUE		
City of Edmonton BRZ Levy	\$ 343,700	\$ 340,300
Westmount Community League	55,000	-
All is Bright (Note 6)	52,300	30,495
Interest	350	421
Other income	-	100
	<u>451,350</u>	<u>371,316</u>
EXPENSES		
Streetscaping and beautification (Note 7)	187,830	135,366
Salaries and wages	106,624	106,182
All is Bright (Note 8)	66,229	37,024
Marketing and special events (Note 9)	62,402	78,152
Rental	18,732	18,732
Member relations	5,990	3,387
Office	5,472	3,701
Professional fees	4,100	5,300
Insurance	1,449	1,434
Telephone	1,206	1,906
Meetings	1,158	1,000
Bank charges	139	87
	<u>461,331</u>	<u>392,271</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (9,981)</u>	<u>\$ (20,955)</u>

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Statement of Cash Flows

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (9,981)	\$ (20,955)
Changes in non-cash working capital:		
Accounts receivable	15,846	(19,472)
Accounts payable and accrued liabilities	24,213	89,407
Prepaid expenses	50,000	(50,000)
	<u>90,059</u>	<u>19,935</u>
INCREASE (DECREASE) IN CASH FLOW	80,078	(1,020)
Cash - beginning of year	<u>101,896</u>	<u>102,916</u>
CASH - END OF YEAR	\$ 181,974	\$ 101,896

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Notes to Financial Statements

Year Ended December 31, 2016

1. DESCRIPTION OF OPERATIONS

124 Street and Area Business Revitalization Zone Association ("the Association") of Edmonton was established to create a vibrant and prosperous business community for 124 Street & Area Business Revitalization Zone 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 revitalization zone 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 (ASNFPPO).

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.

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.

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 BRZ Levy, grant income and All is Bright income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Notes to Financial Statements

Year Ended December 31, 2016

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

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 RECEIVABLE

	<u>2016</u>	<u>2015</u>
GST recoverable	\$ 9,639	\$ 9,525
Other	1,650	1,460
The Groat Estates Residents Association	-	15,000
City of Edmonton	-	1,000
	<u>\$ 11,289</u>	<u>\$ 26,985</u>

4. ACCOUNTS PAYABLE

Included in accounts payable is \$88,853 payable to Epcor for decorative string lighting.

5. 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, foreign exchange or credit risk.

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Notes to Financial Statements

Year Ended December 31, 2016

6. ALL IS BRIGHT

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.

	<u>2016</u>	<u>2015</u>
The Groat Estates Residents Association	\$ 20,000	\$ -
Sponsorship	16,400	13,500
City of Edmonton Arts Council Grant	10,000	15,000
Festival income	5,900	1,995
	<u>\$ 52,300</u>	<u>\$ 30,495</u>

7. STREETSCAPING AND BEAUTIFICATION

	<u>2016</u>	<u>2015</u>
Park	\$ 144,255	\$ -
Flower barrels	32,394	38,670
Lighting	5,894	91,716
Sidewalk cleaning and landscaping	3,358	2,980
Discretionary	1,929	2,000
	<u>\$ 187,830</u>	<u>\$ 135,366</u>

8. ALL IS BRIGHT

	<u>2016</u>	<u>2015</u>
Equipment and Supplies	\$ 34,710	\$ 21,193
Administration	19,459	6,966
Entertainment	12,060	8,865
	<u>\$ 66,229</u>	<u>\$ 37,024</u>

124 STREET & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION OF EDMONTON

Notes to Financial Statements

Year Ended December 31, 2016

9. MARKETING AND SPECIAL EVENTS

	2016	2015
Social Media	\$ 55,774	\$ 55,000
Special Events	3,000	2,889
Community newsletter	2,068	1,599
Discretionary	1,560	3,862
Advertising	-	8,779
Nextfest Sponsorship	-	4,000
Website	-	2,024
	<u>\$ 62,402</u>	<u>\$ 78,152</u>

10. 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, 2016, the Association has met its objective of having sufficient liquid resources to meet its current obligations.

11. COMPARATIVE FIGURES

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