

DIFFERENT IS GOOD.

2022 ANNUAL REPORT





MESSAGE FROM THE CHAIR

DOWNTOWN



Looking back on 2022 has been a reminder of how far we've come in the recovery and renewal of our downtown since the heavy blows of 2020 and the COVID-19 pandemic hit downtowns across the globe. While we still have a long way to go, there is so much progress and positive momentum to reflect on.

Downtown Edmonton is the primary commercial hub of our city where investment, entrepreneurial innovation and job creation happens. It is the centre of diverse arts and cultural programming, it's a place where social change and transformation happens, and it's our city's economic engine. What happens here has ripple effects across the entire city. And so, throughout 2022 we continued to relentlessly advocate for the core and deliver on more high-impact programming than ever before.

A significant focus of the EDDBA team in 2022 was government relations and advocacy, and to great effect - seeing the Government of Alberta announcing an unprecedented \$5million investment directly into Edmonton Downtown's economic revitalization with \$1million of that funding delivered directly to the EDDBA, and Edmonton City Council making an annual \$5 million commitment to its Downtown Vibrancy Strategy over four years. There was also a dedicated team focus on maintaining and improving upon the new programs developed in 2021, such as Downtown Spark and the AI Fresco series on 104 street. Once again in 2022, our culture of innovation and impact also brought new initiatives to life - with the launch of our Edmonton Downtown Gift Card program, the transformation of two downtown alleyways into attractive walkways filled with art, and the delivery of a unique new Night Patrol service to support overnight community safety and crime prevention across the core.

As in previous years, these successes were made possible through the support and collaboration of many partners, including the City of Edmonton and the Government of Canada.

The EDDBA continues to focus on creating and promoting a remarkable, attractive downtown experience, and on generating value for our member businesses through our marketing and events programs. We've also broadened our strategic focus to better reflect our vision of an

inclusive and vibrant downtown. Today, the EDDBA is committed to serving as a leading voice and convening force in Downtown recovery, and to ensuring that the downtown community is active in solutions to systemic social issues.

Within our own sphere of influence, the Association made and kept measurable commitments to the advancement of diversity, equity and inclusion through investments in grassroots community organizations like the Black Owned Market and the Edmonton Queer History Project, and in the diverse composition of our staff team, our Board and Committees, and the artists and partners included in our programming and services.

What has sadly persisted in our downtown through 2022 are the ongoing challenges of community safety, cleanliness and maintenance in the public realm, and security and destruction of property. We continue to be deeply concerned about the impacts of these challenges on the long-term prosperity and social wellbeing of our city. This complex situation requires both immediate action and investment in long-term solutions. Creating a safe and inclusive community for all requires that every partner to be at the table, working together. At the EDDBA, we committed to doing our part.

While the challenges are real, our enthusiasm for building a thriving, equitable, inclusive and vibrant Downtown is undiminished. The Board is focused on driving the execution of our strategic plan, and grateful for the ongoing support of our member businesses and the City of Edmonton.

The achievements documented in this annual report would not have been possible without the dedicated work of our remarkable EDDBA staff team throughout 2022. It's thanks to their creativity, passion, and dedication to our downtown community that we're able to continue delivering a high level of value and impact.

Martin Kennedy
Chair
Edmonton Downtown Business Association

WHO WE ARE

The Edmonton Downtown Business Association (EDBA) is an independent body from the City of Edmonton and is responsible for the Edmonton Downtown Business Improvement Area (BIA).

As the lead convener, activator, and advocate shaping Downtown Edmonton's future, the EDBA works to support an evolving, inclusive, prosperous, and resilient Downtown economy rooted in a vibrant and remarkable Downtown experience.

STRATEGIC GOALS

From 2021-2023, the EDBA will focus and prioritize its work based on the following strategic priorities:

1 SERVING AS THE LEADING VOICE AND CONVENING FORCE IN DOWNTOWN RECOVERY

2 ENSURING THE DOWNTOWN COMMUNITY IS ACTIVE IN SOLUTIONS TO SYSTEMIC SOCIAL ISSUES

3 GENERATING CONTINUOUS SERVICE VALUE FOR MEMBERS

4 CREATING AND PROMOTING A REMARKABLE, ATTRACTIVE DOWNTOWN EXPERIENCE

The DBA respectfully acknowledges that we are located on Treaty 6 territory, a traditional gathering place for diverse Indigenous peoples including the Cree, Blackfoot, Métis, Nakota Sioux, Iroquois, Dene, Ojibway/ Saulteaux/ Anishinaabe and many others whose histories, languages, and cultures continue to influence our vibrant community.





DOWNTOWN COMMUNITY

**SERVING AS THE LEADING VOICE
AND CONVENING FORCE IN**

DOWNTOWN RECOVERY

KEY HIGHLIGHTS OF THE YEAR



presented the Downtown Safety & Vibrancy Summit in June 2022. Speakers from partner groups like EPS, REACH Edmonton, and Boyle Street Community Services addressed topics around security operations, houselessness, and mental health, with a focus on human-centred strategies and the framework for the future. Attendees, primarily downtown business owners/operators, visited speakers' booths during breaks to connect, ask questions and share ideas.

HOSTED NATIONAL PANEL ON DOWNTOWNS

Downtowns across the country and all over the world, are experiencing similar struggles as the social and economic landscape shifts. Recognizing that many lessons can be learned from other Canadian cities and policy makers, the EDBA hosted a sold-out luncheon in the fall of 2022 with Downtown BIA leaders from Winnipeg, Vancouver, and Edmonton. The Imagining Downtown panel shared insights about what's possible for downtowns and explored ideas for overcoming common obstacles. The panel discussion was moderated by CBC and the event saw 235 people in attendance, with sponsorship from YEG Edmonton International Airport and the Edmonton Chamber of Commerce.

HELD A DOWNTOWN SAFETY & VIBRANCY SUMMIT

Downtown safety is often at the forefront of discussions around post-pandemic economic recovery. People need to feel safe living downtown and coming downtown to work or play. Together with BOMA Edmonton, the EDBA

LED AND PARTICIPATED IN DOWNTOWN WALKABOUTS

Downtown walkabouts with EDBA staff, City of Edmonton managers and business members continued in 2022. These in-person tours are a critical way for all parties to identify successes and challenges, and improve services provided by the City and EDBA. In the spring, City of Regina councillors and Regina Downtown toured Downtown Edmonton during Downtown Spark. The visit was an opportunity for the EDBA to show how it activates downtown public spaces with events/programming and advocates for infrastructure and City services that caters to the needs of downtown. The guests from Regina shared information about their own placemaking programs and similar successes and challenges in their community.

PARTNERED ON THE DOWNTOWN VIBRANCY STRATEGY

In partnership with the EDBA and other stakeholders from across the Downtown ecosystem, the City of Edmonton developed a Downtown Vibrancy Strategy in 2021 to support the recovery and resurgence of Downtown.



Through 2022, EDBA continued to play an active role in the implementation of the strategy as a member of the Core Partners Committee that is stewarding the strategy's annual \$5 million in funding for projects including new events and activations, business support, cultural initiatives and infrastructure improvements.

ADVOCATED WITH THE DOWNTOWN RECOVERY COALITION

Born out of the pandemic, the Downtown Recovery Coalition works to facilitate economic growth and downtown vibrancy. As a member and supporter, the EDBA has helped advocate for positive long- and short-term policy changes from the City of Edmonton and Government of Alberta and their investments for our downtown.

JOINED THE EDMONTON METRO REGION ECONOMIC RECOVERY WORKING GROUP

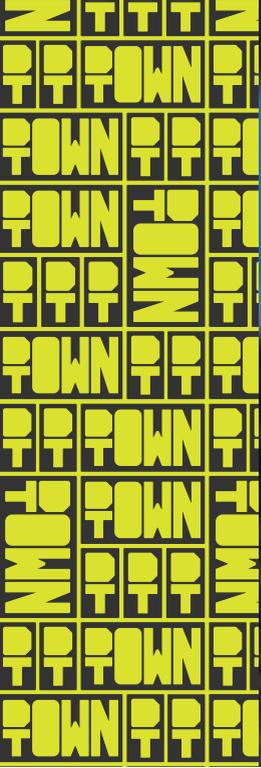
Established in 2022, the Government of Alberta's Edmonton Metro Region Economic Recovery (EMRER) Working Group engaged stakeholders and used their feedback to develop suggested actions about how the government can support the recovery and long-term growth of metro Edmonton's economy. As a member of the Working Group, the EDBA worked to highlight the importance of downtown for the growth and success of the entire metropolitan.. The final report includes recommendations for how the Government of Alberta can support the economic recovery of downtown.

RECEIVED \$1 MILLION FROM THE PROVINCE TO SUPPORT ECONOMIC RECOVERY

Bold, intentional investments from all orders of government are a key part of the strategy to revitalize downtown. In 2022, the Government of Alberta committed \$1 million to the EDBA to fund economic development projects related to creating a more vibrant and commercially active downtown, in addition to \$4 million that went to the City of Edmonton for the same purpose. The dollars will go toward the 2023 Downtown Spark festival, new large-scale murals, and the development and execution of a retail attraction and incubation program.



FOR THE



GENERATING CONTINUOUS SERVICE VALUE FOR MEMBERS

2022 KEY HIGHLIGHTS

LAUNCHED THE EDMONTON DOWNTOWN GIFT CARD

In 2022, we continued to prioritize services and programs that generate greater value for our business members. In late 2022, the EDBA launched a gift card program designed to drive increased consumer and corporate spending locally at participating downtown businesses. At launch, more than 45 businesses, ranging from restaurants to retailers to beauty and health services, joined the Edmonton Downtown Gift Card, and the program continues to grow. Participating businesses benefit from the program through targeted year-round marketing campaigns, attracting new customers and new spending. There is no cost for businesses to join and no annual fees; all program costs are covered by the EBDA.

SHOOK UP DOWNTOWN'S RETAIL EXPERIENCE

In 2022, the EDBA partnered with Vignettes, a local creative group specializing in large-scale and immersive art and design experiences, to support a unique pop-up retail experience called Brick & Mortar. By bringing together the best of Edmonton's art and design industry with new business concepts, Brick & Mortar co-created cool immersive experiences and spaces for six retailers. The retail bays were designed for entrepreneurs and startups to confidently open a space with lower barriers to entry. The pop-up shops included a coffee shop, an art and design gallery, a wine bar, two vintage clothing boutiques, a pre-packaged mocktail beverage shop, and a parfumer.



LIBERTINE FRAGRANCE

Libertine Fragrance creates unique fragrances for all bodies. Believing that scent can be more than just an accessory or cosmetic product we create scents to transport and captivate.

With so much contained within each perfume, our space was designed as an open and welcoming area to engage with the scents, stories of love and sensory stories.



DOWNTOWN



INCREASED INVESTMENT IN CLEANING DOWNTOWN STREETS

Keeping downtown streets clean and safe is foundational to a successful business district. To supplement the City's street cleaning efforts, the Association continued to increase our investment into Downtown Shine (formerly called Downtown Proud), our Boyle Street Ventures social enterprise partnership that also provides work to members of the Boyle Street community. The increased cleanup hours resulted in 1,451 bags of trash collected, a 46% increase from the previous year. There was a slight decrease in needles recovered [885] thanks to investments and improvements in safe needle disposal and other harm reduction initiatives from the social services sector and the City of Edmonton.

HIRED AN OPERATIONS MANAGER

In 2022, we continued to adapt and evolve our services and programs as the needs and priorities changed for the downtown business community. The Association achieved a critical milestone when we secured partial funding from the City of Edmonton's Downtown Vibrancy Fund to hire an Operations Manager. This new position has enabled the EDDBA to work more closely and proactively with our partners and stakeholders to improve the maintenance, enhancements, infrastructure planning, and safety initiatives of our downtown streets and public spaces. The Operations Manager is responsible for managing the EDDBA's role in areas such as street lighting, traffic and parking operations, garbage and litter collection, snow removal, etc. and working closely with business members and stakeholders to efficiently resolve issues in the community. The Operations Manager also actively facilitates community-led projects that continue to revitalize and strengthen the neighbourhood.



ENSURING THE DOWNTOWN COMMUNITY IS ACTIVE IN SOLUTIONS TO SYSTEMIC SOCIAL ISSUES FOR MEMBERS

2022 KEY HIGHLIGHTS

CONTINUED BECOMING A MORE DIVERSE & INCLUSIVE ORGANIZATION

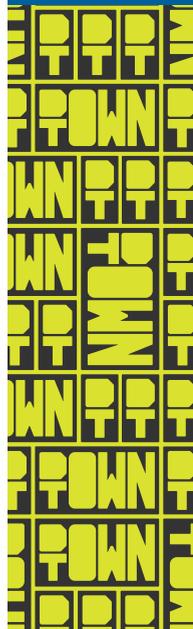
For the first time in the EDBA's history, our Board of Directors is composed of 50% women and over 35% of our directors are people of colour. On the staff side, the organization is led by an all-woman leadership team and 50% of the full-time, permanent staff are people of colour. The EDBA's programming and grant funding initiatives are also designed to prioritize equity-seeking groups and BIPOC representation.

SUPPORTED DIVERSITY & INCLUSION IN THE COMMUNITY

The EDBA allocated \$5,000 to directly support projects that build diversity and inclusion in our downtown community. In 2022, six organizations received funding for events and initiatives ranging from multicultural business networking to queer history tours to art exhibitions in the core. One of the recipients, Black Canadian Women in Action, held a national expo in downtown Edmonton to help Black entrepreneurs and businesspeople learn to market, grow and finance their businesses while connecting with industry leaders and potential investors. This event was the first of its kind in western Canada.

CONTINUED A MENTORSHIP PROGRAM

After the success of the first year of The BIPOC Mentorship Program, the EDBA and MacEwan University partnered to again offer students and business professionals the opportunity for mutual mentorship. This program focused on the experiences of Black, Indigenous and People of Colour (BIPOC) business professionals and students as they navigated their careers. Eleven post-secondary students applied to be paired with 14 mentors from different downtown businesses. Pairings were encouraged to meet for a minimum of two hours per month and two facilitated group sessions were held throughout the six-month program. Participants built skills, networked and formed community support to grow inclusive and intercultural awareness. This collaborative process allowed participants to create their own definition of success while challenging systemic barriers.



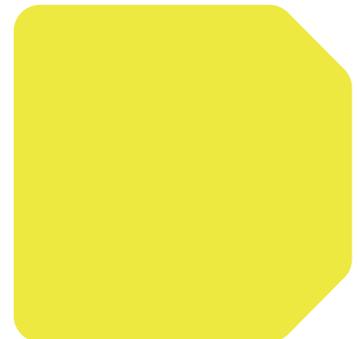
CREATING AND PROMOTING A REMARKABLE, ATTRACTIVE DOWNTOWN EXPERIENCE

2022 KEY HIGHLIGHTS



SPARKED WONDER ONCE AGAIN

Again in 2022, the EDBA brought downtown public spaces to life in unexpected ways with inspiring international and local art installations. Roughly 25,000 visitors discovered four large-scale installations and performances by 50+ local artists at two key Downtown Spark locations - Alex Decoteau Park and Rice Howard Way. Highlights of the festival included two packed dog-friendly parties and a free street concert by Reuben and the Dark.





LIT UP RICE HOWARD WAY FOR THE HOLIDAYS

After years of celebrating the holiday season on Churchill Square, the EDBA made the bold decision to move its annual Holiday Light Up celebration to Rice Howard Way. The move, which was welcomed by members, provided more opportunities for downtown businesses to activate their spaces and for shoppers to support area businesses. Outdoor and indoor programming included a life-sized illuminated polar bear, LED-lit icebergs, creative wooden Christmas tree sculptures, lantern-making workshops at Edmonton City Centre Mall, an Italian Christmas market at Dalla Tavola Zenari, non-alcoholic mulled wine and fire-roasted chestnuts, Edmonton Downtown Gift Card giveaways and more. Multiple Rice Howard Way businesses reported their highest daily sales in more than two years during Holiday Light Up.



BEAUTIFIED DOWNTOWN'S STREETScape

When you walk around Downtown Edmonton these days, it's hard not to notice the blue and chartreuse banners showcasing Edmonton Downtown's new place brand. The phased rollout of the brand began in 2021 across multiple EDBA touchpoints, including digital properties, office front, marketing materials and swag. In 2022, 296 banners were installed in four high-traffic locations - Jasper Avenue, Rice Howard Way and 102 Avenue. Our 'Different is Good' brand promise reflects a dynamic downtown that brings people together and where ideas, creativity and adventure are born for all.



ACTIVATED 104 STREET

For 10 Saturdays throughout the summer, the EDBA led and facilitated *Al Fresco* on 104, a Saturday street party series that included market vendors, arts and cultural programming (such as live music and free art classes), and extended restaurant patios. The series created a welcome environment for 15,000+ visitors and established organizational processes that made it easier for downtown businesses, market vendors, and community partners to collaboratively share and activate the street, restoring 104 street as an iconic Edmonton destination for a unique, community-driven downtown experience.

TRANSFORMED TWO ALLEYS INTO WELCOME SPACES

Like *Imagine* if downtown alleys were more appealing and accessible so people actively sought them as places to walk, linger, discover and socialize, instead of avoiding them. That's exactly what the EDBA did with two underutilized alleys in the core with funding support from *PrairiesCanada* (Government of Canada) and the City of Edmonton. The first alley transformation, located in Rice Howard Way, was designed in partnership with The Works International Visual Arts Society and featured permanent mural artwork by Edmonton-based artists. Other additions to the alley include increased lighting to enhance security and safety at night and improve the pedestrian experience at night, particularly in winter months, making a more welcoming and inviting space.

Lulu Lane, the second alley transformation which runs east-to-west south of Jasper Avenue between 103 and 104 street, honours the life of Lulu Anderson, an early but little-known civil rights activist here in Edmonton. Lulu was refused entry to the Metropolitan Theatre 100 years ago, in 1922, because of the colour of her skin. The alley's theme explores the strength, resiliency and determination of Lulu Anderson and celebrates the achievements of Black people in Alberta's history, and adds a powerful and vibrant punch of colour to high-potential area of our downtown.





IMPROVED GARBAGE COLLECTION

Litter cleanup and garbage collection are essential services that contribute to a pleasant downtown experience. Late 2023, the EDBA launched a trash-can pilot-program on downtown streets aimed at keeping litter in trash cans and enhancing recycling efforts. Ten new combined trash-and-recycling containers were placed at high-traffic locations throughout the core. The new cans hold twice as much garbage as standard cans that are currently in use on most downtown streets, and the separation of recyclables allows easy access to bottles and cans without sorting through garbage. The cans are equipped with sensors to allow the EDBA to monitor the volume of waste and collections in real-time. The data collected by the EDBA is shared with the City of Edmonton to identify streets that require more frequent collections.

DELIVERED PROGRAMS FOR SAFER STREETS

Like downtowns across Canada, Edmonton has been dealing with increased community safety and business security issues. In late 2023, the EDBA launched our new Night Patrol service to maintain a visible presence on downtown streets seven days a week from 12:30 pm to 8:30 am. Every night, two teams of one contracted security guard and one outreach worker from Boyle Street Community Services patrol the streets in marked vehicles to observe, record and report occurrences. When necessary, the Night Patrol team connects those that they encounter with the appropriate social agency. Early reports show that the teams are helping to prevent break-and-enters, vandalism and property damage. The data collected will help to identify locations and times that have a high risk of crime. The pilot program is supported by the Downtown Vibrancy Fund and will continue until the end of 2023.





ATTRACTED DINERS TO DOWNTOWN RESTAURANTS

The downtown hospitality industry, still severely impacted by the pandemic, continues to demonstrate its ability and willingness to adapt and problem-solve as new difficulties - like rising business costs, labour shortages and supply chain disruptions reshaped the industry. In March 2022, the EDBA's Downtown Dining Week again supported restaurant recovery and helped generate revenue during a slow period. A record number of 63 restaurants participated in the 12-day event.

GAVE OUR WEBSITE A FRESH NEW LOOK

As part of our strategic priority to create and promote a remarkable, attractive Downtown experience, a new EDBA website was launched in January. Whether users are searching for events happening in the community or seeking information about a business grant, edmontondowntown.com is now the go-to source for visitors and member businesses. The mobile-friendly design features easier navigation and search functions to easier direct users to content. Analytics show 640,272 page views in 2022, a 30% increase from the previous year and 154,111 users an increase of 41% from 2021. The top three pages after EDBA's signature events were Eat and Drink, Events and Things to Do.

ROLLED OUT FLOWER BARRELS

The EDBA plans, funds and manages Blooming Boulevards, Downtown's summer beautification program. May through to September, our investment sees 139 planters placed on downtown sidewalks.

2022 BOARD OF DIRECTORS



Martin Kennedy
Chair
EPCOR



Jeremy Hayward
Vice Chair
solüt



Zarina Bhambhani
Treasurer
KPMG LLP



Robert Black
Director at Large
MLT Aikins LLP



Garrett Turta
Director at Large
Fairmont Hotel
Macdonald



Mark Anderson
CBRE Limited



Scott Argent
Stantec
Consulting



Danielle Brown
ATCO



Sunita Coloma
ATB Financial



Melissa Crudo
Amore Group



Henry Edgar
Edgar
Developments



Myrna Khan
MacEwan
University



Sally Kim
Edmonton Arts
Council



Keenan Pascal
Token Naturals



Marnie Sutor
AKSIS

**Councillor Anne
Stevenson**
Ex Officio
City of Edmonton

Tom Girvan
Ex Officio
City of Edmonton

2022

EDBA STAFF

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Executive Director

Mary Davies
Finance & Administration
Director

Tracy Hyatt
Marketing and
Communications
Director

Saz Massey
Digital Marketing
Specialist

Dinu Alex
Operations Manager

Jessica Peverett
Partnerships & Event
Manager

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CBRE

Audrey Powell
Aspen Properties

Cameron Martin
EPIC Investment
Services

Camille Lorieau
Qualico

Curtis Friesen
Synergy Group of
Companies

Heather Thomson
University of Alberta

Hillary Smith
Avison Young

Jane Leadbeater
Innovate Edmonton

Jeremy Hayward
solút

Keenan Pascal
Token Naturals

Kevin Glass
Marcus Millichap

May Guan
Omada Commercial

Percy Wiredu
El Beso

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Danielle Brown, Chair
ATCO

Jessica Bertolo
Explore Edmonton

Mary Jane Bilsland
Edmonton Public Library

Bianca Condren
Hoot Company

Joshua Cura
Hoot Company

Peter Haight
Edmonton Transit

Jessie Kupina
Central Social Hall

Chris Ng-Muk-Yuen
Edmonton Oilers Group

Anastasia Lim
University of Alberta

Timothy Starchuk
EPCOR

Kelsie Tetreau
Royal Alberta Museum

Steve Walton
JW Marriott

Zaina Yusuf
Edmonton City Centre

OPERATIONS COMMITTEE

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Fairmont Hotel
Macdonald

Tyler Duggan
Canderel

Braden Formanek
Vibe Parking

Tammy Francis
City of Edmonton

Amos Kajner-Nonnekes
Thirdspace Design Group

Tyler Knister
City of Edmonton

Susan Mancini
Edmonton City Centre

Connie Marciniuk
City of Edmonton

Staff Sgt. Amber Maze
EPS

James Robinson
City of Edmonton

Jodi Phelan
Boyle Street

Heather Shewchuk
EPS

Marnie Sutor
AKSIS

Tiffany Sustrik
City of Edmonton

Todd Worrell
TELUS



INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Downtown Business Association of Edmonton**

OPINION

We have audited the financial statements of Downtown Business Association of Edmonton [the "Association"], which comprise the statement of financial position as at December 31, 2022, and the statement of changes in net assets, statement of revenue and expenses and statement of 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, 2022, and its results of operation 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 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 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 related 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

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.

Erat + Young LLP
Chartered Professional Accountants

Edmonton, Canada
March 16, 2023

STATEMENT OF FINANCIAL POSITION

As at December 31

	2022 \$	2021 \$
ASSETS		
Current		
Cash and cash equivalents	1,152,013	625,397
Short-term investments	206,041	204,943
Accounts receivable	237,221	116,209
Prepaid expenses and deposits	19,676	68,798
	1,614,951	1,015,347
Capital assets <i>[note 3]</i>	173,853	29,036
	1,788,804	1,044,383
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	235,912	123,006
Deferred Business Improvement Levy	372,389	331,069
Deferred Grant Revenue	419,783	10,194
Current portion of deferred lease inducement	7,004	3,344
	1,035,088	467,613
Deferred lease inducement	13,376	10,032
	1,048,464	477,645
Commitments <i>[note 4]</i>		
Net assets		
Invested in capital assets	173,853	29,036
Internally restricted <i>[note 5]</i>	566,487	537,702
	740,340	566,739
	1,788,804	1,044,383

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2022			
	Internally restricted		Unrestricted Reserves	Total
	Internally funded capital assets	Specific initiatives		
\$	\$	\$	\$	
Balance, beginning of the year	29,036	537,702	-	566,738
Deficiency of revenue over expenses	-	-	173,602	173,602
Purchase of capital assets	106,043	-	(106,043)	-
Amortization of capital assets	(25,125)	-	25,125	-
Purchase of capital assets through grants	67,445	-	(67,445)	-
Amortization of capital assets through grants	(3,546)	-	3,546	-
Transfers to specific initiatives <i>[note 5]</i>	-	116,600	(116,600)	-
Transfers from specific initiatives <i>[note 5]</i>	-	(87,815)	87,815	-
Balance, end of year	173,853	566,487	-	740,340

	2021			
	Internally restricted		Unrestricted Reserves	Total
	Internally funded capital assets	Specific initiatives		
\$	\$	\$	\$	
Balance, beginning of the year	21,529	536,297	-	557,826
Excess of revenue over expenses	-	-	8,912	8,912
Purchase of capital assets	26,577	-	(26,577)	-
Disposal of capital assets	(4,353)	-	4,353	-
Amortization of capital assets	(14,717)	-	14,717	-
Transfers from specific initiatives <i>[note 5]</i>	-	(55,856)	55,856	-
Transfers to specific initiatives <i>[note 5]</i>	-	57,261	(57,261)	-
Balance, end of the year	29,036	537,702	-	566,738

See accompanying notes to the financial statements

STATEMENT OF REVENUE AND EXPENSES

Year ended December 31

	2022	2021
	\$	\$
REVENUE		
Business Improvement Area levy	1,324,275	1,040,899
Grants <i>[note 9]</i>	986,156	1,005,876
Sponsorships <i>[note 6]</i>	180,628	181,297
Interest	4,568	1,406
Gift Card Program	1,5807	-
Gain on disposal of capital assets	-	4,796
	2,497,207	2,234,274
EXPENSES <i>[note 6]</i>		
Special events and programs	1,251,815	1,239,293
Public relations and marketing communications	262,799	300,304
Winter Lights program	64,167	49,892
Administration		
Salaries and employee benefits	520,327	403,115
Rent and occupancy costs	82,432	116,048
Office	51,150	55,602
Amortization of capital assets	28,671	14,716
Professional fees	24,090	19,710
Travel, training and recruitment	11,726	3,567
Conferences and meetings	8,677	4,480
Insurance	4,174	3,869
Telephone, internet and cable	3,873	4,184
Postage and courier	3,729	3,577
Bad debt	3,500	-
Bank charges	2,476	2,653
Loss on disposal of capital asset	-	4,352
	2,323,605	2,225,362
Excess (deficiency) of revenue over expenses	173,602	8,912

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Received from Business Improvement Area levy	1,365,595	1,111,742
Received from programs, grants and special events	1,339,698	940,333
Amounts paid to vendors and employees	(2,008,659)	(2,073,214)
Interest received	3,470	1,550
Cash used in operating activities	700,104	(19,589)
INVESTING ACTIVITIES		
Purchases of capital assets	(173,488)	(26,577)
Proceeds on sale of capital assets	-	4,796
Cash used in investing activities	(173,488)	(21,781)
Increase in cash and cash equivalents	526,616	(41,370)
Cash and cash equivalents, beginning of the year	625,397	666,767
Cash and cash equivalents, end of the year	1,152,013	625,397

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF THE ORGANIZATION

On November 26, 1985, the City of Edmonton Municipal Council passed a bylaw establishing the Downtown Edmonton Business Revitalization Zone [renamed Business Improvement Area effective January 1, 2017] and incorporating the Downtown Business Association of Edmonton [the "Association"] under the *Municipal Government Act*.

The mandate of the Association is to "support, enrich and connect Edmonton's Downtown Community." Its goals are to promote Downtown Edmonton's image and identity through events, attractions and marketing; to encourage planning and environmental standards for new developments; to promote beautification, safety and mobility; to provide leadership; and to communicate matters of concern to members, government officials and the public.

The Association is a not-for-profit organization within the meaning of the Income Tax Act(Canada) and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Part III of the CPA Canada Handbook -Accounting, "*Accounting Standards for Not-for-Profit Organizations*", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

Comparative figures for the year ended December 31, 2021 have been adjusted to confirm to current period presentation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with initial maturity dates of less than 90 days.

Short-term investments

Short-term investments consist of term deposits with initial maturity dates of between 90 and 365 days.

Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Tangible

Office equipment and furniture	5 years
Streetscape décor	5 years
Computer equipment	3 years
Façade improvements	3 years
Tenant improvements	Over the lease term

Intangible

Website	3 years
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Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts.

Contributions for the acquisition of capital assets are presented as “deferred contributions - capital” and are amortized to revenue on the same basis as the acquired capital assets are amortized.

Sponsorships and advertising are recognized when the services have been provided.

Contributed materials, services and facilities

The Association records contributed materials, services and facilities in those cases where:

- [a] The Association controls the way they are used;
- [b] There is a measurable basis for determining fair value; and
- [c] The services are essential services, which would normally be purchased and paid for if not contributed.

Otherwise, contributed materials and services are not recorded in the financial statements.

Financial instruments

Short-term investments are recorded at fair value. Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. CAPITAL ASSETS

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Tangible				
Office/event equipment and furniture	78,970	12,745	19,779	7,808
Streetscape decor	53,903	1,797	-	-
Computer equipment	20,947	16,152	20,947	12,968
Façade improvements	8,717	1,664	5,732	70
Leasehold improvements	-	-	-	-
	162,537	32,358	46,458	20,846
Intangible				
Website	60,660	16,986	21,350	17,926
	223,197	49,344	67,808	38,772
Net book value		173,853		29,036

4. COMMITMENTS

The Association is committed to future minimum annual lease payments required under operating leases for office equipment and premises as follows:

	\$
2023	242,799
2024	242,799
2025	242,799
2026	245,857
2027	246,469
	1,220,723

The annual commitments include estimated operating costs and property taxes based on current year amounts.

In 2009, the Association entered into an agreement with the City of Edmonton to fund the replacement of old Christmas lights with a new Winter Lights program, designed to enhance the look of Downtown Edmonton throughout the winter months. The Association is committed to paying the City of Edmonton approximately \$100,000 per year for installation, take-down and utilities, for future indeterminate periods. In 2020, the City of Edmonton advised that the annual costs are under review. The future costs are unknown at the time of audit.

5. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has formally imposed restrictions on certain of the Association's net assets. Internally restricted net assets are to be used to fund specific spending initiatives in support of the Association's mandate are approved by the Board of Directors from time-to-time.

For the year ended December 31, 2022, \$116,600 [2021 - \$55,856] was approved by the Board of Directors to be used for specific initiatives. For the year ended December 31, 2022, \$87,815 [2021 - \$57,260] was transferred to internally restricted net assets to fund future initiatives.

6. CONTRIBUTED MATERIALS, SERVICES AND FACILITIES

Sponsorship revenue for the year ended December 31, 2022, includes contributed materials, services and facilities of \$117,243 [2021 - \$107,520], which are equally offset by amounts recorded in special events and programs.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Association is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Association is exposed to credit risk in connection with its short-term investments and accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Association monitors outstanding accounts receivable balances regularly and allows for uncollectible amounts when determined. Short-term investments are invested with a large financial institution. There has been no change to credit risk from prior years.

Interest rate risk

The Association is exposed to interest rate risk with respect to its fixed rate investments because the fair value will fluctuate due to changes in market interest rates. There has been no change to interest rate risk from the prior year.

Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to liquidity risk from the prior year.

8. RELATED PARTIES

Certain entities who employ members of the Board of Directors provide services to the Association. These services are provided in the regular course of business and are recorded at their exchange amounts, being the amounts agreed to by both parties. During the year, the Association incurred \$0 [2020 - \$0] with these entities.

9. GRANT REVENUE

During the year ended December 31, 2022, the Association was able to obtain certain grant funding available to support businesses and aid in pandemic recovery and community engagement efforts.

Grant Funding

City of Edmonton	* Downtown Proud (Clean-up)	\$797,990
[Downtown Vibrancy Strategy,	* Staffing subsidies	
Edmonton Economic Recovery]	* Downtown Spark	
	* Alfresco 104th	
	* Retail Vibrancy	
	* Night Patrol & Outreach	
	* Gift Card launched	
	* Holiday Light Up	
	* Trash Cans	
	* Alley Transformations	
		Total \$797,990

Of this funding, \$419,783 is recorded as deferred revenue. In addition, the Association received grants whereby the nature of the funding was based on costs incurred. During the year ended December 31, 2022, \$597,755 [2021 - \$587,000] of costs were incurred and recorded in special events and programs, public relations, and marketing. Included in accounts receivable is \$160,502 for costs incurred but not yet reimbursed under the grant program. Grant revenue related to these costs include the following:

Government of Canada [PrairiesCan]	* Downtown Spark	\$297,755
Government of Canada [PrairiesCan]	* Alley Transformations	<u>\$300,000</u>
		Total \$597,755

10. SUBSEQUENT EVENTS

In January 2023, the Association received grant funding from the Government of Alberta totaling \$1,000,000 with respect to the Downtown Spark initiative, a downtown mural event and Retail & Incubation Project.





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Downtown Business Association of Edmonton

**Audited Financial Statements
December 31, 2022**



Independent auditor's report

To the Board of Directors of
Downtown Business Association of Edmonton

Opinion

We have audited the financial statements of **Downtown Business Association of Edmonton** [the "Association"], which comprise the statement of financial position as at December 31, 2022, and the statement of changes in net assets, statement of revenue and expenses and statement of 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, 2022, and its results of operation 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 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 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 related 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

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.

- 2 -

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.

Edmonton, Canada
March 16, 2023

The signature of Ernst & Young LLP is written in a black, cursive script.

Chartered Professional Accountants

Downtown Business Association of Edmonton

STATEMENT OF FINANCIAL POSITION

As at December 31

	2022	2021
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	1,152,013	625,397
Short-term investments	206,041	204,943
Accounts receivable	237,221	116,209
Prepaid expenses and deposits	19,676	68,798
	1,614,951	1,015,347
Capital assets <i>[note 3]</i>	173,853	29,036
	1,788,804	1,044,383
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	235,912	123,006
Deferred Business Improvement Area levy	372,389	331,069
Deferred grant revenue <i>[note 9]</i>	419,783	10,194
Current portion of deferred lease inducement	7,004	3,344
	1,035,088	467,613
Deferred lease inducement	13,376	10,032
	1,048,464	477,645
Commitments <i>[note 4]</i>		
Net assets		
Invested in capital assets	173,853	29,036
Internally restricted <i>[note 5]</i>	566,487	537,702
	740,340	566,739
	1,788,804	1,044,383

See accompanying notes to the financial statements

On behalf of the Board:



Chair



Executive Director

Downtown Business Association of Edmonton

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	2022			
	Internally restricted			Total \$
	Internally funded capital assets \$	Specific initiatives \$	Unrestricted Reserves \$	
	\$	\$	\$	
Balance, beginning of the year	29,036	537,702	-	566,738
Deficiency of revenue over expenses	-	-	173,602	173,602
Purchase of capital assets	106,043	-	(106,043)	-
Amortization of capital assets	(25,125)	-	25,125	-
Purchase of capital assets through grants	67,445	-	(67,445)	-
Amortization of capital assets through grants	(3,546)	-	3,546	-
Transfers to specific initiatives [note 5]	-	116,600	(116,600)	-
Transfers from specific initiatives [note 5]	-	(87,815)	87,815	-
Balance, end of year	173,853	566,487	-	740,340
	2021			
	Internally restricted			
	Internally funded capital assets \$	Specific initiatives \$	Unrestricted Reserves \$	Total \$
	\$	\$	\$	\$
Balance, beginning of the year	21,529	536,297	-	557,826
Excess of revenue over expenses	-	-	8,912	8,912
Purchase of capital assets	26,577	-	(26,577)	-
Disposal of capital assets	(4,353)	-	4,353	-
Amortization of capital assets	(14,717)	-	14,717	-
Transfers from specific initiatives [note 5]	-	(55,856)	55,856	-
Transfers to specific initiatives [note 5]	-	57,261	(57,261)	-
Balance, end of the year	29,036	537,702	-	566,738

See accompanying notes to the financial statements

Downtown Business Association of Edmonton

STATEMENT OF REVENUE AND EXPENSES

Year ended December 31

	2022 \$	2021 \$
REVENUE		
Business Improvement Area levy	1,324,275	1,040,899
Grants <i>[note 9]</i>	986,156	1,005,876
Sponsorships <i>[note 6]</i>	180,628	181,297
Interest	4,568	1,406
Gift Card Program	1,580	-
Gain on disposal of capital assets	-	4,796
	<u>2,497,207</u>	<u>2,234,274</u>
EXPENSES <i>[note 6]</i>		
Special events and community programs	1,251,815	1,239,293
Public relations and marketing communications	262,799	300,304
Winter Lights program	64,167	49,892
Administration		
Salaries and employee benefits	520,327	403,115
Rent and occupancy costs	82,432	116,048
Office	51,150	55,602
Amortization of capital assets	28,671	14,716
Professional fees	24,090	19,710
Travel, training and recruitment	11,726	3,567
Conferences and meetings	8,677	4,480
Insurance	4,174	3,869
Telephone, internet and cable	3,873	4,184
Postage and courier	3,729	3,577
Bad debt	3,500	-
Bank charges	2,476	2,653
Loss on disposal of capital assets	-	4,352
	<u>2,323,605</u>	<u>2,225,362</u>
Excess of revenue over expenses	<u>173,602</u>	<u>8,912</u>

See accompanying notes to the financial statements

Downtown Business Association of Edmonton

STATEMENT OF CASH FLOWS

Year ended December 31

	2022	2021
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Received from Business Improvement Area levy	1,365,595	1,111,742
Received from programs, grants and special events	1,339,698	940,333
Amounts paid to vendors and employees	(2,008,659)	(2,073,214)
Interest received	3,470	1,550
Cash provided by operating activities	<u>700,104</u>	<u>(19,589)</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(173,488)	(26,577)
Proceeds on sale of capital assets	-	4,796
Cash used in investing activities	<u>(173,488)</u>	<u>(21,781)</u>
Increase in cash and cash equivalents	526,616	(41,370)
Cash and cash equivalents, beginning of the year	<u>625,397</u>	<u>666,767</u>
Cash and cash equivalents, end of the year	<u>1,152,013</u>	<u>625,397</u>

See accompanying notes to the financial statements

Downtown Business Association of Edmonton

Notes to financial statements

December 31, 2022

1. Nature of the organization

On November 26, 1985, the City of Edmonton Municipal Council passed a bylaw establishing the Downtown Edmonton Business Revitalization Zone [renamed Business Improvement Area effective January 1, 2017] and incorporating the Downtown Business Association of Edmonton [the "Association"] under the *Municipal Government Act*.

The mandate of the Association is to "support, enrich and connect Edmonton's Downtown Community." Its goals are to promote Downtown Edmonton's image and identity through events, attractions and marketing; to encourage planning and environmental standards for new developments; to promote beautification, safety and mobility; to provide leadership; and to communicate matters of concern to members, government officials and the public.

The Association is a not-for-profit organization within the meaning of the *Income Tax Act* (Canada) and is exempt from income taxes.

2. Summary of significant accounting policies

Basis of presentation

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting, "Accounting Standards for Not-for-Profit Organizations"*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

Comparative figures for the year ended December 31, 2021 have been adjusted to confirm to current period presentation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with initial maturity dates of less than 90 days.

Short-term investments

Short-term investments consist of term deposits with initial maturity dates of between 90 and 365 days.

Capital assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Tangible

Office equipment and furniture	5 years
Streetscape décor	5 years
Computer equipment	3 years
Façade improvements	3 years
Tenant improvements	Over the lease term

Intangible

Website	3 years
---------	---------

Downtown Business Association of Edmonton

Notes to financial statements

December 31, 2022

Revenue recognition

The Association follows the deferral method of accounting for contributions, which include grants and donations. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Grants are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts.

Contributions for the acquisition of capital assets are presented as “deferred contributions – capital” and are amortized to revenue on the same basis as the acquired capital assets are amortized.

Sponsorships and advertising are recognized when the services have been provided.

Contributed materials, services and facilities

The Association records contributed materials, services and facilities in those cases where:

- [a] The Association controls the way they are used;
- [b] There is a measurable basis for determining fair value; and
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Otherwise, contributed materials and services are not recorded in the financial statements.

Financial instruments

Short-term investments are recorded at fair value. Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

Downtown Business Association of Edmonton

Notes to financial statements

December 31, 2022

3. Capital assets

	2022		2021	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Tangible				
Office/event equipment and furniture	78,970	12,745	19,779	7,808
Streetscape décor	53,903	1,797	-	-
Computer equipment	20,947	16,152	20,947	12,968
Façade improvements	8,717	1,664	5,732	70
Leasehold improvements	-	-	-	-
	<u>162,537</u>	<u>32,358</u>	<u>46,458</u>	<u>20,846</u>
Intangible				
Website	60,660	16,986	21,350	17,926
	<u>223,197</u>	<u>49,344</u>	<u>67,808</u>	<u>38,772</u>
Net book value	<u>173,853</u>		<u>29,036</u>	

4. Commitments

The Association is committed to future minimum annual lease payments required under operating leases for office equipment and premises as follows:

	\$
2023	242,799
2024	242,799
2025	242,799
2026	245,857
2027	246,469
	<u>1,220,723</u>

The annual commitments include estimated operating costs and property taxes based on current year amounts.

In 2009, the Association entered into an agreement with the City of Edmonton to fund the replacement of old Christmas lights with a new Winter Lights program, designed to enhance the look of Downtown Edmonton throughout the winter months. The Association is committed to paying the City of Edmonton approximately \$100,000 per year for installation, take-down and utilities, for future indeterminate periods. In 2020, the City of Edmonton advised that the annual costs are under review. The future costs are unknown at the time of audit.

Downtown Business Association of Edmonton

Notes to financial statements

December 31, 2022

5. Internally restricted net assets

The Board of Directors has formally imposed restrictions on certain of the Association's net assets. Internally restricted net assets are to be used to fund specific spending initiatives in support of the Association's mandate and are approved by the Board of Directors from time-to-time.

For the year ended December 31, 2022, \$116,600 [2021 – \$55,856] was approved by the Board of Directors to be used for specific initiatives. For the year ended December 31, 2022, \$87,815 [2021 – \$57,260] was transferred to internally restricted net assets to fund future initiatives.

6. Contributed materials, services and facilities

Sponsorship revenue for the year ended December 31, 2022, includes contributed materials, services and facilities of \$117,243 [2021 – \$107,520], which are equally offset by amounts recorded in special events and programs.

7. Financial instruments and risk management

The Association is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Association is exposed to credit risk in connection with its short-term investments and accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Association monitors outstanding accounts receivable balances regularly and allows for uncollectible amounts when determined. Short-term investments are invested with a large financial institution. There has been no change to credit risk from prior years.

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Liquidity risk

The Association is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to liquidity risk from the prior year.

8. Related parties

Certain entities who employ members of the Board of Directors provide services to the Association. These services are provided in the regular course of business and are recorded at their exchange amounts, being the amounts agreed to by both parties. During the year, the Association incurred \$0 [2020 – \$0] with these entities.

Downtown Business Association of Edmonton

Notes to financial statements

December 31, 2022

9. Grant revenue

During the year ended December 31, 2022, the Association was able to obtain certain grant funding available to support businesses and aid in pandemic recovery and community engagement efforts.

Grant Funding

City of Edmonton (Downtown Vibrancy Strategy, Edmonton Economic Recovery)	* Downtown Proud (Clean-up)	\$797,990
	* Staffing subsidies	
	* Downtown Spark	
	* Alfresco 104 th	
	* Retail Vibrancy	
	* Night Patrol & Outreach	
	* Gift Card launched	
	* Holiday Light Up	
	* Trash Cans	
	* Alley Transformations	
	Total	\$797,990

Of this funding, \$419,783 is recorded as deferred revenue. In addition, the Association received grants whereby the nature of the funding was based on costs incurred. During the year ended December 31, 2022, \$597,755 [2021 - \$587,000] of costs were incurred and recorded in special events and programs, public relations, and marketing. Included in accounts receivable is \$160,502 for costs incurred but not yet reimbursed under the grant program. Grant revenue related to these costs include the following:

Government of Canada (PrairiesCan)	* Downtown Spark	\$297,755
Government of Canada (PrairiesCan)	* Alley Transformations	<u>\$300,000</u>
	Total	\$597,755

10. Subsequent events

In January 2023, the Association received grant funding from the Government of Alberta totaling \$1,000,000 with respect to the Downtown Spark initiative, a downtown mural event and Retail & Incubation Project.

Downtown Business Assoc of Edmonton AUD (2022-12-31) 4206162-unprotected

Final Audit Report

2023-05-18

Created:	2023-05-17
By:	Mary Davies (mdavies@edmontondowntown.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAHDuLBEYj37juOIN7JNoicux2H466I-Ee

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-  Signer puneeta@edmontondowntown.com entered name at signing as Puneeta McBryan
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