

124 STREET & AREA BUSINESS IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of 124 Street Business Improvement Area

Opinion

We have audited the financial statements of 124 Street Business Improvement Area (the Association), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, 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.

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 those 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 relating 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.

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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.

Edmonton, Alberta
June 24, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 251,090	\$ 126,182
Accounts receivable (Note 3)	6,929	13,025
Inventory	5,247	-
	<u>\$ 263,266</u>	<u>\$ 139,207</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 16,764	\$ 12,127
Deferred income	81,000	-
	97,764	12,127
NET ASSETS	<u>165,502</u>	<u>127,080</u>
	<u>\$ 263,266</u>	<u>\$ 139,207</u>

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Assets

Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 127,080	\$ 98,352
Excess of revenue over expenses	<u>38,422</u>	<u>28,728</u>
NET ASSETS - END OF YEAR	<u>\$ 165,502</u>	<u>\$ 127,080</u>

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Revenues and Expenditures

Year Ended December 31, 2019

	2019	2018
REVENUE		
City of Edmonton BIA Levy	\$ 335,000	\$ 342,000
All is Bright (Note 6)	49,122	41,562
Interest	1,060	738
	<u>385,182</u>	<u>384,300</u>
EXPENSES		
Salaries and wages	114,429	128,400
Marketing and special events (Note 9)	84,574	85,590
Streetscaping and beautification (Note 7)	57,041	56,986
All is Bright (Note 8)	52,045	42,394
Rental	19,934	18,713
Professional fees	5,100	4,250
Member relations	4,372	4,146
Phone, internet, computer	3,194	3,013
Office	3,133	9,128
Insurance	1,490	1,463
Meetings	1,045	1,000
Bank charges	403	489
	<u>346,760</u>	<u>355,572</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 38,422</u>	<u>\$ 28,728</u>

124 STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 38,422	\$ 28,728
Changes in non-cash working capital:		
Accounts receivable	6,096	(3,127)
Inventory	(5,247)	-
Accounts payable and accrued liabilities	4,637	(2,006)
Deferred income	81,000	-
	<u>86,486</u>	<u>(5,133)</u>
INCREASE IN CASH FLOW	124,908	23,595
Cash - beginning of year	<u>126,182</u>	<u>102,587</u>
CASH - END OF YEAR	<u>\$ 251,090</u>	<u>\$ 126,182</u>
CASH CONSISTS OF:		
Cash	<u>\$ 251,090</u>	<u>\$ 126,182</u>

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2019

1. DESCRIPTION OF OPERATIONS

124 Street and Area Business Improvement Area ("the Association") (Formerly 124 Street and Area Business Revitalization Zone) of Edmonton was established to create a vibrant and prosperous business community for 124 Street Business Improvement Area (Formerly 124 Street and 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 improvement area levy administered by the City of Edmonton on behalf of the Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash

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

Inventory

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Equipment

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

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124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2019

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

Revenue Recognition

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

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>2019</u>	<u>2018</u>
GST recoverable	\$ 6,929	\$ 6,713
City of Edmonton - All is Bright	-	5,000
Other	-	1,312
	<u>\$ 6,929</u>	<u>\$ 13,025</u>

4. ACCOUNTS PAYABLE

Included in accounts payable is \$nil (2018 - \$2,210) to Canada Revenue Agency for December 2019 source deductions.

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, liquidity, foreign exchange or credit risk.

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2019

6. ALL IS BRIGHT INCOME

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

	<u>2019</u>	<u>2018</u>
Sponsorship	\$ 18,000	\$ 10,000
City of Edmonton Arts Council Grant	15,400	16,000
Festival income	10,722	10,562
Winter City - City of Edmonton	5,000	5,000
	<u>\$ 49,122</u>	<u>\$ 41,562</u>

7. STREETSCAPING AND BEAUTIFICATION EXPENSES

	<u>2019</u>	<u>2018</u>
Flower barrels	\$ 25,115	\$ 30,669
Lighting	14,900	14,988
Murals	6,000	4,000
Maintenance	5,646	2,300
Sidewalk cleaning and landscaping	3,594	3,809
Discretionary	1,786	1,220
	<u>\$ 57,041</u>	<u>\$ 56,986</u>

8. ALL IS BRIGHT EXPENSES

	<u>2019</u>	<u>2018</u>
All is Bright - Production	\$ 29,363	\$ -
Administration	1,199	1,377
Entertainment	13,881	10,360
All is Bright - Beverage Garden	4,188	-
All is Bright - Marketing	2,456	-
Volunteer	608	-
All is Bright - Cleaning	350	-
Equipment and supplies	-	30,657
	<u>\$ 52,045</u>	<u>\$ 42,394</u>

124 STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year Ended December 31, 2019

9. MARKETING AND SPECIAL EVENTS EXPENSES

	<u>2019</u>	<u>2018</u>
Social Media & Marketing	\$ 45,695	\$ 37,365
All is Bright administration	15,000	15,000
Print	7,571	2,500
Make Music Edmonton	5,000	-
Branding	4,029	1,849
Community Newsletters	3,626	2,540
Digital Promotions	1,784	-
Marketing Discretionary	1,110	6,086
Website	759	10,875
Special Events	-	6,000
Photography	-	3,375
	<u>\$ 84,574</u>	<u>\$ 85,590</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, 2019, 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.
