
EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION
Financial Statements
Year Ended December 31, 2019

EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Fort Road & Area Business Revitalization Zone Association

Opinion

We have audited the financial statements of Edmonton Fort Road & Area Business Revitalization Zone Association (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 Organization as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Organization in accordance with 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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

(continues)

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

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 Organization'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 Organization'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 Organization 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.

Neube & Landry LLP

Edmonton, AB
April 13, 2020

Chartered Professional Accountants



EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 50,538	\$ 13,932
Goods and services tax recoverable	4,346	4,075
	<u>\$ 54,884</u>	<u>\$ 18,007</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 1,000	\$ 999
Deferred levy revenue (Note 2)	20,000	-
	21,000	999
DEFERRED GRANT INCOME (Note 3)	28,950	-
	49,950	999
NET ASSETS	4,934	17,008
	<u>\$ 54,884</u>	<u>\$ 18,007</u>

APPROVED ON BEHALF OF THE BOARD


 _____ Chairman

 _____ Director

EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION**Statement of Revenues and Expenditures****Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
REVENUES		
Business revitalization zone tax levy	\$ 80,000	\$ 80,000
EXPENSES		
Contract labour	64,688	64,688
Professional fees	10,500	2,800
Directors meetings	7,511	5,973
Rental	3,227	3,011
Telephone	1,865	3,277
Office	1,727	2,160
Special events and projects	1,388	1,445
Insurance	856	856
Interest and bank charges	192	170
Memberships	120	-
	<u>92,074</u>	<u>84,380</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (12,074)</u>	<u>\$ (4,380)</u>

EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2019

	2019	2018
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 17,008	\$ 21,388
DEFICIENCY OF REVENUES OVER EXPENSES	(12,074)	(4,380)
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 4,934	\$ 17,008

EDMONTON FORT ROAD & AREA BUSINESS REVITALIZATION ZONE ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (12,074)	\$ (4,380)
Changes in non-cash working capital:		
Goods and services tax payable	(270)	(115)
Deferred levy revenue	20,000	-
Deferred grant income	28,950	-
	48,680	(115)
INCREASE (DECREASE) IN CASH FLOW	36,606	(4,495)
Cash - beginning of year	13,932	18,427
CASH - END OF YEAR	\$ 50,538	\$ 13,932

Notes to Financial Statements
Year Ended December 31, 2019

INTRODUCTION TO NOTES

The Association was incorporated in August 1991 by the City of Edmonton Municipal Council under Bylaw 9747. The principle activity of the Association is to develop programs to promote business and improve and maintain lands and structures owned or operated by the City of Edmonton in the Fort Road area.

The Association operates under the name "Fort Road Business and Community Association".

1. 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).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Edmonton Fort Road & Area Business Revitalization Zone Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year 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. Endowment contributions are recognized as direct increases in net assets.

Property and equipment

Property and equipment are expensed when incurred as projects of the Association.

Income taxes

The Association is a not-for-profit organization and therefore is not subject to either federal or provincial income taxes.

2. DEFERRED LEVY REVENUE

The organization has received an amount in December 2019 for the January 2020 levy. This amount is shown as deferred revenue as is for 2020 year end.

3. DEFERRED GRANT INCOME

During 2019, the organization and the Province of Alberta executed an agreement under which the Province gave a grant to develop a branding strategy that concentrates on a focus for the community. The Association is to receive a matching amount from the City of Edmonton as expenditures are to be matched. At year end none of the funds were used to develop the branding strategy. The grant must be used in 2020.

Notes to Financial Statements
Year Ended December 31, 2019

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2019.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is not significantly exposed to these risks.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

5. ECONOMIC DEPENDENCE

The association received \$80,000 (2018 - \$80,000) from the city of Edmonton (the "City") via a special tax assessment levey on Fort Road BRZ Business Members. The Association is economically dependent on the continued financial support of their business members and the City.
