
BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Financial Statements

Year Ended December 31, 2019

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of Beverly Business Revitalization Zone Association

Opinion

We have audited the financial statements of Beverly Business Revitalization Zone Association (the Association), 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 Association 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 Association 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 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.

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Independent Auditor's Report to the Members of Beverly 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 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, AB
March 4, 2020

Neube & Landry LLP

Chartered Professional Accountants

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 137,696	\$ 140,978
Goods and services tax recoverable	5,656	4,512
Prepaid expenses	347	345
Security / tender deposits	14,525	-
	<u>158,224</u>	145,835
PROPERTY AND EQUIPMENT (Note 3)	<u>2,136</u>	2,670
	<u>\$ 160,360</u>	<u>\$ 148,505</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,071	\$ 3,227
Deferred revenue	1,753	1,753
Deferred levy revenue	26,500	-
	<u>31,324</u>	4,980
DEFERRED GRANT INCOME	<u>38,058</u>	58,100
DEFERRED CAPITAL CONTRIBUTIONS	<u>1,497</u>	1,871
	<u>70,879</u>	64,951
NET ASSETS	<u>89,481</u>	83,553
	<u>\$ 160,360</u>	<u>\$ 148,504</u>

APPROVED ON BEHALF OF THE BOARD



Chairman



Director

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION**Statement of Revenues and Expenditures****Year Ended December 31, 2019**

	Budget 2019	Total 2019	Total 2018
REVENUES			
Business revitalization zone tax levy	\$ 96,000	\$ 96,000	\$ 96,000
Branding and revitalization grant	-	20,042	-
Advertising and other income	10,500	14,447	12,813
Interest	-	510	488
	<u>106,500</u>	<u>130,999</u>	<u>109,301</u>
EXPENSES			
Executive director compensation	41,000	40,837	36,000
Programs	30,000	33,574	30,936
Branding and revitalization	-	20,042	-
Rental	15,700	14,816	14,581
Advertising and promotion	21,800	4,577	17,031
Office	5,950	3,806	3,812
Professional fees	3,000	2,850	3,392
Utilities	2,300	1,651	1,788
Repairs and maintenance	4,500	1,559	1,030
Meetings	1,000	825	1,129
Amortization	-	534	668
Casual labour	5,000	-	-
Contingency	2,000	-	-
	<u>132,250</u>	<u>125,071</u>	<u>110,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (25,750)	\$ 5,928	\$ (1,066)

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 83,553	\$ 84,619
Excess (deficiency) of revenues over expenses	<u>5,928</u>	<u>(1,066)</u>
NET ASSETS - END OF YEAR	<u>\$ 89,481</u>	<u>\$ 83,553</u>

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 135,939	\$ 164,519
Cash paid to suppliers and employees	(139,221)	(109,605)
Interest received	-	267
	<hr/>	<hr/>
Cash flow from (used by) operating activities	(3,282)	55,181
INVESTING ACTIVITY		
Decrease in short term deposits	-	45,915
	<hr/>	<hr/>
Cash flow from investing activity	-	45,915
INCREASE (DECREASE) IN CASH FLOW	(3,282)	101,096
Cash - beginning of year	<hr/> 140,978	<hr/> 39,881
CASH - END OF YEAR	<hr/> \$ 137,696	<hr/> \$ 140,977

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2019

INTRODUCTION TO NOTES

The Association was incorporated in September 1995 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 "Beverly Business 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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Equipment	20%
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Revenue recognition

Beverly 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.

Donated services

A substantial number of volunteers contribute a significant amount of their time each year to the Association. Because of the difficulty in determining the fair value, donated services are not recognized in these statements.

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BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2019

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

Income taxes

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

2. FINANCIAL INSTRUMENTS

The association 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 association'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 association is exposed to credit risk from customers. In order to reduce its credit risk, the association 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 association 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 association 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.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its floating interest rate bank accounts.

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

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Equipment	\$ 6,318	\$ 4,182	\$ 2,136	\$ 2,670

BEVERLY BUSINESS REVITALIZATION ZONE ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2019

4. DEFERRED REVENUE

Deferred revenue consists of funds received from Olde Towne Beverly Historical Society for the purchase of office equipment. In 2016, \$3,247 was spent, leaving a balance remaining of \$1,753.

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the deferred revenue related to the purchase of a capital asset. Changes in deferred capital contributions are as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 2,338	\$ 2,922
Contributions recognized in advertising and other income	<u>(468)</u>	<u>(584)</u>
Balance, end of year	<u>\$ 1,870</u>	<u>\$ 2,338</u>

6. DEFERRED GRANT INCOME

During 2019, the Association 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 must match expenditures dollar for dollar as required in the grant approval. At year end none of the funds were used to develop the branding strategy. The grant must be used by September 2020.

7. LEASE COMMITMENTS

The association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2019, are as follows:

2020	\$ 14,585
2021	14,886
2022	<u>10,060</u>
	<u>\$ 39,531</u>

8. ECONOMIC DEPENDENCE

The association received \$96,000 (2017 - \$96,000) from the city of Edmonton (the "City") via a special tax assessment levy on Beverly BRZ Business Members. The Association is economically dependent on the continued financial support of their business members and the City.

9. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants.
