

VICTORIA PARK BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Victoria Park Business Improvement Area

OPINION

We have audited the financial statements of Victoria Park Business Improvement Area, "The Association", which comprise the statement of financial position as at December 31, 2021 and the statements of operations, 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 Victoria Park Business Improvement Area as at December 31, 2021 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 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to a 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 to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Independent Auditor's Report To The Members Of Victoria Park Business Improvement Area (Continued)

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 judgement and maintain professional scepticism 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 of 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.

Calgary, Alberta
May 17, 2022

Werner Haag Professional Corporation
Chartered Professional Accountants

VICTORIA PARK BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	\$ 293,691	\$ 382,791
Grant receivable	179,193	-
Goods and services tax recoverable	14,516	7,179
Prepaid expenses	<u>3,807</u>	<u>5,286</u>
	491,207	395,256
 EQUIPMENT (Note 2)	 <u>127,259</u>	 <u>9,389</u>
	<u>\$ 618,466</u>	<u>\$ 404,645</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,784	\$ 7,043
Government remittances payable	<u>1,910</u>	<u>8,037</u>
	<u>7,694</u>	<u>15,080</u>
 NET ASSETS		
Invested in equipment	127,259	9,389
Unrestricted	<u>483,513</u>	<u>380,176</u>
	<u>610,772</u>	<u>389,565</u>
	<u>\$ 618,466</u>	<u>\$ 404,645</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

VICTORIA PARK BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Business Revitalization Zone Levies	\$ 334,369	\$ 369,373
Other government grants	<u>286,389</u>	<u>4,023</u>
	<u>620,758</u>	<u>373,396</u>
EXPENSES		
Administration (schedule)	122,790	113,781
Festival and project expenses	97,844	22,437
Marketing (schedule)	93,102	70,446
Public safety	28,964	35,029
Urban development and planning	28,950	37,308
Streetscape improvements	25,172	41,821
Member services (schedule)	<u>2,729</u>	<u>8,354</u>
	<u>399,551</u>	<u>329,176</u>
EXCESS OF REVENUE OVER EXPENSES	221,207	44,220
Net Assets At Beginning Of Year	<u>389,565</u>	<u>345,345</u>
NET ASSETS AT END OF YEAR	<u>\$ 610,772</u>	<u>\$ 389,565</u>

VICTORIA PARK BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 221,207	\$ 44,220
Adjustment for amortization	<u>54,542</u>	<u>4,577</u>
	<u>275,749</u>	<u>48,797</u>
Changes in non-cash working capital		
Grant receivable	(179,193)	-
Goods and services tax recoverable	(7,337)	2,430
Prepaid expenses	1,479	(4,274)
Accounts payable	(1,259)	1,859
Government remittances payable	<u>(6,127)</u>	<u>8,037</u>
	<u>(192,437)</u>	<u>8,052</u>
	<u>83,312</u>	<u>56,849</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	<u>(172,412)</u>	<u>(3,860)</u>
NET INCREASE (DECREASE) IN CASH	(89,100)	52,989
Cash At Beginning Of Year	<u>382,791</u>	<u>329,802</u>
CASH AT END OF YEAR	<u>\$ 293,691</u>	<u>\$ 382,791</u>

VICTORIA PARK BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

PURPOSE OF THE ORGANIZATION

The Victoria Park Business Improvement Area - (the "Association") is a not-for-profit Association operating to assist Calgary businesses in the Victoria Park area.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations in Part III of the CICA Handbook, using the assumption that the Association will continue as a going concern. Significant accounting policies are described below.

REVENUE RECOGNITION

The Association follows the restricted fund method of accounting for revenues. Revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

CONTRIBUTED SERVICES

Volunteers assist in carrying out certain activities. Because of the difficulty of determining the fair value of their assistance and because such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

INCOME TAXES

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

VICTORIA PARK BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUIPMENT

Equipment is recorded at cost. Amortization is provided on the diminishing balance basis at an annual rate of 30%.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant areas requiring the use of estimates include estimated useful lives of equipment. Although these estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future, actual results could differ from those estimates.

2. EQUIPMENT

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 29,279	\$ 24,654	\$ 4,625	\$ 6,608
Office and equipment	<u>196,961</u>	<u>74,327</u>	<u>122,634</u>	<u>2,781</u>
	<u>\$ 226,240</u>	<u>\$ 98,981</u>	<u>\$ 127,259</u>	<u>\$ 9,389</u>

VICTORIA PARK BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL INSTRUMENTS

Financial instruments, which consist of cash, grant receivable, goods and services tax recoverable, accounts payable and accrued liabilities and government remittances payable are recorded at fair value on initial recognition.

Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

It is Management's opinion that the Association is not exposed to significant interest, credit or liquidity risk.

4. COVID-19

The World Health Organization categorized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has led to a number of public health and emergency measures which have been put in place by various levels of government to attempt to combat the spread of the virus. At this time, the duration and potential impact of COVID-19 is unknown and it is not possible to reliably estimate the impact these events may have on the financial results and condition of the Association in future periods.

VICTORIA PARK BUSINESS IMPROVEMENT AREA

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
EXPENSES		
Administration		
Salaries	\$ 31,788	\$ 41,503
Rent	13,384	41,980
Printing, postage, stationery and other	7,538	10,368
Communication	6,363	7,704
Professional fees	5,683	4,299
Insurance	3,192	2,953
Bank charges	300	397
Amortization	<u>54,542</u>	<u>4,577</u>
	<u>\$ 122,790</u>	<u>\$ 113,781</u>
 Member Services		
Board and other meetings	\$ 1,527	\$ 5,918
Annual meeting	1,060	1,868
Workshops and training	<u>142</u>	<u>568</u>
	<u>\$ 2,729</u>	<u>\$ 8,354</u>
 Marketing		
Salaries and contract	\$ 86,615	\$ 61,018
Advertising	4,214	8,637
Promotional material	<u>2,273</u>	<u>791</u>
	<u>\$ 93,102</u>	<u>\$ 70,446</u>