

BELTLINE BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2021

TELEPHONE (403) 209-0159
FAX (403) 228-3654

SUITE 507, 5920 – 1A STREET SW
CALGARY, ALBERTA T2H 0G3

MBD LLP

Chartered Professional Accountants

To the Members of Beltline Business Improvement Area:

Opinion

We have audited the financial statements of **Beltline Business Improvement Area** (the Organization), which comprise the balance sheet as at **December 31, 2021**, and the statement of revenues, expenses and net assets, 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 financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2021**, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPOs).

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 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 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.

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.

May 16, 2022
Calgary, Alberta

MBOLLP
MBD LLP
Chartered Professional Accountants

BELTLINE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

		<u>As At</u>	
		<u>December 31</u>	
		<u>2021</u>	<u>2020</u>
ASSETS			
Current assets:			
Cash		\$ 81,559	\$ 91,025
Goods and services tax recoverable		11,583	4,526
Grant receivable - BIA Midwinter Event		15,000	-
Prepaid expenses		<u>1,331</u>	<u>18</u>
		109,473	95,569
Capital assets (Note 3)		<u>167,043</u>	<u>3,499</u>
		<u>\$ 276,516</u>	<u>\$ 99,068</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 4,913	\$ 897
Deferred revenue (Note 4)		<u>106,454</u>	<u>96,973</u>
		<u>111,367</u>	<u>97,870</u>
NET ASSETS			
Unrestricted		<u>165,149</u>	<u>1,198</u>
		<u>\$ 276,516</u>	<u>\$ 99,068</u>

Approved on Behalf of the Members:

_____, Director



_____, Director

BELTLINE BUSINESS IMPROVEMENT AREA

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 , Director

_____, Director

BELTLINE BUSINESS IMPROVEMENT AREA

STATEMENT OF REVENUES, EXPENSES AND NET ASSETS

	<u>Year Ended</u> <u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue:		
City of Calgary grant	\$ 380,519	\$ 303,027
Income from campaigns	-	5,355
Interest income	407	1,440
Other grants income	<u>180,322</u>	<u>200</u>
	<u>561,248</u>	<u>310,022</u>
 Expenses:		
Advertising, & promotion	193,925	175,512
Amortization	21,159	1,327
Contractor	-	34,975
Insurance	2,614	1,069
Operating and administration	22,418	14,634
Projects and events	28,568	11,391
Public safety and societal issues	300	600
Salaries and wages	126,511	67,372
Telephone	<u>1,802</u>	<u>1,944</u>
	<u>397,297</u>	<u>308,824</u>
 Excess of revenue over expenses for the year	163,951	1,198
 Net assets unrestricted, beginning of year	<u>1,198</u>	<u>-</u>
 Net assets unrestricted, end of year	<u>\$ 165,149</u>	<u>\$ 1,198</u>

BELTLINE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

	<u>Year Ended</u> <u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:		
Excess of revenues over expenses for the year	\$ 163,951	\$ 1,198
Adjustment for items not affecting cash:		
Amortization	<u>21,159</u>	<u>1,327</u>
	<u>185,110</u>	<u>2,525</u>
Net changes in non-cash working capital:		
Increase in goods and services tax recoverable	(7,057)	(4,526)
Increase in grant receivable	(15,000)	-
Increase in prepaid expenses	(1,313)	(18)
Increase in accounts payable	<u>4,016</u>	<u>897</u>
	<u>(19,354)</u>	<u>(3,647)</u>
	<u>165,756</u>	<u>(1,122)</u>
Cash used in investing activities:		
Purchase of property plant & equipment	<u>(184,703)</u>	<u>(4,826)</u>
Cash used in financing activities:		
Increase in deferred revenue	<u>9,481</u>	<u>96,973</u>
(Decrease) increase in cash	(9,466)	91,025
Cash, beginning of year	<u>91,025</u>	<u>-</u>
Cash, end of year	<u>\$ 81,559</u>	<u>\$ 91,025</u>

BELTLINE BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Activity

The Beltline Business Improvement Area is a registered society under the *Societies Act of the Province of Alberta* and is a registered charity under the Income Tax Act. The Organization's mission is to improve beautify, develop, and promote the Beltline zone as a business and shopping area, and to advocate on behalf of businesses in that zone on issues that matter most to them.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Basis for Accounting

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

(b) Use of Estimates

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

(c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted grant contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grant contributions and interest are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred revenue represents funds advanced for programs to be carried out in future periods. If these funds are not expended in accordance with the funding agreement, the funder could request that the funds be repaid.

(d) Allocation of expenses

The Organization records a number of its expenses by function: advertising and promotion, operating expenses, projects and events. Salaries and wages are allocated on a prorated basis to the hours worked per function.

2. Significant Accounting Policies (continued)

(e) Capital assets

All property, plant and equipment purchased, are recorded at cost. These assets are depreciated over their estimated useful life. Amortization is charged on an annual basis using the declining balance method over their estimated useful life as follows:

Computer equipment	55%
Equipment	20%
Vehicle	30%

(f) Contributed Services

Volunteers may contribute a significant amount of their time each year to the Organization. Because of the difficulty in determining the fair market value of the services, contributed services are not recognized in the financial statements.

(g) Cash and cash equivalents

The Organization's policy is to present bank balances and term deposits with a maturity period of twelve months or less from the date of acquisition under cash and cash equivalents.

(h) Financial Instrument Measurement

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, and goods and services tax recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Unless otherwise disclosed, there are no significant differences between the carrying value of these amounts and their estimated fair value.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value December 31
Computer equipment	\$ 4,826	\$ 3,252	\$ 1,574
Equipment	169,424	16,942	152,482
Vehicle	15,279	2,292	12,987
	<u>\$ 189,529</u>	<u>\$ 22,486</u>	<u>\$ 167,043</u>

4. Deferred revenue

Deferred revenue represents funds received by the Organization where there are external restrictions on their use and therefore deferred for future periods or for a specific purpose

	December 31, 2021	December 31, 2020
City of Calgary - Business Improvement Area Grant	\$ 91,454	\$ 96,973
City of Calgary - BIA Midwinter Event	15,000	-
Total deferred revenue	<u>\$ 106,454</u>	<u>\$ 96,973</u>

5. Economic Dependence

The Organization operates programs which are funded by governments and agencies. These contracts are annually renewed and can be cancelled based on policy changes or redirection of funding.

6. Income Taxes

The Organization is a not-for-profit organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

7. Financial Instruments

(a) Fair values

The carrying value of the Organization's financial instruments including cash and cash equivalents, goods and services tax recoverable, and accounts payable and accrued liabilities approximate their fair value due to their short-term nature or existing terms similar to those that could be obtained currently.

(b) Credit risk

A substantial portion of accounts receivable are with known and reliable funders, and are subject to normal credit risks.

(c) Interest rate risk

The Organization is not subject to significant interest rate risk as it does not currently carry significant liabilities subject to interest.

(d) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally paid within 30 days. Programs are funded on an annual basis. The Organization operates these programs within the budgets established. There is no certainty that the programs will be continued beyond the current year. Accordingly, the Organization's commitments with respect to these programs are of a short-term nature.

8. Related parties

The Organization sponsored the Big Winter Classic Event that Adrian Urlacher, Executive Director, is the Chair of the Board for the not-for-profit organization. This is also noted within his contract.