

Crescent Heights Village Business Improvement Area
Financial Statements
December 31, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Responsibility for Financial Statements	1
Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10

**Crescent Heights Village Business Improvement Area
420, 1110 Centre Street NE
Calgary, Alberta T2E 2R2**

Management's Responsibility for Financial Statements

The accompanying financial statements of the Crescent Heights Village Business Improvement Area are the responsibility of management. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using management's best estimates and judgments, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, results of its operations and changes in financial position of the Crescent Heights Village Business Improvement Area within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by Gangji and Associates, Chartered Professional Accountant, who were appointed by the Board of Directors. Gangji and Associates has full and unrestricted access to management and the Board of Directors to discuss their audit and their related findings as to the integrity of the organization's financial reporting. The Auditor's Report outlining the scope of their examination and their opinion on the financial statements is presented on the following page.



Michael Bischoff (May 19, 2022 17:50:00)

Michael Bischoff
Chairperson
Date May 19, 2022

Independent Auditor's Report**To the Members of the Crescent Heights Village Business Improvement Area**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Crescent Heights Village Business Improvement Area, 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Crescent Heights Village 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 Crescent Heights Village Business Improvement Area in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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 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 Crescent Heights Village Business Improvement Area'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 Crescent Heights Village Business Improvement Area organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Crescent Heights Village Business Improvement Area's financial reporting process.

Auditor's Responsibility 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 entity'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 entity'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 the auditor's report. However, future events or conditions may cause the entity 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 19, 2022


Chartered Professional Accountant

**Crescent Heights Village Business Improvement Area
Statement of Financial Position
As at December 31, 2021**

	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash	\$ 51,714	\$ 51,148
GST receivable	1,806	466
Prepaid expenses and deposits	<u>598</u>	<u>576</u>
	54,118	52,190
Capital assets (note 3)	1,523	1,646
	<u>\$ 55,641</u>	<u>\$ 53,836</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>7,350</u>	\$ <u>6,518</u>
	7,350	6,518
Net Assets		
Capital Assets Fund	\$ 1,523	\$ 1,646
General Fund	<u>46,768</u>	<u>45,672</u>
	48,291	47,318
	<u>\$ 55,641</u>	<u>\$ 53,836</u>

Approved on behalf of the Board


Michael Bischoff (May 19, 2022 17:55 MDT)

Michael Bischoff, Chairperson


Yukio Cummings (May 20, 2022 13:31 MDT)

Yukio Cummings, Vice-Treasurer

**Crescent Heights Village Business Improvement Area
Statement of Changes in Net Assets
Year ended December 31, 2021**

	Capital Assets <u>Fund</u>	<u>2021</u> General <u>Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 1,646	\$ 45,672	\$ 47,318
Excess of revenues over expenses	-	973	973
Acquisition of capital assets	800	(800)	-
Amortization	(923)	923	-
Balance, end of year	\$ <u>1,523</u>	\$ <u>46,768</u>	\$ <u>48,291</u>

	Capital Assets <u>Fund</u>	<u>2020</u> General <u>Fund</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ -	\$ -
Excess of revenues over expenses	-	47,318	47,318
Acquisition of capital assets	2,116	(2,116)	-
Amortization	(470)	470	-
Balance, end of year	\$ <u>1,646</u>	\$ <u>45,672</u>	\$ <u>47,318</u>

**Crescent Heights Village Business Improvement Area
Statement of Operations
Year ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
Revenues		
BIA tax levy	\$ 120,000	\$ 120,000
Sponsorships, fundraising and other	17,493	481
	137,493	120,481
Expenses		
Advertising and promotion	36,886	5,585
Amortization	923	470
Bank charges	302	269
Events	11,324	614
Insurance	1,332	804
Office and administrative	39,767	52,914
Professional fees	6,586	5,355
Rent	4,920	2,050
Street improvement	33,815	4,669
Telephone and utilities	665	433
	136,520	73,163
Excess of revenues over expenses	\$ 973	\$ 47,318

Crescent Heights Village Business Improvement Area
Statement of Cash Flows
Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities:		
Excess of revenues over expenses	\$ 973	\$ 47,318
Adjustments to determine cash provided by operating activities:		
Amortization of capital assets	923	470
	1,896	47,788
Net changes in non-cash working capital items:		
GST receivable	(1,340)	(466)
Prepaid expenses and deposits	(22)	(576)
Accounts payable and accrued liabilities	832	6,518
Cash flows from operating activities	1,366	53,264
Investing activities:		
Purchase of capital assets	(800)	(2,116)
Cash flows from (used in) investing activities	(800)	(2,116)
Net increase in cash and cash equivalents during the year	566	51,148
Cash and cash equivalents, beginning of year	51,148	-
Cash and cash equivalents, end of year	\$ 51,714	\$ 51,148

**Crescent Heights Village Business Improvement Area
Notes to Financial Statements
Year ended December 31, 2021**

1. Purpose of the Business Improvement Area

The Crescent Heights Village BIA (“BIA”) was established in 2020 for the following purposes:

- (a) To advocate for improved safety, security, cleanliness and attractiveness of property in the BIA;
- (b) To address streetscape improvements and infrastructure issues through discussion with the City of Calgary;
- (c) To market the district as a visitor destination in collaboration with local tourist organizations, economic development authorities, and the arts and culture community;
- (d) To promote suitable development and business opportunities in the BIA to new investors and business operators; and
- (e) To promote the BIA as a business and shopping area.

2. Summary of significant accounting policies

Significant accounting policies are summarized as follows:

(a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting

The General Fund accounts for the BIA’s program delivery and administration activities. This Fund reports unrestricted revenues and restricted operating grants.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the BIA’s capital asset activities.

(c) Revenue recognition

BIA tax levies and other revenue are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with financial institutions.

(e) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful economic life using the declining balance method at the following annual rates:

Computer hardware	55%
Equipment and furniture	20%

Crescent Heights Village Business Improvement Area
Notes to Financial Statements
Year ended December 31, 2021

2. Summary of significant accounting policies (continued)

(e) Capital assets (continued)

In the year of acquisition, amortization on capital assets is recorded at one-half of the applicable normal rate.

(f) Financial instruments

The BIA initially measures its financial assets and financial liabilities at their fair value. The BIA subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents as well as accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. As the BIA's main source of revenue stems from funding from the City of Calgary, the BIA is not exposed to significant credit risk.

Currency risk

Currency risk is the risk that arises from the change in price of one currency against another. The BIA is not exposed to any foreign exchange risk as all revenue and operating expenses are incurred in Canadian Dollars.

Interest rate risk

Interest rate risk is the risk that an investment or loan payment value will change due to a change in the absolute level of interest rates or a change in any interest rate relationship. Based on its assets and liabilities, the BIA is not exposed to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the BIA will not be able to fund its obligations as they come due. Based on the financial position of the BIA, the BIA is not exposed to significant liquidity risk.

Market and other price risk

Market and other price risk is the risk that the fair value of financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Due to the nature of the financial instruments held by the BIA, which are comprised of cash and receivables (financial assets), and trade accounts payable / accrued liabilities (other financial liabilities), the BIA is not exposed to significant market or other price risk.

Crescent Heights Village Business Improvement Area
Notes to Financial Statements
Year ended December 31, 2021

2. Summary of significant accounting policies (continued)

(g) Management estimates

The preparation of these financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts 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 the estimates made by the BIA as additional information becomes available in the future.

(h) Contributed services

Volunteers contribute significant hours to assist the BIA in carrying out its purpose. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

3. Capital assets

		<u>2021</u>		<u>2020</u>
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>
Computer hardware	\$ 2,275	\$ 1,214	\$ 1,061	\$ 1,069
Equipment and furniture	641	179	462	577
	<u>\$ 2,916</u>	<u>\$ 1,393</u>	<u>\$ 1,523</u>	<u>\$ 1,646</u>