

**4TH STREET
SOUTH WEST BUSINESS
IMPROVEMENT AREA
Financial Statements
Year Ended December 31, 2022**

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
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Year Ended December 31, 2022

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BUCHANAN BARRY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of 4th Street South West Business Improvement Area

Opinion

We have audited the financial statements of 4th Street South West Business Improvement Area (the Organization), which comprise the statement of financial position as at December 31, 2022, 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 Organization as at December 31, 2022, 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 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 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:

(continues)

Independent Auditor's Report to the Members of 4th Street South West Business Improvement Area
(continued)

- 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.

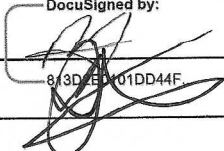
Calgary, Alberta
May 19, 2023

Buchanan Barry LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 303,591	\$ 309,297
Accounts receivable	469	-
Goods and services taxes recoverable	15,792	12,797
Prepaid expenses	2,958	1,338
	<u>322,810</u>	<u>323,432</u>
CAPITAL ASSETS (Note 3)	<u>44,789</u>	<u>56,672</u>
	<u>\$ 367,599</u>	<u>\$ 380,104</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	\$ 26,424	\$ 47,178
DEFERRED REVENUE (Note 5)	<u>29,068</u>	<u>34,354</u>
	<u>55,492</u>	<u>81,532</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	296,387	276,254
INVESTED IN CAPITAL ASSETS	<u>15,720</u>	<u>22,318</u>
	<u>312,107</u>	<u>298,572</u>
	<u>\$ 367,599</u>	<u>\$ 380,104</u>
COMMITMENTS (Note 7)		

APPROVED ON BEHALF OF THE BOARD

DocuSigned by:

 _____ Director
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 _____ Director

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Statement of Operations
Year Ended December 31, 2022

	2022	2021
REVENUE		
Business tax levy	\$ 185,200	\$ 185,200
Grants	15,000	10,000
Recognition of deferred revenue (Note 5)	5,286	5,286
	<u>205,486</u>	<u>200,486</u>
EXPENSES		
Marketing	72,687	54,524
Consulting fees (Note 6)	42,667	26,350
Streetscape repairs and maintenance	19,499	16,122
Professional fees	17,048	12,700
Rent, parking, and utilities (Note 6)	14,400	15,745
Amortization of capital assets	11,918	9,007
Events	5,029	5,976
Office and administration	4,763	3,935
Insurance	2,631	1,542
Annual and general meetings	237	649
Wages and benefits (recovery)	-	(1,770)
	<u>190,879</u>	<u>144,780</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	14,607	55,706
LOSS ON DISPOSITION OF CAPITAL ASSETS	(1,072)	-
EXCESS OF REVENUE OVER EXPENSES	\$ 13,535	\$ 55,706

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Statement of Changes in Net Assets
Year Ended December 31, 2022

	Unrestricted	Invested in Capital Assets	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 276,254	\$ 22,318	\$ 298,572	\$ 242,866
Transfer for acquisition of capital assets	(1,106)	1,106	-	-
Excess of revenue over expenses	21,239	(7,704)	13,535	55,706
NET ASSETS - END OF YEAR	\$ 296,387	\$ 15,720	\$ 312,107	\$ 298,572

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 13,535	\$ 55,706
Items not affecting cash:		
Amortization of capital assets	11,918	9,007
Recognition of deferred revenue	(5,286)	(5,286)
Loss on disposition of capital assets	1,072	-
	<u>21,239</u>	<u>59,427</u>
Changes in non-cash working capital:		
Accounts receivable	(469)	-
Goods and service taxes recoverable	(2,995)	(2,330)
Prepaid expenses	(1,620)	1,345
Accounts payable and accrued liabilities	(20,755)	37,550
	<u>(25,839)</u>	<u>36,565</u>
	<u>(4,600)</u>	<u>95,992</u>
INVESTING ACTIVITY		
Acquisition of capital assets	<u>(1,106)</u>	<u>(24,264)</u>
INCREASE (DECREASE) IN CASH	(5,706)	71,728
CASH - Beginning of year	309,297	237,569
CASH - End of year	\$ 303,591	\$ 309,297

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

4th Street South West Business Improvement Area (the "Organization") is a non-profit organization established under the Municipal Government Act of the Province of Alberta on November 2, 1990.

The purpose of the Organization is to beautify the 4th Street South West business area between Thirteenth Avenue and Elbow Drive. The majority of the funds are derived from the incremental business tax being levied by the City of Calgary on all businesses in the above mentioned area. Continued operation of the Organization is dependent on this ongoing financial support. The Organization is a tax exempt non-profit organization under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and includes the significant accounting policies summarized below.

Cash and cash equivalents

Cash includes cash on hand and bank deposits only. Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives using the following rates and methods:

Computer equipment	30%	declining balance
Furniture and equipment	20%	declining balance
Street benches	10 years	straight-line
Street flags	5 years	straight-line
Street lights	2 years	straight-line

The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

4th Street South West Business Improvement Area 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.

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4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2022

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

Financial instruments

Measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying value or exchange amount. The Organization subsequently measures all financial assets and liabilities at amortized cost, except for equity instruments quoted in an active market, which are reported at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost include cash.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in excess of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

The Organization recognizes transaction costs in the statement of operations in the period incurred for financial instruments subsequently measured at fair value. Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to that origination and acquisition of the financial instrument.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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. Estimates and assumptions include the estimated useful life of capital assets for amortization purposes and net recoverable amount of capital assets. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2022

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 1,107	\$ 166	\$ 941	\$ 1,072
Furniture and equipment	1,030	874	156	194
Street benches	52,855	23,785	29,070	34,356
Street flags	19,014	5,704	13,310	17,113
Street lights	40,853	39,541	1,312	3,937
	\$ 114,859	\$ 70,070	\$ 44,789	\$ 56,672

4. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities is \$1,752 (2021 - \$5,670) due to the Canada Revenue Agency in respect of outstanding payroll remittances.

5. DEFERRED REVENUE

	2022	2021
Beginning balance	\$ 34,354	\$ 39,640
Recognition of grant	(5,286)	(5,286)
	\$ 29,068	\$ 34,354

During the year ended December 31, 2018, the City of Calgary provided a grant in the amount of \$52,855 for the purchase of street benches by the Organization. The grant is being amortized on the same basis as the street benches. Revenue recognized for the period ended December 31, 2022 from the grant was \$5,286 (2021 - \$5,286).

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2022

6. RELATED PARTY TRANSACTIONS

Transactions with the following related parties are considered to be in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts below have been approved by the board of directors.

Rent and occupancy costs of \$14,400 (2021 - \$14,400) were paid to a company managed by a director of the Organization.

Consulting and administration fees of \$42,667 (2021 - \$26,350) were paid to a company managed by the executive director of the Organization. Included in accounts payable and accrued liabilities as at December 31, 2022 is \$4,375 (2021 - \$4,148) in relation to these fees.

Accounts payable and accrued liabilities also include reimbursement of expenses of \$2,848 (2021 - \$5,073) payable to the executive director of the Organization.

7. COMMITMENTS

The Organization has a long-term lease with respect to its premises which expires on December 31, 2027. The future lease obligations for occupied premises, exclusive of taxes and other occupancy charges are as follows:

2023	\$	14,400
2024		14,400
2025		14,400
2026		14,400
2027		14,400
		<u>14,400</u>
	\$	<u>72,000</u>

4TH STREET SOUTH WEST BUSINESS IMPROVEMENT AREA
Notes to Financial Statements
Year Ended December 31, 2022

8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that third parties may default on their financial obligations. The Organization is exposed to credit risk on cash.

The Organization's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's approach to managing liquidity risk is to prepare and follow annual budgets, as well as ensuring there are sufficient revenues to cover expenses. The Organization's liquidity risk is considered to be low as the Organization aims to retain sufficient cash positions to manage liquidity risk.

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 risk, interest rate risk and other price risk. The Organization is not currently exposed to these types of risks.
