David L. Patrino
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of Mainstreet Bowness Business Improvement Area

I have audited the accompanying financial statements of Mainstreet Bowness Business Improvement Area, which comprise the statement of financial position as at December 31, 2022 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Independent Auditor's Report to the Members of Mainstreet Bowness Business Improvement Area
(continued)

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mainstreet Bowness Business Improvement Area as at December 31, 2022 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
April 26, 2023

CHARTERED PROFESSIONAL ACCOUNTANT

December 31, 2022

		2022		2021
ASSETS				
CURRENT				
Cash	**$**	**62,870**	$	56,659
Accounts receivable		**-**		12,855
Goods and services tax recoverable		**2,650**		7,779
Prepaid expenses		**769**		803
		66,289		78,096
EQUIPMENT *(Net of accumulated amortization)*		**1,095**		-
LONG TERM INVESTMENTS		**5**		4
	$	**67,389**	$	78,100
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	**$**	**3,001**	$	5,692
Deferred income		**-**		525
		3,001		6,217
NET ASSETS		**64,388**		71,883
	$	**67,389**	$	78,100

ON BEHALF OF THE BOARD

_____________________ *Director*

Patricia Fahey (May 2, 2023 10:28 MDT)
_____________________ *Director*

		2022		2021
REVENUES				
Business revitalization zone levy	**$**	**50,100**	$	50,100
Street festival income		**25,757**		800
Grants		**12,195**		34,745
		88,052		85,645
EXPENSES				
General and administrative expenses		**38,788**		34,340
Special projects and events		**20,009**		7,432
Plant care and watering		**14,776**		12,876
Sidewalk maintenance		**7,885**		10,794
Advertising and promotion		**3,703**		18,042
Flowers and planters		**2,860**		7,469
Professional fees		**2,750**		3,000
Insurance		**1,571**		1,584
Telephone		**900**		743
Workers compensatopn		**800**		779
Wreathes		**725**		1,020
Office		**713**		910
Meals and entertainment		**225**		122
Vehicle		**33**		4
Bank charges		**5**		-
Interest and bank charges		**(1)**		-
Amortization		**365**		-
		96,107		99,115
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS		**(8,055)**		(13,470)
OTHER INCOME				
Interest income		**560**		140
DEFICIENCY OF REVENUES OVER EXPENSES	**$**	**(7,495)**	$	(13,330)

		Unrestricted		**2022**		2021
NET ASSETS - BEGINNING OF YEAR	$	71,883	**$**	**71,883**	$	85,213
DEFICIENCY OF REVENUES OVER EXPENSES		(7,495)		**(7,495)**		(13,330)
NET ASSETS - END OF YEAR	$	64,388	**$**	**64,388**	$	71,883

		2022		2021
OPERATING ACTIVITIES				
Deficiency of revenues over expenses	**$**	**(7,495)**	$	(13,330)
Item not affecting cash:				
Amortization of property, plant and equipment		**365**		-
		(7,130)		(13,330)
Changes in non-cash working capital:				
Accounts receivable		**12,855**		(12,855)
Accounts payable		**(2,692)**		2,150
Deferred income		**(525)**		-
Prepaid expenses		**34**		579
Goods and services tax payable		**5,129**		(4,145)
		14,801		(14,271)
Cash flow from (used by) operating activities		**7,671**		(27,601)
INVESTING ACTIVITY				
Purchase of property, plant and equipment		**(1,460)**		-
INCREASE (DECREASE) IN CASH FLOW		**6,211**		(27,601)
Cash - beginning of year		**56,659**		84,260
CASH - END OF YEAR	**$**	**62,870**	$	56,659
CASH CONSISTS OF:				
Cash	**$**	**62,870**	$	56,659

1. DESCRIPTION OF BUSINESS

Mainstreet Bowness Business Improvement Area (formerly Bowness BRZ (1995)), ("Mainstreet Bowness BIA") is an Organization that is established and operated by the Municipal Government Act's business revitalization regulation of the City of Calgary. The BIA in the City of Calgary, established as a Business Revitalization Zone under Bylaw 38M95. BIAs are corporations by virtue of Section 51 of the Municipal Government Act. City Council passes bylaws to establish BIAs and to establish the not-for-profit BIA Associations.

The Organization was incorporated under the Societies Act of Alberta on December 31, 1995 without share capital.

The Municipal Government Act, R.S.A. 2000, c. M-26 was amended to change the "Business Revitalization Zone" designation to a "Business Improvement Area". On November 28, 2016, the Bowness Business Revitalization Zone was continued as the Mainstreet Bowness Business Improvement Area.

A BIA is governed by a board consisting of members appointed by resolution of Council. The board must consist of individuals who have been nominated by one or more taxpayers in the BIA. Members of the board shall be appointed for 1 year terms. The board is responsible for the administration of the Organization. The board develops the BIA's annual program and submits the program's budget estimates to city council. The BIA receives its revenue from local business owners in the Bowness business area in the City of Calgary. This revenue is collected by means of a special BIA levy added to each business owner's annual business tax bill.
BIA's role is:

improving, beautifying and maintaining property in the BIA;
developing, improving and maintaining public parking within and adjacent to the BIA; and
promoting the BIA as a business or shopping area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of presentation</u>

The financial statements were prepared in accordance with Canadian accounting standards for notfor-profit organizations (ASNPO) in Part III of the CPA Canada Handbook and reflect the following significant accounting policies:

<u>Cash and cash equivalents</u>

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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

Revenue recognition

1. Other revenue is recorded at the time the service is rendered in the normal course of operation and the collection is assured.

2. Business revitalization zone levy is recorded when there is a reasonable assurance that the Organization had complied with and will continue to comply with all the necessary conditions to obtain the levy.

3. The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are 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 in the year.

4. The Organization recognizes its interest using the accrual basis of accounting.

Contributed services
Volunteers contribute services to assist the Organization in carrying out its activities. Since these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Prepaid expenses
Prepaid expenses include costs paid in advance of the fiscal year to which the costs relate, such as prepaid maintenance, prepaid commercial general and professional liability insurance.

Use of estimates
When preparing financial statements according with Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

reported amounts of revenues and expenses
reported amounts of assets and liabilities
disclosure of contingent assets and liabilities.

The estimates are based on a number of factors, including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

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

Financial instruments policy

The Organization measures its financial assets and financial liabilities at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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 Organization 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 Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Going concern
These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Organization’s ability to continue as a going concern is dependent upon its ability to attain the BIA levy and generate funds therefrom, and, if required, to obtain funds sufficient to meet current and future obligations and/or restructure the existing payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Organization were unable to continue its operations.

3. INVESTMENTS

	Shares/units	**2022**	Shares/units	2021
Servus Credit Union common shares	**4**	**$ 4.55**	4	$ 4.38
	4	**$ 4.50**	4	$ 4.50

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments.

Risk management relates to the understanding and active management of risks associated with all areas of the Organization's activities and the associated operating environment.

The following analysis presents the Organization’s exposures to significant risk as at December 31, 2022.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is not exposed to any significant credit risk in respect to the levy receivable, accounts receivable, and term deposits. The Organization mitigates this risk by selecting fixed income investments with high quality credit ratings assigned by a well-recognized credit agency.

Fair Value Risk

The Organization's carrying value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

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. The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk, while the floating-rate instruments subject it to a cash flow risk.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

5. COVID-19

During the year ended December 31, 2020, the World Health Organization (“WHO”) announced a global health emergency, because of a new strain of coronavirus that spreads globally beyond its point of origin (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The COVID-19 outbreak has resulted in continued emergency measures to combat the spread of the virus. The full impact continues to evolve as of the date of this report. The Organization has considered the impact this would have on its liquidity and exposure to interest rate risk and does not expect there to be a long term significant impact to the Organization.