

2022 Audited Financial Statements for Business Improvement Areas (BIAs)

RECOMMENDATION:

That the Executive Committee recommend that Council receive this report for the Corporate Record.

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2023 JUNE 1:

That Council receive this report for the Corporate Record.

HIGHLIGHTS

- This report fulfills the requirement under the *Business Improvement Area Regulation* (the Regulation) for Calgary's 15 Business Improvement Areas (BIAs) to submit audited financial statements annually to Council.
- **What does this mean to Calgarians?** This legislative requirement supports transparency and accountability by reporting to Council and Calgarians on how each BIA spent taxpayer funds collected through the BIA tax and other revenue sources.
- **Why does this matter?** BIAs provide valuable local economic development services, activations and programs that contribute to the implementation of *Calgary in the New Economy: An Economic Strategy for Calgary* and support achieving Council's strategic directions on economic and social resilience.
- The financial review process assesses each organization's financial health during the previous year and helps manage The City's exposure to third-party risks inherent in partnering. No concerns were raised when the financial statements were evaluated on the financial health and the BIAs ongoing ability to meet their financial short- and long-term obligations.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Under the *Municipal Government Act* (Alberta), municipalities can establish BIAs for the purposes of improving, beautifying, and maintaining property in the area; developing, improving, and maintaining public parking; and promoting the area as a business or shopping area. The Regulation outlines further responsibilities of the BIA and the municipality including a requirement for BIAs to annually submit balanced budgets for Council approval and audited financial statements, and to maintain proper records, among other items.

This report specifically meets the Regulation's requirement that every BIA board must submit an audited financial statement to Council. Attachments 2 through 16 include the audited financial statements for each of the 15 BIAs currently operating in Calgary, in alphabetical order.

For the 2022 fiscal year, all BIAs received an unqualified audit opinion from their third-party auditors. This means that, in the opinion of the auditors, the financial statements present fairly, in all material aspects, the financial position of the individual BIA, in accordance with accounting standards for not-for-profit organizations.

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All financial statements were analyzed by Administration to evaluate the financial health of each of the organizations, as well as their ongoing ability to meet their financial short- and long-term obligations. The City's analysis includes a review of the third-party audited financial statements with a focus on liquidity capacity, changes to reserves and potential issues with financial deficits. Based on the analysis, no concerns were raised by Administration.

A summary of each BIA's Statement of Operations (Attachment 17) and Statement of Financial Position (Attachment 18) are also attached for reference. However, caution should be exercised if comparing one BIA to another as each BIA maintains its accounting records based on its business needs and accounting practices, and what is included in a particular category may differ from one BIA to another.

Revenues declared by BIAs in 2022 include funding from City of Calgary grant programs targeting areas of bylaw compliance, festival and events, improvements to the public realm and safety. These grants are in addition to the revenue from the BIA tax and are awarded based on individual applications and the criteria of each funding program. In general, these grants support The City's priorities and support BIAs' capacity to provide enhanced services to member businesses, residents, and visitors.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| ☐ Public engagement was undertaken | ☒ Dialogue with interested parties was undertaken |
| ☐ Public/interested parties were informed | ☐ Public communication or engagement was not required |

Each BIA submitted its audited financial statements to be included in this report.

IMPLICATIONS

Social

Programs and services offered by BIAs support community vibrancy and a strong local economy, enhance public spaces, and support overall quality of life in Calgary.

Environmental

BIAs support walkable communities and create local hubs that can help support the reduction of local residents' and customers' carbon footprints.

Economic

BIAs contribute to a strong and vibrant local business community by improving, beautifying, and maintaining property in the business improvement area; developing, improving, and maintaining public parking; and promoting the business improvement area as a business or shopping area. BIA programs and services support business growth, contribute to implementation of *Calgary in the New Economy: an economic strategy for Calgary*, and provide access to knowledge and insight that helps guide City strategies and planning including the Downtown Strategy.

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Service and Financial Implications

No anticipated financial impact

RISK

The City's exposure to third-party risks, related to partnering with BIAs, is assessed through the financial review process and, where required, The City works with individual BIAs to understand how identified risks are being mitigated.

ATTACHMENTS

1. Background and Previous Council Direction
2. 4th Street South West BIA
3. 17th Avenue Retail & Entertainment District BIA
4. Beltline BIA
5. Bridgeland BIA
6. Calgary Downtown Association BIA
7. Chinatown BIA
8. Crescent Heights Village BIA
9. Greenview Industrial BIA
10. Inglewood BIA
11. International Avenue BRZ
12. Kensington BRZ
13. Mainstreet Bowness BIA
14. Marda Loop BIA
15. Montgomery on the Bow BIA
16. Victoria Park BIA
17. 2022 Statement of Operations Summary
18. 2022 Statement of Financial Position Summary
19. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Office	Inform
Stuart Dalgleish	Planning & Development	Inform