

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION

Spruce Grove, AB

FINANCIAL STATEMENTS

December 31, 2020



TOBER HEMBLING & ASSOCIATES^{LLP}
Chartered Professional Accountants
Timely. Honest. Accurate.

PARTNERS

Kenneth T. Tober, CPA, CA•
Joey M. Johnston, CPA, CA•
B. Brian Hembling, CPA, CA•
(retired)
•Denotes Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Spruce Grove City Centre Business Association

Opinion

We have audited the financial statements of Spruce Grove City Centre Business Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, 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 Association as at December 31, 2020, and its financial performance 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 Association 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 those 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Independent Auditor's Report to the Members of Spruce Grove City Centre Business Association
(continued)

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 Association'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 Association'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 Association 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.

Tober/Hembling & Associates LLP

Chartered Professional Accountants

Spruce Grove, Alberta

March 1, 2021

DS
ARC

DS
SY

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Statement of Financial Position****December 31, 2020**

	2020	2019 <i>Reclassified</i>
ASSETS		
CURRENT		
Cash	\$ 20,669	\$ 13,061
Accounts receivable	1,346	-
Goods and services tax receivable	585	-
	<u>22,600</u>	<u>13,061</u>
CAPITAL ASSETS (Note 3)	<u>1,462</u>	<u>1,925</u>
	<u>\$ 24,062</u>	<u>\$ 14,986</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,500	\$ 3,875
Goods and services tax payable	-	711
	<u>2,500</u>	<u>4,586</u>
NET ASSETS	<u>21,562</u>	<u>10,400</u>
	<u>\$ 24,062</u>	<u>\$ 14,986</u>

ON BEHALF OF THE BOARD_____
*President*_____
Vice-president

See notes to financial statements

DocuSigned by:

Angela Regier Cubos

DB3DD22C78B74F3...

DocuSigned by:

Sharon Yeast

338BB07D008740D...

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Statement of Changes in Net Assets****Year Ended December 31, 2020**

	2020	2019
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 10,400	\$ 8,068
Excess of revenue over expenses	<u>11,162</u>	<u>2,332</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 21,562</u>	<u>\$ 10,400</u>

DS
ARC

DS
SY

See notes to financial statements

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Statement of Revenues and Expenses****Year Ended December 31, 2020**

	2020	2019
Revenue		
Business levies	\$ 32,000	\$ 32,000
Contract revenue	-	12,000
Event revenue (Note 5)	1,550	25,745
Sponsorship revenue (Note 5)	15,500	39,545
	49,050	109,290
Expenses		
Advertising and promotion	337	8,666
Amortization	463	463
Business taxes and licenses	55	415
Complementary vendor (Note 5)	-	4,675
Event expense	5,485	30,637
Insurance	1,884	3,796
Interest and bank charges	129	693
Meals and entertainment	46	30
Office	1,127	4,005
Professional fees (Note 5)	6,960	10,145
Rent	7,323	7,620
Subcontract	14,238	34,137
Telephone	1,316	1,676
	39,363	106,958
Excess of revenue over expenses from operations	9,687	2,332
Canada emergency rent subsidy	1,475	-
Excess of revenue over expenses	\$ 11,162	\$ 2,332

DS
ARC

DS
SY

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	\$ 11,162	\$ 2,332
Item not affecting cash:		
Amortization of capital assets	463	463
	<u>11,625</u>	<u>2,795</u>
Changes in non-cash working capital:		
Accounts receivable	(1,346)	69
Accounts payable and accrued liabilities	(1,375)	439
Goods and services tax receivable/payable	(1,296)	454
	<u>(4,017)</u>	<u>962</u>
Net change in cash during the year	7,608	3,757
Cash - beginning of year	13,061	9,304
Cash - end of year	\$ 20,669	\$ 13,061

DS
ARC

DS
SY

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2020**

1. Nature of purpose of the Association

Spruce Grove City Centre Business Association (the "Association") was established by a Bylaw of the City of Spruce Grove signed August 15, 2016. The Bylaw empowers the Board of Directors of the Association to carry on activities relating to the following purposes of the Association. The purpose of the Association is to promote, stimulate and reinvigorate Spruce Grove's City Centre as the civic, cultural and social heart of the community through design, programming and uniting of public and private sector businesses and activities.

2. Summary of significant accounting policiesBasis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Association follows the deferral method of accounting. Revenue is recognized when evidence of an arrangement exists, the service has been rendered, and the price is determinable, as follows:

- Business levy income is recognized as revenue in the year to which the levy relates.
- Contract and unrestricted grant income is recognized as revenue in the year to which the contract or grant relates. Restricted grant income is recognized in the year in which the related expenditures are incurred.
- Events and sponsorship income are recognized as revenue in the year the event is held.

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash

The Association's policy is to disclose bank balances under cash.

(continues)

DS
ARC

DS
SY

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2020****2. Summary of significant accounting policies (continued)**Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is calculated on a declining balance basis. The rates used, as set out below, are estimated to be sufficient to amortize the cost of the capital assets to residual value by the expiration of their useful lives. Capital assets are amortized at half of the normal rates in the year of acquisition.

Computer equipment	55%
Equipment	20%

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of cost.

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

Income taxes

The Association is a not-for-profit organization and as such, is exempt from income taxes under Section 142(12) of the Income Tax Act, therefore, no provision for income taxes has been included in these financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

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

Contributed services

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

3. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 1,060	\$ 318	\$ 742	\$ 755
Equipment	2,250	1,530	720	1,170
	<u>\$ 3,310</u>	<u>\$ 1,848</u>	<u>\$ 1,462</u>	<u>\$ 1,925</u>

DS

ARC

DS

SU

SPRUCE GROVE CITY CENTRE BUSINESS ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2020****4. Financial instruments**

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of having sufficient funds to pay current liabilities. The Association has excess cash to cover all liabilities, therefore, exposure to this risk is fully mitigated. There has been no significant change in liquidity risk from the prior year.

The Association is not exposed to credit, market, currency, interest or other price risk.

5. Related party transactions

The Association offers one free booth at all markets to businesses in the business revitalization zone. The fair market value of these booths is recorded as event revenue with the matching expense recorded as complementary vendors. During the year, \$ NIL (2019 - \$4,675) has been recognized as event revenue and vendor expense.

Tober Hembling & Associates LLP is in the business revitalization zone. During the year they donated \$3,500 (2019 - \$5000) of audit fees to the Association. This amount has been included in sponsorship revenue.

6. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 Virus. The Society is following health advisories and mandatory requirements from local, provincial, and national health and government organizations. The Associations has continued to operate, however it had to suspend substantially all fundraising activities and events. The ongoing impact of the pandemic on the Association's operations and cash flow has not yet been determined.

DS
ARC

DS
SY