
**QUINPOOL ROAD MAINSTREET
DISTRICT ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Quinpool Road Mainstreet District Association Limited

Opinion

I have audited the accompanying financial statements of **Quinpool Road Mainstreet District Association Limited**, which comprise the statement of financial position as at **March 31, 2022**, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Quinpool Road Mainstreet District Association Limited** as at **March 31, 2022**, 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

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Quinpool Road Mainstreet District Association Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Quinpool Road Mainstreet District Association Limited'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Quinpool Road Mainstreet District Association Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.



Andrew Corkum Accounting Services Ltd.

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INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Quinpool Road Mainstreet District Association Limited'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Quinpool Road Mainstreet District Association Limited 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.

I 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 I identify during my audit.

Halifax, Nova Scotia
August 17, 2022

Chartered Professional Accountant

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION

MARCH 31 **2022** **2021**

ASSETS

CURRENT ASSETS

Cash	\$ 150,577	\$ 135,361
HST recoverable	6,007	2,001
Prepaid expenses	<u>2,040</u>	<u>1,214</u>
	<u>\$ 158,624</u>	<u>\$ 138,576</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 448	\$ 945
Deferred revenue - HRM 2022/23 funding	<u>77,849</u>	<u>79,403</u>
	<u>78,297</u>	<u>80,348</u>

NET ASSETS

UNRESTRICTED NET ASSETS	<u>80,327</u>	<u>58,228</u>
	<u>\$ 158,624</u>	<u>\$ 138,576</u>

Approved by the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31	BUDGET	2022	2021
REVENUE			
Halifax Regional Municipality (Note 4)	\$ 224,666	\$ 234,656	\$ 215,227
HST rebate (Note 3(f))	3,500	6,007	4,718
Sponsorship and other income	800	1,891	-
	<u>228,966</u>	<u>242,554</u>	<u>219,945</u>
EXPENSES			
Salaries and benefits	73,023	72,481	70,472
Advertising and website	57,600	36,315	45,211
Maintenance fund and streetscaping	45,388	56,635	21,903
Christmas programming and events	18,560	20,331	11,350
COVID-19 Member support and programming	10,000	1,750	9,495
Office expenses (Note 5)	7,195	6,460	6,210
Audit, accounting and legal fees	6,000	5,949	4,382
Meetings and conferences	5,200	3,998	1,772
Insurance	4,000	3,337	3,446
Telephone	2,000	1,184	1,523
HST expense (Note 3(f))	-	12,015	9,435
	<u>228,966</u>	<u>220,455</u>	<u>185,199</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ 22,099</u>	<u>\$ 34,746</u>

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31	2022	2021
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	\$ 58,228	\$ 23,482
EXCESS OF REVENUE OVER EXENDITURES	<u>22,099</u>	<u>34,746</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 80,327</u>	<u>\$ 58,228</u>

See accompanying notes to the financial statements

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED DURING YEAR		
Halifax Regional Municipality		
Current year funding 2020/21 (Note 4)	\$ 234,656	\$ 215,227
Add: current year deferred revenue	77,849	79,403
Less: prior year deferred revenue	<u>(79,403)</u>	<u>-</u>
	233,102	294,630
Other program sponsorships and revenues	1,891	-
HST rebates (Note 3(f))	<u>2,001</u>	<u>5,203</u>
	236,994	299,833
CASH PAID DURING THE YEAR		
Operating costs and programs	149,297	117,259
Salaries and benefits	<u>72,481</u>	<u>70,472</u>
	221,778	187,731
NET INCREASE IN CASH DURING THE YEAR	15,216	112,102
CASH AT BEGINNING OF YEAR	<u>135,361</u>	<u>23,259</u>
CASH AT END OF YEAR	<u>\$ 150,577</u>	<u>\$ 135,361</u>

See accompanying notes to the financial statements

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

1. NATURE OF OPERATIONS

Quinpool Road Mainstreet District Association Limited (QRMDA) was incorporated under the Nova Scotia Corporations Registrations Act as a Limited by Guarantee company, without share capital, and operates as a not-for-profit organization. The objectives of the Association are to advance the common civic and commercial interests and foster favourable publicity for the District and its members. The association is exempt from income taxes under the provisions of the Income Tax Act.

The Association is a related entity of Halifax Regional Municipality as disclosed in Note 4.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b) Cash

Cash includes cash on deposit with financial institutions.

c) Revenue recognition

The Association follows the deferral method of accounting for contributions.

Revenue from the Halifax Regional Municipality membership levy is recognized annually based on the approved amounts under the service agreement as disclosed in Note 4. Funding received for future periods is deferred and recognized as revenue in the year for which it relates. Sponsorship and fundraising revenue is recognized as earned, when collectibility is reasonably assured.

d) Capital Assets

The Association's capital assets include various office furniture and equipment. Section 4433.26 of the Canadian Accounting Standards for Not-for-Profit Organizations allows smaller Not-for-Profit organizations with annual revenues under \$500,000 to recognize the purchase of capital assets as operational expense in the year acquired, rather than as an asset on Statement of Financial Position. Accordingly, capital assets are recorded as an expense on the Statement of Operations in the year acquired.

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, 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 amounts receivable.

Financial liabilities measured at amortized cost include account payable.

f) HST

Under the provisions of the Excise Tax Act, the Association is entitled to a rebate of 50% of the HST paid annually on expenditures. The Association records the full amount of HST as HST expense on the income statement with the corresponding refundable portion being accounted for as HST rebate revenue.

4. GOVERNMENT FUNDING - HALIFAX REGIONAL MUNICIPALITY

	<u>2022</u>	<u>2021</u>
Membership levy	\$ 198,496	\$ 191,793
BID Contribution Fund	16,160	13,434
Streetscaping grant	10,000	10,000
Cogswell Park grant	<u>10,000</u>	<u>-</u>
	<u>\$ 234,656</u>	<u>\$ 215,227</u>

The Association receives the majority of its funding from membership levies under a service agreement with Halifax Regional Municipality (HRM). The agreement is reviewed annually and funding is based on the budget approved by HRM.

Quinpool Road Mainstreet District Association is a related entity of Halifax Regional Municipality and is dependant on the Municipality for operational and financial support.

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

5. OFFICE EXPENSES

	<u>2022</u>	<u>2021</u>
Office & storage rent	\$ 3,600	\$ 3,600
Other office supplies and postage	2,860	1,975
Computer and equipment purchases	<u>-</u>	<u>635</u>
	<u>\$ 6,460</u>	<u>\$ 6,210</u>

6. RELATED PARTY TRANSACTIONS

In addition to HRM funding disclosed in Note 4, QRMDA periodically purchases goods and services and provides funding grants to various member businesses, some of which are owned and/or operated by QRMDA Board members or related family members. The following transactions took place with member businesses and other related parties during the year:

	<u>2022</u>	<u>2021</u>
Marketing and Holiday campaign	\$ 21,558	\$ 28,003
Maintenance and street cleaning	3,286	4,388
Office rent	3,000	3,600
Facade improvement and lighting grants	9,407	1,100
Covid-19 support grants	<u>1,250</u>	<u>1,000</u>
	<u>\$ 38,501</u>	<u>\$ 38,091</u>

The above transactions took place at fair market value under the same terms and conditions as with unrelated parties.

7. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, or credit risks and the fair values of these instruments approximate their carrying value.

QUINPOOL ROAD MAINSTREET DISTRICT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

8. UNCERTAINTIES REGARDING IMPACT OF COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic in 2020 resulted in governments worldwide enacting various emergency measures to combat the spread of the virus. These measures have caused significant disruption to certain business sectors globally. While there are continued uncertainties regarding COVID-19's economic impact, the Association has remained operational during the pandemic and has taken steps to minimize the disruption caused by COVID-19 restrictions and maintain compliance with all government health regulations affecting its activities.

9. COMPARATIVE FIGURES

Certain comparative figures for the preceding year have been reclassified to conform with the financial statement presentation for the current year. These changes do not affect current or prior year surplus or net assets.
