

Financial Statements

The Byward Market Business Improvement Area

December 31, 2021

Independent auditor's report

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Byward Market Business Improvement Area

Qualified opinion

We have audited the financial statements of **The Byward Market Business Improvement Area** [the "BIA"], which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net financial 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 our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

During the years ended December 31, 2020 and December 31, 2021, the BIA applied for and received \$10,200 and \$14,432, respectively, in government assistance from the Canada Emergency Wage Subsidy ["CEWS"] program under the COVID-19 Economic Response Plan in Canada, which has been recognized as sundry revenue in the statement of operations in each respective year. We were unable to obtain sufficient appropriate audit evidence about the BIA's eligibility for the CEWS program in order to recognize the amount in sundry revenue in the years ended December 31, 2020 or December 31, 2021. As a result, we were unable to determine whether any adjustments might be necessary to accounts payable and accrued liabilities, net financial assets, and accumulated surplus as at December 31, 2021, and sundry revenue and annual surplus (deficit) for the year then ended.

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 BIA 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 public sector accounting standards, 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 BIA'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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA'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:

- 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 BIA'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 BIA'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 BIA 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.

Ernst & Young LLP

Ottawa, Canada
October 18, 2022

Chartered Professional Accountants
Licensed Public Accountants



THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021, with comparative information for 2020

Table 1 - Statement of Financial Position - Financial Assets

Financial assets	2021	2020
Cash	\$1,500	\$1,500
Cash on deposit with the Corporation of the City of Ottawa	443,262	382,886
Accounts receivable	19,086	25,479
Total financial assets	463,848	409,865

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2021	2020
Accounts payable and accrued liabilities <i>[note 2]</i>	162,612	88,053
Total liabilities	162,612	88,053
Net financial assets	\$301,236	\$321,812

Table 3 - Statement of Financial Position - Non-financial Assets and Accumulated Surplus

Non-financial assets	2021	2020
Prepaid expenses	5,324	2,691
Total non-financial assets	5,324	2,691
Accumulated surplus	\$306,560	\$324,503

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

For the year ended December 31, 2021, with comparative information for 2020

Table 4 - Statement of Operations - Revenue

Revenue	Budget 2021	Actual 2021	Actual 2020
Tax revenue <i>[note 3]</i>	\$561,500	\$532,481	\$550,883
Sundry	95,000	139,529	127,618
Payments in lieu of taxation	-	25,964	26,099
Total revenue	656,500	697,974	704,600

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2021	Actual 2021	Actual 2020
Advertising and promotion	353,000	250,420	247,815
Salaries	192,500	279,283	139,246
Professional and consulting fees	33,000	92,134	99,256
Office and administration	63,000	24,978	20,073
Rent	33,000	32,718	30,764
Maintenance	25,000	25,971	26,795
Insurance	7,000	5,446	4,399
Audit fees	3,000	4,067	2,614
Furniture and equipment	7,000	900	1,300
Total expenses	716,500	715,917	572,262
Annual (deficit) surplus	(60,000)	(17,943)	132,338
Accumulated surplus, beginning of year	324,503	324,503	192,165
Accumulated surplus, end of year	\$264,503	\$306,560	\$324,503

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2021, with comparative information for 2020

Table 6 - Statement of Changes in Net Financial Assets

	Budget 2021	Actual 2021	Actual 2020
Annual (deficit) surplus	(\$60,000)	(\$17,943)	\$132,338
(Increase) decrease in prepaid expenses	-	(2,633)	170
(Decrease) increase in net financial assets	(60,000)	(20,576)	132,508
Net financial assets, beginning of year	321,812	321,812	189,304
Net financial assets, end of year	\$261,812	\$301,236	\$321,812

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021, with comparative information for 2020

Table 7 - Statement of Cash Flows - Operating Activities

Operating activities	2021	2020
Annual (deficit) surplus	(\$17,943)	\$132,338
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	6,393	(12,466)
(Increase) decrease in prepaid expenses	(2,633)	170
Decrease in deferred revenue	-	(6,999)
Increase in accounts payable and accrued liabilities	74,559	41,869
Cash provided by operating activities	60,376	154,912

Table 8 - Statement of Cash Flows - Change in Cash and Cash Equivalents

Change in cash and cash equivalents	2021	2020
Net increase in cash and cash equivalents during the year	60,376	154,912
Cash and cash equivalents, beginning of year	384,386	229,474
Cash and cash equivalents, end of year	\$444,762	\$384,386

Table 9 - Statement of Cash Flows - Cash Breakdown

Cash and cash equivalents consist of	2021	2020
Cash and cash equivalents	\$1,500	\$1,500
Cash on deposit with the Corporation of the City of Ottawa	443,262	382,886
	\$444,762	\$384,386

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of The Byward Market Business Improvement Area [the “BIA”] are the responsibility of management prepared in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates and approximations have been made using careful judgment.

Accrual accounting

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as it becomes earned and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

Government transfers are recognized in revenue in the fiscal years during which events giving rise to the transfer occur, provided the transfers are authorized, eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made.

Financial instruments

The financial instruments of the BIA consist of cash on deposit with the Corporation of the City of Ottawa, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the BIA is not exposed to significant interest rate risk, currency risk, or credit risk arising from these financial instruments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax revenue

Annually, the City of Ottawa bills and collects tax levies as well as payments in lieu of taxes on behalf of the BIA. Tax revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years.

2. RELATED PARTY TRANSACTIONS

The BIA purchases certain services from companies controlled by the Board of Directors' members and company executives in the normal course of business at exchange amounts, which is the amount agreed to by both parties. During the year, the BIA incurred expenses of \$4,283, which it paid to related parties in return for goods and services.

In addition, the BIA is related to all entities under control of the City of Ottawa. During the year ended December 31, 2021, the BIA recognized grant revenue from the City of Ottawa of \$35,900 [2020 - \$38,711] within sundry revenue on the Statement of Operations. As at December 31, 2021, nil [2020 – \$3,636] is included in accounts payable and accrued liabilities that is due to related parties.

3. TAX REVENUE

Tax revenue comprises the following:

Table 10 - Tax Revenue Breakdown

	2021	2020
	\$	\$
General tax levy	550,536	550,392
Supplementary assessments	-	4,587
Remissions	(18,055)	(4,096)
	532,481	550,883

4. COVID-19 IMPACT

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Government of Canada has announced a new set of economic measures to stabilize the economy during this challenging period. In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The BIA determined that it qualified for the Canada Emergency Wage Subsidy [“CEWS”] under the COVID-19 Economic Response Plan in Canada. The BIA recognized \$14,432 [2020 - \$10,200] worth of CEWS revenue in sundry revenue in 2021.