

Financial Statements

The Glebe Business Improvement Area

December 31, 2021

Independent auditor's report

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

Opinion

We have audited the financial statements of **The Glebe 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, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 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 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 20, 2022

Chartered Professional Accountants
Licensed Public Accountants



THE GLEBE 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	\$500	\$500
Cash on deposit with the Corporation of the City of Ottawa	281,330	368,843
Total financial assets	281,830	369,343

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2021	2020
Accounts payable and accrued liabilities <i>[note 2]</i>	160,266	68,331
Total liabilities	160,266	68,331
Net financial assets	121,564	301,012

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

Non-financial assets	2021	2020
Prepaid expenses	6,665	4,926
Tangible capital assets <i>[note 4]</i>	120,285	66,644
Total non-financial assets	126,950	71,570
Accumulated surplus	\$248,514	\$372,582

See accompanying notes

THE GLEBE 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>	\$510,000	\$402,565	\$670,724
Sundry	30,000	91,078	83,088
Payments in lieu of taxation	15,000	10,788	17,712
Total revenue	555,000	504,431	771,524

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2021	Actual 2021	Actual 2020
Salaries	228,000	230,628	249,708
Advertising and promotion	168,000	217,250	253,115
Maintenance	68,000	71,043	71,387
Office	35,500	36,776	37,389
Rent	30,500	29,925	31,964
Professional and consulting	15,000	27,140	32,207
Insurance	7,500	7,029	5,054
Audit fees	2,500	2,539	2,393
Depreciation	-	6,169	3,792
Total expenses	555,000	628,499	687,009
Annual (deficit) surplus	-	(124,068)	84,515
Accumulated surplus, beginning of year	372,582	372,582	288,067
Accumulated surplus, end of year	\$372,582	\$248,514	\$372,582

See accompanying notes

THE GLEBE 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	-	(\$124,068)	\$84,515
Acquisition of tangible capital assets	-	(59,810)	(48,352)
Increase in prepaid expenses	-	(1,739)	(3,044)
Depreciation of tangible capital assets	-	6,169	3,792
(Decrease) increase in net financial assets	-	(179,448)	36,911
Net financial assets, beginning of year	301,012	301,012	264,101
Net financial assets, end of year	\$301,012	\$121,564	\$301,012

See accompanying notes

THE GLEBE 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	(\$124,068)	\$84,515
Add item not affecting cash		
Depreciation	6,169	3,792
Changes in non-cash working capital balances related to operations		
Increase in accounts receivable	-	250
(Increase) decrease in prepaid expenses	(1,739)	(3,044)
Increase in accounts payable and accrued liabilities	91,935	34,293
Decrease in deferred revenue	-	(5,000)
Cash (used in) provided by operating activities	(27,703)	114,806

Table 8 - Statement of Cash Flows - Capital Activities

Capital activities	2021	2020
Acquisition of tangible capital assets	(59,810)	(48,352)
Cash used in capital activities	(59,810)	(48,352)

Table 9 - Statement of Cash Flows - Change in Cash and Cash Equivalents

Change in cash and cash equivalents	2021	2020
Net (decrease) increase in cash and cash equivalents during the year	(87,513)	66,454
Cash and cash equivalents, beginning of year	369,343	302,889
Cash and cash equivalents, end of year	\$281,830	\$369,343

Table 10 - Statement of Cash Flows - Cash Breakdown

Cash and cash equivalents consist of	2021	2020
Cash	\$500	\$500
Cash on deposit with the Corporation of the City of Ottawa	281,330	368,843
	\$281,830	\$369,343

See accompanying notes

THE GLEBE 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 Glebe 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 Canadian Public Sector Accounting Board of 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. Glebe Spree revenue and related expenses are recognized in the fiscal year in which the draw takes place.

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.

Tangible capital assets

Tangible capital assets are initially recorded at cost and depreciated over their estimated useful lives using the straight-line method. Capital expenditures that do not generate future economic benefits to the BIA are charged to operations in the year of acquisition.

The equipment, less residual value, is depreciated over ten years on a straight-line basis. The signage, less residual value, is depreciated over twenty-five years on a straight-line bases. When a new tangible asset is acquired, depreciation is recorded when the asset is put into use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

Tax revenue

Annually, the City of Ottawa bills and collects tax levies as well as payments in lieu of tax 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 commercial rates. During the year, the BIA incurred expenses of \$4,749, 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 \$54,751 [2020 - \$40,088] within sundry revenue on the Statement of Operations. As at December 31, 2021, \$103 [2020 – \$121] is included in accounts payable and accrued liabilities that is due to related parties.

3. TAX REVENUE

Tax revenue comprises the following:

Table 11 - Tax Revenue Breakdown

	2021	2020
	\$	\$
General tax levy	544,213	678,537
Supplementary assessments	348	9,922
Remissions	(141,997)	(17,735)
	402,564	670,724

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

Table 12 - Tangible Capital Assets Breakdown

	2021	2020
	\$	\$
Signage	104,251	44,440
Equipment	37,886	37,886
Accumulated depreciation	(21,852)	(15,682)
Net book value	120,285	66,644

5. COVID-19 IMPACT

Since December 31, 2019, 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 \$17,640 worth of CEWS revenue in sundry revenue in 2021.