

Financial Statements

The Rideau Business Improvement Area

December 31, 2022

Independent auditor's report

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

Opinion

We have audited the financial statements of **The Rideau Business Improvement Area** [the "BIA"], which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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 18, 2023

Chartered Professional Accountants
Licensed Public Accountants



THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022, with comparative information for 2021

Table 1 - Statement of Financial Position - Financial Assets

Financial assets	2022	2021
Cash on deposit with the Corporation of the City of Ottawa	\$725,529	\$390,908
Total financial assets	725,529	390,908

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2022	2021
Accounts payable and accrued liabilities <i>[note 2]</i>	30,618	60,827
Total liabilities	30,618	60,827
Net financial assets	694,911	330,081

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

Non-financial assets	2022	2021
Prepaid expenses	18,244	7,758
Tangible capital assets <i>[note 3]</i>	684,700	767,117
Total non-financial assets	702,944	774,875
Accumulated surplus	\$1,397,855	\$1,104,956

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

For the year ended December 31, 2022, with comparative information for 2021

Table 4 - Statement of Operations - Revenue

Revenue	Budget 2022 [note 5]	Actual 2022	Actual 2021
Tax revenue [note 4]	\$824,087	\$906,640	\$900,149
Sundry [note 2]	76,000	125,025	59,540
Payments in lieu of taxation	25,634	24,990	25,054
Interest earned on reserves [schedule 2]	1,200	720	360
Total revenue	926,921	1,057,375	985,103

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2022 [note 5]	Actual 2022	Actual 2021 [note 6]
Advertising and promotion	212,500	111,538	75,656
Salary	374,574	312,018	322,269
Ground services	119,247	61,887	102,426
Office	123,100	108,940	56,771
Security services	15,000	9,681	15,212
Rent	49,500	49,084	49,282
Depreciation	60,000	82,417	20,087
Other	11,300	20,049	5,527
Insurance	8,700	5,585	6,691
Audit fees	3,000	3,277	2,871
Total expenses	976,921	764,476	656,792
Annual surplus (deficit)	(50,000)	292,899	328,311
Accumulated surplus, beginning of year	1,104,956	1,104,956	776,645
Accumulated surplus, end of year	\$1,054,956	\$1,397,855	\$1,104,956

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2022, with comparative information for 2021

Table 6 - Statement of Changes in Net Financial Assets

	Budget 2022 <i>[note 5]</i>	Actual 2022	Actual 2021
Annual surplus (deficit)	(\$50,000)	\$292,899	\$328,311
Acquisition of tangible capital assets	-	-	(392,357)
(Increase) decrease in prepaid expenses	-	(10,486)	2,981
Depreciation of tangible capital assets	-	82,417	20,087
Increase (decrease) in net financial assets	(50,000)	364,830	(40,978)
Net financial assets, beginning of year	330,081	330,081	371,059
Net financial assets, end of year	\$280,081	\$694,911	\$330,081

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022, with comparative information for 2021

Table 7 - Statement of Cash Flows - Operating Activities

Operating activities	2022	2021
Annual surplus	\$292,899	\$328,311
Add item not affecting cash		
Depreciation	82,417	20,087
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	-	12,157
(Increase) decrease in prepaid expenses	(10,486)	2,981
Decrease in accounts payable and accrued liabilities	(30,209)	(139,856)
Cash provided by operating activities	334,621	223,680

Table 8 - Statement of Cash Flows - Investing Activities

Investing activities	2022	2021
Purchase of tangible capital assets	-	(392,357)
Cash used in investing activities	-	(392,357)

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

Change in cash and cash equivalents	2022	2021
Net increase (decrease) in cash and cash equivalents during the year	334,621	(168,677)
Cash and cash equivalents, beginning of year	390,908	559,585
Cash and cash equivalents, end of year	\$725,529	\$390,908

Table 10 - Statement of Cash Flows - Cash Breakdown

Cash and cash equivalents consist of	2022	2021
Cash on deposit with the Corporation of the City of Ottawa	\$725,529	\$390,908

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of The Rideau Business Improvement Area [the “BIA”] are the responsibility of management and are prepared in accordance with accounting principles generally accepted for the public sector as prescribed by the 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.

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 benefit to the BIA are charged to operations in the year of acquisition.

The equipment, less residual value, is depreciated on a straight-line basis over its estimated useful life, which ranges from five to fifteen years. When a new tangible asset is acquired, depreciation is recorded when the asset is put into use.

Financial instruments

The financial instruments of the BIA consist of cash on deposit with the Corporation of the City of Ottawa, and 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.

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 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 exchange amounts, which are the amounts agreed to by both parties. During the year, the BIA incurred expenses of \$2,668, 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, 2022, the BIA recognized grant revenue from the City of Ottawa of \$105,324 [2021 – \$58,382] within sundry revenue on the statement of operations. As at December 31, 2022, \$177 [2021 – nil] is included in accounts payable and accrued liabilities due to related parties.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

Table 11 - Tangible Capital Assets Breakdown

	2022	2021
	\$	\$
Equipment	870,621	215,437
Assets under construction	-	655,184
Accumulated depreciation	(185,921)	(103,504)
Net book value	684,700	767,117

4. TAX REVENUE

Tax revenue comprises the following:

Table 12 - Tax Revenue Breakdown

	2022	2021
	\$	\$
General tax levy	926,801	931,047
Supplementary assessment	1,580	3,194
Remissions	(21,750)	(34,123)
Vacancy rebates	9	31
	906,640	900,149

5. BUDGET AMOUNTS

Budget data presented in these financial statements is based upon the 2022 budget approved by the Board of Directors. The Board-approved budget is prepared on a basis that differs from budget amounts reported on the statements of operations and changes in net financial assets, which are prepared in accordance with Canadian public sector accounting standards. The total approved revenue budget of \$926,921 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$50,000, which is not included in revenue for purposes of the financial statement presentation.

6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 1

Statement of Operating Fund

For the year ended December 31, 2022, with comparative information for 2021

Revenue	Budget 2022 [note 5]	Actual 2022	Actual 2021
Tax revenue [note 4]	\$824,087	\$906,640	\$900,149
Payments in lieu of taxation	25,634	24,990	25,054
Sundry [note 2]	76,000	125,025	59,540
Total revenue	925,721	1,056,655	984,743
Expenses	Budget 2022 [note 5]	Actual 2022	Actual 2021 [note 6]
Advertising and promotion	212,500	111,538	75,656
Salary	374,574	312,018	322,269
Ground services	119,247	61,887	102,426
Office	123,100	108,940	56,771
Rent	49,500	49,084	49,282
Depreciation	60,000	82,417	20,087
Security services	15,000	9,681	15,212
Other	11,300	20,049	5,527
Insurance	8,700	5,585	6,691
Audit fees	3,000	3,277	2,871
Total expenses	976,921	764,476	656,792
Excess (deficiency) of revenue over expenses	(51,200)	292,179	327,951
Financing and transfers			
Transfers from reserve fund	1,200	720	360
Total financing and transfers	1,200	720	360
Net increase (decrease) in fund balance	(50,000)	292,899	328,311
Fund balance, beginning of year	1,036,996	1,036,996	708,685
Fund balance, end of year	\$986,996	\$1,329,895	\$1,036,996

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 2

Statement of Reserve Fund

For the year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
Revenue			
Interest earned	\$1,200	\$720	\$360
Expenses			
Contributed to operating fund	(1,200)	(720)	(360)
Net increase in fund balance during the year	-	-	-
Fund balance, beginning of year	67,960	67,960	67,960
Fund balance, end of year	\$67,960	\$67,960	\$67,960

See accompanying notes