

Financial Statements

The Rideau Business Improvement Area

December 31, 2021

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, 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 19, 2022

Chartered Professional Accountants
Licensed Public Accountants



THE RIDEAU 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 on deposit with the Corporation of the City of Ottawa	\$390,908	\$559,585
Accounts receivable <i>[note 2]</i>	-	12,157
Total financial assets	390,908	571,742

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2021	2020
Accounts payable and accrued liabilities <i>[note 2]</i>	60,827	200,683
Total liabilities	60,827	200,683
Net financial assets	330,081	371,059

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

Non-financial assets	2021	2020
Prepaid expenses	7,758	10,739
Tangible capital assets <i>[note 3]</i>	767,117	394,847
Total non-financial assets	774,875	405,586
Accumulated surplus	\$1,104,956	\$776,645

See accompanying notes

THE RIDEAU 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 [note 5]	Actual 2021	Actual 2020
Tax revenue [note 4]	\$824,089	\$900,149	\$951,290
Sundry	117,000	59,540	50,604
Payments in lieu of taxation	25,634	25,054	26,188
Interest earned on reserves [schedule 2]	1,200	360	360
Total revenue	967,923	985,103	1,028,442

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2021 [note 5]	Actual 2021	Actual 2020
Advertising and promotion	370,000	75,656	147,292
Salary	242,750	322,269	241,087
Ground services	178,500	107,743	153,668
Office	101,250	51,454	55,197
Security services	20,000	15,212	15,996
Rent	49,497	49,282	48,770
Depreciation	45,500	20,087	45,486
Other	5,800	5,527	11,972
Insurance	8,700	6,691	6,091
Audit fees	2,700	2,871	2,614
Loss on disposal of tangible capital assets	-	-	65,417
Total expenses	1,024,697	656,792	793,590
Annual surplus (deficit)	(56,774)	328,311	234,852
Accumulated surplus, beginning of year	776,645	776,645	541,793
Accumulated surplus, end of year	\$719,871	\$1,104,956	\$776,645

See accompanying notes

THE RIDEAU 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 <i>[note 5]</i>	Actual 2021	Actual 2020
Annual surplus (deficit)	(\$56,774)	\$328,311	\$234,852
Acquisition of tangible capital assets	-	(392,357)	(315,424)
Disposal of tangible capital assets	-	-	65,417
Decrease in prepaid expenses	-	2,981	6,622
Depreciation of tangible capital assets	-	20,087	45,486
(Decrease) increase in net financial assets	(56,774)	(40,978)	36,953
Net financial assets, beginning of year	371,059	371,059	334,106
Net financial assets, end of year	\$314,285	\$330,081	\$371,059

See accompanying notes

THE RIDEAU 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 surplus	\$328,311	\$234,852
Add item not affecting cash		
Depreciation	20,087	45,486
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	12,157	(11,179)
Decrease in prepaid expenses	2,981	6,622
(Decrease) increase in accounts payable and accrued liabilities	(139,856)	144,835
Cash provided by operating activities	223,680	420,616

Table 8 - Statement of Cash Flows – Investing Activities

Investing activities	2021	2020
Purchase of tangible capital assets	(392,357)	(315,424)
Disposal of tangible capital assets	-	65,417
Cash used in investing activities	(392,357)	(250,007)

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	(168,677)	170,609
Cash and cash equivalents, beginning of the year	559,585	388,976
Cash and cash equivalents, end of the year	\$390,908	\$559,585

Table 10 - Statement of Cash Flows - Cash Breakdown

Cash and cash equivalents consist of	2021	2020
Cash on deposit with the Corporation of the City of Ottawa	\$390,908	\$559,585

See accompanying notes

THE RIDEAU 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 Rideau 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 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, 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, 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 is the amount agreed to by both parties. During the year, the BIA incurred expenses of nil, 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 \$58,382 [2020 - \$41,308] within sundry revenue on the Statement of Operations. As at December 31, 2021, nil [2020 – nil] is included in accounts payable and accrued liabilities due to related parties and nil [2020 – nil] is included in accounts receivable due from related parties.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

Table 11 - Tangible Capital Assets Breakdown

	2021	2020
	\$	\$
Equipment	215,437	203,485
Assets under construction	655,184	274,779
Accumulated depreciation	(103,504)	(83,417)
Net book value	767,117	394,847

In 2020, the BIA disposed of assets with a cost of \$157,815 and accumulated depreciation of \$92,398.

4. TAX REVENUE

Tax revenue comprises the following:

Table 12 - Tax Revenue Breakdown

	2021	2020
	\$	\$
General tax levy	931,047	958,893
Supplementary assessment	3,194	37,779
Remissions	(34,123)	(45,382)
Vacancy rebates	31	-
	900,149	951,290

5. BUDGET AMOUNTS

Budget data presented in these financial statements is based upon the 2021 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 \$967,923 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$56,774, which is not included in revenue for purposes of the financial statement presentation.

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 1

Statement of Operating Fund

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

Revenue	Budget 2021 [note 5]	Actual 2021	Actual 2020
Tax revenue [note 4]	\$824,089	\$900,149	\$951,290
Payments in lieu of taxation	25,634	25,054	26,188
Sundry	117,000	59,540	50,604
Total revenue	966,723	984,743	1,028,082
Expenses	Budget 2021 [note 5]	Actual 2021	Actual 2020
Advertising and promotion	370,000	75,656	147,292
Salary	242,750	322,269	241,087
Ground services	178,500	107,743	153,668
Office	101,250	51,454	55,197
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Security services	20,000	15,212	15,996
Other	5,800	5,527	11,972
Insurance	8,700	6,691	6,091
Audit fees	2,700	2,871	2,614
Loss on disposal of tangible capital assets	-	-	65,417
Total expenses	1,024,697	656,792	793,590
Excess (deficiency) of revenue over expenses	(57,974)	327,951	234,492
Financing and transfers			
Transfers from reserve fund	1,200	360	360
Total financing and transfers	1,200	360	360
Net increase (decrease) in fund balance	(56,774)	328,311	234,852
Fund balance, beginning of year	708,685	708,685	473,833
Fund balance, end of year	\$651,911	\$1,036,996	\$708,685

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 2

Statement of Reserve Fund

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

	Budget 2021	Actual 2021	Actual 2020
Revenue			
Interest earned	\$1,200	\$360	\$360
Expenses			
Contributed to operating fund	(1,200)	(360)	(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