

Financial Statements

The Rideau Business Improvement Area

December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Management and Members of The Rideau Business Improvement Area

Opinion

We have audited the financial statements of The Rideau Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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 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 auditor's report.

We are independent of the Entity 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.



Other Matter – Comparative Information

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 18, 2023.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

August 19, 2024

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023, with comparative information for 2022

Financial assets	2023	2022
Cash on deposit with the Corporation of the City of Ottawa	\$946,673	\$725,529
Total financial assets	946,673	725,529
Liabilities		
Accounts payable and accrued liabilities <i>[note 2]</i>	186,367	30,618
Total liabilities	186,367	30,618
Net financial assets	760,306	694,911
Non-financial assets		
Prepaid expenses	15,113	18,244
Tangible capital assets <i>[note 3]</i>	602,283	684,700
Total non-financial assets	617,396	702,944
Accumulated surplus	\$1,377,702	\$1,397,855

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

For the year ended December 31, 2023, with comparative information for 2022

Revenue	Budget 2023 [note 5]	Actual 2023	Actual 2022
Tax revenue [note 4]	\$824,087	\$822,282	\$906,640
Other revenue [note 2]	44,000	61,993	125,025
Payments in lieu of taxation	25,634	25,537	24,990
Interest earned on reserves [schedule 2]	1,200	1,200	720
Total revenue	894,921	911,012	1,057,375
Expenses			
Salary	369,247	392,513	312,018
Advertising and promotion	211,000	195,691	111,538
Office	112,174	105,628	108,940
Ground services	103,000	88,606	61,887
Depreciation	60,000	82,417	82,417
Rent	50,000	41,471	49,084
Other	16,500	12,794	20,049
Insurance	5,000	6,196	5,585
Audit fees	3,000	5,849	3,277
Security services	15,000	-	9,681
Total expenses	944,921	931,165	764,476
Annual (deficit) surplus	(50,000)	(20,153)	292,899
Accumulated surplus, beginning of year	1,397,855	1,397,855	1,104,956
Accumulated surplus, end of year	\$1,347,855	\$1,377,702	\$1,397,855

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2023, with comparative information for 2022

	Actual 2023	Actual 2022
Annual (deficit) surplus	(\$20,153)	\$292,899
Decrease (increase) in prepaid expenses	3,131	(10,486)
Depreciation of tangible capital assets	82,417	82,417
Increase in net financial assets	65,395	364,830
Net financial assets, beginning of year	694,911	330,081
Net financial assets, end of year	\$760,306	\$694,911

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023, with comparative information for 2022

Operating transactions	2023	2022
Annual (deficit) surplus	(\$20,153)	\$292,899
Add item not affecting cash		
Depreciation	82,417	82,417
Changes in non-cash working capital balances related to operations		
Decrease (increase) in prepaid expenses	3,131	(10,486)
Increase (decrease) in accounts payable and accrued liabilities	155,749	(30,209)
Cash provided by operating transactions	221,144	334,621
Change in cash and cash equivalents		
Net increase in cash and cash equivalents during the year	221,144	334,621
Cash and cash equivalents, beginning of year	725,529	390,908
Cash and cash equivalents consist of		
Cash on deposit with the Corporation of the City of Ottawa	\$946,673	\$725,529

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 Canadian public sector accounting standards.

Use of estimates

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. Where and when required, estimates are used in areas such as the useful life of tangible capital assets, depreciation, and other revenues.

These estimates and assumptions are based on the City’s best information and judgement and actual amounts may differ significantly from these estimates.

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.

THE RIDEAU BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, market, other pricing, liquidity, 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 City of Ottawa, as well as from members of the BIA's Board of Directors and company executives, in the normal course of business at the agreed-upon exchange amount.

During the year, the BIA incurred expenses of \$8,609 [2022 - \$2,668], which were paid to related parties in return for goods and services. As at December 31, 2023, \$542 [2022 - \$177] is included in accounts payable and accrued liabilities due to related parties.

Additionally, during the year, the BIA recognized grant revenue from the City of Ottawa totaling \$52,268 [2022 – \$105,324], reported within other revenue on the Statement of Operations.

THE RIDEAU BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	2023	2022
	\$	\$
Equipment	870,621	870,621
Accumulated depreciation	(268,338)	(185,921)
Net book value	602,283	684,700

4. TAX REVENUE

Tax revenue comprises the following:

	2023	2022
	\$	\$
General tax levy	822,282	926,801
Supplementary assessment	-	1,580
Remissions	-	(21,750)
Vacancy rebates	-	9
Tax revenue	822,282	906,640

5. BUDGET AMOUNTS

Budget data presented in these financial statements is based upon the 2023 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 \$894,921 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.

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 1

Operating Fund

For the year ended December 31, 2023, with comparative information for 2022

Revenue	Budget 2023 [note 5]	Actual 2023	Actual 2022
Tax revenue [note 4]	\$824,087	\$822,282	\$906,640
Payments in lieu of taxation	25,634	25,537	24,990
Other revenue [note 2]	44,000	61,993	125,025
Total revenue	893,721	909,812	1,056,655
Expenses			
Advertising and promotion	211,000	195,691	111,538
Salary	369,247	392,513	312,018
Ground services	103,000	88,606	61,887
Office	112,174	105,628	108,940
Rent	50,000	41,471	49,084
Depreciation	60,000	82,417	82,417
Security services	15,000	–	9,681
Other	16,500	12,794	20,049
Insurance	5,000	6,196	5,585
Audit fees	3,000	5,849	3,277
Total expenses	944,921	931,165	764,476
(Deficiency) excess of revenue over expenses	(51,200)	(21,353)	292,179
Financing and transfers			
Transfers from reserve fund	1,200	1,200	720
Total financing and transfers	1,200	1,200	720
Net (decrease) increase in fund balance	(50,000)	(20,153)	292,899
Fund balance, beginning of year	1,329,895	1,329,895	1,036,996
Fund balance, end of year	\$1,279,895	\$1,309,742	\$1,329,895

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 2

Reserve Fund

For the year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022
Revenue			
Interest earned	\$1,200	\$1,200	\$720
Expenses			
Contributed to operating fund	1,200	1,200	720
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