

Financial Statements

The Glebe Business Improvement Area

December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The Glebe 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 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 20, 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.

- 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.



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- 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. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 19, 2024

THE GLEBE BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

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

Financial assets	2023	2022
Cash	–	\$500
Cash on deposit with the Corporation of the City of Ottawa	424,487	289,647
Accounts receivable	5,220	–
Total financial assets	429,707	290,147
Liabilities		
Accounts payable and accrued liabilities <i>[note 2]</i>	62,319	35,755
Total liabilities	62,319	35,755
Net financial assets	367,388	254,392
Non-financial assets		
Prepaid expenses	5,856	10,069
Tangible capital assets <i>[note 4]</i>	104,368	112,327
Total non-financial assets	110,224	122,396
Accumulated surplus	\$477,612	\$376,788

See accompanying notes

THE GLEBE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

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

Revenue	Budget 2023	Actual 2023	Actual 2022
	<i>[note 5]</i>		
Tax revenue <i>[note 3]</i>	\$615,000	\$674,171	\$686,407
Other revenue <i>[note 6]</i>	30,000	37,301	64,181
Payments in lieu of taxation	15,000	11,924	10,338
Subtotal	660,000	723,396	760,926
CEWS Repayment <i>[note 6]</i>	–	(17,640)	–
Total revenue	660,000	705,756	760,926
Expenses			
Salaries	246,000	214,438	218,011
Advertising and promotion	205,000	181,312	217,331
Maintenance	77,000	81,552	79,487
Office	55,250	54,212	45,892
Rent	35,000	29,080	28,601
Professional and consulting	31,500	24,206	27,330
Depreciation	–	7,959	7,958
Insurance	7,500	6,566	5,112
Audit fees	2,750	5,607	2,930
Total expenses	660,000	604,932	632,652
Annual surplus	–	100,824	128,374
Accumulated surplus, beginning of year	376,788	367,788	248,514
Accumulated surplus, end of year	\$376,788	\$477,612	\$376,788

See accompanying notes

THE GLEBE 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 surplus	\$100,824	\$128,273
Depreciation of capital assets	7,959	7,959
Decrease (increase) in prepaid expenses	4,213	(3,404)
Increase in net financial assets	112,996	132,828
Net financial assets, beginning of year	254,392	121,564
Net financial assets, end of year	\$367,388	\$254,392

See accompanying notes

THE GLEBE BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

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

Operating transactions	2023	2022
Annual surplus	\$100,824	\$128,274
Add item not affecting cash		
Depreciation	7,959	7,958
Changes in non-cash working capital balances related to operations		
Increase in accounts receivable	(5,220)	–
Decrease (increase) in prepaid expenses	4,213	(3,404)
Increase (decrease) in accounts payable and accrued liabilities	26,564	(124,511)
Cash provided by operating transactions	134,340	8,317
Change in cash and cash equivalents		
Net increase in cash and cash equivalents during the year	134,340	8,317
Cash and cash equivalents, beginning of year	290,147	281,830
Cash and cash equivalents, end of year	\$424,487	\$290,147
Cash and cash equivalents consist of		
Cash	–	\$500
Cash on deposit with the Corporation of the City of Ottawa	424,487	289,647
	\$424,487	\$290,147

See accompanying notes

THE GLEBE 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 Glebe 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 BIA'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. The BIA has an annual event named The Glebe Spree. The revenue received from this event is included under Other Revenue, and related expenses, depending on their nature, are included in the various expense categories. The revenue and expenses from this annual event 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.

THE GLEBE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial instruments

The financial instruments of the BIA consist of cash, 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, other pricing, market, 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 exchange amount, which is the amount agreed to by both parties. In 2023, the BIA incurred expenses of \$3,091 [2022 - \$3,540], which it paid to related parties in return for goods and services.

THE GLEBE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, the BIA is related to all entities under control of the City of Ottawa. During the year ended December 31, 2023, the BIA recognized grant revenue from the City of Ottawa of \$24,651 [2022 - \$46,656] within other revenue on the Statement of Operations.

As at December 31, 2023, nil [2022 – \$139] is included in accounts payable and accrued liabilities that is due to related parties.

3. TAX REVENUE

Tax revenue comprises the following:

	2023	2022
	\$	\$
General tax levy	678,077	675,890
Supplementary assessments	–	(1,653)
Remissions	(3,906)	12,170
	<u>674,171</u>	<u>686,407</u>

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	2023	2022
	\$	\$
Signage	104,250	104,251
Equipment	37,886	37,886
Accumulated depreciation	(37,768)	(29,810)
Net book value	<u>104,368</u>	<u>112,327</u>

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 may differ 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 GLEBE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. CEWS REPAYMENT

In the years ended December 31, 2020 and December 31, 2021, the BIA applied for the Canada Emergency Wage Subsidy (CEWS) and was approved and received a total of \$17,640 in CEWS funding, which was recorded as other revenue in the year received.

In 2023, the Canada Revenue Agency (CRA) assessed that Business Improvement Areas are non-qualifying entities as per ITA 125.7 and as such, were not eligible to receive CEWS funding. As a result, the BIA recorded a CEWS repayment and an account payable of \$17,640 for the CEWS funding received in prior years. This amount was paid subsequent to year-end.