

**Financial Statements**

**The Manotick Business Improvement Area**

**December 31, 2023**



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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

We have audited the financial statements of The Manotick 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 23, 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. 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

August 7, 2024

# THE MANOTICK BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

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

| <b>Financial assets</b>                                       | <b>2023</b>     | <b>2022</b> |
|---|-----------------|-------------|
| Cash and cash equivalents                                     | <b>\$1,000</b>  | \$1,000     |
| Cash on deposit with the Corporation of the City of<br>Ottawa | <b>84,926</b>   | 18,898      |
| <b>Total financial assets</b>                                 | <b>85,926</b>   | 19,898      |
| <b>Liabilities</b>  |                 |             |
| Accounts payable and accrued liabilities <i>[note 2]</i>      | <b>57,095</b>   | 20,825      |
| <b>Total liabilities</b>                                      | <b>57,095</b>   | 20,825      |
| <b>Net financial assets (liabilities)</b>                     | <b>28,831</b>   | (927)       |
| <b>Non-financial assets</b>                                   |                 |             |
| Tangible capital assets <i>[note 4]</i>                       | <b>36,286</b>   | 43,032      |
| Prepaid expenses  | <b>2,509</b>    | 3,665       |
| <b>Total non-financial assets</b>                             | <b>38,795</b>   | 46,697      |
| <b>Accumulated surplus</b>                                    | <b>\$67,626</b> | \$45,770    |

*See accompanying notes*

# THE MANOTICK BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS

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

| <b>Revenue</b>                            | <b>Budget<br/>2023</b> | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> |
|---|------------------------|------------------------|------------------------|
| Tax revenue <i>[note 3]</i>               | \$247,498              | <b>\$248,737</b>       | \$237,304              |
| Other revenue                             | 13,346                 | <b>5,650</b>           | 12,231                 |
| Payments in lieu of taxation              | 5,000                  | <b>8,734</b>           | 8,047                  |
| <b>Total revenue</b>                      | <b>265,844</b>         | <b>263,121</b>         | <b>257,582</b>         |
| <b>Expenses</b>                           |                        |                        |                        |
| Advertising and promotion                 | 157,598                | <b>129,506</b>         | 136,591                |
| Salaries                                  | 50,000                 | <b>53,907</b>          | –                      |
| Maintenance                               | 21,146                 | <b>24,539</b>          | 20,206                 |
| Audit fees                                | 1,850                  | <b>8,572</b>           | 2,247                  |
| Professional and consulting fees          | 19,250                 | <b>7,777</b>           | 87,920                 |
| Depreciation                              | –                      | <b>6,746</b>           | 6,747                  |
| Office and administration                 | 6,500                  | <b>5,764</b>           | 10,124                 |
| Insurance                                 | 2,500                  | <b>2,954</b>           | 1,997                  |
| Rent                                      | 7,000                  | <b>1,500</b>           | –                      |
| <b>Total expenses</b>                     | <b>265,844</b>         | <b>241,265</b>         | <b>265,832</b>         |
| <b>Annual surplus (deficit)</b>           | <b>–</b>               | <b>21,856</b>          | <b>(8,250)</b>         |
| Accumulated surplus, beginning of<br>year | 45,770                 | <b>45,770</b>          | 54,020                 |
| <b>Accumulated surplus, end of year</b>   | <b>\$45,770</b>        | <b>\$67,626</b>        | <b>\$45,770</b>        |

*See accompanying notes*

## THE MANOTICK BUSINESS IMPROVEMENT AREA

### STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

|  | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> |
|--|------------------------|------------------------|
| <b>Annual surplus (deficit)</b>                        | <b>\$21,856</b>        | (\$8,250)              |
| Depreciation of tangible capital assets                | <b>6,746</b>           | 6,747                  |
| Decrease in prepaid expenses                           | <b>1,156</b>           | 7,681                  |
| <b>Increase in net financial assets</b>                | <b>29,758</b>          | 6,178                  |
| Net financial liabilities, beginning of year           | <b>(927)</b>           | (7,105)                |
| <b>Net financial assets (liabilities), end of year</b> | <b>\$28,831</b>        | (\$927)                |

*See accompanying notes*

## THE MANOTICK BUSINESS IMPROVEMENT AREA

### STATEMENT OF CASH FLOWS

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

| <b>Operating transactions</b>                                      | <b>2023</b>     | <b>2022</b> |
|--|-----------------|-------------|
| Annual surplus (deficit)   | <b>\$21,856</b> | (\$8,250)   |
| Add item not affecting cash  |                 |             |
| Depreciation of tangible capital assets                            | <b>6,746</b>    | 6,747       |
| Changes in non-cash working capital balances related to operations |                 |             |
| Decrease in prepaid expenses                                       | <b>1,156</b>    | 7,681       |
| Decrease in deferred revenue                                       | <b>–</b>        | (72)        |
| Increase in accounts payable and accrued liabilities               | <b>36,270</b>   | 13,041      |
| <b>Cash provided by operating transactions</b>                     | <b>66,028</b>   | 19,147      |
| <b>Change in cash and cash equivalents</b>                         |                 |             |
| Net increase in cash and cash equivalents during the year          | <b>66,028</b>   | 19,147      |
| Cash and cash equivalents, beginning of year                       | <b>19,898</b>   | 751         |
| <b>Cash and cash equivalents, end of year</b>                      | <b>\$85,926</b> | \$19,898    |
| <b>Cash and cash equivalents consist of</b>                        |                 |             |
| Cash and cash equivalents  | <b>\$1,000</b>  | \$1,000     |
| Cash on deposit with the Corporation of the City of Ottawa         | <b>84,926</b>   | 18,898      |
|  | <b>\$85,926</b> | \$19,898    |

*See accompanying notes*



# **THE MANOTICK 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 Manotick 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 the 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 MANOTICK BUSINESS IMPROVEMENT AREA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Tangible capital assets (continued)**

The equipment, less residual value, is depreciated on a straight-line basis over its estimated useful life, which ranges from five to twenty 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 and cash equivalents, accounts payable and accrued liabilities and cash on deposit with the Corporation of the City of Ottawa. 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 taxes 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 \$602 [2002 – \$979], which were paid to related parties in return for goods and services.

Additionally, during the year, the BIA recognized grant revenue from the City of Ottawa totaling \$5,650 [2022 – \$7,780], reported within other revenue on the Statement of Operations.

# THE MANOTICK BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

### 3. TAX REVENUE

Tax revenue comprises the following:

|                          | <b>2023</b>           | <b>2022</b>    |
|--------------------------|-----------------------|----------------|
|                          | \$                    | \$             |
| General tax levy         | <u>243,764</u>        | 237,304        |
| Supplementary assessment | <b>5,283</b>          | –              |
| Remissions               | <b>(310)</b>          | –              |
| <b>Tax revenue</b>       | <u><b>248,737</b></u> | <u>237,304</u> |

### 4. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

|                          | <b>2023</b>          | <b>2022</b>   |
|--------------------------|----------------------|---------------|
|                          | \$                   | \$            |
| Equipment                | <u>62,246</u>        | 62,246        |
| Accumulated depreciation | <b>(25,960)</b>      | (19,214)      |
| <b>Net book value</b>    | <u><b>36,286</b></u> | <u>43,032</u> |