

Financial Statements

The Centretown Business Improvement Area

December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

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

Opinions, including Qualified Opinion on the Results of Operations, Changes in Net Financial Assets and Cash Flows

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

- the statement of financial position as at December 31, 2024
- 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, 2024, 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.



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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 6, 2025

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2024, with comparative information for 2023

Financial assets	2024	2023
Cash and cash equivalents	–	\$33
Cash on deposit with the Corporation of the City of Ottawa	185,484	–
Accounts receivable	–	16,587
Total financial assets	185,484	16,620
Liabilities		
Cash due to the Corporation of the City of Ottawa	–	199,151
Accounts payable and accrued liabilities <i>[note 2]</i>	43,105	150,900
Total liabilities	43,105	350,051
Net financial assets (liabilities)	142,379	(333,431)
Non-financial assets		
Prepaid expenses	5,459	6,868
Tangible capital assets <i>[note 3]</i>	92,698	21,233
Total non-financial assets	98,157	28,101
Accumulated surplus (deficit)	240,536	(\$305,330)

See accompanying notes

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

For the year ended December 31, 2024, with comparative information for 2023

Revenue	Budget 2024 [note 5]	Actual 2024	Actual 2023
Tax revenue [note 4]	\$731,600	\$820,042	\$776,717
Payments in lieu of taxation	157,500	164,251	154,106
Other revenue [note 2]	23,500	153,789	137,979
Subtotal	912,600	1,138,082	1,068,802
CEWS repayment [note 6]	–	15,585	(104,241)
Total revenue	912,600	1,153,667	964,561

Expenses

Salaries	260,920	248,778	425,737
Maintenance	101,400	113,300	112,344
Professional and consulting fees	75,900	73,339	125,962
Advertising and promotion [note 2]	53,100	56,145	300,366
Office [note 2]	65,820	55,558	343,774
Rent	33,000	29,562	54,339
Depreciation	1,497	18,128	3,895
Insurance	8,000	6,873	6,937
Audit fees	6,000	6,118	5,722
Tangible capital asset write-down	–	–	952
Provision for unforeseen	306,963	–	–
Total expenses	912,600	607,801	1,380,028
Annual surplus (deficit)	–	545,866	(415,467)
Accumulated (deficit) surplus, beginning of year	(305,330)	(305,330)	110,137
Accumulated surplus (deficit), end of year	(\$305,330)	\$240,536	(\$305,330)

See accompanying notes

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2024, with comparative information for 2023

	Actual 2024	Actual 2023
Annual surplus (deficit)	\$545,866	(\$415,467)
Acquisition of tangible capital assets	(89,593)	–
Depreciation of tangible capital assets	18,128	3,895
Tangible capital asset write-down	–	952
Decrease in prepaid expenses	1,409	3,551
Increase (decrease) in net financial assets	475,810	(407,069)
Net financial (liabilities) assets, beginning of year	(333,431)	73,638
Net financial assets (liabilities), end of year	\$142,379	(\$333,431)

See accompanying notes

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024, with comparative information for 2023

Operating transactions	2024	2023
Annual surplus (deficit)	\$545,866	(\$415,467)
Add items not affecting cash		
Depreciation	18,128	3,895
Tangible capital asset write-down	–	952
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	16,587	24,510
Decrease in prepaid expenses	1,409	3,551
(Decrease) increase in accounts payable and accrued liabilities	(107,795)	96,026
Cash provided by (used in) operating transactions	474,195	(286,533)
Capital transactions		
Acquisition of tangible capital assets	(89,593)	–
Cash used in capital transactions	(89,593)	–
Change in cash and cash equivalents		
Net increase (decrease) in cash during the year	384,602	(286,533)
Cash and cash equivalents, beginning of year	(199,118)	87,415
Cash and cash equivalents, end of year	\$185,484	(\$199,118)
Cash and cash equivalents consist of		
Cash and cash equivalents	–	\$33
Cash on deposit with (due to) the Corporation of the City of Ottawa	185,484	(199,151)
	\$185,484	(\$199,118)

See accompanying notes

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of The Centretown 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.

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 benefits 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 three to ten years. When a new tangible asset is acquired, depreciation is recorded from when the asset is put into use.

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The financial instruments of the BIA consist of cash and cash equivalents, 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 taxation on behalf of the BIA. Tax revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and when 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. During the year, the BIA incurred expenses of \$2,996 [2023 - \$6,049] 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, 2024, the BIA incurred expenses with the City of Ottawa of \$182 [2023 - \$778] and recognized grant revenue from the City of Ottawa of \$146,289 [2023 - \$20,500] within Other Revenue on the Statement of Operations. As at December 31, 2024, \$138 [2023 - \$273] is included in accounts payable and accrued liabilities that is due to related parties.

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	2024	2023
	\$	\$
Equipment	116,949	27,356
Accumulated depreciation	(24,251)	(6,123)
Net book value	92,698	21,233

4. TAX REVENUE

Tax revenue comprises the following:

	2024	2023
	\$	\$
General tax levy	824,847	786,954
Supplementary assessments	-	1,064
Remissions	(4,805)	(11,301)
Tax revenue	820,042	776,717

5. BUDGET AMOUNTS

Budget data presented in these financial statements is based upon the 2024 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 \$912,600 reconciles to the budget figures reported in these financial statements.

THE CENTRETOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

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 \$88,454 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 determined they were not eligible to receive CEWS. As a result, the BIA recorded a CEWS repayment of \$104,241 including \$15,787 of accrued interest payable. In 2024, a payment of \$88,454 was made to the CRA and the interest portion was waived.