

Financial Statements

The Kanata Central Business Improvement Area

December 31, 2024



KPMG LLP

150 Elgin Street, Suite 1800
Ottawa, ON K2P 2P8
Canada
Telephone 613 212 5764
Fax 613 212 2896

INDEPENDENT AUDITOR'S REPORT

To the Board of Management and Members of The Kanata Central Business Improvement Area

Opinion

We have audited the financial statements of The Kanata Central 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 24, 2025

THE KANATA CENTRAL BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

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

Financial assets	2024	2023
Cash on deposit with the Corporation of the City of Ottawa	\$211,800	\$71,321
Accounts receivable	–	286
Total financial assets	211,800	71,607
Liabilities		
Accounts payable and accrued liabilities <i>[note 2]</i>	22,758	13,029
Total liabilities	22,758	13,029
Net financial assets	189,042	58,578
Non-financial assets		
Prepaid expenses	5,489	3,004
Tangible capital assets <i>[note 4]</i>	91,969	18,590
Total non-financial assets	97,458	21,594
Accumulated surplus	\$286,500	\$80,172

See accompanying notes

THE KANATA CENTRAL BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

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

Revenue	Budget 2024	Actual 2024	Actual 2023
Tax revenue <i>[note 3]</i>	\$357,018	\$392,108	\$198,293
Payments in lieu of taxation	–	1,745	1,709
Other revenue	23,500	23,748	28,491
Total revenue	380,518	417,601	228,493
Expenses			
Salaries	128,500	110,135	82,032
Advertising	72,486	26,405	32,408
Office	45,678	24,213	18,119
Professional and consulting fees	200,915	23,998	91,125
Depreciation	–	15,753	6,932
Audit fees	5,200	5,337	4,883
Insurance	2,200	2,963	2,386
Rent	3,425	2,469	2,643
Maintenance	2,000	–	1,001
Total expenses	460,404	211,273	241,529
Annual surplus (deficit)	(79,886)	206,328	(13,036)
Accumulated surplus, beginning of year	80,172	80,172	93,208
Accumulated surplus, end of year	286	286,500	80,172

See accompanying notes

THE KANATA CENTRAL 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)	\$206,328	\$(13,036)
Acquisition of tangible capital assets	(89,132)	–
Depreciation	15,753	6,932
Increase in prepaid expenses	(2,485)	(1,704)
Increase (decrease) in net financial assets	130,464	(7,808)
Net financial assets, beginning of year	58,578	66,386
Net financial assets, end of year	\$189,042	\$58,578

See accompanying notes

THE KANATA CENTRAL 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)	\$206,328	(\$13,036)
Add item not affecting cash:		
Depreciation	15,753	6,932
Changes in non-cash working capital balances related to operations		
Increase in prepaid expenses	(2,485)	(1,704)
Decrease (increase) in accounts receivable	286	(286)
Increase (decrease) in accounts payable and accrued liabilities	9,729	(268)
Cash provided by (used in) operating transactions	229,611	(8,362)
Capital transactions		
Acquisition of tangible capital assets	(89,132)	–
Cash used in capital transactions	(89,132)	–
Change in cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents during the year	140,479	(8,362)
Cash and cash equivalents, beginning of year	71,321	79,683
Cash and cash equivalents, end of year	\$211,800	\$71,321
Cash and cash equivalents consist of		
Cash on deposit with the Corporation of the City of Ottawa	\$211,800	\$71,321

See accompanying notes

THE KANATA CENTRAL BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS *DECEMBER 31, 2024*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of The Kanata Central 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

Revenues 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 over five years on a straight-line basis. When a new tangible asset is acquired, depreciation is recorded when the asset is put into use.

THE KANATA CENTRAL 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, 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 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 exchange amount, which is the amount agreed to by both parties. During the year, the BIA incurred expenses of \$2,727 [2023 - \$2,362], 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 recognized grant revenue from the City of Ottawa of \$23,304 [2023 - \$25,208] within Other Revenue on the Statement of Operations, and incurred expenses with the City of \$6 [2023 - \$nil].

THE KANATA CENTRAL BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

3. TAX REVENUE

Tax revenue comprises the following:

	2024	2023
	\$	\$
General tax levy	394,870	198,293
Supplementary assessments	7,162	-
Remissions	(9,924)	-
	<u>392,108</u>	<u>198,293</u>

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	2024	2023
	\$	\$
Equipment	123,791	34,659
Accumulated depreciation	(31,822)	(16,069)
Net book value	<u>91,969</u>	<u>18,590</u>