

**Financial Statements**

**The Kanata North Business Improvement Area**

**And Independent Auditor's Report thereon**

**December 31, 2024**



**KPMG LLP**  
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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

We have audited the financial statements of The Kanata North 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 liabilities 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 liabilities 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*

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Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

December 15, 2025

# THE KANATA NORTH BUSINESS IMPROVEMENT AREA

## STATEMENT OF FINANCIAL POSITION

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

<b>Financial assets</b>	<b>2024</b>	<b>2023</b>
Cash	<b>\$101,112</b>	\$16,812
Accounts receivable	<b>121,796</b>	604,209
<b>Total financial assets</b>	<b>222,908</b>	621,021
<b>Liabilities</b>		
Cash due to the Corporation of the City of Ottawa	<b>1,132,363</b>	1,316,277
Accounts payable and accrued liabilities	<b>16,371</b>	50,664
Deferred revenue	<b>178,269</b>	275,178
<b>Total liabilities</b>	<b>1,327,003</b>	1,642,119
<b>Net financial liabilities</b>	<b>(1,104,095)</b>	(1,021,098)
<b>Non-financial assets</b>		
Tangible capital assets <i>[note 4]</i>	<b>615,470</b>	857,298
Prepaid expenses	<b>85,900</b>	50,885
<b>Total non-financial assets</b>	<b>701,370</b>	908,183
<b>Accumulated deficit</b>	<b>(\$402,725)</b>	(\$112,915)

Contractual obligation *[note 5]*

*See accompanying notes*

# THE KANATA NORTH BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS

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

<b>Revenue</b>	<b>Budget 2024 (note 7)</b>	<b>Actual 2024</b>	<b>Actual 2023</b>
Tax revenue <i>[note 3]</i>	\$460,300	<b>\$477,524</b>	\$445,203
Other revenue	1,151,500	<b>819,591</b>	1,486,218
Contributed services <i>[note 6]</i>	–	<b>68,400</b>	106,126
Payments in lieu of taxation	–	<b>2,571</b>	2,509
<b>Total revenue</b>	<b>1,611,800</b>	<b>1,368,086</b>	<b>2,040,056</b>
<b>Expenses</b>			
Salaries	577,000	<b>458,173</b>	531,748
Professional and consulting fees	238,700	<b>389,380</b>	331,517
Depreciation	235,000	<b>241,828</b>	238,591
Advertising and promotion <i>[note 6]</i>	309,200	<b>243,248</b>	715,771
Rent	200,000	<b>192,231</b>	199,906
Office <i>[note 6]</i>	47,900	<b>103,682</b>	183,717
Audit fees	–	<b>24,717</b>	6,814
Insurance	4,000	<b>4,637</b>	4,246
Tangible capital assets write-down	–	–	22,549
<b>Total expenses</b>	<b>1,611,800</b>	<b>1,657,896</b>	<b>2,234,859</b>
<b>Annual deficit</b>	–	<b>(289,810)</b>	<b>(194,803)</b>
Accumulated surplus (deficit), beginning of year	(112,915)	<b>(112,915)</b>	81,888
<b>Accumulated deficit, end of year</b>	<b>(\$112,915)</b>	<b>(\$402,725)</b>	<b>(\$112,915)</b>

See accompanying notes

## THE KANATA NORTH BUSINESS IMPROVEMENT AREA

### STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

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

	<b>Actual 2024</b>	<b>Actual 2023</b>
<b>Annual deficit</b>	<b>(\$289,810)</b>	(\$194,803)
Acquisition of tangible capital assets	–	(33,986)
Tangible capital assets write-down	–	22,549
Depreciation of tangible capital assets	<b>241,828</b>	238,591
Decrease (increase) in prepaid expenses	<b>(35,015)</b>	(17,069)
<b>Increase (decrease) in net financial liabilities</b>	<b>(82,997)</b>	15,282
Net financial liabilities, beginning of year	<b>(1,021,098)</b>	(1,036,380)
<b>Net financial liabilities, end of year</b>	<b>(\$1,104,095)</b>	(\$1,021,098)

*See accompanying notes*

# THE KANATA NORTH BUSINESS IMPROVEMENT AREA

## STATEMENT OF CASH FLOWS

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

<b>Operating transactions</b>	<b>2024</b>	<b>2023</b>
Annual deficit	(\$289,810)	(\$194,803)
Add item not affecting cash		
Depreciation	241,828	238,591
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	482,413	51,085
Increase in prepaid expenses	(35,015)	(17,069)
Decrease in deferred revenue	(96,909)	(67,367)
(Decrease) increase in accounts payable and accrued liabilities	(34,293)	27,351
<b>Cash provided by operating transactions</b>	<b>268,214</b>	<b>37,788</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	-	(33,986)
Tangible capital assets write-down	-	22,549
<b>Cash used in capital transactions</b>	<b>-</b>	<b>(11,437)</b>
<b>Change in cash and cash equivalents</b>		
Net increase in cash and cash equivalents during the year	268,214	26,351
Cash and cash equivalents, beginning of year	(1,299,465)	(1,325,816)
<b>Cash and cash equivalents, end of year</b>	<b>(\$1,031,251)</b>	<b>(\$1,299,465)</b>
<b>Cash and cash equivalents consist of</b>		
	<b>2024</b>	<b>2023</b>
Cash	\$101,112	\$16,812
Cash due to the Corporation of the City of Ottawa	(1,132,363)	(1,316,277)
	<b>(\$1,031,251)</b>	<b>(\$1,299,465)</b>

See accompanying notes

# **THE KANATA NORTH 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 North 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 revenues as they become 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 assets, less residual value, are depreciated on a straight-line basis over their estimated useful life, which ranges from five to fifteen years. When a new tangible asset is acquired, depreciation is recorded from when the asset is put into use.

# **THE KANATA NORTH BUSINESS IMPROVEMENT AREA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

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

#### **Financial instruments**

The financial instruments of the BIA consist of cash, , accounts receivable, cash due to 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, 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.

#### **Contributed services**

Contributed services consist of in-kind contributions to the BIA. These transactions are recognized at the fair value of the services provided and in the period in which the services were incurred.

### **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 \$192,266 [2023 - \$212,658] which it paid to related parties in return for goods and services. The BIA also recognized \$84,725 [2023 - \$64,189] in revenues from related parties, which was received in return for provided goods and services.

Included in amounts paid to related parties for goods and services is \$192,231 [2023 - \$212,305] paid to KRP Properties for leasehold improvements to their office space and the leasing contract for the office space. These transactions occurred at exchange amounts.

# THE KANATA NORTH BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

### 2. RELATED PARTY TRANSACTIONS (CONTINUED)

The BIA is also 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 \$6,147 [2023 - \$14,986] within other revenue on the statement of operations.

At December 31, 2024, the BIA also has \$1,132,363 (2023 - \$1,316,277) due to the City of Ottawa.

### 3. TAX REVENUE

Tax revenue comprises the following:

	<b>2024</b>	<b>2023</b>
	\$	\$
General tax levy	<b>477,524</b>	445,203
	<b>477,524</b>	445,203

### 4. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	<b>2024</b>	<b>2023</b>
	\$	\$
Leasehold improvements	<b>766,530</b>	766,531
Equipment	<b>552,069</b>	577,596
Accumulated depreciation	<b>(703,129)</b>	(464,280)
Tangible capital assets write-down	<b>—</b>	(22,549)
<b>Net book value</b>	<b>615,470</b>	857,298

# THE KANATA NORTH BUSINESS IMPROVEMENT AREA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

### 5. CONTRACTUAL OBLIGATION

In 2020, the BIA entered into a new lease agreement, which expires on May 31, 2026. The annual base rent commitment as at December 31, 2024 consists of the following:

2025	2026
\$122,185	\$50,910

### 6. CONTRIBUTED SERVICES

The BIA also entered into a three-year contract with the Ottawa Senators on July 1, 2023 that includes in-kind contributions to help support Executive Community Sponsorship efforts. In 2024, the Ottawa Senators provided the BIA with \$25,000 [2023 - \$12,586] worth of services in support of the event. This amount has been recognized as revenue in the financial statements under the contributed services line, and a corresponding expense has been included in the office expenses line.

The BIA also entered into a five-year contract with Ross Video on March 23, 2022 that includes in-kind contributions to help support the Hub350 project. In 2024, Ross Video provided the BIA with \$18,400 [2023 - \$18,000] worth of services in support of the event. This amount has been recognized as revenue in the financial statements under the contributed services line, and a corresponding expense has been included in the office expenses line.

The BIA also entered into a one-year contract with Rugby Canada on June 13, 2024 that includes in-kind contributions to help support the Hub350 project. In 2024, Rugby Canada provided the BIA with \$25,000 [2023 - \$nil] worth of services in support of the event. This amount has been recognized as revenue in the financial statements under the contributed services line, and a corresponding expense has been included in the office expenses line.

### 7. 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 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.