

Financial Statements

The Somerset Street Chinatown 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 Somerset Street Chinatown Business Improvement Area

Opinion

We have audited the financial statements of The Somerset Street Chinatown 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 statement of financial position presents fairly, in all material respects, the financial position of the Entity as at December 31, 2024, in accordance with Canadian public sector accounting standards.

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.



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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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 21, 2025

THE SOMERSET STREET CHINATOWN 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	\$118,791	\$34,459
Investments <i>[note 3]</i>	488,545	482,242
Accounts receivable	23,252	3,522
Total financial assets	630,588	520,223
Liabilities		
Accounts payable and accrued liabilities	62,992	42,300
Total liabilities	62,992	42,300
Net financial assets	567,596	477,923
Non-financial assets		
Prepaid expenses	6,384	2,103
Tangible capital assets <i>[note 5]</i>	177,647	171,290
Total non-financial assets	184,031	173,393
Accumulated surplus <i>[note 6]</i>	\$751,627	\$651,316

See accompanying notes

THE SOMERSET STREET CHINATOWN 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
	<i>[note 7]</i>		
Tax revenue <i>[note 4]</i>	\$154,240	\$154,371	\$143,077
Other revenue	30,000	223,305	215,488
Payments in lieu of taxation	–	2,547	2,324
Investment income	–	26,476	23,762
Subtotal	184,240	406,699	384,651
CEWS Repayment <i>[note 8]</i>	–	–	(29,556)
Total revenue	184,240	406,699	355,095
Expenses			
Advertising and promotion	84,500	157,721	75,632
Salaries	64,500	71,648	71,956
Depreciation	–	28,803	18,565
Office <i>[note 2]</i>	15,100	27,336	50,701
Audit fees	2,500	6,378	5,963
Maintenance	10,000	6,304	71,478
Insurance	3,500	4,302	3,024
Interest and bank charges	–	1,529	1,372
Professional and consulting	3,000	1,207	33,342
Rent	1,140	1,160	1,160
Total expenses	184,240	306,388	333,193
Annual surplus	–	100,311	21,901
Accumulated surplus, beginning of year	651,316	651,316	629,415
Accumulated surplus, end of year <i>[note 6]</i>	\$651,316	\$751,627	\$651,316

See accompanying notes

THE SOMERSET STREET CHINATOWN 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	\$100,311	\$21,901
(Increase) decrease in prepaid expenses	(4,281)	19
Acquisition of tangible capital assets	(35,160)	(116,702)
Depreciation of tangible capital assets	28,803	18,565
Increase (decrease) in net financial assets	89,673	(76,217)
Net financial assets, beginning of year	477,923	554,140
Net financial assets, end of year	\$567,596	\$477,923

See accompanying notes

THE SOMERSET STREET CHINATOWN 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	\$100,311	\$21,901
Add item not affecting cash		
Depreciation	28,803	18,565
Changes in non-cash working capital balances related to operations		
(Increase) decrease in accounts receivable	(19,730)	77,768
(Increase) decrease in prepaid expenses	(4,281)	19
Increase (decrease) in accounts payable and accrued liabilities	20,692	(16,849)
Decrease in deferred revenue	-	(10,924)
Cash provided by operating transactions	125,795	90,480
Capital transactions		
Acquisition of tangible capital assets	(35,160)	(116,702)
Cash used in capital transactions	(35,160)	(116,702)
Investing transactions		
Purchase of investments	(115,417)	(482,242)
Maturities of investments	109,114	528,568
Cash (used in) provided by investing transactions	(6,303)	46,326
Change in cash and cash equivalents		
Net increase in cash and cash equivalents during the year	84,332	20,104
Cash and cash equivalents, beginning of year	34,459	14,355
Cash and cash equivalents, end of year	\$118,791	\$34,459
Cash and cash equivalents consist of		
Cash on deposit with the Corporation of the City of Ottawa	118,791	34,459
	\$118,791	\$34,459

See accompanying notes

THE SOMERSET STREET CHINATOWN 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 Somerset Street Chinatown 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 fifteen years. When a new tangible asset is acquired, depreciation is recorded when the asset is put into use.

THE SOMERSET STREET CHINATOWN 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 investments, cash on deposit with the Corporation of the City of Ottawa, accounts receivable and accounts payable and accrued liabilities. The investments consist of guaranteed investment certificates that are recorded at cost. Unless otherwise noted, it is management's opinion that the BIA is not exposed to significant interest rate, market, currency, 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 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. During the year, the BIA incurred expenses of \$319 [2023 - \$7,876] which it paid to related parties in return for goods and services.

Included in amounts paid to related parties for goods and services is \$nil [2023 – \$7,771] paid to Hydro Ottawa for additional electricity supply locations within the BIA for decoration purposes. These transactions occurred at exchange amounts.

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 \$169 [2023 - \$104] and recognized grant revenue from the City of Ottawa of \$16,304 [2023 – \$11,099] within other revenue on the Statement of Operations.

THE SOMERSET STREET CHINATOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

3. INVESTMENTS

Investment income is recorded as revenue in the period in which it is earned. Investments consist of guaranteed investment certificates maturing from October 2024 to November 2025 and earning interest at rates ranging from 4.75% to 5.90% [2023 – 4.75% to 5.90%] per annum.

4. TAX REVENUE

Tax revenue comprises the following:

	2024	2023
	\$	\$
General tax levy	154,693	142,335
Supplementary assessments	1,591	742
Remissions	(1,913)	-
	154,371	143,077

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	2024	2023
	\$	\$
Equipment	250,819	215,659
Accumulated depreciation	(73,172)	(44,369)
Net book value	177,647	171,290

THE SOMERSET STREET CHINATOWN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024

6. ACCUMULATED SURPLUS

Accumulated surplus includes a reserve fund of \$60,000 for the maintenance of the gateway arch.

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.

8. 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 \$29,556 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 \$29,556 for the CEWS funding received in prior years. The amount was fully paid in 2024.