

**Financial Statements**

**The Sparks Street Mall Authority**

**December 31, 2024**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Management and Members of The Sparks Street Mall Authority

### ***Opinion***

We have audited the financial statements of The Sparks Street Mall Authority (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.



Page 2

## ***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.

### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 7 to the financial statements ("Note 7") which explains that certain comparative information presented for the year ended December 31, 2023 has been corrected. The Note 7 explains the reason for the correction and also explains the adjustments that were applied to certain comparative information.

Our opinion is not modified with respect of this matter.

### ***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.



Page 3

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.
- 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. Below the signature is a long, horizontal, slightly wavy line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

December 19, 2024

# THE SPARKS STREET MALL AUTHORITY

## STATEMENT OF FINANCIAL POSITION

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

|   | <b>2024</b>        | <b>2023</b><br>[Corrected –<br>Note 7] |
|---|--------------------|--|
| <b>Financial assets</b>                                       |                    |  |
| Cash  | <b>\$15,796</b>    | \$15,894                               |
| Cash on deposit with the Corporation of the City of<br>Ottawa | <b>792,467</b>     | 835,752                                |
| Accounts receivable   | <b>29,302</b>      | 102,287                                |
| <b>Total financial assets</b>                                 | <b>837,565</b>     | 953,933                                |
| <b>Financial liabilities</b>                                  |                    |  |
| Accounts payable and accrued liabilities <i>[note 2]</i>      | <b>15,527</b>      | 145,642                                |
| <b>Total financial liabilities</b>                            | <b>15,527</b>      | 145,642                                |
| <b>Net financial assets</b>                                   | <b>822,038</b>     | 808,291                                |
| <b>Non-financial assets</b>                                   |                    |  |
| Prepaid expenses  | <b>3,118</b>       | 3,873                                  |
| Tangible capital assets <i>[note 3]</i>                       | <b>249,463</b>     | 285,450                                |
| <b>Total non-financial assets</b>                             | <b>252,581</b>     | 289,323                                |
| <b>Accumulated surplus</b>                                    | <b>\$1,074,619</b> | \$1,097,614                            |

See accompanying notes

# THE SPARKS STREET MALL AUTHORITY

## STATEMENT OF OPERATIONS

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

|   | <b>Budget<br/>2024</b> | <b>Actual<br/>2024</b> | <b>Actual<br/>2023</b>          |
|---|------------------------|------------------------|---------------------------------|
| <b>Revenue</b>                          | <i>[note 6]</i>        |                        | <i>[Corrected –<br/>Note 7]</i> |
| Tax revenue <i>[note 4]</i>             | \$222,000              | <b>\$234,866</b>       | \$232,025                       |
| Payments in lieu of taxation            | 264,000                | <b>261,134</b>         | 257,975                         |
| Other revenue                           | 490,300                | <b>100,916</b>         | 303,976                         |
| Long term rents/concessions             | 42,000                 | <b>33,456</b>          | 37,014                          |
| Subtotal                                | 1,018,300              | <b>630,372</b>         | 830,990                         |
| CEWS repayment <i>[note 5]</i>          | –                      | <b>3,647</b>           | (34,088)                        |
| <b>Total revenue</b>                    | <b>1,018,300</b>       | <b>634,019</b>         | <b>796,902</b>                  |
| <br>                                    |                        |                        |                                 |
| <b>Expenses</b>                         |                        |                        |                                 |
| Maintenance                             | 380,800                | <b>275,372</b>         | 358,948                         |
| Office                                  | 347,250                | <b>120,791</b>         | 169,579                         |
| Salaries                                | 248,400                | <b>179,662</b>         | 143,168                         |
| Depreciation                            | –                      | <b>38,487</b>          | 38,530                          |
| Rent                                    | 30,000                 | <b>28,588</b>          | 18,962                          |
| Audit fees                              | 6,250                  | <b>6,378</b>           | 5,963                           |
| Electricity and water <i>[note 2]</i>   | 1,600                  | <b>3,709</b>           | (680)                           |
| Insurance                               | 2,500                  | <b>2,173</b>           | 1,070                           |
| Professional and consulting             | 1,500                  | <b>1,854</b>           | 239                             |
| <b>Total expenses</b>                   | <b>1,018,300</b>       | <b>657,014</b>         | <b>735,779</b>                  |
| <b>Annual surplus (deficit)</b>         | <b>–</b>               | <b>(22,995)</b>        | <b>61,123</b>                   |
| Accumulated surplus, beginning of year  | 1,018,714              | <b>1,097,614</b>       | 1,036,491                       |
| <b>Accumulated surplus, end of year</b> | <b>\$1,018,714</b>     | <b>\$1,074,619</b>     | <b>\$1,097,614</b>              |

See accompanying notes

# THE SPARKS STREET MALL AUTHORITY

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

|  | <b>Actual<br/>2024</b> | <b>Actual<br/>2023</b><br>[Corrected –<br>Note 7] |
|--|------------------------|---|
| <b>Annual surplus (deficit)</b>          | <b>(\$22,995)</b>      | \$61,123  |
| Decrease in prepaid expenses             | <b>755</b>             | 42,561  |
| Depreciation of tangible capital assets  | <b>38,487</b>          | 38,530  |
| Acquisition of tangible capital assets   | <b>(2,500)</b>         | (116,919)   |
| <b>Increase in net financial assets</b>  | <b>13,747</b>          | 25,295  |
| Net financial assets, beginning of year  | <b>808,291</b>         | 782,996   |
| <b>Net financial assets, end of year</b> | <b>\$822,038</b>       | \$808,291   |

*See accompanying notes*

# THE SPARKS STREET MALL AUTHORITY

## STATEMENT OF CASH FLOWS

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

|  | <b>2024</b>       | <b>2023</b><br>[Corrected –<br>Note 7] |
|--|-------------------|--|
| <b>Operating transactions</b>  |                   |  |
| Annual surplus (deficit)   | <b>(\$22,995)</b> | \$61,123                               |
| Add item not affecting cash  |                   |  |
| Depreciation   | <b>38,487</b>     | 38,530                                 |
| Changes in non-cash working capital balances related to operations   |                   |  |
| Decrease in accounts receivable                                      | <b>72,985</b>     | 24,797                                 |
| Decrease in prepaid expenses   | <b>755</b>        | 42,561                                 |
| (Decrease) increase in accounts payable and accrued liabilities      | <b>(130,115)</b>  | 131,735                                |
| <b>Cash (used in) provided by operating transactions</b>             | <b>(40,883)</b>   | 298,746                                |
| <b>Capital transactions</b>  |                   |  |
| Acquisition of tangible capital assets                               | <b>(2,500)</b>    | (116,919)                              |
| <b>Cash used in capital transactions</b>                             | <b>(2,500)</b>    | (116,919)                              |
| <b>Change in cash and cash equivalents</b>                           |                   |  |
| Net (decrease) increase in cash and cash equivalents during the year | <b>(43,383)</b>   | 181,827                                |
| Cash and cash equivalents, beginning of the year                     | <b>851,646</b>    | 669,819                                |
| <b>Cash and cash equivalents, end of the year</b>                    | <b>\$808,263</b>  | \$851,646                              |
| <b>Cash and cash equivalents consist of</b>                          |                   |  |
| Cash   | <b>\$15,796</b>   | \$15,894                               |
| Cash on deposit with the Corporation of the City of Ottawa           | <b>792,467</b>    | 835,752                                |
|  | <b>\$808,263</b>  | \$851,646                              |

# THE SPARKS STREET MALL AUTHORITY

## 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 Sparks Street Mall Authority [the “Mall Authority”] 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 expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as it becomes earned and measurable; expenditures 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 benefit to the Mall Authority 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 SPARKS STREET MALL AUTHORITY

## 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 Mall Authority consist of cash, 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 Mall Authority 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 Mall Authority. 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 Mall Authority 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 Mall Authority incurred expenses of \$2,442 [2023 - \$18,509], which it paid to related parties in return for goods and services.

In 2024, the Mall Authority paid the National Capital Commission \$nil [2023 - \$15,897] for office space under a leasing contract. In addition, the BIA incurred expenses with the City of Ottawa of \$1,409 [2023 - \$1,418].

As at December 31, 2024, \$292 [2023 - \$nil] is included in accounts payable and accrued liabilities that is due to related parties.

# THE SPARKS STREET MALL AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 3. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

|                          | <b>2024</b>      | <b>2023</b>      |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| Equipment                | <b>451,724</b>   | <b>449,225</b>   |
| Accumulated depreciation | <b>(202,261)</b> | <b>(163,775)</b> |
| <b>Net book value</b>    | <b>249,463</b>   | <b>285,450</b>   |

### 4. TAX REVENUE

Tax revenue comprises the following:

|                  | <b>2024</b>    | <b>2023</b> |
|------------------|----------------|-------------|
|                  | \$             | \$          |
| General tax levy | <b>234,866</b> | 232,025     |
| Remissions       | —              | —           |
|                  | <b>234,866</b> | 232,025     |

### 5. 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 \$34,088 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 \$34,088 for the CEWS funding received in prior years. In 2024, a payment of \$30,441 was made to the CRA and the interest portion of \$3,647 was waived.

# THE SPARKS STREET MALL AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 6. 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 \$1,018,300 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$255,300, which is not included in revenue for purposes of the financial statement presentation.

### 7. CORRECTION OF AN IMMATERIAL PRIOR PERIOD ERROR

The Mall Authority has corrected the comparative information for an immaterial prior period error relating to the recognition of revenue from contribution agreements. During the current year, the Mall Authority identified that \$78,900 of revenue should have been recognized in 2023 as the stipulations of the contribution agreement were fulfilled. The Mall Authority has corrected this immaterial prior period error in the comparative information by increasing other revenue and accounts receivable by \$78,900.

The impact on the financial statements is summarized in the tables below:

| <b>Statement of Financial Position</b> |                           |   |             |
|--|---------------------------|---|-------------|
| <b>As at December 31,<br/>2023</b>     | As previously<br>reported | Correction of<br>immaterial prior<br>period error | As restated |
| Accounts receivable                    | \$23,387                  | \$78,900  | \$102,287   |
| Net financial assets                   | 729,391                   | 78,900  | 808,291     |
| Accumulated surplus                    | 1,018,714                 | 78,900  | 1,097,614   |

# THE SPARKS STREET MALL AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

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### Statement of Operations and Accumulated Surplus

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| <b>As at December 31,<br/>2023</b>  | As previously<br>reported | Correction of<br>immaterial prior<br>period error | As restated |
|-------------------------------------|---------------------------|---|-------------|
| Other revenue                       | \$225,076                 | \$78,900  | \$303,976   |
| Annual surplus (deficit)            | (17,777)                  | 78,900  | 61,123      |
| Accumulated surplus,<br>end of year | 1,018,714                 | 78,900  | 1,097,614   |

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### Statement of Changes in Net Financial Assets

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| <b>As at December 31,<br/>2023</b>             | As previously<br>reported | Correction of<br>immaterial prior<br>period error | As restated |
|--|---------------------------|---|-------------|
| Annual surplus (deficit)                       | \$(17,777)                | \$78,900  | \$61,123    |
| Increase (decrease) in<br>net financial assets | (53,605)                  | 78,900  | 25,295      |
| Net financial assets, end<br>of year           | 729,391                   | 78,900  | 808,291     |

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### Statement of Cash Flows

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| <b>As at December 31,<br/>2023</b> | As previously<br>reported | Correction of<br>immaterial prior<br>period error | As restated |
|------------------------------------|---------------------------|---|-------------|
| Annual surplus (deficit)           | \$(17,777)                | \$78,900  | \$61,123    |
| Decrease in accounts<br>receivable | 103,697                   | (78,900)  | 24,797      |

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