

# MMQCDC Annual Report 2016



# LETTER FROM THE CHAIR

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On behalf of the Manotick Mill Quarter Community Development Corporation (MMQCDC), we are pleased to share this Annual Report for 2016.

In 2016, the Board continued to work closely with the community concerning the two remaining properties subject to the Corporate mandate (Dickinson House and Carriage Shed) to achieve objectives that are important to both the community and the City. The Board also ensured that the Community Partnership Initiative contribution of \$50,000 received in conjunction with the sale of 1125 Clapp Lane, was appropriately transferred to City Recreation, Cultural and Facility Services Department for contributing to the planning and construction of the Manotick Remembrance Park.

Moving forward into 2017, the City will be seeking to fulfill its final obligations in regard to the development of 1125 Clapp Lane and to facilitate the transfer of responsibilities to Recreation, Cultural and Facility Services Department for administering the use of the Dickinson House and the Carriage Shed. The Rideau Township Historical Society and Watson's Mill Manotick Incorporated are currently using these buildings to manage and hold historical and cultural collections with the assistance of the City's Heritage Funding Program and Community Museum Service Agreement Program.

Sincerely



Scott Moffatt

# REPORT TO THE SHAREHOLDER

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This Annual Report serves to provide context for the evaluation and review of the Corporation's activities and progress in 2016 to reposition the subject properties from both a planning and real estate market perspective. This report also serves to support the requirements of the Business Corporations Act (Ontario) for holding the 2016 Annual General Meeting of the shareholder of the Manotick Mill Quarter Community Development Corporation (MMQCDC) including receipt of Audited Financial Statements.

## **MANDATE**

At its meeting on 28 January 2009, City Council approved the use of development corporations on a project-by-project basis for undertaking City property development initiatives and directed staff to proceed with the incorporation of the MMQCDC. City Council originally approved the acquisition of the Manotick Mill Quarter properties in the Village of Manotick to ensure the preservation and enhancement of the heritage buildings and character of the "Mill Quarter" as set out in the provisions of the Manotick Secondary Plan contained in the City of Ottawa's Official Plan. The City acquired a combined land area of 4,056 square metres of land formerly owned by the Rideau Valley Conservation Authority (RVCA) as well as 3,792 square metres of land that was in private ownership for a combined land area of 7,848 square metres or 0.78 hectares.

In August 2009, the Letters Patent were issued by the Ontario Ministry of Government Services establishing the Manotick Mill Quarter Community Development Corporation (MMQCDC).

The objectives for which the Corporation is incorporated are:

- a) To formalize and maintain Dickinson Square as an open space, primarily for public use, as designated and approved by its owner and for the purposes of:
  - i. Preserving the heritage character of the "Mill Quarter" area in the Village of Manotick; and
  - ii. Providing for enhanced opportunities for heritage and cultural events.
  
- b) To plan, subdivide and develop or redevelop properties within the "Mill Quarter" area in the Village of Manotick, with the consent of their owner(s), for the purposes of preserving and enhancing the character of the "Mill Quarter" area and the heritage buildings located therein, including:
  - i. Providing opportunities for arts and heritage programming, and community activities; and

- ii. Accommodating commercial tourist and heritage uses including commercial accommodation, boutiques, galleries, craft and other specialty outlets, museums, restaurants and studios.
- c) To improve, beautify and maintain land, buildings and structures owned by the City of Ottawa and located within the “Mill Quarter” area in the Village of Manotick, as designated and approved by the City of Ottawa, beyond the standard provided at the expense of the City of Ottawa generally.
- d) To promote the “Mill Quarter” area in the Village of Manotick and other areas adjacent thereto, and to undertake community improvement thereof.
- e) To acquire, hold, sell, lease or dispose of land within or adjacent to the “Mill Quarter” area in the Village of Manotick for the purposes set out in paragraphs a), b), c), and d) above.
- f) To clear, grade, service or otherwise prepare the land and properties of the Corporation for the purposes set out in paragraphs a), b), c) and d) above.
- g) For the purposes set out in paragraphs a), b), c) and d) above, to construct, operate, maintain, own and/or provide one or more of the following facilities (including ownership of land related thereto):
  - i. Recreation, tourism and cultural facilities;
  - ii. General parking facilities; and
  - iii. Public transportation facilities.
- h) To conduct public marketing and advertising for sale in connection with the purposes set out in paragraphs a), b), c) and d) above.

As the City of Ottawa is the sole shareholder of MMQCDC, MMQCDC has a responsibility to manage, develop, market and optimize value through selling or leasing of properties transferred into the Corporation. Council approved an acquisition budget of \$2,440,000 for the subject lands and the MMQCDC is responsible for repaying the City for acquisition expenditures within two years of the properties being transferred by the City to the Corporation. In that regard, there are certain directives and conditions pertaining to the transfer of the properties to the Corporation that must be met by the Corporation, which include:

- Repaying the City for all costs associated with the acquisition and holding of the properties by creating appropriate sales revenues or prepaid long-term property lease. (Note: To date MMQCDC has repaid \$2,000,000).
- Entering into a heritage easement agreement(s) for the designated heritage buildings and the related public spaces that define Dickinson Square which will protect these spaces for public events prior to the sale or lease of any of these properties.

- Pursuing the potential for economic viability for generating electrical power at Watson's Mill.

## 2016 HIGHLIGHTS

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### **1125 Clapp Lane Senior's Housing Development**

In 2016, the Board of Directors of the Manotick Mill Quarter Community Development Corporation (MMQCDC) approved by resolution, the sale of 1125 Clapp Lane to the Reichmann Seniors Housing Development Corporation (RSH) and assigned the original development covenants to the new owner.

RSH have submitted a site plan to the City for a 43-unit retirement home with ground floor commercial coffee shop and underground parking. Securities have been retained by the MMQCDC to be released upon final inspection of the completed building. The site plan agreement is expected to be executed in 2017 with building construction completion anticipated in late 2018.

### **Motion to Dissolve the MMQCDC**

The Board of Directors approved a motion to:

- retain the Dickinson House and Carriage Shed in City ownership;
- finalize Board business matters and direct staff to proceed with the necessary steps to dissolve the MMQCDC and file all necessary documents with the Ministry of Government Services; and
- have staff report back to Council on future operational, maintenance and lifecycle costs for the Dickinson House and Carriage Shed, if approved, by Council for retention.

A report was presented to Council concerning the motion directives and was approved subject to an update to Council in 2017 concerning the future operational, maintenance and lifecycle costs for the Dickinson House and Carriage Shed.

## 2017-18 PLANNED ACTIONS

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The Manotick Mill Quarter Community Development Corporation will continue to fulfill its responsibilities and mandate in 2017 and 2018 until such time as performance securities are released in association with the development covenants for the seniors' housing development at 1125 Clapp Lane. At such time, staff will proceed with the required steps to dissolve the Corporation as directed by City Council.

## FINANCIAL STATEMENTS

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The 2016 Audited Financial Statements are attached as Appendix 1. Since inception, the MMQCDC was able to dispose of properties within its portfolio for a combined total value of \$2,000,000 including non-refundable bid deposits.

# Appendix 1

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## **Financial Statements**

**Manotick Mill Quarter Community Development Corporation**

**December 31, 2016**

# **Financial Statements**

## **Manotick Mill Quarter Community Development Corporation**

**December 31, 2016**



Building a better  
working world



# INDEPENDENT AUDITORS' REPORT

To the Board Members, Mayor and Members of Council of the  
**Manotick Mill Quarter Community Development Corporation**

We have audited the accompanying financial statements of the **Manotick Mill Quarter Community Development Corporation**, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Manotick Mill Quarter Community Development Corporation** as at December 31, 2016, and the results of its operations and changes in net debt for the year then ended in accordance with Canadian public sector accounting standards.

Ottawa, Canada

July 28, 2017

*Signed original on file*  
Ernst and Young, Chartered  
Professional Accountant



# MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2016, with comparative information for 2015

Table 1 Statement of Financial Position Assets

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
HST recoverable	\$0	\$597
Due from the City of Ottawa [note 5]	116,876	240,881
<b>Total financial assets</b>	<b>116,876</b>	<b>241,478</b>

Table 2 Statement of Financial Position Liabilities

<b>LIABILITIES</b>	<b>2016</b>	<b>2015</b>
Accounts payable and accrued liabilities	4,376	9,098
HST payable	0	70,200
Performance security	112,500	112,500
Deferred revenue	0	50,000
<b>Total liabilities</b>	<b>116,876</b>	<b>241,798</b>
<b>Net Debt</b>	<b>0</b>	<b>(320)</b>

Table 3 Statement of Financial Position Non-financial Assets

<b>Non-financial Assets</b>	<b>2016</b>	<b>2015</b>
Other assets [note 7]	0	320
<b>Accumulated surplus</b>	<b>\$0</b>	<b>\$0</b>

Commitments [note 8]

See accompanying notes

On behalf of the Board:



Director



Director

# MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION

## STATEMENT OF OPERATIONS

For the year ended December 31, 2016, with comparative information for 2015

Table 4 Statement of Operations Revenue

<b>Revenue</b>	<b>2016</b>	<b>2015</b>
Land sales	\$0	\$540,000
Contributions from the City of Ottawa [note 5]	9,926	0
Other revenue [note 4]	0	55,000
<b>Total revenue</b>	<b>9,926</b>	<b>595,000</b>

Table 5 Statement of Operations Expenses

<b>Expenses [schedule 1]</b>	<b>2016</b>	<b>2015</b>
Land acquisition [note 6]	0	524,115
Legal fees and disbursements	5,400	20,308
Professional services	4,526	7,121
Contributions to the City of Ottawa [note 5]	0	43,456
<b>Total expenses</b>	<b>9,926</b>	<b>595,000</b>
<b>Excess of revenue over expenses for the year</b>	<b>0</b>	<b>0</b>
Accumulated surplus, beginning of year	0	0
<b>Accumulated surplus, end of year</b>	<b>\$0</b>	<b>\$0</b>

See accompanying notes

## STATEMENT OF CHANGES IN NET DEBT

For the year ended December 31, 2016, with comparative information for 2015

Table 6 Statement of Changes in Net Debt

<b>Statement of Changes in Net Debt</b>	<b>2016</b>	<b>2015</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$0</b>	<b>\$0</b>
Decrease (increase) in other assets	320	(49)
<b>Net debt at beginning of year</b>	<b>(320)</b>	<b>(271)</b>
<b>Net debt at end of year</b>	<b>\$0</b>	<b>\$(320)</b>

See accompanying notes

# **MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

### **1. NATURE OF BUSINESS**

The Manotick Mill Quarter Community Development Corporation [the “Corporation”] was incorporated on August 24, 2009 under the laws of the Province of Ontario as a corporation without share capital for the purpose of promoting and undertaking community improvements in the City of Ottawa by managing real property. The Corporation is controlled by the City of Ottawa. The Corporation commenced operations in 2010.

The Corporation has financed its cash requirements through the support of the City of Ottawa. The Corporation’s ability to realize the carrying value of its assets is dependent upon maintaining profitable operations and continuing to receive the financial support from the City of Ottawa.

### **2. BASIS OF PRESENTATION**

The financial statements of the Corporation are prepared by management in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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, which have been made using careful judgment. Budget figures are not presented on the statements of operations and changes in net debt as no budget is prepared at the corporation level.

As the Corporation has met its objectives, the Board of Directors agreed at its meeting of September 19, 2016 that the Corporation would be wound up subsequent to year-end. Ownership of the remaining properties will be retained by the City of Ottawa. Despite the Board of Directors’ decision to wind up the Corporation, these financial statements continue to be prepared on a going concern basis.

#### **Basis of accounting**

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

# **MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

### **Financial instruments**

The Corporation's financial instruments consist of related party balances, taxes payable/recoverable, accounts payable and accrued liabilities. Amounts recorded on the financial statements approximate fair value given the short-term nature of the balances.

### **Use of estimate**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of revenue and expenses reported in the financial statements. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. The most significant estimates used in preparing these financial statements are the amount of accrued liabilities. Actual results could differ from those estimates.

### **3. CASH**

The Corporation funds its cash requirements through the support of the City of Ottawa. All cash transactions from operating activities were processed through the City of Ottawa. The Corporation did not have cash movement from financing or investing activities during 2016 or 2015.

### **4. DEPOSIT AGREEMENTS FOR FUTURE SALES**

Deposit agreements for future sales represent deposits received pursuant to purchase and sale agreements. Sales revenue is recognized upon title of the property passing to the purchaser. The cash related to these deposits is held by the City of Ottawa and is reported on the statement of financial position as due from the City of Ottawa. For sales agreements terminated by the purchaser, non-refundable deposits are recorded as revenue and presented in other revenue.

### **5. RELATED PARTY**

The City of Ottawa controls the Corporation and administers the cash disbursements on behalf of the Corporation. Any balance owing to the City of Ottawa is interest free and has no specified terms of repayment.

# MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Related party transactions between the Corporation and the City of Ottawa include:

Table 7 Related Party Transactions

<b>Related party transactions</b>	<b>2016</b>	<b>2015</b>
Land acquisition	\$0	\$524,115
Legal and realty taxes disbursements	1,610	13,315
Contribution from (to) the City of Ottawa	9,926	(43,456)

The contribution from (to) the City of Ottawa represents funding revenue (expenses) from (to) the City of Ottawa to reimburse (pay) the Corporation for any excess expenses over revenue (revenue over expenses).

Net purchase price of lands consists of nil [2015 – \$524,115] included in land acquisition costs on the statement of operations. Legal disbursements include nil [2015 – \$320] included in other assets on the statement of financial position and \$1,610 [2015 – \$13,315] included in legal costs on the statement of operations.

Change in due from (to) the City of Ottawa consists of the following:

Table 8 Change in due from (to) the City of Ottawa

<b>Change in due from (to) the City of Ottawa</b>	<b>2016</b>	<b>2015</b>
<b>Opening balance of due from the City of Ottawa</b>	<b>\$240,881</b>	<b>\$218,439</b>
Decrease in HST recoverable	597	2,365
Decrease (increase) in other assets	320	(49)
Increase (decrease) in HST payable	(70,200)	70,200
Increase (decrease) in accounts payable and accrued liabilities	(4,722)	4,926
Decrease in deposits for future sales	0	(55,000)
Decrease in deferred revenue	(50,000)	0
<b>Net change</b>	<b>124,005</b>	<b>22,442</b>
<b>Closing balance of due from City of Ottawa</b>	<b>\$116,876</b>	<b>\$240,881</b>

# **MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

### **6. LAND**

Land inventory held for resale represents land held for future development. Capitalized costs include the purchase of land and development costs incurred related to unsold parcels. Land is accounted for at the lower of actual cost and net realizable value. The purchase price of land is the fair market value as at the projected date of sale. Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **7. OTHER ASSETS**

Other non-financial assets consist of costs incurred to prepare a property for sale including legal costs. These costs consist of direct costs related to the sale of land by the Corporation as approved by the City of Ottawa Council. These costs will be transferred to land inventory held for sale once the related property has been transferred to the Corporation. For projects that are abandoned, costs are immediately expensed.

### **8. COMMITMENTS**

As at December 31, 2016, the Corporation has outstanding commitments amounting to nil [2015 – nil] for fairness commissioner services.



# MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

### SCHEDULE 1

#### SCHEDULE OF EXPENSES

For the year ended December 31, 2016, with comparative information for 2015

Table 9 Schedule 1 Expenses

<b>Schedule of Expenses</b>	<b>2016</b>	<b>2015</b>
<b>Land acquisition</b>	<b>\$0</b>	<b>\$524,115</b>
<b>Legal fees and disbursements</b>	<b>5,400</b>	<b>20,308</b>
<b>Professional Fees</b>		
Corporation tax return preparation and financial statement audit	<b>4,526</b>	<b>4,300</b>
Newspaper advertising	<b>0</b>	<b>2,013</b>
Signs	<b>0</b>	<b>808</b>
<b>Total professional fees</b>	<b>4,526</b>	<b>7,121</b>
<b>Total expenses</b>	<b>\$9,926</b>	<b>\$551,544</b>

*See accompanying notes*

**MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**SCHEDULE 2**

**SCHEDULE OF OPERATIONS BY PROPERTY**

For the year ended December 31, 2016

Table 10 Schedule 2 2016 Schedule of Operations by Property

<b>Property descriptions</b>	<b>Land acquisition</b>	<b>Development costs and administrative expenses</b>	<b>Total expenses</b>	<b>Land Sales and Other</b>	<b>Contribution from the City</b>	<b>Total revenue</b>
<b>Prior year property sales</b>	0	410	<b>410</b>	0	410	<b>410</b>
<b>Sub-total prior year property sales</b>	0	410	<b>410</b>	0	410	<b>410</b>
<b>Common expenses to all properties</b>	0	9,515	<b>9,515</b>	0	9,515	<b>9,515</b>
<b>Total</b>	<b>0</b>	<b>9,926</b>	<b>9,926</b>	<b>0</b>	<b>9,926</b>	<b>9,926</b>

*See accompanying notes*

# MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

### SCHEDULE 2

#### SCHEDULE OF OPERATIONS BY PROPERTY

For the year ended December 31, 2015

Table 11 Schedule 2 2015 Schedule of Operations by Property

Property descriptions	Land acquisition	Development costs and administrative expenses	Total expenses	Land Sales and Other	Contribution from (to) the City	Total revenue
1125 Clapp Lane	0	5,968	5,968	0	5,968	5,968
1128 Mill Street	524,115	15,885	540,000	595,000	(55,000)	540,000
<b>Sub-total land parcels</b>	524,115	21,853	545,968	595,000	(49,032)	545,968
<b>Common expenses to all properties</b>	0	5,576	5,576	0	5,576	5,576
<b>Total</b>	<b>524,115</b>	<b>27,429</b>	<b>551,544</b>	<b>595,000</b>	<b>(43,456)</b>	<b>551,544</b>

See accompanying notes