

Financial Statements

The Byward Market Business Improvement Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Byward Market Business Improvement Area

We have audited the accompanying financial statements of **The Byward Market Business Improvement Area**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net financial assets and cash flows 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 Byward Market Business Improvement Area** as at December 31, 2016 and the results of its operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ottawa, Canada
August 22, 2017

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

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

Table 1 - Statement of Financial Position - Financial Assets

Financial assets	2016	2015
Cash	\$1,500	\$1,500
Cash on deposit with the Corporation of the City of Ottawa	324,987	373,527
Accounts receivable	8,570	153
Total financial assets	335,057	375,180

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	62,973	24,380
Total liabilities	62,973	24,380
Net financial assets	272,084	350,800

Table 3 - Statement of Financial Position - Non-Financial Assets

Non-financial assets	2016	2015
Prepaid expenses	1,781	1,226
Total non- financial assets	1,781	1,226
Accumulated surplus	\$273,865	\$352,026

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

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

Table 4 - Statement of Operations - Revenue

Revenue	Budget 2016 [note 4]	Actual 2016	Actual 2015 [note 5]
Tax revenue [note 3]	\$298,000	\$283,837	\$281,752
Sundry	-	145,466	177,585
Payments in lieu of taxation	-	8,517	7,934
Total revenue	445,000	437,820	467,544

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016	Actual 2016	Actual 2015
Salaries	157,000	168,795	187,654
Office and administration	33,000	36,460	36,991
Furniture and equipment	2,500	1,534	42
Advertising and promotion	231,000	219,703	209,511
Professional and consulting fees	23,500	37,645	6,060
Audit fees	3,000	2,029	1,466
Maintenance	22,000	25,520	21,079
Rent	21,000	19,359	17,060
Insurance	6,000	4,936	4,847
Total expenses	499,000	515,981	484,710
Annual deficit	(54,000)	(78,161)	(17,166)
Accumulated surplus, beginning of year	352,026	352,026	369,192
Accumulated surplus, end of year	\$298,026	\$273,865	\$352,026

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

Table 6 - Statement of Changes in Net Financial Assets

	Budget 2016 <i>[note 4]</i>	Actual 2016	Actual 2015
Annual deficit	\$(54,000)	\$(78,161)	\$(17,166)
Decrease (increase) in prepaid expenses	-	(555)	1,511
Decrease in net financial assets	(54,000)	(78,716)	(15,655)
Net financial assets, beginning of year	350,800	350,800	366,455
Net financial assets, end of year	\$296,800	\$272,084	\$350,800

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

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

Table 7 - Statement of Cash Flows - Operating activities

Operating activities	2016	2015
Annual deficit	\$(78,161)	\$(17,166)
Changes in non-cash working capital balances related to operations		
Increase in accounts receivable	(8,417)	(153)
Decrease (increase) in prepaid expenses	(555)	1,511
Increase (decrease) in accounts payable and accrued liabilities	38,593	(12,898)
Increase (decrease) in deferred revenue	-	(42,075)
Cash used in operating activities	(48,540)	(70,781)

Table 8 - Statement of Cash Flows - Change in cash and cash equivalents

Change in cash and cash equivalents	2016	2015
Net decrease in cash and cash equivalents during the year	(48,540)	(70,781)
Cash and cash equivalents, beginning of year	375,027	445,808
Cash and cash equivalents, end of year	\$326,487	\$375,027

Table 9 - Statement of Cash Flows - Cash breakdown

Cash consists of	2016	2015
Cash	\$1,500	\$1,500
Cash on deposit with the Corporation of the City of Ottawa	324,987	373,527
	\$326,487	\$375,027

See accompanying notes

THE BYWARD MARKET BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCCOUNTING POLICIES

Basis of presentation

The financial statements of The Byward Market Business Improvement Area [the "BIA"] are the representation of management prepared in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board of 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 and approximations. These estimates and approximations have been made using careful judgment.

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.

Financial instruments

The financial instruments of the BIA consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the BIA is not exposed to significant interest rate, currency 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 Board of Directors' members and company executives in the normal course of business at commercial rates. In addition, the BIA is related to all entities under control of the City of Ottawa. As at December 31, 2016, nil [2015 – nil] accounts payable and accrued liabilities are due to related parties.

3. TAX REVENUE

Tax revenue is comprised of the following:

Table 10 - Tax revenue breakdown

	2016	2015
	\$	\$
General tax levy	299,228	292,005
Supplementary assessments	63	-
Remissions	(11,718)	(8,870)
Vacancy rebates	(3,736)	(1,383)
	283,837	281,752

4. BUDGET AMOUNTS

Budget data presented in these financial statements is based upon the 2016 budget approved by the Board of Directors. The Board-approved budget is prepared on a basis which 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 \$499,000 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$54,000, which is not included in revenue for purposes of the financial statement presentation.

5. COMPARTIVE FIGURES

Certain comparative figures for 2015 have been reclassified to conform to the presentation adopted in the current year.

