

# **Financial Statements**

## **The Carp Village Business Improvement Area**

**December 31, 2016**



# INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of  
**The Carp Village Business Improvement Area**

We have audited the accompanying financial statements of **The Carp Village Business Improvement Area**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net debt 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 qualified audit opinion.

## **Basis for qualified opinion**

The BIA derives revenue from cash donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the BIA and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to donations revenue, accumulated deficit, and net debt.

## **Qualified opinion**

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Carp Village Business Improvement Area as at December 31, 2016 and the results of its operations, changes in its net debt and 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 CARP VILLAGE 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

<b>Financial assets</b>	<b>2016</b>	<b>2015</b>
Restricted cash <i>[note 5]</i>	<b>\$21,550</b>	\$40,433
Cash on deposit with the Corporation of the City of Ottawa	<b>7,038</b>	5,009
Restricted Accounts Receivable <i>[note 5]</i>	<b>6,723</b>	-
<b>Total financial assets</b>	<b>35,311</b>	45,442

Table 2 - Statement of Financial Position - Liabilities

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>
Accounts payable and accrued liabilities <i>[note 4]</i>	<b>854</b>	712
Accrued interest on long-term debt <i>[note 3]</i>	<b>172</b>	287
Deferred revenue <i>[note 5]</i>	<b>28,273</b>	40,433
Long-term debt <i>[note 3]</i>	<b>10,000</b>	18,000
<b>Total liabilities</b>	<b>39,299</b>	59,432
<b>Net debt</b>	<b>(3,998)</b>	(13,990)

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

<b>Non-financial assets</b>	<b>2016</b>	<b>2015</b>
Prepaid expenses	<b>368</b>	365
<b>Total non- financial assets</b>	<b>368</b>	365
<b>Accumulated deficit</b>	<b>\$(3,620)</b>	\$(13,625)

See accompanying notes

# THE CARP VILLAGE BUSINESS IMPROVEMENT AREA

## 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>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
Tax revenue <i>[note 6]</i>	\$13,000	<b>\$13,006</b>	\$13,000
Sundry	-	<b>480</b>	280
Donations	-	<b>30,922</b>	19,871
<b>Total revenue</b>	<b>13,000</b>	<b>44,408</b>	<b>33,151</b>

Table 5 - Statement of Operations - Expenses

<b>Expenses</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
Consultants	1,956	<b>31,402</b>	20,151
Audit fees	925	<b>644</b>	641
Interest on long-term debt	9,269	<b>1,050</b>	1,660
Insurance	850	<b>1,307</b>	1,282
<b>Total expenses</b>	<b>13,000</b>	<b>34,403</b>	<b>23,734</b>
<b>Annual surplus</b>	<b>-</b>	<b>10,005</b>	<b>9,417</b>
Accumulated deficit, beginning of year	(13,625)	<b>(13,625)</b>	(23,042)
<b>Accumulated deficit, end of year</b>	<b>\$(13,625)</b>	<b>\$(3,620)</b>	<b>\$(13,625)</b>

See accompanying notes

# THE CARP VILLAGE BUSINESS IMPROVEMENT AREA

## 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>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
<b>Annual surplus</b>	\$ -	<b>\$10,005</b>	\$9,417
Increase in prepaid expenses	-	<b>(3)</b>	(15)
<b>Decrease in net debt</b>	-	<b>10,002</b>	9,402
Net debt, beginning of year	(13,990)	<b>(13,990)</b>	(23,392)
<b>Net debt, end of year</b>	<b>\$(13,990)</b>	<b>\$(3,988)</b>	<b>\$(13,990)</b>

*See accompanying notes*

# THE CARP VILLAGE 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

<b>Operating activities</b>	<b>2016</b>	<b>2015</b>
Annual surplus	<b>\$10,005</b>	\$9,417
Changes in non-cash working capital balances related to operations		
Increase in Accounts Receivable	<b>(6,723)</b>	
Increase in prepaid expenses	<b>(3)</b>	(15)
Increase in accounts payable and accrued liabilities	<b>142</b>	74
Increase (decrease) in deferred revenue	<b>(12,160)</b>	29,659
Decrease in accrued interest on long-term debt	<b>(115)</b>	(128)
<b>Cash provided by (used in) operating activities</b>	<b>(8,854)</b>	39,007

Table 8 - Statement of Cash Flows – Financing activities

<b>Financing activities</b>	<b>2016</b>	<b>2015</b>
Repayment of long-term debt	<b>(8,000)</b>	(8,000)
<b>Cash used in financing activities</b>	<b>(8,000)</b>	(8,000)

Table 9 - Statement of Cash Flows - Change in cash and cash equivalents

<b>Change in cash and cash equivalents</b>	<b>2016</b>	<b>2015</b>
Net increase (decrease) in cash and cash equivalents during the year	<b>(16,854)</b>	31,007
Cash and cash equivalents, beginning of year	<b>45,442</b>	14,435
<b>Cash and cash equivalents, end of year</b>	<b>\$28,588</b>	\$45,442

Table 10 - Statement of Cash Flows - Cash breakdown

<b>Cash consists of</b>	<b>2016</b>	<b>2015</b>
Restricted cash [note 5]	<b>\$21,550</b>	\$40,433
Cash on deposit with the Corporation of the City of Ottawa	<b>7,038</b>	5,009
	<b>\$28,588</b>	\$45,442

See accompanying notes

# **THE CARP VILLAGE BUSINESS IMPROVEMENT AREA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

### **1. Nature of operations and going concern**

These financial statements have been prepared in accordance with accounting principles generally accepted for the public sector applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As such, these financial statements do not reflect the adjustments to the carrying values of assets and liabilities with the reported amounts of revenue and expenses and statement of financial position classifications that would be necessary were the going concern assumptions inappropriate, and these adjustments and reclassifications may be material. The Carp Village Business Improvement Area's [the "BIA"] ability to continue as a going concern is dependent upon its ability to fund its working capital and generate enough revenue to cover its expenses and pay off any debt.

### **2. Summary of significant accounting policies**

#### **Basis of presentation**

The financial statements of 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 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 and approximations. These estimates and approximations have been made using careful judgment.

#### **Accrual accounting**

Revenues and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue 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.



## Financial instruments

The financial instruments of the BIA consist of restricted cash, Cash on deposit with the Corporation of the City of Ottawa, accounts receivable, accounts payable and accrued liabilities, long-term debt and related accrued interest. 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 when reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years.

### 3. Long-term debt

The BIA has assumed responsibility for the former payment of the principal and interest charges on \$10,000 [2015 – \$18,000] of long-term debt issued by the former Regional Municipality of Ottawa Carleton.

The long-term debt is to be repaid as follows:

	<b>2017</b>
	\$
	<hr/>
With funds recoverable from:	
Tax levy	<b>10,000</b>
	<hr/>

Interest on the long-term debt is payable at a rate of 6.875% per annum and accrued interest on long-term debt of \$172 [2015 – \$287] is included on the statement of financial position at year end.

### 4. 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] in accounts payable and accrued liabilities.

## 5. Restricted assets

The restricted cash and accounts receivable balances of \$21,550 and \$6,723 respectively were derived primarily from donations which must be used for a specified purpose. These amounts are included in deferred revenue and will be recognized as revenue in the period the related expenses are incurred.

## 6. Tax revenue

Tax revenue is comprised of the following:

	<b>2016</b>	<b>2015</b>
	\$	\$
General tax levy	<u>13,006</u>	<u>13,000</u>

