

Financial Statements

The Rideau Business Improvement Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **The Rideau 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 Rideau 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 RIDEAU 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 on deposit with the Corporation of the City of Ottawa	\$140,189	\$257,552
Accounts receivable	3,650	837
Total financial assets	143,839	258,389

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	34,478	119,088
Total liabilities	34,478	119,088
Net financial assets	109,361	139,301

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

Non-financial assets	2016	2015
Prepaid expenses	7,038	12,331
Tangible capital assets <i>[note 3]</i>	299,855	238,832
Total non- financial assets	306,893	251,163
Accumulated surplus	\$416,254	\$390,464

See accompanying notes

THE RIDEAU 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 5]	Actual 2016	Actual 2015
Tax revenue [note 4]	\$723,350	\$735,819	\$739,575
Sundry	45,000	98,552	59,723
Payments in lieu of taxation	9,032	8,306	9,033
Interest earned on reserves [schedule 2]	1,000	1,200	1,200
Total revenue	778,382	843,877	809,531

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016 [note 5]	Actual 2016	Actual 2015
Advertising and promotion	361,548	346,841	235,475
Salary	202,000	202,662	190,055
Office	80,450	80,558	140,362
Ground services	61,334	72,869	59,882
Rent	30,000	41,346	31,356
Security services	50,000	31,048	12,824
Furniture and equipment	11,300	18,162	22,180
Depreciation	-	17,884	10,239
Insurance	5,500	5,280	5,466
Audit fees	1,250	1,437	1,228
Total expenses	803,382	818,087	709,067
Annual surplus (deficit)	(25,000)	25,790	100,464
Accumulated surplus, beginning of year	390,464	390,464	290,000
Accumulated surplus, end of year	\$365,464	\$416,254	\$390,464

See accompanying notes

THE RIDEAU 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 5]</i>	Actual 2016	Actual 2015
Annual surplus (deficit)	(25,000)	\$25,790	\$100,464
Decrease (increase) in prepaid expenses	-	5,293	(10,436)
Acquisition of tangible capital assets		(78,907)	(156,029)
Amortization of tangible capital assets		17,884	10,239
Decrease in net financial assets	-	(29,940)	(55,762)
Net financial assets, beginning of year	139,301	139,301	195,063
Net financial assets, end of year	\$114,301	\$109,361	\$139,301

See accompanying notes

THE RIDEAU 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

Operating activities	2016	2015
Annual surplus (deficit)	\$25,790	\$100,464
Add item not affecting cash		
Depreciation	17,884	10,239
Changes in non-cash working capital balances related to operations		
Increase in accounts receivable	(2,813)	(537)
Decrease (increase) in prepaid expenses	5,293	(10,436)
Increase (decrease) in accounts payable and accrued liabilities	(84,610)	88,466
Cash provided by (used in) operating activities	(38,456)	188,196

Table 8 - Statement of cash flows – Investing Activities

Investing activities	2016	2015
Acquisition of tangible capital assets	(79,907)	(156,029)
Cash used in investing activities	\$(78,907)	\$(156,029)

Table 9 - Statement of cash flows - Change in cash and cash equivalents

Change in cash and cash equivalents	2016	2015
Net increase (decrease) in cash and cash equivalents during the year	(117,363)	32,167
Cash and cash equivalents, beginning of the year	257,552	225,385
Cash and cash equivalents, end of the year	\$140,189	\$257,552

Table 10 - Statement of cash flows - Cash breakdown

Cash consists of	2016	2015
Cash on deposit with the Corporation of the City of Ottawa	140,189	257,552
	140,189	257,552

See accompanying notes

THE RIDEAU 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 Rideau 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.

Tangible capital assets

Capital assets are initially recorded at cost and amortized over their estimated useful lives using the straight-line method. Capital expenditures that do not generate future economic benefit to the BIA are charged to operations in the year of acquisition.

The equipment, less residual value, is amortized over five or twenty years on a straight-line basis.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 – \$2,130] is included in accounts payable and accrued liabilities due to related parties.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets are comprised of the following:

	2016	2015
	\$	\$
Equipment	339,252	260,345
Accumulated amortization	(39,397)	(21,513)
Net book value	<u>299,855</u>	<u>238,832</u>

4. TAX REVENUE

Tax revenue is comprised of the following:

	2016	2015
	\$	\$
General tax levy	752,598	742,501
Supplementary assessment	22,429	22,681
Remissions	(31,543)	(5,634)
Vacancy rebates	(7,665)	(19,973)
	<u>735,819</u>	<u>739,575</u>

5. 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 \$778,382 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$25,000, which is not included in revenue for purposes of the financial statement presentation.

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 1

Statement of Operating Fund

Year ended December 31, 2016

Revenue	Budget 2016 [note 5]	Actual 2016	Actual 2015
Tax revenue [note 4]	\$723,350	\$735,819	\$739,575
Sundry	45,000	98,552	59,723
Payments in lieu of taxation	9,032	8,306	9,033
Total revenue	777,382	842,677	808,331

Expenses	Budget 2016 [note 5]	Actual 2016	Actual 2015
Advertising and promotion	361,548	346,841	235,475
Salary	202,000	202,662	190,055
Office	80,450	80,558	140,362
Ground services	61,334	72,869	59,882
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Security services	50,000	31,048	12,824
Furniture and equipment	11,300	18,162	22,180
Depreciation	-	17,884	10,239
Insurance	5,500	5,280	5,466
Audit fees	1,250	1,437	1,228
Total expenses	803,382	818,087	709,067

Excess (deficiency) of revenues over expenses	(26,000)	(24,590)	99,264
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Financing and Transfers			
Transfers from reserve fund	-	1,200	1,200
Total financing and transfers	-	1,200	1,200

Net increase (decrease) in fund balance	(26,000)	(25,790)	100,464
Fund balance, beginning of year	145,177	145,177	44,713
Fund balance, end of year	119,177	170,967	145,177

See accompanying notes

THE RIDEAU BUSINESS IMPROVEMENT AREA

Schedule 2

Statement of Reserve Fund

Year ended December 31, 2016

	Budget 2016 <i>[note 5]</i>	Actual 2016	Actual 2015
Revenue			
Interest earned	\$1,000	\$1,200	\$1,200
Expenses			
Contributed to operating fund	\$(1,000)	\$(1,200)	\$(1,200)
Net increase in fund balance during the year	-	-	-
Fund Balance, beginning of year	67,960	67,960	67,960
Fund Balance, end of year	\$67,960	\$67,960	\$67,960

See accompanying notes

