

Financial Statements

The Heart of Orleans Business Improvement

Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

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

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

Ernst & Young LLP

Ottawa, Canada

June 26, 2017

Chartered Professional Accountants

Licensed Public Accountants



THE HEART OF ORLEANS 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	\$1,000	\$1,000
Cash on deposit with the Corporation of the City of Ottawa	115,739	111,955
Government remittances recoverable	16,743	-
Total financial assets	133,482	112,955

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	11,807	24,769
Total liabilities	11,807	24,769
Net financial assets	121,675	88,186

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

Non-financial assets	2016	2015
Prepaid expenses	2,068	1,375
Total non- financial assets	2,068	1,375
Accumulated surplus	\$123,743	\$89,561

THE HEART OF ORLEANS 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 <i>[note 4]</i>	Actual 2016	Actual 2015
Tax revenue <i>[note 3]</i>	\$190,000	\$198,189	\$174,585
Sundry	10,000	20,865	17,500
Total revenue	200,000	219,054	192,085

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016	Actual 2016	Actual 2015
Salaries	81,000	78,271	53,967
Office	35,400	37,917	16,176
Advertising and promotion	42,700	19,261	20,289
Professional and consulting fees	23,000	15,698	33,709
Audit fees	1,300	1,437	1,228
Maintenance	24,000	23,513	24,746
Insurance	4,700	3,791	3,724
Furniture and equipment	500	534	3,053
Rent	2,400	4,451	2,569
Total expenses	215,000	184,872	159,461
Annual surplus (deficit)	(15,000)	34,182	32,624
Accumulated surplus, beginning of year	89,561	89,561	56,937
Accumulated surplus, end of year	\$74,561	\$123,743	\$89,561

See accompanying notes

THE HEART OF ORLEANS 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 surplus (deficit)	\$(15,000)	\$34,182	\$32,624
Decrease (increase) in prepaid expenses	-	(693)	2,072
Increase (decrease) in net financial assets	(15,000)	\$33,489	\$34,696
Net financial assets, beginning of year	88,186	88,186	53,490
Net financial assets, end of year	\$73,186	\$121,675	\$88,186

See accompanying notes

THE HEART OF ORLEANS BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOW

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	\$34,182	\$32,624
Changes in non-cash working capital balances related to operations		
Increase in government remittance recoverable	(16,743)	-
Decrease (increase) in prepaid expenses	(693)	2,072
Increase (decrease) in accounts payable and accrued liabilities	(12,962)	9,583
Cash provided by operating activities	3,784	44,279

Table 8 - Statement of cash flows - Change in cash and cash equivalents

Change in cash and cash equivalents	2016	2015
Net increase in cash and cash equivalents during the year	3,784	44,279
Cash and cash equivalents, beginning of the year	112,955	68,676
Cash and cash equivalents, end of the year	\$116,739	\$112,955

Table 9 - Statement of cash flows - Cash breakdown

Cash consists of	2016	2015
Cash	1,000	1,000
Cash on deposit with the Corporation of the City of Ottawa	115,739	111,955
	116,739	112,955

THE HEART OF ORLEANS 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 Heart of Orleans 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 expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become 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.

Financial instruments

The financial instruments of the BIA consist of cash 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 payment in lieu of taxes on behalf of the BIA. Taxation 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, \$154 [2015 – nil] is included in accounts payable and accrued liabilities due to related parties.

3. TAX REVENUE

Tax revenue is comprised of the following:

Table 10 - Tax Revenue breakdown

	2016	2015
	\$	\$
General tax levy	197,455	179,861
Supplementary assessments	21,047	-
Remissions	(10,408)	(4,640)
Vacancy rebates	(9,905)	(636)
	198,189	174,585

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 statement of operations and change in net financial assets, which are prepared in accordance with Canadian public sector accounting standards. The total approved revenue budget of \$215,000 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$15,000, which is not included in revenue for purposes of the financial statement presentation.

