

Financial Statements

The Kanata North Business Improvement Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of **The Kanata North Business Improvement Area**

We have audited the statement of financial position of **The Kanata North Business Improvement Area** as at December 31, 2016, the statements of operations, change in net financial assets and cash flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

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 Kanata North 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

July 24, 2017

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



THE KANATA NORTH 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	\$7,577	\$200
Cash on deposit with the Corporation of the City of Ottawa	77,900	91,584
Accounts receivable	315	-
Total financial assets	85,792	91,784

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	19,824	12,150
Total liabilities	19,824	12,150
Net financial assets	65,968	79,634

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

Non-financial assets	2016	2015
Prepaid expenses	9,417	3,050
Total non- financial assets	9,417	3,050
Accumulated surplus	\$75,385	\$82,684

See accompanying notes

THE KANATA NORTH 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
Tax revenue [note 3]	\$392,500	\$383,219	\$336,631
Advertising income	31,500	69,860	61,992
Payments in lieu of taxation	-	1,333	1,200
Total revenue	424,000	454,412	399,823

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016	Actual 2016	Actual 2015
Salaries	193,200	194,056	170,031
Office	51,800	73,346	39,280
Advertising and promotion	137,500	160,768	148,229
Audit fees	1,500	1,437	1,338
Maintenance	13,000	8,783	10,604
Rent	21,000	18,403	18,085
Insurance	6,000	4,918	4,828
Recovery of office and advertising expenses	-	-	(2,041)
Provision for unforeseen	25,000	-	-
Total expenses	449,000	461,711	390,354
Annual surplus (deficit)	(25,000)	(7,299)	9,469
Accumulated surplus, beginning of year	82,684	82,684	73,215
Accumulated surplus, end of year	\$57,684	\$75,385	\$82,684

See accompanying notes

THE KANATA NORTH 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 [note 4]	Actual 2016	Actual 2015
Annual surplus (deficit)	\$(25,000)	\$(7,299)	\$9,469
Decrease (increase) in prepaid expenses	-	(6,367)	345
Increase (decrease) in net financial assets	(25,000)	(13,666)	9,814
Net financial assets, beginning of year	79,634	79,634	69,820
Net financial assets, end of year	\$54,634	\$65,968	\$79,634

See accompanying notes

THE KANATA NORTH 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 surplus (deficit)	\$(7,299)	\$9,469
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(315)	1,664
Decrease (increase) in prepaid expenses	(6,367)	345
Increase (decrease) in accounts payable and accrued liabilities	7,674	(2,097)
Cash provided by (used in) operating activities	(6,307)	9,381

Table 8 - 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	(6,307)	9,381
Cash and cash equivalents, beginning of the year	91,784	82,403
Cash and cash equivalents, end of year	\$85,477	\$91,784

Table 9 - Statement of Cash Flows - Cash breakdown

Cash consists of	2016	2015
Cash	7,577	200
Cash on deposit with the Corporation of the City of Ottawa	77,900	91,584
	85,477	91,784

THE KANATA NORTH 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 Kanata North 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 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

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

The accrual basis of accounting recognizes revenues 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 cash and cash equivalents, 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, currency or credit risks arising from these financial instruments.

Tax revenue

Annually, the City 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 in 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 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 – \$100] is included in accounts payable and accrued liabilities.

3. TAX REVENUE

Tax revenue is comprised of the following:

Table 10 - Tax revenue breakdown

	2016	2015
	\$	\$
General tax levy	392,171	348,289
Supplementary assessments	22,672	286
Remissions	(21,414)	(8,287)
Vacancy rebates	(10,210)	(3,657)
	383,219	336,631

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 \$449,000 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.

